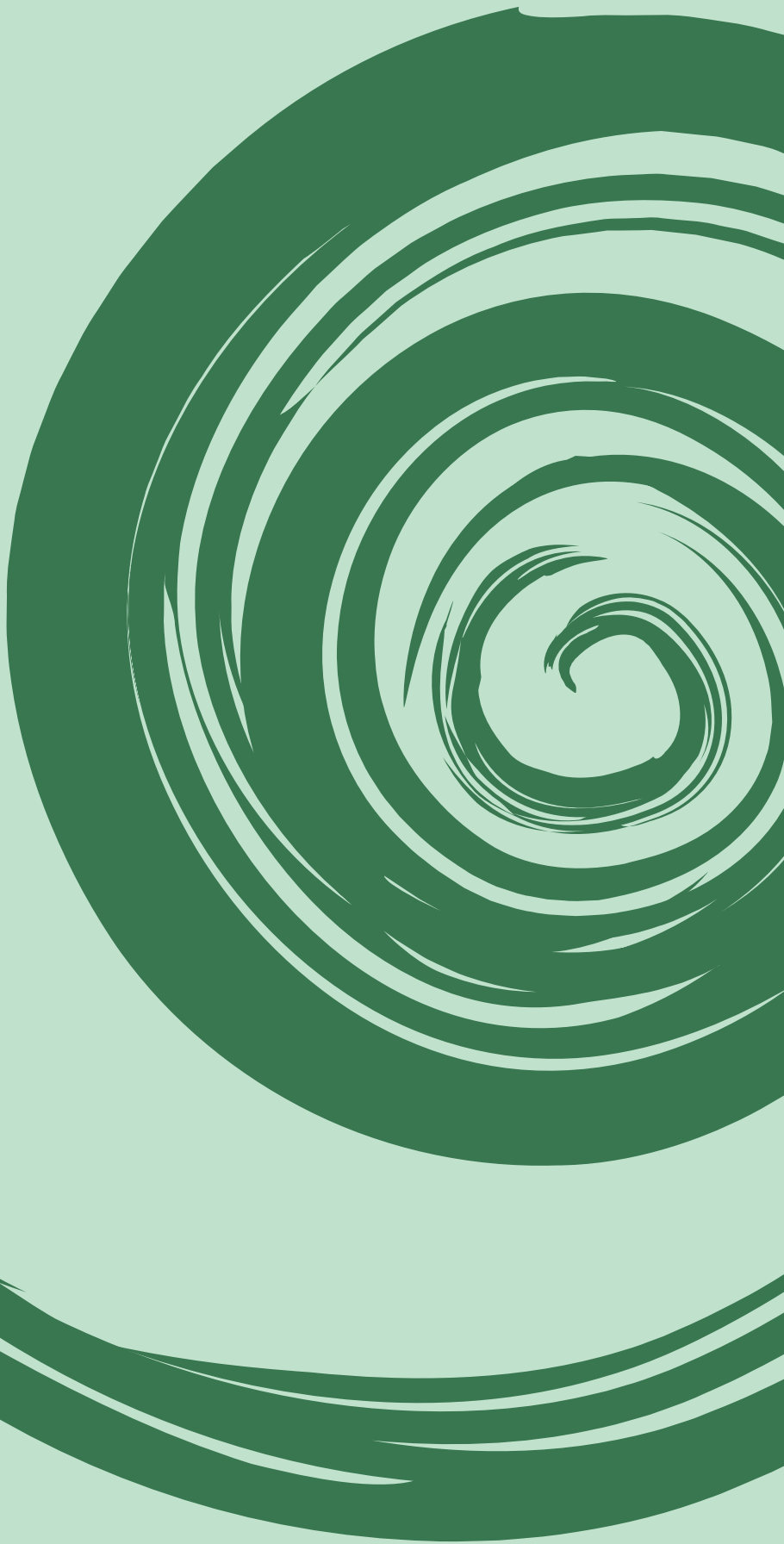




Think Steel
Think Technology
Think **G** Steel

Annual Report 2018



Contents

General Information.....	1
Message from Chairman.....	3
Message from Chief Executive Officer.....	4
Report of Chief of Corporate Social Responsibility.....	5
Organization Chart.....	6
Board of Directors	7
The Executives.....	8
Policy and Business Overview	25
Nature of Business.....	32
Product features	33
Steel's Industry Situation.....	37
Management Structure.....	45
Good Corporate Governance	56
Risk Factors	69
Internal Control and Audit System.....	77
Related Transactions.....	80
Corporate Social Responsibility	86
Management's Discussion and Analysis	99
Audit Committee Report	104
Financial Statements 2018.....	105

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, Bangrak, 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. Production Technology Melting - Electric Arc Furnace from Germany Casting - Medium Slab Casting Machine from Japan Rolling - Hot Strip Mill from Japan
Production Capacity:	1,800,000 tons per annum
Number of Employees:	677 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) 634-2222

E-mail : IR@gsteel.com

Other Related Information: - None -

Message from Chairman



In the past year 2018, the Company still remains our commitment. After our declaration of the intentions for anti-corruption with the Thai Private Sector Collective Action Coalition Against Corruption (CAC) on 17 April 2017 which its objective is to participate in reducing corruption by conducting business with ethical and refusing to bribes. The Company has developed and improved the internal anti-corruption control system in the organization by imposing a policy and setting a system of the internal control and the anti-corruption standards. On 5 November 2018, the Company has been considered and certified as a member of the Thai Private Sector Collective Action Coalition Against Corruption Program and the said certifying will be last for 3 years from the date of approval.

The Company intends to comply with the principle of Good Corporate Governance with the awareness of the benefit for management and operations in order to increase the efficiency, transparency and accountability of the Company. The Company has incorporated the Thai Institute of Directors Association's "No Gift Policy" during the New Year festival to support the Company to be transparent, conducting business with an ethical and to be reliable as well as increasing competitiveness capacity and effect to a long-term value added to shareholders.

Due to the economic circumstance in the year 2018, the economic situation has slow down in many countries, especially China which is the top steel producer and user. In that year, there was very intense in the steel industry competition. The world market steel price has decreased when compared to the year 2017. The economic slow down circumstance was also resulting from the impact of the trade countervailing measures of a trade war. China's economy has finally slowdown with the fluctuation of world steel price. Although the market circumstance was fluctuated, the Company still remains to determine to develop the product quality to be ready for a highly competitive market and facing the competition from continuous importing steel of major importers. In addition, the Company also realizes the importance of Good Corporate Governance to enhance the Company's efficiency and reliability in order to be accepted in the business operation standard.

On behalf of the Board of Directors, I would like to express my sincere appreciation to all shareholders, customers, trade partners, employees and the government sectors for their support of our endeavors. I look forward to your continued support and importance force in driving the Company to grow and move steadily in the future.

Mr. Yanyong Kurovat
Chairman of the Board of Directors

Message from Chief Executive Officer



Year 2018 started on a good note for the steel industry globally, however it could not be sustained and prices declined in second half of the year. Thailand Steel industry's flat products sector in particular, also faced challenges arising out of high metallic cost and lower sales realization. Global Crude Steel production during the year 2018 stood at 1,809 million ton (mt), an increase of 4.6% compared to 2017. Thailand's Finished steel production at 7.11 mt grew by 3.4% and consumption at 17.44 mt; recorded a growth of 4.8% in 2018. Import of 12 mt into Thailand during the year went up by 6% over previous year. Overall consumption of Flat products in 2018 was estimated at 11.68 mt, a growth of 6.1%. HR Coils/Sheets consumption in all categories is estimated at 6.85 mt, showing a growth of 6.6%.

G Steel in 2018, sold over 0.6 million ton of HR Coils, with an export of 19,000mt of HR coils and the commencement of HR sheet product in the domestic and export markets. The monthly sales touched 80,000mt in January and August'18 which enable to serve our existing customers better and to increase numbers of the new customers. Commencement of exports of HR sheets to Australia and the establishment of BIS certificate to Indian market and SIRIM/PCL to Malaysian market have been strategic initiative for the company to enhance its quality products globally. The sales of the special grades into the niche market have been increased enabling company to penetrate into the new segmentation.

The operation of scrap handling including weighing arrangements was taken over by G steel and established operations departmentally. The process for slag handling got modified with new one, thereby reducing dependency on outside agencies. Company gave major thrust on improving the health of the equipment by clearing backlogs in maintenance in 2018 and operated the facilities both in off peak and partial peak period. Expenditure in maintenance was stepped up over last year, reinforcing our commitment to ensure reliable operations. Capex schemes taken up to improve the cost efficiency, technological obsolesces, improvement in quality, product development, etc. and implementation will get expedited once adequate fund is available. Efforts towards energy conservation helped company in bringing down oxygen consumption in the range of 43 nm³/t and Natural gas consumption reduced to 1.21 nm³/t in a month having consistent production. Overall Yield improved touching to a new level of 88% in several months and thrust is continuing to bring consistency.

We are optimistic and remain committed to G steel growth story. We believe that growth potential remains intact, supported by a robust recovery plan in place including for Financial & Business restructuring. This also include – amongst other strategy – taking up further new capex schemes with enhanced maintenance, development and maximizing value added steel – CR grades, high tensile steel including newer grades for gas cylinder, , higher volume of thinner gauge, better management of supply chain and sources of financing and several others. We are confident to meet the expectations of all the stakeholders.

I would like to express my sincere thanks to our all esteemed Stakeholders, G Steel collective, Customers, Suppliers and the Royal Thai Government for their kind support and look forward to our shared successes ahead.

With warm regards,
AP Choudhary
Chief Executive Officer

Report of Chief of Corporate Social Responsibility

In respect of corporate social responsibility and good corporate governance, G Steel Public Company Limited, a fully manufacturer and distributor of Hot Rolled Coil including steel melting, slab casting and hot rolling processes in the same factory, therefore emphasizing business principles in parallel with the policy of operation responsibility to avoid any impact to the community and social environment around the factory. The Company is friendly with the environment and utilize resources efficiently and worthily with energy e.g., water, electricity, etc. The Company has provided quality products to customers. In this regard, the Company emphasizes on taking care and contributing to the community and social regularly and continuously. The Company also focuses on taking care of all employees to work happily and safety together with providing good benefits including supporting for personal development to continuously increase their knowledge, ability and expertise. All of these are the main policies of the Company.

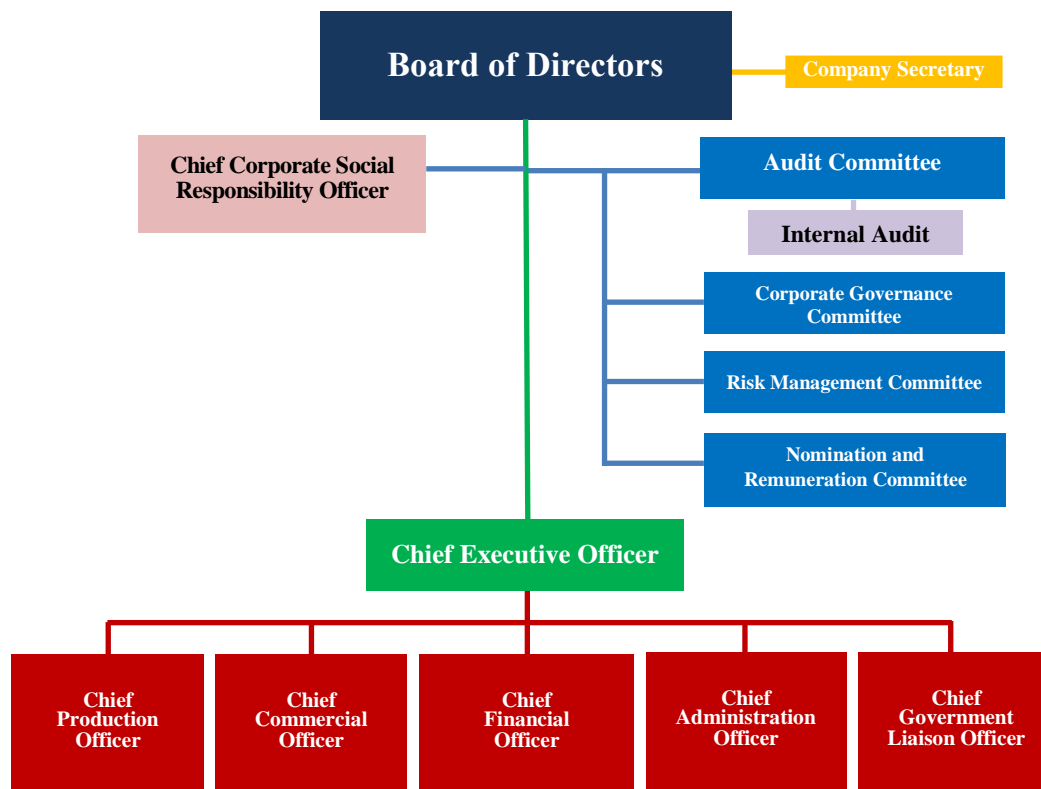


As CSR activities in 2018, the Department of Primary Industries and Mines (DPIM) has therefore considered and certified that the Company has completed the self-assessment report and passed the CSR DPIM Continuous Awards, operated with social responsibility and continuously. On 30 January 2018, the Company received a certificate from the Thai Red Cross Society that the Company has regularly provided blood donors as a group to help others for more than 5 years. In addition, the Company received a certificate from the Narcotics Control Office Region 2 in cooperate and support the prevention and solution of drug problems. During 2018, the Company has implemented CSR activities externally and internally, focusing on the participation of social development for good quality of social, and promoting local cultural and preserving cultural heritage, educational support, development of social economic and participation in preventing and solution of drug problems for the community and organization. For internal, the Company focused on health care for employees and provided recreation causing love and unity in an organization. In addition, employees were continuously developed their knowledge for their expertise and skills increasing. The Company is also aware and strictly in respect of the environment to comply with relevant laws and to preserve the environment for pollution prevention to surrounding communities.

The Company remains committed to the policy to be responsible for employees, society, community and environment with the cooperation of the Company, management and employees which will continuously concentrate on joint commitment as well as selfless devotion.

Khunying Patama Leeswadtrakul
Chief of Corporate Social Responsibility

Organization Chart



Board of Directors



**Dr. Somsak
Leeswadtrakul**
Senior Advisor to the Board



**Mr. Yanyong
Kurovat**
Chairman of the Board of Directors
Authorized Director of the Company



**Prof. Paichitr
Rojanavanich**
Independent Director
Chairman of Audit Committee



**Mr. Teerapol
Pussadet**
Independent Director
Audit Committee Member



**Asst. Prof. Dr. Teerachai
Arunruangsirilert**
Independent Director
Audit Committee Member



**Mr. Chainarong
Monthienvichienchai**
Independent Director



**Khunying Patama
Leeswadtrakul**
Director



**Mr. Ryuzo
Ogino**
Director



**Miss Soontareeya
Wongsirikul**
Director
Authorized Director of the Company



**Mr. Somchai
Leeswadtrakul**
Director
Authorized Director of the Company



**Mrs. Churairat
Panyarachun**
Director



**Asst. Prof. Komol
Wong-Apai**
Director
Authorized Director of the Company



**Miss Methikan
Chutipongsiri**
Director
Authorized Director of the Company

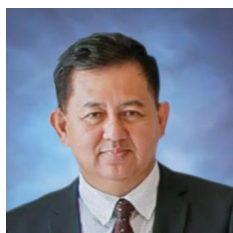
The Executives



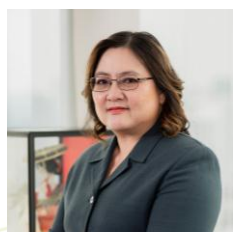
**Khunying Patama
Leeswadtrakul**
Chief of Corporate Social
Responsibility



**Mr. Somchai
Leeswadtrakul**
Chief Government Liaison



**Mr. Warawut
Suwannasorn**
Chief Production Officer



**Miss Methikan
Chutipongsiri**
Chief Administration Officer



**Mr. Amrendra Prasad
Choudhary**
Chief Executive Officer



**Miss Soontareeya
Wongsirikul**
Chief Financial Officer
and Company Secretary



**Mr. Tushar
Kanti Sahu**
Chief Commercial Officer

Board of Directors

Mr. Yanyong Kurovat

Age 80 years

Current position

Chairman of the Board of Directors

- Authorized Director of the Company
- Corporate Governance Committee Member

Date of Appointment

9 January 2017

No. of years in position

1 year 11 months

Significant Designation in the past

2004 to January 2017

Education / Training

Education

Director

- 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
- Boardroom Success through Financing and Investment (BFI 4/2018), Thai Institute of Directors (IOD)
- 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 to Present

January 2017 to August 2017

2015 to January 2017

Positions in other non-listed companies

2015 to Present

2007 to Present

2003 to Present

2009 to 2011

2003 to 2007

2000 to 2010

1996 to 2000

Director, G J Steel Public Company Limited

Chairman of the Board of Directors,

G J Steel Public Company Limited

Directors, G J Steel Public Company Limited

Honorary President,

The Association of Thai Hot Rolled Flat Steel

Vice President, The Royal Automobile Association of

Thailand Under Royal Patronage of HM the King

Advisor, AAS Auto Service Co., Ltd.

Town and Country Planning Board Member Ministry of Interior

Chairman, General Election Committee,

Pathumthani Province

Managing Director Operation Group Co., Ltd

Director, Bangkok Mass Transit Authority (BMTA)



Prof. Paichitr Rojanavanich**Age** 90 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

14 years 6 months

Education / TrainingEducation

- 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 to Present

Chairman of the Audit Committee,
MBK Development Public Co., Ltd.

1999 to 2018

Chairman of the Audit Committee,
Muramoto Electron (Thailand) Public Co., Ltd.**Positions in other non-listed companies**

2005 to Present

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

1985 to Present

Chairman, Karnjjan Co., Ltd.

Mr. Teerapol Pussadet**Age** 68 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 11 months

Education / TrainingEducation

- MBA (Finance), University of Detroit, Michigan, USA
- B.A. (Accounting), Kasetsart University
- Director Accreditation Program (DAP) (114/2015), Thai Institute of Director (IOD)
- Advanced Audit Committee Program (AACP) (18/2015), Thai Institute of Director (IOD)

Director Training**Positions in other listed companies**

Present

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

Positions in other non-listed companies

2012 to 2013

- Chairman of the Board of Directors, Krung Thai IBJ Leasing Co., Ltd.
- Chairman of the Audit Committee and Director, KT ZMICO Securities Co., Ltd.
- Director, Krung Thai Land and House Service Co., Ltd.
- Group Director, Thai Identity Factory Co., Ltd.
- Non-performing Asset Subcommittee Member (TAMC)

2009 to 2012



Asst. Prof. Dr. Teerachai Arunruangsirilert**Age** 41 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

1 years 2 months

Education / TrainingEducation

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

Director Training**Positions in other listed companies** None**Positions in other non-listed companies** None

Mr. Chainarong Monthienvichienchai

Age 73 years

Current position

Independent Director

- Chairman of Corporate Governance Committee

Date of Appointment

Since 2000

No. of years in position

19 years

Significant Designation in the past

2013 to August 2017

Education / TrainingEducationDirector Training

Independent Director and Audit Committee Member

- M.A. (Management),
Asian Institute of Management
- B.A. (Business Administration),
Chulalongkorn University
- Executive Management with Business
Development and Investment (No. 5/2018),
Institute of Business and Industrial Development
(IBID)
- Role of the Chairman Program (RCP) 43/2018,
Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) 2004,
Thai Institute of Directors (IOD)

Positions in other listed companies

August 2017 to Present

Chairman of the Board of Directors, and Independent
Director, G J Steel Public Company Limited**Positions in other non-listed companies**

2014 to Present

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

2007 to Present

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

2002 to Present

Director, Arnoma Hotel Bangkok Co., Ltd.

Khunying Patama Leeswadtrakul**Age** 53 years**Current position**

Director

- Chief Corporate Social Responsibility Officer

Date of Appointment

17 May 2002

No. of years in position

16 years 7 months

Education / TrainingEducation

- 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 to 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

Mr. Ryuzo Ogino

Age 75 years

Current position

Director

Date of Appointment as a Director

Since 2005

No. of years in position

14 years

Significant Designation in the past

2015 to September 2017

Chief Executive Officer

Education / Training

Education

B. Econ., Keio University, Japan

Director Training

None

Positions in other listed companies

2015 to September 2017

Chief Executive Officer, G J Steel Public Company Limited

2013 to August 2017

Director, G J Steel Public Company Limited

Positions in other non-listed companies

2000 to 2004

Director, Sun call Corporation

1965 to 2000

Director, Itochu Corporation



Miss Soontareeya Wongsirikul**Age** 51 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 9 months

Education / TrainingEducation

- 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 Financial Leadership Program (SFLP) 2018, Thai Listed Companies Association
- 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 to Present

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

2005 to 2006

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

1996 to 2005

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

Positions in other non-listed companies

2012 to 2014

Intermediate Business Referrer for Thailand Market, Bank of Singapore (a Private Banking of OCBC group)
Head of Corporate Banking, Oversea-Chinese Banking Corporation Ltd., Bangkok Branch

2010 to 2012

2006 to 2010

Vice President - Commercial Banking, (Large Local Corporate Customers), Hong Kong and Shanghai Banking Corporation Ltd., Bangkok Branch

Mr. Somchai Leeswadtrakul

Age 56 years

Current position

Director

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

Date of Appointment

9 July 2015

No. of years in position

3 years 5 months

Education / TrainingEducation

- 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)
- Bhumipalung Phandin Program Class 1, 2012, Chulalongkorn University

Director Training**Positions in other listed companies**

2015 to Present

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

2013 to Present

Chief Government Liaison,
G J Steel Public Company Limited

Positions in other non-listed companies None

Mrs. Churairat Panyarachun

Age 64 years

Current position

Director

- Nomination and Remuneration Committee member

Date of Appointment as a Director

11 August 2015

No. of years in position

3 years 4 months

Education / TrainingEducation

- Master of Arts in Leadership for 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**

2018 to Present

Independent Director, Audit Committee Member
IFS Capital (Thailand) Public Company Limited

2013 to August 2017

Director, G J Steel Public Company Limited
Corporate Governance Committee Member,
G J Steel Public Company Limited
Chairman of Nomination and Remuneration
Committee, G J Steel Public Company Limited
Audit Committee Member,
G J Steel Public Company Limited

2013 to 2015

Positions in other non-listed companies

2017 to Present

Associated Judge, Intellectual Property and
International Trade Court

2005 to 2016

Director, Foundation of Juvenile and Family Court,
Nonthaburi Province

2004 to 2016

Associated Judge, Juvenile and Family Court,
Nonthaburi Province

2009 to 2011

President, Thai Asset Management Corporation

2000 to 2004

President, Sukhumvit Asset Management Co., Ltd.

Asst. Prof. Komol Wong-Apai

Age 81 years

Current position

Director

- Authorized Director of the Company

Date of Appointment as a Director

11 August 2015

No. of years in position

3 years 4 months

Education / TrainingEducation

- 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 to August 2017

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

Positions in other non-listed companies

2009 to Present

Board of Foundation Education Council
Wat Rangbua School

1999 to 2011

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

1998 to 2003

Invited Instructor, Business English Program,
Suandusit Rajabhat University

1985 to 2003

Foreign Affairs Consultant Phurich Company Limited

1987 to 1997

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

1989 to 1992

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

Miss Methikan Chutipongsiri

Age 51 years

Current position

Director

- Chief Administration Officer

Date of Appointment

2 October 2015

No. of years in position

4 years

Significant Designation in the past

2017 to Present

Chief Administration Officer

2015 to 2016

Procurement - SGM

2014 to 2015

Executive Vice President Commercial Controller

2011 to 2013

Executive Vice President Purchasing

Education / TrainingEducation

- 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 to Present

Chief Information Officer,
G J Steel Public Company Limited

2017 to Present

Director, Asia Metal Public Company Limited

Positions in other non-listed companies

None



The Executives

Mr. Amrendra Prasad Choudhary

Age 65 years

Current position

Chief Executive Officer

Date of Appointment

31 October 2017

No. of years in position

1 Year 2 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

May 2018 to Present

October 2017 to Present

Director, G J Steel Public Company Limited

Chief Executive Officer, G J Steel Public Company Limited

Positions in other non-listed companies

2016 to 2017

Advisory Board Member, Synergy Capital, UK

2014 to 2017

Independent Director, RDF Power, ILFS

2015 to 2016

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

2014 to 2015

Principal Advisor, NMDC flat product - CSP route steel plant

2011 to 2013

Chairman of Bird Group of Companies, Mining

2011 to 2013

Chairman, RINMOIL Ferro Alloys Pvt Ltd

2011 to 2013

Board Member of World Steel Association

2009 to 2013

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

2008 to 2009

Executive Director, SAIL, 17 MTPA Steel Plant

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

1 year 2 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 to 19 October 2017

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

1 March 2009 to 4 April 2013

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

Positions in other non-listed companies None

Mr. Tushar Kanti Sahu

Age 62 years

Current position

Chief Commercial Officer

Date of Appointment

3 May 2017

No. of years in position

1 year 7 months

Education / TrainingEducationTraining

- B. Sc (Hons)
- MBA (International Marketing)
- 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 to Present

Chief Commercial Officer,
G J Steel Public Company Limited

2010 to 2016

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

2016 to 2016

Director Commercial (Actg.),
Steel Authority of India Ltd.(SAIL), India**Positions in other non-listed companies** None

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), Malaysian standards (MS) and Indian standards (BIS), 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:

The World Steel Industry continued its good run in 2018 in terms of production growth. World crude steel production grew by 4.5% at 1808.4 mt, led by China at 928.3 million Tons, representing a 51.33% share in world steel production. Global steel market was showed a robust demand pick-up, especially in the 1st Half of 2018. This helped manufacturers benefit from higher steel price especially in the first half of 2017. Most of the regions in the world showed uptick in steel demand. Thailand showed a consumption growth of 4.8% in finished steel during 2018. However, the steel consumption slowed down appreciably during second half of 2018 due to slowdown in private consumption, Government expenditure in infrastructure etc. largely moderating the overall growth for the whole year. Long Products consumption grew at a slower pace by only 2.2% and Flat products increased by 6.1%. During 2018, Steel production in Thailand is estimated at 7.11 million tons, an increase by 3.4%, capacity utilization is estimated to be in the range of 30-40%. Per capita consumption of steel in Thailand is estimated at 278kg, as against China at 545 kg and world average at 228 kg. In Thailand Issues of low capacity utilization of local mills severely affecting their profitability and raises questions about it's long term survival. At the same time, over 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 2018.

However, the steel demand in Thailand is forecast to increase to 18.0 million ton (2018-17.45 million ton) based on Government spending on various infrastructure projects during the year. It is expected that in 2019, 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. It is also expected that Government shall continue to take proactive steps to help growth of steel industry in Thailand for its long term sustainability.

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 of customer's need by developing new range products for diverse industry needs. The company continue to develop good business relation with steel production company and steel experts from other countries for exchange of knowledge and technology to improve, reduce cost of production and increase quality of product. Long term objective of the company is focused on good product quality, cost reduction and speed of supply to customer.

Business policy

1. The company is committed to developing a variety of steel products, along with continuous improvement and development of product quality in order to meet the needs of various target customers quickly and completely. Enabling the company to generate more profit from sales.
2. The company has a policy to manage the factory to produce hot rolled coils for maximum efficiency and control costs at the appropriate level by reducing various losses in the production process to a minimum, fully use the machine's performance and regularly maintain machinery and equipment to be in good condition and ready to produce, including the use of scrap material from some production processes to be used in the new production process, etc. in order to generate the highest return to the shareholders of the company.

3. The company has policy for developing the working system in compliance with international standards regularly. The company has certified international standards as following:

Certification related to management system as follows:

- Quality Management System (ISO 9001:2015)
- Environmental Management System (ISO 14001:2015)
- Occupational Management System (OHSAS 18001:2007)

Certification related to products as follows

Thai Industrial Standards (TIS)

- Thai Industrial Standard (TIS 1479-2558) Hot Rolled Carbon steel coil, strip, plate and sheet for general structure
- Thai Industrial Standard (TIS 1499-2541) Hot Rolled Carbon steel coil, strip, plate and sheet for Welded Structure
- Thai Industrial Standard (TIS 2060-2543) Hot - rolled carbon steel coil, strip, plate and sheet for gas cylinders
- Thai Industrial Standard (TIS 528-2548) Hot-rolled carbon steel of commercial and drawing qualities
- Thai Industrial Standard (TIS 1735-2542) Hot-rolled carbon steel coil and strip for pipes and tubes
- Thai Industrial Standard (TIS 1884-2542) Hot-rolled high strength steel coil, strip, plate and sheet with improved formability for automobile structure use
- Thai Industrial Standard (TIS 1999-2543) Hot-rolled steel coil, plate and sheet for automobile structure use

Malaysian Standards (MS)

- Malaysian Standards (MS 1705-2003) Hot-rolled carbon steel strip and sheet of commercial and drawing qualities
- Malaysian Standards (MS 1768-2004) Hot-rolled carbon steel strip for pipe and tube
- Malaysian Standards (MS EN 10025-2) Hot-rolled plates and strips of non-alloy structure steels
- SAE J 403- 2014 SAE Carbon steel coil

Indian Standards (IS)

- IS 1079 : 2017 Hot Rolled Carbon Steel Strip
- IS 2062 : 2011 Hot Rolled Medium And High Tensile Structural Steel
- IS 10748 : 2004 Hot Rolled Steel Strip For Welded Tubes And Pipes

Moreover, the company has a policy to continuously operate social responsibility. As can be seen in 2018, the company has been certified to comply with the standards of responsibility of industrial enterprises to society (CSR) and awarded maintain green mining standards 2018 from the Department of Primary Industries and Mines (DPIM), Ministry of industry.

In addition, the company also has a policy to develop the employees and knowledge training continuously to enable employees to be knowledgeable and proficient in the steel industry.

4. The company has a policy to create value for stakeholders by determine a policy for caring stakeholders including compensation measures for stakeholders in case of damage from abuse. The company has identified 10 groups of stakeholders, including employees and

family members, customers, creditors, shareholders, communities around the factory, government agencies, suppliers, sub-contractors, financial institutes, analysts and investors, educational institutions and mass media.

5. The company has a policy to conduct business under the principles of good corporate governance as well as complying with the business ethics policy and practices in the work of directors, Executives and employees strictly by taking into account the benefits of society and the environment together with profitability for growth and sustainable development and also committed to conduct business with integrity, fairness, adherence to social responsibility and all stakeholders.
6. The company has announced a policy of anti-corruption in all forms whether directly or indirectly and applies to company directors, executives, employees, officers and agents acting on behalf of the company to acknowledge and strictly practice.

Key Events in 2018 and 2017

- Plant operations beyond off peak period was established after a long gap; thereby enhancing leveraging capability of plant to produce higher volume as and when required by the market.
- Scrap handling system operations were taken over by plant from contractor and now being operated departmentally; thereby establishing more flexibility.
- Slag handling process changed to better technology to have ease in operations and reduce dependency on other.
- Company established the capability of producing value added steel viz Gas cylinder grade, high tensile and working on development of CR grade.
- Company went under rehabilitation in November 2017 and perused with Hon'ble Central Bankruptcy Court, Thailand. However the proposal did not go through. Since then the Company has quickly initiated actions for a suitable alternative.
- Road map for investment to improve health of plant/equipment and to improve process efficiency including product development drawn and is under implementations in stages to the extent of fund availability.
- Customers and suppliers base broadened to cater higher volume of business.

December 2018

On 24 December 2018, the Central Bankruptcy Court (“**Court**”) is of the view that as at 14 November 2017, the date the company had filed the petition requesting for entering into business rehabilitation plan, the financial position of the interim financial statement for the period of third quarter of 2017 ended 30 September 2017 as reviewed by the auditor showed that total assets was more than total liabilities of Baht 373 million. Under Section 90/3 of the Bankruptcy Act, B.E. 2483, in force at the date of filing the rehabilitation petition, the company is not insolvent, as a result the rehabilitation cannot be granted. Therefore, the Court hereby ordered the petition to be dismissed.

November 2018

As the company has declared the intention to join the Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC"). The company has prepared and submitted the self-assessment form in respect of anticorruption measure as well as proposed to the committee of the CAC for consideration. On 6 November 2018, the company has received the letter from Thai Institute of Directors (IOD), as the secretary to the committee of the CAC, informing that the meeting of CER COM No. 3/2018 held on 5 November 2018, has resolved to certify the Company as a member of CAC. The certification shall be valid for 3 years from the date of approval.

Parallel on restructuring from finance department in 2018

- 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.

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	% of paid-up capital
1.	Mr. Niram Ngamchamnurit	444,682,520	6.49
2.	Mr. Nattaphol Jurangkul	386,459,900	5.64
3.	Group of Khunying Patama Leeswadtrakul	283,095,200	4.13
4.	Superior Overseas (Thailand) Co., Ltd.	275,776,000	4.03
5.	Mr. Taweecat Jurangkul	271,217,700	3.96
6.	Mr. Kritsanon Kevalae	255,167,500	3.73
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.	Mr. Chalermchai Mahakitsiri	146,467,412	2.14
10.	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS SWITZERLAND AG	122,323,761	1.79
11.	Minor shareholders	4,325,983,108	63.14
<u>Total</u>		<u>6,850,180,964</u>	<u>100.00</u>

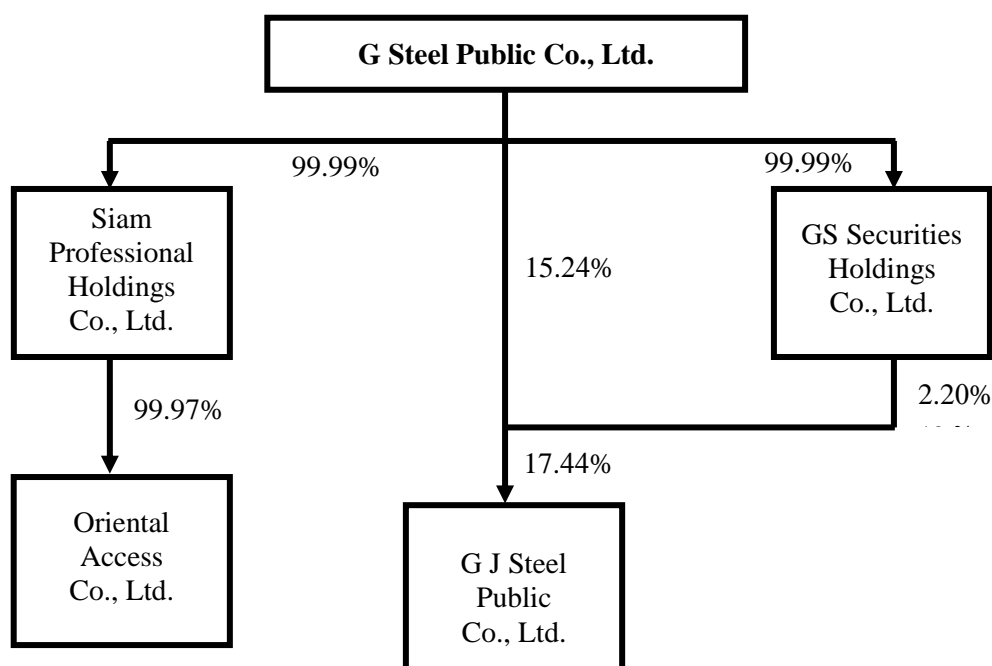
Remarks:

1. Group of Khunying Patama Leeswadtrakul comprising of

No.	Name of shareholders	Number Shares	% of paid-up capital
1.	Khunying Patama Leeswadtrakul	273,095,200	3.99
2.	Ms. Suthidarat Leeswadtrakul	5,000,000	0.07
3.	Ms. Suratiporn Leeswadtrakul	5,000,000	0.07

2. 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%

Shareholding Structure in the Company's Group as at 31 December 2018

In order to increase the company's competitive capability and to reduce its production cost, the company has invested in subsidiaries by held shares in target subsidiaries and type of business as at 31 December 2018 and 2017 as follows:

Subsidiaries	The Group Ownership interest		Type of business
	2018	2017	
<u>Direct subsidiaries</u>			
Siam Professional Holdings Co., Ltd. (“SPH”)	99.99	99.99	Investment holdings company
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company and G J Steel)	17.44	18.88	Manufacture and distribution of hot rolled coil steel products
GS Securities Holdings Co., Ltd. (“GS Securities”)	99.99	99.99	Special-purpose restructuring entity
<u>Indirect subsidiaries</u>			
Oriental Access Co., Ltd. (“OAC”) (held by SPH 99.97%)	99.97	99.97	Consulting service and investing

Nature of Business

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: Thousand Baht)

Revenue (company and subsidiaries)	2018		2017		2016	
	Revenue	%	Revenue	%	Revenue	%
Local sales						
-Related companies ⁽¹⁾	706,172	2.33	5,874,010	22.74	419,222	1.9
- Other groups	28,235,970	93.07	19,830,975	76.77	21,259,533	97
Total local sales	28,942,141	95.40	25,704,985	99.50	21,678,755	98.9
Overseas	1,023,603	3.37	0	0.00	4,871	0
Total	29,965,744	98.77	25,704,985	99.50	21,683,626	98.9
Other income ⁽²⁾	372,127	1.23	128,005	0.50	236,050	1.1
<u>Grand total</u>	<u>30,337,871</u>	<u>100.00</u>	<u>25,832,990</u>	<u>100.00</u>	<u>21,919,676</u>	<u>100</u>

Remark:

1. Related companies consist of Liberty Steel Siam Co., Ltd., Asia Metal Public Co., Ltd. and Panich Sawad Co., Ltd.
2. Other income consists of interest income, dividend, sales of scraps, gains from amortization of net expired debt, gains from debt restructuring, gains from exchange rate and income.

(Unit: tons)

Sales volume (Company only)	2018	2017	2016
Local sales			
- Related companies	33,919	29,948	19,133
- Other groups	1,354,358	539,276	585,246
Total local sales	1,388,277	569,224	604,379
Overseas	62,007		-
<u>Total</u>	<u>1,450,284</u>	<u>569,224</u>	<u>604,379</u>

Details on the ratio of local and overseas sales to total hot-rolled steel coil product sold during 2015 to 2018 are as the following:

(Unit: Million Baht)

Sales	2018		2017		2016	
	Revenues	%	Revenues	%	Revenues	%
Local	28,942	96.58	25,705	100.00	21,679	99.98
Overseas	1,024	3.42	0	0.00	5	0.02
Total	29,966	100.00%	25,705	100.00%	21,684	100

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).



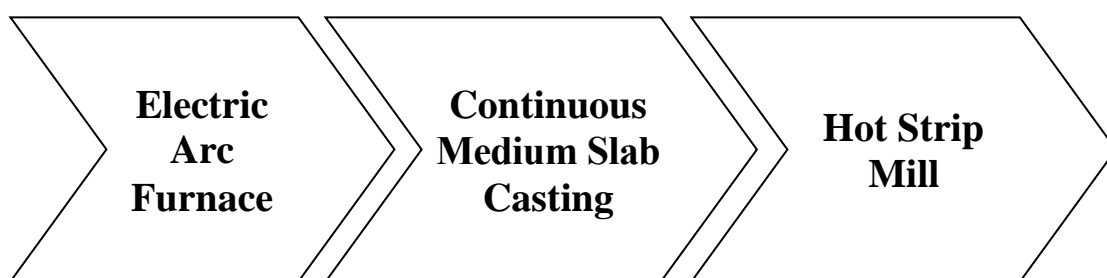
The hot-rolled steel products of the company have the quality meeting the Thailand Industrial Standard (TIS) and the international standards such as the Japanese standards (JIS), the American standards (ASTM, SAE, AISI and API), the Europe standard (EN, DIN, BS), the Indian standards (BIS) and the Malaysian standards, with the width from 900 – 1,550 mm, and the thickness from 1-13 mm, as well as the weight of the coil from 8 to 28 tons.

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

Product Characteristics	Detail
Width	900 - 1,550 mm
Thickness	1 - 13 mm
Weight per length	8.3 – 18 kilograms / 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.



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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 & coated steel products.
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.

Company proposes to continue 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, gas cylinder manufacturers, 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 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.
4. 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.

Steel's Industry Situation

Thailand's 2018 steel industry situation

From statistical information obtained from the Iron and Steel Institute of Thailand (ISIT), the volume of finished steel production in Thailand from January to December 2018 totaled 7.11 million tons, up 3.36% compared to the previous year (2017). If categorized by product groups, long steel products represents 3.90 million tons, a decrease of 1.22% compared to the prior year attributable to the production of rebar and hot-rolled section declining by 3.21% compared to the prior year's 3.10 million tons whilst the production volume of flat steel products stood at 3.20 million tons, a growth of 9.54% compared to the prior year. The most produced product belongs to hot rolled sheet where, in 2018, it totaled 3.02 million tons, up 11.24%, followed by cold rolled sheet at 2.24 million tons, up 14.77% year on year and coated steel, at 1.68 million tons, a growth of 11.00% year on year.

Total Apparent Finished Steel (Unit : Tons)	2018	2017	% Change
Production	7,106,526	6,875,446	3.36
Import	12,051,411	11,325,592	6.41
Export	1,713,317	1,553,242	10.31
Consumption	17,444,620	16,647,796	4.79

Long Product Finished Steel Consumption (Unit : Tons)	2018	2017	% Change
Production	3,902,621	3,950,685	(1.22)
Import	2,921,191	2,614,408	11.73
Export	1,054,954	917,678	14.96
Consumption	5,768,858	5,647,415	2.15

Flat Product Finished Steel Consumption (Unit : Tons)	2018	2017	% Change
Production	3,203,905	2,924,761	9.54
Import	9,130,220	8,711,184	4.81
Export	658,363	635,564	3.59
Consumption	11,675,762	11,000,382	6.14

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The finished steel consumption in Thailand in 2018 stood at 17.44 million tons, increased by 4.79% year on year. If categorized by product group, long steel products increased 2.15% compared to the prior year, to 5.77 million tons whereas the consumption of flat steel products increased by 6.14% compared to the prior year, to 11.68 million tons. The most consumed steel category is hot rolled sheet, at 7.39 million tons followed by steel bar and hot rolled steel, at 5.54 million tons and coated steel at 4.25 million tons respectively.

Import of finished steel into Thailand in 2018 stood at 12.05 million tons, up 6.41% over the prior year. The highest imported product is hot rolled sheets at 4.26 million tons followed by coated steel at 2.76 million tons and cold rolled sheet at 1.70 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 69.08% against 30.92%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.71 million tons in 2018, up 10.31% year on year. The most exported steel products are structural steel, at 388,426 tons followed by rebar, at 223,707 tons.

Hot rolled steel sheet situation in Thailand in 2018

There is no upstream iron and steel industry in Thailand which starts with the melting of iron ore. As such, the structure of Thailand's iron and steel industry begins at the middle stream by melting steel scraps using electrical arc furnace (EAF) of local manufacturers. 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 plate, hot rolled sheet, cold rolled sheet, coated, cold-formed section, welded pipe, etc. From there, the output is distributed to connected industry comprising users of steel products. As for the state of hot rolled steel sheet industry in Thailand, the statistical information obtained from ISIT i.e. production volume, import volume, export volume and consumption volume during January to December 2018 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2018 totaled 3.20 million tons, rising by 9.54% over the prior year. It consists of hot rolled sheet at 3.02 million tons, an increase of 11.24% whereas the production of hot rolled plate down by 12.79% year on year, to 179,839 tons.

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	2018	2017	Change (%)
Production	3,203,905	2,924,761	9.54
Import	3,962,448	3,865,122	2.52
Export	73,977	10,322	616.71
Consumption	7,092,376	6,779,562	4.61

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	2018	2017	% Change
Production	179,839	206,205	(12.79)
Import	356,684	424,603	(16.00)
Export	18,268	1,655	1,003.68
Consumption	518,255	629,153	(17.63)

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	2018	2017	% Change
Production	3,024,066	2,718,556	11.24
Import	3,605,764	3,440,519	4.80
Export	55,709	8,667	542.80
Consumption	6,574,121	6,150,409	6.89

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The local consumption of hot rolled steel, both coil and sheet in 2018, stood at 7.09 million tons, up 4.61% consisting of HR sheet of 6.57 million tons, increased 6.89% and HR plate 518,255 tons, down 17.63%.

Import of hot rolled steel in 2018, both coil and sheet, increased 2.52%, to 3.96 million tons divided into hot rolled sheet of 3.61 million tons, increased 4.80% and hot rolled plate of 356,684 tons, down 16.00%.

Export of hot rolled steel in 2018, both coil and sheet, stood at 73,977 tons, increased 616.71% compared to the prior year, divided into hot rolled sheet of 55,709 tons, increased 542.80% from the same period last year and hot rolled plate of 18,268 tons, rising by 1,003.68% from last year.

Outlook of steel industry in Thailand in 2019

In 2018, steel prices in the world market have decreased compared to the year 2017 due to the economic slowdown in many countries. Especially the economic situation of China that is the world's number one steel producer and user including the impact of trade countermeasures on trade wars. As a result, the competition in the steel industry is becoming more intense, therefore the price level has decreased. The price of steel products in the world market in 2018 began to be noticeably slow in May and trend to decrease continually. The price of steel products in China and imported steel prices in Southeast Asia declined from May to December 2019. Prices of hot rolled steel and rebar dropped in line with the price of steel in China, which is the world's largest steel producer. While the Chinese economy is likely to slow down coupled with the fluctuations in global steel prices caused by the impact of the trade war, together with the price of raw materials that have declined, especially the decline of the price of scrap from the beginning Year 2018 onwards until the end of the year. Scrap prices dropped by 17% compared to the beginning of the year. Thai steel industry in 2018 was also affected by trade war and world steel price volatility. While the demand for steel in China has not yet recovered. So it is expected that steelmakers in various countries and also Thailand will face competition from imported steel in 2019.

On outlook of steel industry, World Steel Association (WSA) anticipates the global demand for finished steel in 2019 is likely to grow by 1.4% to 1,681 million tons, as forecasted by the world steel demand for 2019 of various regions around the world, the demand trend has increased compared to the previous year. By the European Union (28 countries), the demand for finished steel products in 2019 is expected to grow at 1.7% to 169 million tons. The steel demand for The Commonwealth of Independent States (CIS) trend to grow 0.9%. While ASEAN expects the demand for finished steel products to grow by 6.2%, which the demand for finished steel will increase as compared to other regions, is approximately 78.3 million tons. Which is the result of investment in infrastructure and investment expansion to ASEAN countries, while Worldsteel anticipates the demand for finished steel products in China that is the world's largest steel producers and user, in 2019, the demand for finished steel has not expanded and is expected to be stable as in 2018.

According to the National Economic and Social Development Board (NESDB), GDP growth for the year 2018 is estimated at 3.5 – 4.5, supported by

1. Private consumption tends to keep its growth momentum, and correspondingly support the overall economic.
2. Investment tends to show a further improvement led by accelerated growth of public investment. Specifically, key public infrastructure projects have made significant progresses and entered into the construction phase.
3. A recovery in the tourism sector will contribute more to the overall economy.
4. Exports continue to exhibit a satisfactory growth and continually buttress economic performance.
5. Redirection of international trade, global manufacturing, and foreign investment will become more apparent, as a result of the trade protectionism and retaliation between the major advanced economies.

However, there are still important external factors need to be aware that may cause fluctuations in the global financial system consisting of

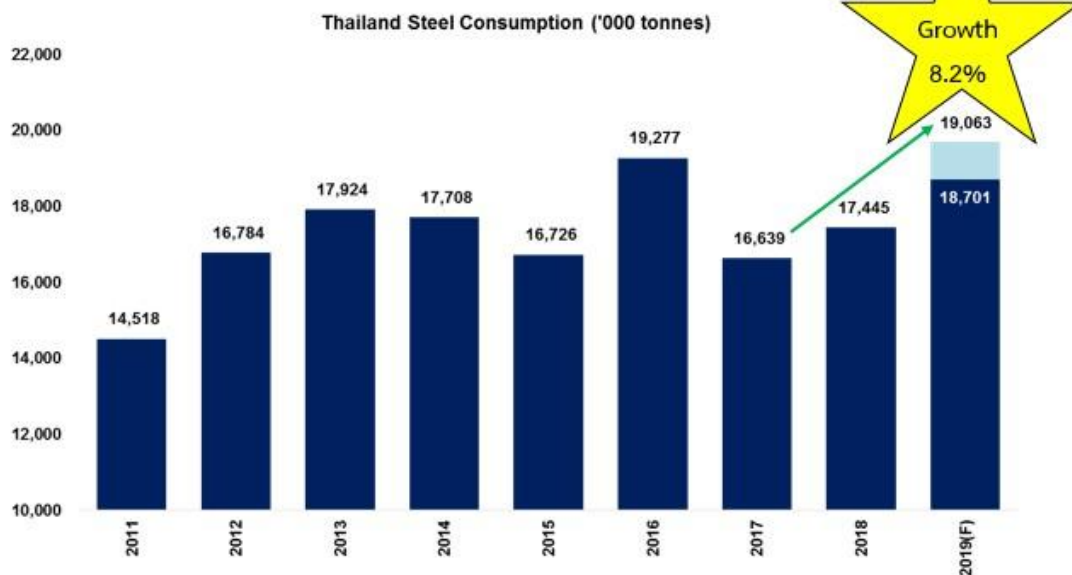
1. The global economy and financial system are likely to be vulnerable to fluctuations and lower-than-anticipated economic growth. Key risk factors include:
 - The uncertainty of trade protection and reciprocal retaliation, with additional US trade restrictions imposed on China and its other trade partners, including the EU and Japan and the possible extension of Chinese countermeasures. These aforementioned trade barriers would negatively affect trading-partner economies, world trade volume, global economy, and Thai exports to grow slower than expected.
 - The slowdown trend of the Chinese economy and the risk of instability from imbalanced economy, which might be aggravated by trade protection measures, together with capital movements and manufacturing relocation;
 - Economic stability issues in major developing countries (Turkey, Argentina, Brazil and South Africa) that may intensify during the US interest rate. It is likely to increase continuously amid the global economic slowdown
 - The risk that the UK may not be able to reach an agreement on the exit from EU (No Deal Brexit);
 - Oil price volatility which remains upon the OPEC's decision on production capacity and the US's exemption on oil importers from Iran, as well as the unity of OPEC
2. The possible delay in the recovery of tourist arrival numbers.
3. The global interest rates may rise faster than economic fundamental

As for Thai steel industry, ISIT has estimated the demand for steel in 2019 will be 18.7-19.0 million tons, an expansion of 8.2%, supported by the expansion of downstream industries using steel as the raw material such as the growth of the automobile industry, the expansion in packaging industry. Including the expansion of investment in large-scale infrastructure of the government in 2019, such as the dual-track railway construction project, High-speed rail project connecting 3 airports (Don Mueang – Suvarnabhumi - U-Tapao) and driving special economic development projects in the Eastern Seaboard. And many other transportation infrastructure projects. Which are based on the growth trends of various industries in the country, it is expected that the demand for steel in 2019 can continue to grow.

Forecasting impact to the Company in overall

And from forecasting demand for finished steel in the world and in the ASEAN region including Thailand that are still expanding under the expectation that the domestic economy continues to grow would inevitably support the business of the company as a hot-rolled steel producer. The company has focused on the fundamental factors in business operations and has a strategy to reduce the impact of various negative factors by focusing on reducing production costs and increasing sales continuously. The domestic market is the main target of the company. With efficient production to achieve operational excellence and able to deliver a variety of value-added products to meet the needs of customers. Which will help reduce imports of flat steel products in the country.

Thailand Apparent Steel Outlook in 2019



Assumption

In 2019 Construction will growth about 6-8% support by Public Construction and Private Construction. Automotive growth 3-5% production will be 2.2 million unit in 2019. Appliance growth 4-6% from Government spending stimulus measures and the trade war situation to be resolved after negotiations. But still have to follow closely. Packaging growth 3-5% support by the canned sea food growth 13.6% support by India will reduce their production it may the opportunities for export.

Source: DIE, Krungsri Research, NESDB, Electrical and electronics Institute (EEI), National food Institute (NFI), Machinery Intelligence Unit and forecasted by Iron and Steel Institute of Thailand (ISIT), February 2019

Source : Iron and Steel Institute of Thailand

Products and Services

Production Capacity

The Company's hot rolled coil mill is located on approximately 429 acres 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 2 shifts and 3 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 66.67% 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 draw 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.

Change in Shares held by Directors and Executives in 2018

As of 31 December 2018

No.	Name	Position	No. of share(s) (Percentage (%))		
			31 December 2017	31 December 2018	Change Increase/ (Decrease) in 2018
1.	Mr. Yanyong Kurovat	Chairman of the Board of Directors	-	-	-
	Spouse or Minor children		-	-	-
2.	Prof. Paichitr Rojanavanich	Independent Director	-	-	-
	Spouse or Minor children		-	-	-
3.	Mr. Teerapol Pussadet	Independent Director	-	-	-
	Spouse or Minor children		-	-	-
4.	Asst. Prof. Dr. Teerachai Arunruangsirilert	Independent Director	-	-	-
	Spouse or Minor children		-	-	-
5.	Mr. Chainarong Monthienvichienchai	Independent Director	300,000 (0.004%)	300,000 (0.004%)	-
	Spouse or Minor children		-	-	-
6.	Khunying Patama Leeswadtrakul	Director	395,895,200 (5.78%)	273,095,200 (3.99%)	(122,800,000)
	Spouse or Minor children		10,000,000 (0.15%)	10,000,000 (0.15%)	-
7.	Mr. Ryuzo Ogino	Director	-	-	-
	Spouse or Minor children		-	-	-
8.	Miss Soontareeya Wongsirikul	Director, Chief Financial Officer and Company Secretary	-	-	-
	Spouse or Minor children		-	-	-
9.	Mr. Somchai Leeswadtrakul	Director	-	-	-
	Spouse or Minor children		-	-	-
10.	Mrs. Churairat Panyarachun	Director	5,420 (0.00008%)	5,420 (0.00008%)	-
	Spouse or Minor children		-	-	-
11.	Asst. Prof. Komol Wong-Apai	Director	-	-	-
	Spouse or Minor children		-	-	-
12.	Miss Methikan Chutipongsiri	Director	-	-	-
	Spouse or Minor children		-	-	-
13.	Mr. Amrendra Prasad Choudhary	Chief Executive Officer	-	-	-
	Spouse or Minor children		-	-	-
14.	Mr. Warawut Suwannasorn	Chief Production Officer	-	-	-
	Spouse or Minor children		-	-	-
15.	Mr. Tushar Kanti Sahu	Chief Commercial Officer	-	-	-
	Spouse or Minor children		-	-	-

Management Structure

As at 31 December 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	Kurovat	Chairman / Executive Director
2.	Prof. Paichitr	Rojanavanich	Independent Director/ Chairman of the Audit Committee
3.	Mr. Teerapol	Pussadet	Independent Director / Audit Committee Member
4.	Asst. Prof. Dr. Teerachai	Arunruangsirilert	Independent Director / Audit Committee Member
5.	Mr. Chainarong	Monthienvichienchai	Independent Director
6.	Khunying Patama	Leesawadtrakul	Director / Executive Director
7.	Mr. Ryuzo	Ogino	Director / Non-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

Authorized Directors are as follow;

"Mr. Yanyong Kurovat, or Ms. Methikan Chutipongsiri, 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, 4 independent directors, 6 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. Paichitr Rojanavanich has good knowledge and expertise in

accounting and finance, as well as long experience in auditing which is adequate to review the reliability of the financial statements. Therefore, the committee resolved to appoint Prof. Paichitr Rojanavanich 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 December 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 Pussadet	Audit Committee Member
3.	Asst. Prof. Dr. Teerachai Arunruangsirilert	Audit Committee Member

Remarks:

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 and ensure the Company's measurement in respect of conducting on the anti-corruption and bribery which are as apart of good corporate governance in accordance with a guideline of The Thai Institute of Directors Association (IOD).
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 December 2018, the Nomination and Remuneration Committee comprises of 4 members as follows:

	Name	Position
1.	Mr. Teerapol Pussadet	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 CommitteeDefinition

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 December 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 Leeswadtrakul	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 CommitteeDefinition

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 Pussadet	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 1 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 December 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 2018, 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 2018 in the same rates as the year 2017 with details on it as follows:

Remuneration for the Board of Directors for year 2018

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 2018

Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)				Total (Baht)
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	
1. Mr. Yanyong Kurovat	720,000	56,250	-	-	5,000	781,250
2. Prof. Paichitr Rojanavanich	720,000	40,000	68,750	-	-	828,750
3. Mr. Teerapol Pussadet	240,000	45,000	55,000	6,250	-	346,250
4. Dr. Teerachai Arunruangsirilert	240,000	40,000	50,000	5,000	-	335,000
5. Khunying Patama* Leeswadtrakul	-	-	-	-	-	-
6. Mr. Chainarong Monthienvichienchai	240,000	45,000	-	-	6,250	291,250
7. Mr. Ryuzo Ogino	160,000	15,000	-	-	-	175,000
8. Ms. Soontareeya* Wongsirikul	-	-	-	-	-	-
9. Mr. Somchai* Leeswadtrakul	-	-	-	-	-	-
10. Mrs. Churairat Panyarachun	240,000	45,000	-	5,000	-	290,000
11. Asst. Prof. Komol Wong-Apai	240,000	45,000	-	-	-	285,000
12. Ms. Methikan* Chutipongsiri	-	-	-	-	-	-
Total	2,800,000	331,250	173,750	16,250	11,250	3,332,500

Remarks:

*The directors holding executive position or employee of the Company and receive the remuneration in a form of salary, shall not receive any of the remuneration and meeting allowance as stated in the above table.

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

Unit : Thousand Baht	2018 (31 December 2018)	2017 (31 December 2017)
Monthly remuneration and Bonus	17	15
Meeting allowance and other benefit	4	4
Others	0	0
<u>Total</u>	<u>21</u>	<u>19</u>

Remarks:

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

Employees**Number of employees**

As of 31 December 2018, the Company has a total of 677 employees, which are separated under the following core divisions:

Division	Number of Employees
The Management	15
Personnel and General Administration	41
Accounting, Finance and Warehouse	54
Purchasing and Logistic	51
Sales and Marketing	4
Information for Management	13
Production	240
Planning and Product Development	47
Engineering and Maintenance	204
Health, Safety and the Environment	6
Internal Audit	2
<u>Total</u>	<u>677</u>

Employee Compensation

As of 31 December 2018, details of total remuneration paid to employees of the Company are as the following:

Compensation	Amount (Million Baht)
Salary	360.76
Fringe Benefit	21.58
Contribution to the Provident Fund	17.60
<u>Total</u>	<u>399.94</u>

Good Corporate Governance

Through the year 2018, 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 this connection, the Board of Directors has acknowledged the Corporate Governance Code for Listed Companies 2017 (“CG Code”) and was well awarded of the governing body to create value for sustainable business including reviewing, policy assessing and the implementation in relation to the Company’s corporate governance and each CG Code. The Board of Directors has assigned the Corporate Governance Committee or Company secretary to amend CG policy and Ethics of the Company as well as the directions in compliance with CG Code and adaptable to the rapid change of CG development.

In 2018, 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, 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.

On 11 April 2018, the Company had disclosed information via the Stock Exchange of Thailand ("SET"), notifying of Resolution of the Board of Directors Meeting No. 4/2561 on 11 April 2018, that the Company was informed of the progresses of the investigation of the criminal case from the Economic Crime Suppression Division regarding the complaint of the Company, the case of the scrap steel embezzlement. The meeting therefore resolved to postpone the 2018 Annual General Meeting of Shareholders until the Company has complete the auditing and amending the accounting information and numbers of the Company. Details were as information disclosed to the SET on 11 April 2018.

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. Supamong 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 publishing on the Company's website is in compliance with the regulations of SEC and SET.

The Annual General Meeting of Shareholders of the Company for year 2018 had not been held, in which details as disclosed to the SET on 11 April 2018

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, are normally required to attend the Annual General Meeting of the Shareholders.

The Annual General Meeting of Shareholders of the Company for year 2018 had not been held, in which details as disclosed to the SET on 11 April 2018

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 one 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. The criteria of proposing the agenda of the Annual General Meeting of Shareholders were the followings:

1. The qualifications of shareholders entitled to propose issue for the annual general meeting of shareholders agenda shall be the shareholder holding not exceeding 0.5% of the total voting shares of the Company, maybe a sole shareholder or combined shareholders, holding continuingly such shares not less than 12 months from the holding date to the proposal date.
2. An issue shall be proposed through the "Agenda Proposal Form for the Annual General Meeting of Shareholders 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

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. 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. 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. 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 2018, 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 2018, there were 9 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 2018, there were directors, Chief Financial Officer, the Company's auditor, and legal advisor. Details of meeting attendance of Directors for year 2018 are as follows:

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

Remarks:

- (1) On 11 April 2018, the Company had disclosed information via the Stock Exchange of Thailand ("SET"), notifying of Resolution of the Board of Directors Meeting No. 4/2561 on 11 April 2018, that the Company was informed of the progresses of the investigation of the criminal case from the Economic Crime Suppression Division regarding the complaint of the Company, the case of the scrap steel embezzlement. The meeting therefore resolved to postpone the 2018 Annual General Meeting of Shareholders until the Company has complete the auditing and amending the accounting information and numbers of the Company. Details were as information disclosed to the SET on 11 April 2018.

4.5 Relationship with investors

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

The Company prepared a brief investor relation plan and the aforesaid plan is subject to the plan according to occasion and appropriateness. The details are as follows:

1. To arrange an activity for mass media meeting at least once per quarter in order to report on the operating results in every quarter.
2. To arrange an analyst meeting on a quarterly basis. In the event that the analyst wishes to inquire about other additional matters, the analysts are invited to meet the Company's investor relations on a case-by-case basis.
3. To arrange for investors to visit the Company's factory including to meet and ask questions to the management.
4. To arrange aboard road show at least once a year.
5. To participate in exhibition booths that is held to disseminate and provide information to investors such as by the Stock Exchange of Thailand, the Securities Analysts Association, etc.

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 6 persons, 2 non-executive directors and 4 independent directors, totaling 12 persons. The balance of power by independent directors is 33.34.

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 2018, 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 2018, the Company Secretary has prepared the "CG Self-Assessment for year 2018", 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 2018 same as rates 2017 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 2018, details of Directors' attendance of training are as follows:

No.	Name and Position	Course	By Organization
.	Mr. Yanyong Kurovat, Chairman of the Board of Directors	Boardroom Success through Financing and Investment (BFI 4/2018)	Thai Institute of Directors (IOD)
.	Mr. Chainarong Monthienvichienchai, Independent Directors	Role of the Chairman Program (RCP 43/2018)	Thai Institute of Directors (IOD)
.	Ms. Soontareeya Wongsirikul, Director and Chief Financial Officer	Strategic Financial Leadership Program (SFLP) 2018Ethical	Thai Listed Companies Association

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 37% of total RM consumption depending upon process requirement and its availability. The company has a plan to buy a good quality local scrap by expanding supplier base for supplying the local scrap continuously in all local scrap market situations. The company plans to optimize local scrap consumption in the range of 40% in the metallic mix, with a view to achieve better metal margins and lowering the volatility risk factor.

Risk of logistics management

Our company is fully dependent on road transport for both inputs and finished goods. The fuel price is one of the major factor affecting transportation cost for input raw materials and delivery of the products to the customers. Therefore, the company has long term contracts with more than one transportation companies taking care of 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.
- Adding volatility.
- 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 and pig iron 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 is done in order to avoid stop production.
- Sourcing from new suppliers in nearby counties to leverage the transportation duration and thereby 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 of Marketing and Distribution**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.

Large scale imports of alloy HR Coils which may increase after removal of safeguard Import Duty W.E.F 26th February 2019 is likely to affect the market of G Steel. Similarly, substitution of imported GI coils in certain construction related items may affect the sales of GSteel HR Coils.

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 trade debts of the Company that are in US Dollar were debts that occurred during the world economic crisis in 2008. In year 2019, the Company has planned and on process of financial restructuring by converting the US Dollar short term debts, partly to equity and partly received haircut, the remaining were converted to long term debts which will lower the debt amount in US Dollar and at the same time lower the risk on foreign exchange fluctuation that only affects in term of accounting basis showing in the financial statements.

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 by EIA requirements, and continuously presented the inspection reports to Office of Natural Resources and Environmental Policy and Planning, Department of Industrial Works, Industrial Estate Authority of Thailand, 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 OHSAS 18001 standard on the prevention or mitigation from the risks to accidents at work, illness due to 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 interests and remedies measures. Currently, Thailand has two applicable laws as follows.
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 circumvent from the 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 the circumvention 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:

- 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.
- Extension of 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 13, 2018 to December 12, 2023.

- 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.
- 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.
- Submitted an application to Department of Foreign Trade to consider the imposition of Anti-dumping measures for hot rolled steel flat products originating in Australia and Arab Republic of Egypt. DFT has launched its anti-dumping investigation and announced in the Royal Gazette on November 29, 2017. Later in November 7, 2018, DFT issued a draft of final result to terminate the investigation for such measure and arranged the public hearing to receive comments from stakeholders on November 27, 2018 to gather feedback for consideration prior to the announcement in the Government Gazette.

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.

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 measures 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.
 - In addition, the company cooperated with other local manufacturers submitted an application to Department of Foreign Trade to consider the extension of Safeguard measures for hot rolled steel flat products with alloy (Coil, Sheet, and Plate) for another 3 years (2019-2021). Later in January 11, 2019, DFT issued a draft of final result to terminate the extension for such measure and arranged the public hearing

to receive comments from stakeholders on January 29, 2019 to gather feedback for consideration prior to the announcement in the Government Gazette.

- Although the company is at risk of termination of Safeguard measures for hot rolled steel flat products with alloy (Coil, Sheet, and Plate), the company and other domestic manufacturers have worked together to track the progress with Ministry of Commerce in order to issue the counter measures to circumvent from the anti-dumping measures and subsidies (Anti-Circumvention and Countervailing duty) to replace the safeguard measures which will be expired end of February 2019. Once the AC and CVD are effective, domestic industry are able to apply counter-measures to those circumvent products from China under anti-dumping measures for hot rolled steel flat products - boron added originating in the People's Republic of China. Thus, this can reduce the amount of imported HRC alloy from China that circumvents the import tax and AD duty.
- Safeguard measures 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 operates in the steel industry, a major industrial base of the country. There is an enormous amount of investment and have hundreds of employment rates. Therefore, government policies may affect the operation or performance of the company.

ยุทธศาสตร์การพัฒนาอุตสาหกรรมไทย 4.0 ระยะ 20 ปี (พ.ศ. 2560 - 2579)



รูปที่ 1-7 การปรับโครงสร้างอุตสาหกรรมไทย

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 skillful 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. Company also has been insured for the losses of or damages to the properties in case of specified reasons. 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.

Risk Regarding Corruption

The Company carries on the business of manufacturing and distributing Hot Rolled Coil both domestically and internationally, the factory located in Rayong Province. By the nature of operations causing the company to contact the government agencies, accordingly such contact may result in a risk regarding corruption, such as payment of facilitation charges, payment of moneys to or calls for moneys by government officials in the case where the Company might have acted improperly or needs urgency etc., or a risk that may result from dishonest acts relating to cash or property, purchases or procurement, payment of salaries or labor fees, revenues and expenses included the information technology system. The Company has set up a risk management committee to make assessments and analyses and formulate measures to manage the risk in terms of both business and corruption and has also made available an efficient and effective system of internal control and audit.

Moreover, the Company has been certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) by the Thailand's Private Sector Collective Action Coalition against Corruption. This certification indicates its determination and intention to resist all forms of corruption and has prepared an anti-corruption policy, determining responsibilities and guidelines for appropriate action against corruption in all activities, and communicated the policy to directors, management, employees and both internal and external stakeholders so that it serves as guidelines for mutual practice of business with transparency.

Internal Control and Audit System

Internal Control

The Company have to provide 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. The Company's Board of Directors deems that the Company provides an adequacy of Internal Control. There is also has the Risk management Committee to review the system and evaluate the effectiveness of risk management throughout the year.

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 2018 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 2018, as described under of the following 5 sections:

Section 1 **Control Environment**

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

The Company has 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.

In 2018, the Company revised the Company's 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, including establishing policies and practices guide in anti-corruption according to the company has adoption to the Thai Institute of Directors as a member of the Private Sector Collective Action Coalition against Corruption Program as well as the determination of penalties for violations.

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.

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.

Section 2 **Risk Management**

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

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

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

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

Section 3 **Control Activities**

The Company clearly separated the responsibilities of each function with work flow provided, clearly reviewed the regulation on approval authorization in financial and operational matters for the Management to manage the operations with most efficiency. The Company is aware of the importance of a good system of internal control because the good system will be well able to help prevent, administrate and manage a variety of risks or damages which may occur to the Company and its stakeholders.

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 followed up the actions to be taken under the bound contracts and agreements continuously. 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 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 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 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, follow up and evaluate the significant corrective actions in order to present to Audit Committee and the Board of Directors.

The Company has 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.

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 2018 (Million Baht)	Ending balance 2018 (Million 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 Place Co., Ltd.	Having common director with GJS	- Deposit - other related business - Other creditor and Accrued expense - other related business	- 7	1 21	Space rental and related services for Head Office
Arnoma Hotel Bangkok Co., Ltd. <u>Type of business</u> Hotel, food and drinks	A juristic entity with common directors and management member as GJS	Other creditor and Expense payable - related businesses	-	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	- - (8) - - - - - -	1,129 (1,129) - 1,313 (1,313) 2,554 (2,554) 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.

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2018 (Million Baht)	Ending balance 2018 (Million Baht)	Description, terms and conditions
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.	<ul style="list-style-type: none"> - Receivable from tolling service - Debtor for buying raw material and other items - Advanced received - subsidiaries - Short Term Loan - subsidiaries - Accrued interest - subsidiaries 	3,871 273 670 (167) 12	6 - - 94 19	<ul style="list-style-type: none"> - 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 - Loan from GJS by issuance of Promissory note
Siam Professional Holdings Co., Ltd. (SPH)	A 99.99% subsidiary, having common directors	<ul style="list-style-type: none"> - Lend monies to subsidiary - Provision for bad debt - Interest receivable from subsidiary - Provision for bad debt 	- - - -	7 (7) 1 (1)	For investment
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 	- - - 68 47	19 1,027 1,086 73 273	- Special Purpose Vehicle for debt restructuring
Asia Metal PCL	A related company having common shareholder 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 	- - -	8 (8) 2	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 	- 39	479 260	Guaranteed Debt - Litigation from guarantees by OAC

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2018 (Million Baht)	Ending balance 2018 (Million Baht)	Description, terms and conditions
Great Siam Steel Work Co., Ltd.	Common directors with GJS	- Other creditor and accrued expenses - other related	-	1	Service
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 	608 - 11 40 -	204 73 37 45 -	<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.
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 	- (162) (2)	- - -	<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. (Transfer to ACO I as 18.12.2018 amount 162 MB)
The Steel Public Company Limited	Related business with the company's shareholders	- Debtor - other related business	(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 	- (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.

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2018 (Million Baht)	Ending balance 2018 (Million Baht)	Description, terms and conditions
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 - Current portion of long-term loan from related party - Accrued interest - other related business 	133 314 365	4,334 314 4,558	Transferring debt to new creditor Transfer from Mr. Nirum Ngamchammunrit as 18.12.2018 Amount 314 MB
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 13	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 GJS 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 	(234) (80) (54)	- - -	- 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. (Transfer to ACO I as 18.12.2018 Amount 314 MB)
Mr. Veerachai Suteerachai	Director of related Company	<ul style="list-style-type: none"> - Other creditor and accrued expenses - other related person - Accrued interest 	- 6	78 6	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

Overall Policy

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

However, the Company has implemented the CSR is based on the guidelines of “Leader in global steel supply” and has the mission involved with responsibility towards society and the environment. It is “**Conservation of the environment and return to the society**”, “**promotion of value to the stakeholders**”, and “**Cooperate to Anti Corruption**” which is the important mission leading to sustainability.

Policy on the CSR and the Environment

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

Implementation

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

1. Supervision of the organization

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

2. Human Rights

It has guidelines for all of its employees to respect and treat all the stakeholder groups with egalitarianism and equality based on the principle of respect to the human rights at the international level. They have the basic rights in livelihood and working, the right to expression and opinion, including the right to economics, society, culture, religion and politics without discrimination on racism, religion and no violation of the various rights, as well as no exploitation of all the groups of the stakeholders, including the groups that need

special care such as children, women, disable persons, the elderly, etc. Moreover, it has to avoid participation in the offence on violation of the human rights directly and indirectly towards the internal and external units as well.

3. Fair Competition

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

4. Relationship with its Employees

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

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

5. Relationship with the Customers

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

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

6. Relationship with the Trade Partners

The Company has a policy to build up good relationship with its suppliers/subcontractors by opening an opportunity to present goods/services with equal opportunity. The management and the relevant employees have to perform the job with honesty/loyalty, and the consideration and decision-making must be based on a comparison of quality of the

goods/services, prices and conditions. It is based on the optimum benefit of the Company in the short-term and long-term. Also it is prohibited from taking a bribe or any commissions from the trade partners, as well as disclosing or offering information of one or multiple trade partners to another trade partners directly and indirectly.

7. Relationship with the Local Community

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

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

8. Responsibility for the Environment

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

9. A Conflict of Interest

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

10. Use of Insider Information for securities trading

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

11. Anti-Corruption and Bribery

The Company places an importance on the business operation with honest, taking responsibility for society and its stakeholders. The Company also adheres to the principles of good governance, Code of Conduct of the Company (“**Code of Conduct**”) for its business operation, including in compliance with requirements of laws strictly.

In order to comply with the Good Corporate Governance and with the Good Corporate Governance Standard generally acceptable for the listed companies, the meeting of Board of Directors No. 11/2017 on 13 November 2017 has considered and unanimously resolved to approve the Anti-Corruption Policy, announced and communicated with all directors, executives and employees of the Company for enhancing their knowledge and understanding of the importance of Anti-Corruption policy. As a result, all directors, executives and employees of the Company have been involved and recognized of the implementation of imposed practices and relevant regulations in the Company’s business operation.

In addition, as the Board of Directors had approved the Company to submit their Declaration of Intent to the Thailand’s Private Sector Collective Action against Corruption (“**CAC**”), and further approved for completing the CAC’s current 71-item self-evaluation checklist, and submitting reference e-documents to the Certification Committee (CER COM) of Thai Institute of Directors (“**IOD**”) as the secretary of CAC. On Tuesday, 6 November 2018, the Company has received the letter from IOD informing the meeting of CER COM No. 3/2018 held on 5 November 2018, has resolved to certify the Company as a member of CAC. The certification will be valid for 3 years from the date of approval.

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

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

Business operation impact to Social Responsibility

- None -

Activities for Social Responsibility and Environment

G Steel Public Company Limited by Khunying Patama Leeswadtrakul our Chief of Corporate Social Responsibility has provided policy and fully support for social activities and environment every year both internal and external. During 2018, the Company has CSR activities as below,

Participating in social development

Blood donation to the Thai Red Cross Society

On 30 January 2018, the Company arranged for 56 employees in participating in blood donation with the Thai Red Cross Society, totaling 25,100 cc.



The Thai Red Cross Society had, therefore, provided the certificate to the Company due to blood donation more than 1,000 units during 5 years.



Activities arranged for the Thai cultures and traditions conservation

Ceremonies regarding Songkran festival or Thai New Year were annually held in the Company's plant, i.e., offering food to monks, pouring scented water on the hands of senior managements. The Company also supported the budget and participated in Songkran festival related activities such as pouring water on the hands of senior citizens at the Nonglalog community, Bankhai District, Rayong Province. These activities also serve as a preservation of Thai culture.



Participating in Education Development

Cooperation with three universities for research and development

Memorandum of Understanding for Research & Development with three universities below,

1. Memorandum of Understanding with King Mongkut's Institute of Technology Ladkrabang



2. Memorandum of Understanding with King Mongkut's University of Technology Thonburi.



3. Memorandum of Understanding with Suranaree University of Technology.



Internship program

In order to give opportunities to learn and practise in areas corresponding to their courses, the Company annually arranges for the internship program by selecting students from various educational institutions to be intern at the Company's factory in Rayong. In 2018, there were 16 interns, students from 7 institutions, details as listed below,

No.	University	Number of interns
1	King Mongkut's University of Technology North Bangkok	3
2	Suranaree University of Technology	2
3	Burapha University	2
4	Walailak University	1
5	University of the Thai Chamber of Commerce	1
6	Bankhai Technical College	3
7	Rayong Technical College	4
Total interns		16



Job & co-op fair

On 27 April 2018, the Company joined Suranaree University of Technology's job & co-op fair 2018 at Suranaree University of Technology, Nakhon Sawan Province to recruit for new employees and interns.



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 conveniences of students and teachers, totaling 36 persons, in participation of the scout vowing and parade ceremony.

Children Day Activity

In order to support the Children Day activity, the Company on 13 January 2018 had cooperated with Sub district Administrative Organization of Nong Lalok, Ban Khai District, Rayong.



Computer for Children Project

On 31 January 2018, the Company had supported “Computer for Children Project” to the Mirror Foundation.



Participating in community economic development

The Company annually and continuously gave opportunities to farmers in the Nong Lalok community to bring their products for sale to employees in the Company's factory. This would help the local community earning more income without expenses incurred.



Participating in social and public interest

Open House Learning Project

The Company has a policy to “open opportunity for learning” to various groups, either government or private sector, to impart hot rolled coil sheet production knowledge including environmental management system. In 2018, the Republic of the Union of Myanmar, ISIT and King Mongkut's University of Technology Thonburi were invited to observe the production process and the environmental management system.



Supporting on prevention and solution to drugs problems

The Company rewarded the Certificate on Prevention and Solution to Drugs Problems from Narcotics Control Office Region 2.



Run with the doctor activity in Map Ta Phut, Rayong

On 1 April 2018, the Company supported walk-run activity of Her Royal Highness Princess Maha Chakri Sirindhorn by providing financial support for new building at Map Ta Phut hospital.



Providing financial support for local community activities

In addition to activities or various projects, the Company provided financial support and jointly participated in local communities activities at Nonglaloek sub-district, not only the third month cultural activities, Songkran festival, Loy Krathong festival, but also Red Cross fair in Rayong Province and supported football sports cup at Nonglaloek, and etc.

Internal Activities by Inner CSR team

The Company arranged internal activities for employees on below detail,

Annual Health Check

The Company provides yearly health checkup for employees on 14, 21, 28, 29 November 2018.





Knowledge Improvement on wellness

Apart from the above activities, the Company emphasized on employees' awareness on cause of disease, warnings and precaution by internally distributing leaflets via e-mail, folded sheets and as attachments to the bulletin boards as well as encouraging the inviting to "We love health" program.



No paunch, No disease Project

As awareness of employee's good health, "No paunch, No disease Project" was arranged for preventing employees from disease caused by fat, and consumption behavior including workout. This would be in accordance with the Company's health objectives and goals.

“โครงการ ไร้พุง ลดโรค”

ประกาศตามหัวปล้า เข้าร่วมโครงการ!!!!

คุณสมบัติผู้เข้าร่วม : 1. เป็นบุคคลที่มีภาวะไขมันในเลือดสูง / มีภาวะเสี่ยงต่อโรค NCD
2. หรือมีรอบเอวกว้าง / ลงพุง / BMI เกิน 23
3. เป็นผู้ตั้งใจที่ปรับเปลี่ยนพฤติกรรมทางสุขภาพของตนเอง

ระยะเริ่มปฏิบัติการ : 5 เดือน ตั้งแต่ 16 ก.ค. – 25 ธ.ค. 2018

สิ่งที่ได้เมื่อเข้าโครงการ:

1. ผู้เข้าร่วมจะได้ความรู้ วิธีการปรับเปลี่ยนพฤติกรรมสุขภาพไปตามที่ละขั้นตอน เน้นการควบคุมอาหารและออกกำลังกาย โดยไม่ใช้ยาลดความอ้วน
2. สมุดบันทึกประจำตัว “ลดพุง ลดโรค” เพื่อติดตามผลความเปลี่ยนแปลงของตนเอง
3. ทีมช่วยเหลือนานาชาติสุขภาพ

สุขภาพดีอย่างเดียวไม่พอ งานนี้มีรางวัลสำหรับ “ผู้ชนะใจตนเอง” ด้วยจ้า

งานนี้เน้นกับตัวเราเอง!!!!

เกณฑ์การให้รางวัล:

1. ต้องสามารถลดรอบเอวได้อย่างน้อย 2 นิ้วขึ้นไป รับ 100 ฿
2. สมทบเงินเพิ่ม + 100 บาท / การลดรอบเอว 1 นิ้วถัดไป

แต่... ผู้ที่สามารถลดรอบเอวได้มากที่สุดได้รางวัล

มีรางวัลพิเศษให้โดย ลำดับที่ 1 + 300
ลำดับที่ 2 + 200
ลำดับที่ 3 + 100

ข้อตกลงก่อนเข้าร่วม

1. ต้องเป็นผู้มีวินัย และอดทน (งานนี้ไม่ได้มาเล่นๆนะจ๊ะ)
2. ผู้เข้าร่วมงานจะต้องเข้าร่วมครบอาทิตย์ 2 สัปดาห์เป็นอย่างน้อย (เกินได้เท่าไหร่ก็ได้)
3. ระหว่างการออกกำลังกาย ผลการวัดรอบเอวจะต้องมีแนวโน้มลดลงอย่างต่อเนื่อง

เปิดรับสมัคร : วันนี้ - 12 ก.ค. 2018 ส่งใบสมัครที่ตึก GH0 ชั้น 1 โอปอล

G Steel เพราะของเรามีดีที่สุดในใจเรา มีส่วนร่วมให้ตนเอง แม้เงินก็ซื้อไม่ได้



G Steel sport day and planting a tree to save environment

The Company arranged the annual sport activities for employees to increase good relation, teamwork, unity and motivate the employees to have the better health. In addition, “Planting a Tree to save environment” Project was made for the Company’s landscape improvement, a part of improvement of working environment, reducing global warming, and increasing ozone in the atmosphere as well.



Management's Discussion and Analysis

Management Discussion and Analysis Yearly Ending 31 December 2018

Highlights

	Unit : million Baht	Q 4/2018	Q 4/2017
Group	Group Revenues	29,966	25,705
	Group EBITDA	609	2,347
	Group Net Profit (Loss)	(2,358)	(388)
HRC	HRC Sales (k tons)	1,450	1,381
	HRC Production Volume (k tons)	1,438	1,429
	HRC Average Selling Price (Bht/Ton)	20,662	18,529
	HRC Cash Margin (Bht/Ton)	883	1,848
	Unit : million Baht	31-Dec-18	31-Dec-17
Group	Total Assets	30,632	32,172
	Total Liabilities	20,532	19,781
	Total Equity	10,101	12,391

In 2018, the Company and subsidiary's total net loss equals Baht 2,358 million comparing with last year which has net profit Baht 366 million. Separate financial statement, the Company has net loss Baht 1,810 million for the year 2018 and Baht 1,006 million for the year 2017.

In 2018, the Company and subsidiary's total revenue increase from the year 2017 which mainly result from the increase in sale volume compare to the year 2017. 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 production cost.

Performance

Revenue from sale and cost of sale

The Company and subsidiary recorded a sales volume of 1,449,290 tons for the year 2018, increased by 66,524 tons from the year 2017 or increased by 5% (Separated Financial Statement: 2,812 tons and 569,224 tons, for the year 2018 and 2017 respectively).

Total revenue from sales and services of the Company and subsidiary for the year 2018 amounted to Baht 29,966 million comparing with the year 2017 which was Baht 25,705 million (Separate: Baht 3,927 million and Baht 11,063 million for the year 2018 and 2017, respectively). Revenue from sales and services increased comparing with last year due to the increase of sale volume and selling price.

Consolidated cost of goods sold and cost of service for the year 2018 amounted to Baht 30,195 million comparing with the year 2017 which was Baht 24,977 million, increased Baht 5,219 million due to the increase in sale volume as well as the increase in raw material price and cash conversion cost. Cash conversion cost mainly increased from the increase of Graphite Electrode's price. (Separate: Baht 4,724 million for the year 2018 and Baht 11,240 million for the year 2017, decrease Baht 6,516 million due to the significant decrease in sale volume and increase in tolling service). Total gross loss of year 2018 amounting to Baht 230 million comparing with gross profit Baht 728 million for the year 2017, (Separate: gross loss Baht 798 million for the year 2018 and Baht 177 million for the year 2017). Although raw material price increase together with cash conversion cost increase lead to the increase in total 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 2018 amounting to Baht 197 million (Separate: Baht 83 million). The gain is attributed to the appreciation of the Thai Baht versus the US dollar.

Selling expenses

Total selling expenses of the Company and subsidiary for the year 2018 and 2017 amounting to Baht 365 million and Baht 483 million, respectively, decreased by Baht 118 million. (Separate: Baht 4 million for the year 2018 and Baht 298 million for the year 2017). Major factor come from the significant decrease of sale volume of the Company.

Administrative expense

Total administrative expense of the Company and subsidiary for the year 2018 and 2017 amounting to Baht 843 million and Baht 868 million, respectively, decrease by Baht 25 Million. (Separate: Baht 155 million and Baht 341 million, respectively, decrease by Baht 186 million). The major reason came from the expenses allocation from administrative expense to be tolling service expense.

Other Expenses

Other expenses of the Company and subsidiary for the year 2018 amounted to Baht 144 million, resulted from provision for court case claim Baht 100 million and loss on impairment of assets Baht 42 million. Other expenses of year 2018 decreased by Baht 896 million from last year because last year has loss on impairment of assets Baht 998 million. The company (Separate) is Baht 278 million, resulted from loss on impairment in subsidiaries Baht 126 million, provision for court case claim Baht 100 million and loss on impairment of assets Baht 42 million. Other expenses of year 2018 of the company decreased by Baht 1,105 million from last year because the company has loss on impairment of assets Baht 1,222 million and loss from disposal investment Baht 120 million in year 2017.

Financial cost

The Company and subsidiary has total financial cost for the year 2018 and 2017 amounted to Baht 1,102 million and Baht 995 million respectively, increase by Baht 107 million because of the increase of short-term loan for purpose of increasing working capital of GJ Steel in order to increase sale and maintain continuous HRC production for local market (Separate: Baht 682 million and 790 million, respectively, decrease by Baht 108 million resulting from the new adjustment item in year 2018).

Financial position**Total Assets**

As of 31 December 2018, the Company and subsidiary has total asset amounted to Baht 30,632 million, decreased 5% from year 2017 which has total asset Baht 32,172 million. Total assets separate into current assets amounted to Baht 5,461 million, increased 2% from year 2017 and non-current assets amounted to Baht 25,171 million, decreased 6% from year 2017. Current assets mainly increased from the increase of inventory of the Subsidiary Company. Non-current assets mainly decreased from depreciation.

Cash and cash equivalent

The Company and subsidiary has cash and cash equivalent as at 31 December 2018 amounted to Baht 258 million, decreased Baht 333 million or 56% from last year since the Company and subsidiary has

- Net cash flows provided by operating activities Baht 848 million
- Net cash flows used in investing activities Baht 48 million from purchasing of property, plant and equipment Baht 116 million, proceeds from disposal of investment in subsidiary Baht 68 million. Net cash flow of the company (separate) used in investing activities Baht 35 million. Mainly came from investing in asset related to raw material handling which was affected by terminate contract of material handling's service provider.
- Net cash flows used in financing activities Baht 1,133 million. Major items came from the finance costs paid Baht 534 million, repayment of short term loan from related parties and repayment from long term loan from related parties Baht 591 million. Net cash flow of the company (separate) used in financing activities Baht 2 million from the finance costs paid.

(See more details in Statement of cash flows)

Trade accounts receivable

As of 31 December 2018, the Company and subsidiary has trade accounts receivable amounted to Baht 1,041 million, deducted allowance for doubtful account Baht 1,027 million, remaining net trade accounts receivable amounted to Baht 14 million. (At the end of year 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). Net account receivable was decreased by Baht 34 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 2018, the Company and subsidiary set allowance for doubtful accounts amounted to Baht 1,027 million.

Inventories

Inventories as of 31 December 2018 of the Company and subsidiary amounted to Baht 4,611 million or 15% of total assets, increased Baht 501 million from the year 2017 which resulted from the increase of raw materials. The Company (separate) set allowance for raw material left which may be considered misappropriate, fraud or stolen amounted to Baht 92 million.

Total liabilities

Total liabilities of the Company and subsidiary as at 31 December 2018 amounted to Baht 20,532 million, increased Baht 751 million or 4% from the previous year which resulted from;

Current liabilities increased Baht 1,892 million derived from:

- Trade accounts payable increased Baht 1,014 million
- Accrued interest expenses increased Baht 537 million
- Other payables and accrued expenses increased Baht 293 million

Non-current liabilities decreased Baht 1,141 million derived from:

- Long-term loan from related party decreased Baht 538 million
- Other payables and accrued expenses decreased Baht 427 million

Shareholders' equity

As of 31 December 2018 the Company and its subsidiaries had the shareholders' equity of Baht 10,101 million which decreased by Baht 2,290 million or 18% from last year due to net loss of the Company.

Summary of significant financial ratio (consolidated financial statements)

Financial Ratio	2018	2017	2016
Liquidity ratio (time)	0.29	0.31	0.15
Debt-to-equity ratio (time)	2.03	1.60	2.00
Gross Profit margin (%)	(0.77)	2.83	5.19
Net profit margin to sales* (%)	(5.55)	(1.51)	(4.81)
Average return on equity** (%)	(154.97)	(18.81)	(39.07)
Average return on assets*** (%)	(5.29)	(1.20)	(3.16)
Net profit (loss) per share (Baht)	(0.24)	(0.06)	(0.15)
Net book value**** (Baht)	0.03	0.29	0.31

* 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 2018.

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.

- Unofficial Translation -

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

G Steel Public Company Limited's Board of Directors has appointed the Audit Committee consisting of three independent directors as follows:

- | | | | |
|----|----------------------------|-------------------|---------------------------------|
| 1. | Prof. Paichitr | Rojanavanich | Chairman of the Audit Committee |
| 2. | Mr. Teerapol | Pussadet | Member of the Audit Committee |
| 3. | Asst. Prof. Dr. Theerachai | Arunruangsirilert | Member of the Audit Committee |

The Audit Committee has appointed Mr. Chuchai Ueasuksathaporn as secretary to the Audit Committee.

The Audit Committee of G Steel Public Company Limited is responsible for reviewing the internal control system, endorse the report or disclose information, propose matters to the Board of Directors for acknowledgment, endorsement or approval, including coordinate with the certified public accountant for acknowledgement of the audit results, notes and recommendation of such certified public accountant, 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 and remuneration of the certified public accountant to the Board of Directors for further proposal for the general meeting of shareholders' approval.

In the fiscal year ended 31 December 2018, 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 and the requirements of the Stock Exchange of Thailand. This verification did not verify all items, but use the method of testing on the items that deemed to have importance according to the work plan of the audit section.

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

Audit Committee

<i>- Paichitr Rojanavanich -</i> (Prof. Paichitr Rojanavanich) Chairman of the Audit Committee	<i>- Teerapol Pussadet -</i> (Mr. Teerapol Pussadet) Audit Committee Member	<i>- Teerachai Arunruangsirilert -</i> (Ass. Prof. 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, 2018, 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, 2018, 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, 2018 and 2017 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,	
	2018	2017	2018	2017
(1) Profit(Loss) for the years	(2,358)	366	(1,810)	(1,006)
(2) Deficit	24,900	23,099	27,649	25,839
(3) Current liabilities exceed current assets	13,691	11,923	15,265	13,851
(4) Equity attributable to owners of the Company (Capital deficiency)	172	1,973	(2,577)	(767)
(5) EBITDA	609	3,281	(256)	661

These were affected by various factors including the asset devaluation from partial assets appraisal, 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 was an increase in allowance for loss on impairment of assets under construction under BOI promotion privilege. 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 Group and the Company have 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.

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

May 30, 2019

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	
Assets	<i>Note</i>	2018	2017	2018	2017
<i>(in Baht)</i>					
<i>Current assets</i>					
Cash and cash equivalents	7, 44	258,184,077	590,829,674	56,909,750	11,452,729
Temporary investment-trading security		11,495,626	12,237,280	11,495,626	12,237,280
Trade accounts receivable	5, 6, 8	13,804,613	48,130,779	5,764,325	113,342,452
Amounts receivable from related parties	5	-	-	3,871,100	24,715,253
Inventories	9	4,611,490,629	4,110,175,850	662,096,219	848,340,383
Other current assets	5, 6, 11	565,994,428	575,422,352	303,654,937	353,003,313
Total current assets		5,460,969,373	5,336,795,935	1,043,791,957	1,363,091,410
<i>Non-current assets</i>					
Investments in subsidiaries	12	-	-	3,111,541,427	3,237,606,205
Advance payment for purchases of property, plant and equipment	13	210,000,000	210,000,000	-	-
Property, plant and equipment	14	24,384,466,002	26,004,879,478	10,545,642,379	11,366,883,611
Intangible assets	15	11,539,972	11,865,768	4,405,238	5,641,122
Other non-current assets	5, 6, 17	565,467,084	608,510,802	235,401,846	295,283,194
Total non-current assets		25,171,473,058	26,835,256,048	13,896,990,890	14,905,414,132
Total assets		30,632,442,431	32,172,051,983	14,940,782,847	16,268,505,542

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

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		As at 31 December		As at 31 December	
		2018	2017	2018	2017
		(in Baht)			
Current liabilities					
Short-term loans from financial institution	19, 44	212,503,281	212,503,281	212,503,281	212,503,281
Trade accounts payable	5, 6, 21, 44	2,339,818,594	1,326,191,392	312,488,990	578,693,784
Amount due to related parties	5	-	-	91,699,689	18,954,304
Current portion of liabilities under rehabilitation plan	27	659,013,001	535,319,947	478,999,830	330,960,069
Current portion of long-term loan from related party	5, 19	314,000,000	138,000,000	314,000,000	138,000,000
Current portion of bonds	19, 44	505,933,824	509,538,905	505,933,824	509,538,905
Short-term loan from related parties	5,19, 20	1,269,363,868	1,506,200,847	1,150,508,935	1,150,508,935
Short-term loan from other parties	19	107,424,045	107,478,776	107,424,045	107,478,776
Loan from shareholder	5	3,850,000	3,850,000	3,850,000	3,850,000
Advances received from customers	5, 23	42,665,704	203,320,156	9,983,207	177,933,573
Other payables and accrued expenses	5, 6, 22	7,440,181,306	7,147,117,390	6,792,119,159	6,440,177,095
Accrued interest expenses	24	5,473,956,815	4,936,687,630	5,628,012,853	4,965,641,906
Provisions	25	434,458,440	269,778,189	636,159,564	511,129,864
Other current liabilities	5, 19, 26	348,858,799	364,141,016	65,250,408	68,268,923
Total current liabilities		19,152,027,677	17,260,127,529	16,308,933,785	15,213,639,415
Non-current liabilities					
Liabilities under rehabilitation plan - net of					
current portion	27	-	148,039,761	-	148,039,761
Long-term loan from related party	5, 19, 20	1,117,518,130	1,655,358,073	1,086,448,332	1,262,448,332
Other payables and accrued expenses	22	117,928,412	545,272,948	59,851,345	312,957,081
Accrued interest expenses	24	-	16,048,307	-	16,048,307
Provision	25	-	24,236,632	-	24,236,632
Employee benefit obligations	28	143,059,052	130,347,668	62,918,427	58,193,192
Other non-current liabilities		1,388,843	1,805,104	-	-
Total non-current liabilities		1,379,894,437	2,521,108,493	1,209,218,104	1,821,923,305
Total liabilities		20,531,922,114	19,781,236,022	17,518,151,889	17,035,562,720

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>	2018	2017	2018	2017
		<i>(in Baht)</i>			
<i>Equity</i>					
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		(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		(24,899,544,506)	(23,098,903,934)	(27,649,331,847)	(25,839,019,983)
Equity attributable to owners of the Company		172,418,299	1,973,058,871	(2,577,369,042)	(767,057,178)
Non-controlling interests		9,928,102,018	10,417,757,090	-	-
Total equity (Capital deficiency)		10,100,520,317	12,390,815,961	(2,577,369,042)	(767,057,178)
Total liabilities and equity		30,632,442,431	32,172,051,983	14,940,782,847	16,268,505,542

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	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<i>Income</i>					
Revenue from sale	5, 6, 32	29,965,744,118	25,704,984,906	55,981,953	10,526,923,225
Revenue from service - Tolling		-	-	3,870,924,615	536,229,649
Reversal of bad and doubtful debts expense	37	-	146,896,987	9,092,929	258,042,569
Reversal of provision differences from debt restructuring	25	-	764,902,439	-	764,902,439
Net foreign exchange gains		197,030,561	1,244,854,761	83,374,885	825,953,027
Gain from debt restructuring	21, 33	-	749,429,449	-	15,406,048
Other incomes		178,555,798	127,551,176	12,761,234	118,008,277
Total income		30,341,330,477	28,738,619,718	4,032,135,616	13,045,465,234
<i>Expenses</i>					
Cost of sale					
- Cost of goods sold	5, 6	29,635,851,220	24,775,709,769	58,786,791	10,476,506,660
- Idle cost		400,183,219	195,526,445	274,818,859	195,526,445
- Loss on devaluation of inventories (Reversal of)		159,314,204	5,297,811	(1,159,236)	1,246,467
Total Cost of sale		30,195,348,643	24,976,534,025	332,446,414	10,673,279,572
Cost of services - Tolling		-	-	4,392,032,943	566,957,270
Selling expenses	34	365,224,430	482,757,281	3,628,946	297,547,465
Administrative expenses	5, 35	843,319,164	868,463,782	154,573,633	340,976,613
Provision for loss on purchase orders					
for undelivered raw material	25	40,565,153	-	-	-
Bad and doubtful debts expense	37	9,586,140	-	-	-
Other expenses	39	144,047,447	1,039,640,151	277,642,865	1,382,683,720
Finance costs	41	1,101,535,144	994,832,973	682,122,679	789,742,645
Total expenses		32,699,626,121	28,362,228,212	5,842,447,480	14,051,187,285
Profit (loss) before income tax expense		(2,358,295,644)	376,391,506	(1,810,311,864)	(1,005,722,051)
Income tax expense	42	-	10,852,287	-	-
Profit (loss) for the years		(2,358,295,644)	365,539,219	(1,810,311,864)	(1,005,722,051)
Other comprehensive income (loss) for the years					
Item that will not be reclassified subsequently to profit or loss :					
- Actuarial gains (losses) on defined employee benefit plans	28	-	(39,626,331)	-	(24,084,878)
Total comprehensive income (loss) for the years		(2,358,295,644)	325,912,888	(1,810,311,864)	(1,029,806,929)

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	
		2018	2017	2018	2017
		<i>(in Baht)</i>			
Profit (loss) attributable to :					
Owners of the Company		(1,662,467,063)	(387,682,543)	(1,810,311,864)	(1,005,722,051)
Non-controlling interests		(695,828,581)	753,221,762	-	-
Profit (loss) for the years		(2,358,295,644)	365,539,219	(1,810,311,864)	(1,005,722,051)
Total comprehensive income (loss) attributable to:					
Owners of the Company		(1,662,467,063)	(414,676,874)	(1,810,311,864)	(1,029,806,929)
Non-controlling interests		(695,828,581)	740,589,762	-	-
Total comprehensive income (loss) for the years		(2,358,295,644)	325,912,888	(1,810,311,864)	(1,029,806,929)
Loss per share	43				
Basic loss per share		(0.24)	(0.06)	(0.26)	(0.15)

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

Consolidated financial statements										
	Issued and paid-up share capital	Warrants	Additional (Discount) Share discount	Premium on capital reduction	Retained earnings Legal reserve	Unappropriated (in Baht)	Other components of equity Actuarial gains (losses) on defined employee benefit plans	Equity attributable to owners of the Company	Non-controlling interests	Total equity (Capital deficiency)
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										
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control										
Issue of ordinary shares of subsidiary to non-controlling interests										
12	-	-	-	-	-	312,028,217	-	312,028,217	824,507,129	1,136,535,346
12	-	-	-	-	-	(72,639,088)	-	(72,639,088)	132,780,377	60,141,289
	-	-	-	-	-	239,389,129	-	239,389,129	957,287,506	1,196,676,635
	-	-	-	-	-	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	-	-	-
	-	-	-	-	-	(414,676,874)	-	(414,676,874)	740,589,762	325,912,888
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
Statements of changes in equity

		Separate financial statements						
	Issued and paid-up share capital	Warrants	Additional (Discount) paid in capital	Retained earnings (deficit)	Other components of equity	Total equity of the Company		
Note			Share discount	Premium on capital reduction	Legal reserve (in Baht)	Unappropriated	Actuarial gains (losses) on defined employee benefit plans	(Capital deficiency)
For the Year ended 31 December 2018								
Balance at 1 January 2018	34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(25,839,019,983)	-	(767,057,178)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Comprehensive income (loss) for the years								
Loss for the years	-	-	-	-	-	(1,810,311,864)	-	(1,810,311,864)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Transferred to retained earnings	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the years	-	-	-	-	-	(1,810,311,864)	-	(1,810,311,864)
Balance at 31 December 2018	34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(27,649,331,847)	-	(2,577,369,042)

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

		Separate financial statements							
	Note	Issued and paid-up share capital	Warrants	Additional (Discount) paid in capital	Retained earnings (deficit)	Other components of equity	Total equity of the Company (Capital deficiency)		
				Share discount	Premium on capital reduction	Legal reserve (in Baht)	Unappropriated	Other comprehensive income (loss) on defined employee benefit plans	
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		-	-	-	-	-	-	-	-
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 (loss) for the years		-	-	-	-	-	(1,029,806,929)	-	(1,029,806,929)
Balance at 31 December 2017		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(25,839,019,983)	-	(767,057,178)

G Steel Public Company Limited and its Subsidiaries

Statements of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Cash flows from operating activities					
Profit (loss) for the years		(2,358,295,644)	365,539,219	(1,810,311,864)	(1,005,722,051)
Adjustments for					
Depreciation and amortisation		1,865,349,912	1,910,076,064	871,763,286	876,619,763
Unrealised (gain) loss on exchange rate		(96,321,391)	(1,528,899,083)	(58,325,114)	(1,325,987,887)
Gain on exchange rate form debt to equity conversion		-	(78,650,962)	-	-
Loss (gain) on adjustment in value of securities		927,299	(903,890)	927,299	(903,890)
Loss (gain) from disposal investment		-	(3,950,374)	-	120,674,442
Gain from debt restructuring	33	(677,203)	(749,429,449)	-	(15,406,048)
Loss (gain) from write-off the expired legal prescription of liabilities - net		(119,077,086)	-	-	-
Loss on devaluation of inventories (Reversal of)		159,314,204	5,297,811	(1,159,236)	1,246,467
Reversal of loss on confirmed purchase orders for raw material		40,565,153	-	-	-
Bad and doubtful debts expense (Reversal of)	37	9,586,140	(146,896,987)	(9,092,929)	(258,042,569)
Loss on impairment of assets	38	41,603,214	998,111,400	41,606,738	998,111,400
Loss on impairment of investment in subsidiaries		-	-	126,064,778	223,835,864
Reversal of provisions from deferred debt restructuring difference		-	(764,902,439)	-	(764,902,439)
Loss on written off of assets		163,549	7,803,930	468	-
Provision for court case claim	25	99,878,465	18,623,108	99,878,465	18,623,108
Provision for a gurantee of subsidiary	25	-	-	914,602	22,342,795
Withholding tax write-off		38,896,562	12,215,635	38,873,228	1,617,403
Finance costs	41	1,101,535,144	994,832,973	682,122,679	789,742,645
Interest income		(5,983,225)	(4,062,068)	(386,765)	(258,760)
Dividend income		-208,590	-	(208,590)	-
Employee benefit obligations - Current service cost and interest		13,306,584	9,372,568	5,205,235	5,446,606
Employee benefit obligations - Past service cost		-	(22,548,060)	-	(22,548,060)
Income tax expense		-	10,852,287	-	-
		790,563,087	1,032,481,683	(12,127,720)	(335,511,211)
Changes in operating assets and liabilities					
Trade accounts receivable		34,394,987	52,386,986	99,236,912	(36,915,906)
Amount due from related parties		-	-	24,715,253	(24,715,253)
Inventories		(660,628,983)	(2,123,910,237)	187,403,400	287,350,730
Other current assets		113,562,928	(346,044,752)	172,570,011	(212,569,692)
Other non-current assets		(141,589,028)	(207,239,705)	4,343,735	(71,241,387)
Trade accounts payable		1,200,110,419	593,180,298	(34,559,085)	259,356,705
Advances received from customers		(158,873,781)	(403,925)	(166,169,694)	164,305,535
Other payable and accrued expenses		(176,340,592)	(313,202,253)	(31,591,182)	(26,017,339)
Other current liabilities		8,944,454	1,503,506,435	(2,845,025)	9,470,386
Employee benefit paid		(595,200)	(1,295,142)	(480,000)	-
Income tax paid		(164,345,364)	(29,603,040)	(157,754,201)	(13,742,352)
Net cash flows provided by (used in) operating activities		845,202,927	159,856,348	82,742,404	(229,784)

G Steel Public Company Limited and its Subsidiaries

Statements of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Cash flows from investing activities					
Interest received		5,983,225	4,062,068	386,765	258,760
Purchase of property, plant and equipment		(115,739,762)	(13,871,146)	(34,798,762)	(4,114,093)
Purchase of intangible assets		(3,402,311)	(407,918)	(557,000)	(33,660)
Cash received (payment) to long-term loans		-	-	-	(1,394)
Proceeds from disposal of temporary investment		22,945	82,266,984	22,945	82,266,984
Proceeds from disposal of investment in subsidiary		68,000,000	60,141,290	-	55,128,019
Net cash flows provided by (used in) investing activities		(45,135,903)	132,191,278	(34,946,052)	133,504,616
Cash flows from financing activities					
Finance costs paid		(534,305,036)	(776,445,217)	(2,284,600)	(128,695,192)
Payment of liabilities under rehabilitation plan		(6,568,141)	(17,561,723)	-	(4,639,989)
Payment of liabilities during debt restructuring		-	(922,204,180)	-	-
Proceeds(Repayment)of short-term loans from financial institution		-	(103,353,335)	-	(103,353,335)
Proceeds(Repayment) of short-term loans from related parties		(229,928,932)	-	-	152,432,426
Proceeds(Repayment) of short-term loans from other parties		(54,731)	52,343,012	(54,731)	(11,415,587)
Proceeds(Repayment)from long-term loans from related parties		(361,319,200)	1,443,358,073	-	(36,000,000)
Payment for financial lease liabilities		(501,600)	-	-	-
Net cash flows provided by (used in) financing activities		(1,132,677,640)	(323,863,370)	(2,339,331)	(131,671,677)
Net increase (decrease) in cash and cash equivalents		(332,610,616)	(31,815,744)	45,457,021	1,603,155
Cash and cash equivalents at 1 January	7	590,829,674	623,204,436	11,452,729	9,849,574
Cash and cash equivalents decrease on liquidation of a subsidiary		-	-	-	-
Effect from exchange rate changes on balances held in foreign currencies		(34,981)	(559,018)	-	-
Cash and cash equivalents at 31 December	7	258,184,077	590,829,674	56,909,750	11,452,729

G Steel Public Company Limited and its Subsidiaries

Statements of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Non-cash transactions					
From write-off the expired legal prescription of liabilities					
Decrease in other current assets		(4,240,853)	-	-	-
Decrease in other non - current assets		(17,397,414)	-	-	-
Decrease in trade accounts payable		12,531,371	-	-	-
Decrease in other payables and accrued expenses		92,680,271	-	-	-
Decrease in accrued interest expenses		2,122,100	-	-	-
Decrease in liabilities under rehabilitation plan		16,000,382	-	-	-
Decrease in other current liabilities		17,381,229	-	-	-
Transfer provisions to other payables and accrued expenses		-	72,240,064	-	-
Transfer provisions to accrued interest	25	-	2,065,435,684	-	2,065,435,684
Transfer trade account payables to accrued expenses		-	4,442,184,867	-	4,442,184,867
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
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	-	-
Transfer trade accounts payable to other payables and accrued expenses		162,542,934	-	230,542,934	-
Transfer advances received from customers to trade accounts payable		1,780,672	-	1,780,672	-
Transfer other current assets to amounts receivable from related parties		-	-	3,871,100	-

Note	Contents
1	General information, going concern and the debt restructuring
2	Basis of preparation of the financial statements
3	Financial reporting standards which are not effective for the current year
4	Significant accounting policies
5	Related parties
6	Transaction with business alliances
7	Cash and cash equivalents
8	Trade accounts receivable
9	Inventories
10	Receivables from scrap sales
11	Other current assets
12	Investments in subsidiaries
13	Advance payment for purchases of property, plant and equipment
14	Property, plant and equipment
15	Intangible assets
16	Deferred tax
17	Other non-current assets
18	Credit Facilities
19	Interest-bearing liabilities
20	Loan from related parties
21	Trade accounts payable
22	Other payables and accrued expenses
23	Advance received from customers
24	Accrued interest expenses
25	Provisions
26	Other current liabilities
27	Liabilities under rehabilitation plan
28	Employee benefit obligations
29	Share capital
30	Reserves

Note	Contents
31	Warrants
32	Segment information
33	Gain from debt restructuring
34	Selling expenses
35	Administrative expenses
36	Employee benefit expenses
37	Bad and doubtful debts expenses (Reversal of)
38	Loss on impairment of assets
39	Other expenses
40	Expenses by nature
41	Finance costs
42	Income tax expense
43	Profit (loss) per share
44	Financial instruments
45	Commitments with non-related parties
46	Litigation
47	Contingent liabilities
48	Events after the reporting period

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2019.

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 2018, the Company’s major shareholders were Mr. Nirum Ngarmcharmnarit (6.49% shareholding), Mr. Nuttapol Jurangkool (5.64% shareholding), Superior Overseas (Thailand) Company Limited (“Superior”), incorporated in Thailand (4.03% shareholding), Khunying Patama Leeswadtrakul Group (3.99% shareholding), Mr. Taweechat Jurangkool (3.96% shareholding) and Mr. Kritsanan Kevallee (3.72% shareholding).

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

Details of the Company's subsidiaries as at 31 December 2018 and 2017 were as follows:

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2018	2017
<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
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company 15.08% (2017 : 15.08%) and GS Securities 2.20% (2017 : 3.64%))	Manufacture and distribution of hot rolled coil steel products	Thailand	17.28	18.72
GS Notes Holdings Co., Ltd.* (“GS Notes ”)	Special-purpose restructuring entity	Thailand	-	-
GS Notes Holdings 2 Co., Ltd. * (“GS Notes 2”)	Special-purpose restructuring entity	Thailand	-	-
<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.

The Company and its subsidiaries shareholding in G J Steel as at 31 December 2018 was 17.28% (2017: 18.72% 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 2018 and 2017, 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	
	2018	2017	2018	2017
(1) Profit (Loss) for the years	(2,358)	366	(1,810)	(1,006)
(2) Deficit	24,900	23,099	27,649	25,839
(3) Current liabilities exceed current assets	13,691	11,923	15,265	13,851
(4) Equity attributable to owners of the Company (Capital Deficiency)	172	1,973	(2,577)	(767)
(5) EBITDA	609	3,281	(256)	661

These were affected by various factors including the asset devaluation from partial assets appraisal, 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 was an increase in allowance for loss on impairment of assets under construction under BOI promotion privilege. Amounted to Bath 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 Group and the Company have plans as described in a) to f). However G J Steel has accomplished its plan by negotiating debt restructuring with major creditors by which of conversion debts-to-equity in successfully as described in note 1.3 and note 29 to the financial statement combination with the providing credit facility for additional working capital as described in note 18 to the financial statement resulting to enhancing the financial position as at 31 December 2018 and 2017 the Company had current assets exceeding current liabilities of Baht 89 million and Baht 672 million respectively. Besides, G J Steel still has various plans to increase the profitability in future as described in c) and f)

a) Negotiation with default creditors

The Company

The management is confident that the Company can manage its liabilities, formerly the Company was under the process to negotiate with the New creditor for restructuring as described in note 1.3 to financial statement together with debt-to-equity scheme.

However, the Extraordinary General Meeting of Shareholders of the Company on August 30, 2017, 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 New creditor.

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 14 November 2017, the Company had submit the petition requesting for entering into business rehabilitation plan to the Central Bankruptcy Court. 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.

Later on 24 December 2018, the Central Bankruptcy Court has considered and then ordered that the petition to be dismissed.

Therefore, the Company back to the process to negotiates with the New creditors to find mutual solutions.

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 and other source of funds
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. Subsequently, on 17 December 2018, GJ Steel sent termination notice to the Company which the contract will be effective until 31 January 2019.

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.

G J Steel can increase utilization nearly full capacity in year 2017 and in the 2nd half of year 2018, GJ Steel start increase production to 24 hours for 6 days per week in order to prepare readiness of machinery for 24 hours continuous production in year 2019. This is to reduce production cost per unit. In addition, 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.

Since GJ Steel itself cannot keep up with the market demand, therefore, the Company starts doing tolling service for GJ Steel which begins since mid of November 2017. Subsequently, on 17 December 2018, GJ Steel sent termination notice to the Company which the contract will be effective until 31 January 2019. After that, the Company temporary stop production from February to April 2019. During the said period, the Company proceed sourcing for working capital for production and can be to resumed production in early May 2019.

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.

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 with the major financial supporter.

However, in April 2019, the Company receives credit facility for operation from a foreign company as described in Note 18 to the financial statement.

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 0 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	13 Dec 2018 to 12 Dec 2023 *

* 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. 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 11 December 2018, as published on the royal gazette on 12 December 2018 that determine to impose the antidumping duties, at the rate unchanged, on Boron-added Steel Hot Rolled Flat Products Originated from the People’s Republic of China for the next 5 years, with effect from 13 December 2018 through 12 December 2023.

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 **

*The Safeguard Measure on Other-Alloy Steel Hot-Rolled Flat Products has ended on February 26, 2019.

** 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 (1 Year)	Year 2018 (1 Year)	Increase / (Decrease)	Quarter 1 2019 (3 Month)
Production	2.92	3.20	0.28	0.65
Import	3.87	3.96	0.09	0.90
Export	0.010	0.074	0.064	0.003
Consumption	6.78	7.09	0.31	1.55

* Source: Iron and Steel Institute of Thailand

For the trend of the steel industry, World Steel Association forecasts that the demand of ASEAN steel consumption in the year 2019 will increase by 6.2% per annum. For Thailand, local demand for steel consumption is expected to increase around 8.2% 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.

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 plan of the debt restructuring with new creditor together with debts-to-equity scheme under to the allocation and offering of the newly issued ordinary shares of the Company.

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

As at 31 December 2018, the outstanding debt is USD 266 million (Baht 8,665 million). The principal is recorded under account other payables of USD 128 million (Baht 4,171 million) and interest is recorded under accrued interest of USD 138 million (Baht 4,494 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 G J Steel 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.

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 restricting 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 the 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 the financial statement.

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

	(in million Baht)
As at 31 December 2016	-
Transfer from Trade accounts payable	1,454
Transfer from Other payables and accrued expenses	613
Transfer from Accrued interest	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 2018 was as follow :

	Consolidated and Separate financial statements (in million Baht)
As at 31 December 2017	65
<i>Less</i> Repayment during the period	(53)
Effect of exchange rate	(11)
Ending balance of liabilities under the process of debt restructuring	-
As at 31 December 2018	1

1.4 The Company's requesting for entering into business rehabilitation plan

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 on 14 November 2017 and the Court will have preliminary hearing during year 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 which the court did not approve.

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.

Later, on 24 December 2018, the Central Bankruptcy Court is of the view that as at 14 November 2017, the date the Company had filed the petition requesting for entering into business rehabilitation plan, the financial position of the interim financial statement for the 3rd quarter of year 2017 ended 30 September 2017 as reviewed by the auditor showed that total assets was more than total liabilities of Baht 373 million. Under section 90/3 of the Bankruptcy Act, B.E. 2483, in force at the date of filing the rehabilitation petition, the Company is not insolvent, as a result the rehabilitation cannot be granted. Therefore, the Court hereby ordered the petition to be dismissed.

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 Thailand Federation of Accounting Professions (“TFAC”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

During the year, the Group adopted accounting standards, financial reporting standard, accounting standard interpretation and financial reporting standard interpretations, issued by the TFAC, which are effective for financial statements year beginning on or after January 1 2018, However the adoption of the said 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 TFAC has issued a number of other new and revised accounting standards, financial reporting standard, accounting standard interpretation and financial reporting standard interpretations which are effective for financial statements beginning on or after 1 January 2019 and 1 January 2020 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS are disclosed in note 3 to the financial statements.

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

2 (b) *Basis of measurement*

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

2 (c) *Functional and presentation currency*

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

2 (d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an 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 10	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

3 Financial Reporting Standards which are not effective for the current 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 in the year indicated as follows;

<u>Accounting Standards</u>	<u>Year effective</u>
TAS 1 Presentation of Financial Statements (revised 2018)	2019
TAS 2 Inventories (revised 2018)	2019
TAS 7 Statement of Cash Flows (revised 2018)	2019
TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)	2019
TAS 10 Events After the Reporting Period (revised 2018)	2019
TAS 12 Income Taxes (revised 2018)	2019
TAS 16 Property, Plant and Equipment (revised 2018)	2019
TAS 17 Leases (revised 2018)	2019
TAS 19 Employee Benefits (revised 2018)	2019
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)	2019
TAS 21 The Effects of Changes in Foreign Exchange Rate (revised 2018)	2019
TAS 23 Borrowing Costs (revised 2018)	2019
TAS 24 Related Party Disclosures (revised 2018)	2019
TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)	2019
TAS 27 Separate Financial Statements (revised 2018)	2019
TAS 28 Investments in Associates and Joint Venture (revised 2018)	2019
TAS 29 Financial Reporting in Hyperinflationary Economics (revised 2018)	2019
TAS 32 Financial Instruments : Presentation	2020
TAS 33 Earnings per Share (revised 2018)	2019
TAS 34 Interim Financial Reporting (revised 2018)	2019
TAS 36 Impairment of Assets (revised 2018)	2019

<u>Accounting Standards</u>	<u>Year effective</u>
TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)	2019
TAS 38 Intangible Assets (revised 2018)	2019
TAS 40 Investment Property (revised 2018)	2019
TAS 41 Agriculture (revised 2018)	2019
<u>Financial Reporting Standards</u>	
TFRS 1 First-time Adoption of Thai Financial Reporting Standards	2019
TFRS 2 Share - Based Payment (revised 2018)	2019
TFRS 3 Business Combinations (revised 2018)	2019
TFRS 4 Insurance Contracts (revised 2018)	2019
TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2018)	2019
TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2018)	2019
TFRS 7 Financial Instruments: Disclosures	2020
TFRS 8 Operating Segments (revised 2018)	2019
TFRS 9 Financial Instruments	2020
TFRS 10 Consolidated Financial Statements (revised 2018)	2019
TFRS 11 Joint Arrangements (revised 2018)	2019
TFRS 12 Disclosure of Interests in Other Entities (revised 2018)	2019
TFRS 13 Fair Value Measurement (revised 2018)	2019
TFRS 15 Revenue from Contracts with Customers	2019
<u>Accounting Standard Interpretations</u>	
TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2018)	2019
TSIC 15 Operating Leases - Incentives	2019
TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)	2019
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)	2019
TSIC 29 Service Concession Arrangements : Disclosures (revised 2018)	2019
TSIC 32 Intangible Assets - Web Site Costs (revised 2018)	2019

Financial Reporting Standard Interpretations

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)	2019
TFRIC 4	Determining whether an Arrangement contains a Lease (revised 2018)	2019
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)	2019
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2018)	2019
TFRIC 10	Interim Financial Reporting and Impairment (revised 2018)	2019
TFRIC 12	Service Concession Arrangements (revised 2018)	2019
TFRIC 14	TAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2018)	2019
TFRIC 16	Hedges of a net Investment in a Foreign Operation	2020
TFRIC 17	Distributions of Non - cash Assets to Owners (revised 2018)	2019
TFRIC 19	Extinguishing Financial Liabilities with equity Instruments	2020
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (revised 2018)	2019
TFRIC 21	Levies (revised 2018)	2019
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

The management of the Company has assessed TAS, TFRS, TSIC AND TFRIC which are effective for financial statements year beginning on or after 1 January 2019 that TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 19, TAS 21, TAS 24, TAS 27, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38 and TFRS 8, TFRS 10, TFRS 13, TFRS 15 and TFRIC 10 and TFRIC 22, 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.

And the management of the Company is currently evaluating the impact of TAS, TFRS and TFRIC which are effective for financial statements year beginning on or after 1 January 2020 to the financial statements when they are adopted.

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.

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.

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.

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.

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 - 10 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.

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.

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.

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.

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.

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.

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, 17.28% shareholding by the Company and its subsidiaries (2017: 18.72%)
OAC	Thailand	Consulting service and investing	Indirect subsidiary, common directors
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)

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
GS Notes 2	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding (registered the dissolution of the company on 22 September 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
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
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

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
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 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 with G J Steel 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 Ngarmcharmnarit	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

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 and mutually agree price
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 and mutually agree price
Purchase of raw water	Contractual prices
Rental and service expenses	Contractual prices
Sales agent fee	Contractual rate
Finance costs	Contractual rate

Significant transactions for the years ended 31 December 2018 and 2017 with related parties were as follows:

		Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Subsidiaries					
Sale of raw material and finished goods		-	-	670	937
Revenue from hire of work		-	-	3,871	536
Purchase of raw material and finished goods		-	-	273	-
Financial costs	41	-	-	59	65
Other related parties					
Sale of finished goods		977	5,874	-	5,291
Purchase of raw material		624	9,005	608	7,572
Rental and service expenses		12	28	8	23
Sale agent fee		-	113	-	113
Finance costs	41	954	328	515	237
Key management personnel					
Key management personnel compensation					
Salary and bonus		46	53	17	15
Meeting allowance and other benefits		7	10	4	4
Total key management personal compensation	36	53	63	21	19

Balances as at 31 December 2018 and 2017 with related parties were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Trade accounts receivable	8				
Subsidiary					
G J Steel		-	-	6	98
Other related parties					
The Steel Public Co.,Ltd		-	8	-	8
Total		<u>-</u>	<u>8</u>	<u>6</u>	<u>106</u>
Amount receivable from related parties					
Receivable from sales of raw materials and other					
Subsidiary					
G J Steel		-	-	-	25
Receivable from operating service income					
Subsidiary					
OAC		-	-	1,129	1,137
Less allowance for doubtful account		-	-	(1,129)	(1,137)
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
<i>(in million Baht)</i>					
<i>Receivable from guarantee obligation</i>					
Subsidiary					
OAC		-	-	1,313	1,313
<i>Less</i> allowance for doubtful account		-	-	(1,313)	(1,313)
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances					
Subsidiary					
GS Securities		-	-	4	-
Total		<u>-</u>	<u>-</u>	<u>4</u>	<u>25</u>
Bad and doubtful debts expense for the year (Reversal of)	37	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(108)</u>
<i>Received in advance</i>					
Other related parties					
Mahachai Steel Center Co., Ltd.		<u>81</u>	<u>241</u>	<u>73</u>	<u>221</u>

		Consolidated and Separate financial statements	
<i>Note</i>		2018	2017
		<i>(in million Baht)</i>	
<i>Advance payment for purchases of property, plant and equipment</i>	13		
Other related parties			
Asia Metal Fabrication Co., Ltd.		8	8
Less allowance for impairment asset		<u>(8)</u>	<u>(8)</u>
Net		<u>-</u>	<u>-</u>
<i>Other non - current assets</i>			
<i>Loans to and interest receivable from related parties</i>			
Subsidiaries			
<i>Loans to related parties</i>			
OAC		2,547	2,547
SPH		<u>7</u>	<u>7</u>
		2,554	2,554
Less allowance for doubtful accounts		<u>(2,554)</u>	<u>(2,554)</u>
Net		<u>-</u>	<u>-</u>
<i>Interest receivable from related parties</i>			
OAC		209	209
SPH		<u>1</u>	<u>1</u>
		210	210
Less allowance for doubtful accounts		<u>(210)</u>	<u>(210)</u>
Net		<u>-</u>	<u>-</u>

Movements of loans to related parties for the year ended 31 December 2018 and 2017 were as follows:

		Consolidated and Separate financial statements	
		2018	2017
		(in million Baht)	
Loans to related parties			
As at 1 January		2,554	2,554
Increase (Decrease)		-	-
As at 31 December		2,554	2,554

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
	(in million Baht)			
Deposit - other related parties				
Sukhumvit Inter Development Co., Ltd.	2	2	2	2
SSP Place Co., Ltd.	1	1	1	1
Total	3	3	3	3
Trade accounts payable				
21				
Other related parties				
Mahachai Steel Center Co., Ltd.	200	341	200	275
Metal Inter Co.,Ltd.	-	162	-	162
Liberty Steel Siam Co.,Ltd	-	4	-	4
Total	200	507	200	441
Current portion of long-term loan from related party				
Other related party				
Mr. Nirum Ngarmcharmnarit	5(d)	-	138	-
Asia Credit Opportunities I (Mauritius) Limited	5(d)	314	-	314
Total		314	138	138

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<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
The Steel Public Co.,Ltd		-	4	-	-
Total		1	5	1	168
Other payables and accrued expenses	22				
Other related parties					
GS Securities		-	-	-	5
Mr.Veerachai Suteerachai		78	78	78	78
Arnoma Hotel Bangkok Co., Ltd.		3	3	3	3
SSP Place Co., Ltd.		22	20	21	20
Mahachai Steel Center Co., Ltd.		38	23	38	23
Great Siam Steel Works		1	-	1	-
Superior Overseas (Thailand) Co., Ltd		479	479	479	479
Asia Credit Opportunities I (Mauritius) Limited		4,334	4,201	4,334	4,201
Link Capital I		-	2	-	-
Total		4,955	4,806	4,954	4,809
Amount due to related party					
Subsidiary					
GS Securities	24	-	-	92	19
Accrued interest expense					
Subsidiary					
G J Steel		-	-	19	7
GS Securities		-	-	273	226
Other related parties					
Mrs. Naengnoi Trivuth		13	9	13	9
Mr. Nirum Ngarmcharmanrit		-	7	-	7
Mr.Verachai Suterachai		6	-	6	-
Mahachai Steel Center Co., Ltd.		51	7	51	7
Metal Inter Co.,Ltd.		-	1	-	1
Superior Overseas (Thailand) Co., Ltd.		260	221	260	221
Link Capital I		34	106	-	-
Asia Credit Opportunities I (Mauritius) Limited		4,558	3,534	4,558	3,534
Total		4,922	3,885	5,180	4,012
Machinery and construction payables					
Other related party					
Asia metal fabrication Co.,Ltd.		2	2	2	2

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in million Baht)			
<i>Short-term loan</i>					
Subsidiaries					
G J Steel		-	-	94	94
GS Securities		-	-	1,027	1,027
		<u>-</u>	<u>-</u>	<u>1,121</u>	<u>1,121</u>
Other related parties					
Mrs. Naengnoi Trivuth		30	30	30	30
Link cap 1	20	1,239	1,476	-	-
		<u>1,269</u>	<u>1,506</u>	<u>1,151</u>	<u>1,151</u>

Movements of short-term loans from related parties for the year ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in million Baht)</i>				
Short-term loans from related parties				
As at 1 January	1,506	30	1,151	1,351
Increase	-	1,476	-	191
Decrease	(237)	-	-	(391)
As at 31 December	<u>1,269</u>	<u>1,506</u>	<u>1,151</u>	<u>1,151</u>

Short-term loans 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.

On 6 March 2019, the said creditor has filed a case to the South Civil Court requests the Company to repay outstanding debts totaling Baht 41.79 Million; divided into principal of Baht 30 Million, and interest rate at 12.0% per annum of principal till the filing date of Baht 11.79 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered in to the memorandum of compromise with that person regarding installment payment in order to use as a negotiation framework for compromising in the court.

Related companies

Loan from GS Securities as of 31 December 2018, amount of Baht 1,027 million (*31 December 2017: Baht 1,027 million*) are upon demand promissory note bears interest at the rate of 1.25% per annum. (*31 December 2017: rate of 1.25% 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 2018, loan from G J steel amount of Baht 94 million is a promissory note.

On 14 January 2019, the Company had made the memorandum of amendment to revise repayment within 15 May 2019.

In April 2019, the Company repays all principal including interest up to 30 April 2019.

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

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	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 parties					
Mr. Nirum Ngamchamnunrit		-	176	-	176
Link cap 1	20	1,118	1,479	-	-
Total		1,118	1,655	1,086	1,262

Movements of long-term loans from related parties for the year ended 31 December 2018 and 2017 were as follows :

Loans from shareholders

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Loans from Shareholder 1	4	4	4	4

Movements of loans from shareholders for the years ended at 31 December 2018 and 2017 were as follows :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
<i>Loans from shareholders</i>				
As at 1 January	4	4	4	4
Decrease	-	-	-	-
As at 31 December	4	4	4	4

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 schedule 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 28 December 2018, the Company had made the memorandum to extend the repayment to within 30 December 2021.

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.

On 28 December 2018, the Company had made the memorandum to extend the repayment to within 30 December 2021.

- 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 OAC agreed G J Steel to transfer additional 102.3 million shares of the Company held by OAC 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 dued within 30 June 2014. At present this liabilities is in the process of negotiations to extend the repayment schedule.

- 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 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.

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 22 November 2017, there was a Board of Director's meeting to approve in principle the termination of financial support agreement with Mahachai Steel Center Co.,Ltd. dated 17 February 2014. This is to comply with the Company submission for rehabilitation plan with the Central Bankruptcy Court on 14 November 2017.

On 17 December 2018, the said related party transferred the loan dated 17 February 2014 and 29 February 2016 which had outstanding balance of Baht 304 million and Baht 10 million respectively including all rights and commitments to the new creditor.

- 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.

On 26 May 2015, GJ Steel's par value has been changed from Baht 0.69 per share to Baht 6.90 per share. This cause a reduction to the said 2,000 million shares to be 200 million shares.

Subsequently, during 5-9 March 2018 and during 12-16 March 2018, the supporting customer (Pledgee) has enforced the pledged share totaling 200 million shares.

- 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.

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.

Currently, the Company request for the repayment extension again but not yet received response.

- 5(g) On March 30, 2017, 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 agreed to extend repayment period for principal and interest within 15 November 2017.

In April 2019, the Company repays all principal including interest up to 30 April 2019.

- 5(h) 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. Later on 17 December 2018, GJ Steel made a notice of cancellation of the contract in advance. With the agreement effective until 31 January 2019

6 Transactions with business alliances

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

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

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Cash at bank - current accounts	-	-	-	-
Cash at bank - saving accounts	258	591	57	11
Total	258	591	57	11

The currency denomination of cash and cash equivalents as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Thai Baht (THB)	253	583	56	8
United States Dollar (USD)	5	8	1	3
Total	258	591	57	11

8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Related parties	5	-	8	6	106
Business alliances	6	363	363	363	363
Other parties		678	705	247	254
		<u>1,041</u>	<u>1,076</u>	<u>616</u>	<u>723</u>
Less allowance for doubtful accounts		<u>(1,027)</u>	<u>(1,028)</u>	<u>(610)</u>	<u>(610)</u>
Net		<u>14</u>	<u>48</u>	<u>6</u>	<u>113</u>
Bad and doubtful debts					
expense for the year (Reversal of)	37	<u>(1)</u>	<u>(10)</u>	<u>(1)</u>	<u>(10)</u>
Decreased due to write-off	10	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>(54)</u>

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in million Baht)</i>			
Related parties					
Not over due		-	-	-	98
Overdue:					
Less than 3 months		<u>-</u>	<u>8</u>	<u>6</u>	<u>8</u>
Net		<u>-</u>	<u>8</u>	<u>6</u>	<u>106</u>
Business alliances					
Overdue:					
Over 12 months		363	363	363	363
Less allowance for doubtful accounts		<u>(363)</u>	<u>(363)</u>	<u>(363)</u>	<u>(363)</u>
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other parties					
Not over due		-	-	-	-
Overdue:					
Less than 3 months		14	39	-	7
Over 12 months		<u>664</u>	<u>666</u>	<u>247</u>	<u>247</u>
		<u>678</u>	<u>705</u>	<u>247</u>	<u>254</u>
Less allowance for doubtful accounts		<u>(664)</u>	<u>(665)</u>	<u>(247)</u>	<u>(247)</u>
Net		<u>14</u>	<u>40</u>	<u>-</u>	<u>7</u>
Total		<u>14</u>	<u>48</u>	<u>6</u>	<u>113</u>

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 2018 and 2017 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

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 dis-honoured cheque. Currently, which the company has already fully set up allowance for doubtful accounts. 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. Currently, the Company not yet received repayment.

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. The Company has been sent the first notice of debt repayment on 29 June 2018 and the second notice of debt repayment on 7 August 2018. Later on 24 August 2018 the Company filed the a lawsuit to the Customer 1 against the Central Bankruptcy Court to ask the court to order and seize the Customer 1's asset and request the Customer 1 is bankruptcy. On 1 November 2018 the Court had ordered to seize the Customer 1's asset, which on December 28, 2018, the Company has already filed an application for payment of debt and the Official Receiver has ordered an appointment to inspect the application of payment on 25 February 2019.

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.

In June 2018, G J Steel filed a lawsuit against to a debtor who is a related party to the Civil Court, which had paid in partial payment and ignore the payment of the remaining debt to G J Steel in amount of Baht 62 million together with the interest 7.5% p.a. counting from the filing date until payment is completed. During 3rd quarter of 2018, G J Steel and the debtor could not be finalized the mediation therefore G J Steel had set up the allowance for doubtful accounts in a full amount in the 3rd quarter of 2018. Later during the Court's trial, the debtor agreed to pay the debt to G J Steel in amount of Baht 62 million. G J Steel therefore filed a petition to withdraw the lawsuit on 24 December 2018 and reversed the allowance for doubtful accounts of the debtor in a whole amount in the 4th quarter 2018.

The currency denomination of accounts receivable as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	940	975	515	622
United States Dollar (USD)	101	101	101	101
Total	1,041	1,076	616	723

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Finished goods	1,225	1,544	1	31
Raw materials	1,774	662	267	242
Spare parts	1,138	908	417	447
Consumables	85	217	85	217
Others	693	924	4	24
	<u>4,915</u>	<u>4,255</u>	<u>774</u>	<u>961</u>
<i>Less</i> Allowance for devaluation of inventories	(212)	(53)	(20)	(21)
<i>Less</i> Allowance for raw material left	<u>(92)</u>	<u>(92)</u>	<u>(92)</u>	<u>(92)</u>
Net	<u>4,611</u>	<u>4,110</u>	<u>662</u>	<u>848</u>
Carrying value of inventories pledged to secure liabilities	<u>327</u>	<u>126</u>	<u>-</u>	<u>-</u>

As at 31 December 2018 and 2017, 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. And will further file a legal lawsuit. However, the Company's management assured that the Company does not have any more damage.

On 1 November and 6 November, 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 present, the Company is in the process to get those advance back. Currently, the Company still follows up for the repayment of the said advance payment.

10 Receivables from scrap sales

On 23 December 2016, the Company and receivable from the sale of scrap amounting Baht 338 million including trade receivable from related party amounted to Baht 54 million which fully set up allowance for doubtful accounts and settle with trade creditor from related party amounted to Baht 19 million 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.

11 Other current assets

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Other receivables		15	13	15	13
Less allowance for doubtful accounts		(7)	(7)	(7)	(7)
		<u>8</u>	<u>6</u>	<u>8</u>	<u>6</u>
Advance for purchases of goods and service	5,9	189	444	128	275
Less allowance for impairment		(11)	(100)	-	-
		<u>178</u>	<u>344</u>	<u>128</u>	<u>275</u>
Refundable income tax		133	14	133	14
Revenue Department receivable		188	104	20	28
Others		59	107	15	30
		<u>380</u>	<u>225</u>	<u>168</u>	<u>72</u>
Net		<u>566</u>	<u>575</u>	<u>304</u>	<u>353</u>
Bad and doubtful debts expense for the year (Reversal of)	37	<u>(89)</u>	<u>(15)</u>	<u>-</u>	<u>(18)</u>

The currency denomination of other current assets as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	442	278	216	97
United States Dollar (USD)	116	376	80	255
Others	26	28	15	8
	<u>584</u>	<u>682</u>	<u>311</u>	<u>360</u>
Less allowance	<u>(18)</u>	<u>(107)</u>	<u>(7)</u>	<u>(7)</u>
Total	<u>566</u>	<u>575</u>	<u>304</u>	<u>353</u>

12 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2018 and 2017 were as follows:

	Ownership interest 2018	Ownership interest 2017 (%)	Paid-up capital		Separate financial statements		Impairment		At cost - net	
			2018	2017 (in million Baht)	2018	2017	2018 (in million Baht)	2017	2018	2017
Subsidiaries										
Ordinary shares:										
SPH	99.99	99.99	341	341	341	341	(341)	(341)	-	-
G J Steel	15.08	15.08	96,104	96,104	3,776	3,776	(1,783)	(1,657)	1,993	2,119
GS Securities	99.99	99.99	2,492	2,492	1,608	1,608	(491)	(491)	1,117	1,117
GS Notes*	99.99	99.99	2,722	2,722	1	1	-	-	1	1
GS Notes 2*	99.99	99.99	473	473	1	1	-	-	1	1
Total					5,727	5,727	(2,615)	(2,489)	3,112	3,238

* 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.

The movement of Investment in subsidiaries during the year ended 31 December 2018 and 2017 were as follow:

	<i>Separate financial statements</i>	
	2018	2017
	<i>(in million Baht)</i>	
<i>Cost method</i>		
At 1 January	5,727	6,332
<i>Deductions</i>	-	(605)
At 31 December	<u>5,727</u>	<u>5,727</u>
<i>Impairment</i>		
At 1 January	(2,489)	(2,305)
Increase	(126)	(184)
At 31 December	<u>(2,615)</u>	<u>(2,489)</u>
Net	<u>3,112</u>	<u>3,238</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% 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 capital increase, as at 31 December 2017, the Company and GS Securities hold 18.72% in GJ Steel.

Later in March 2018, the Company's financial supporter compulsory pledge shares held in G J Steel of 200 million shares by GS Securities to guarantee G J Steel to repay the Company liabilities. After the forced sale of shares, as at 31 December 2018 the percentage of shareholding in the Company of the Company and GS Securities is 17.28 %.

As at 31 December 2018, the market price of ordinary shares of G J Steel was Baht 0.12 per share (31 December 2017: Baht 0.38 per share), equivalent to a valuation of the investment of Baht 252 million (31 December 2017: Baht 798 million).

As at 31 December 2018, the Company's investment in G J Steel at cost amounted to Baht 3,776 million (31 December 2017: Baht 3,776 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 2018 amounted to Baht 2,119 million (31 December 2017 : Baht 2,119 million).

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 Baht 800 million from the existing registered shares capital Baht 3,292 million (329.2 ordinary shares of Baht 10 each) to Baht 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 Baht 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 2018 and 2017, the Company pledged its G J Steel's shares and G J Steel's warrants as collateral for the benefit of creditors as follows:

	Separate financial statements	
	2018	2017
	Number of shares (in million share)	
<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	1,900
Working capital lines of credit with a Supporting customer 3	18	18
Total	2,028	2,028

On 1 May 2014, the Company entered into a loan agreement in the amount of Baht 36 million with the supporter company 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 March 2019, the supporter company has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 27.78 Million; divided into principal of Baht 26 Million, and interest rate at 7.75% per annum of principal till the filing date of Baht 2 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise with that company regarding installment payment in order to use as a negotiation framework for compromising in the court.

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.

On 26 February 2019, the above lender has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 13.57 Million; divided into principal of Baht 10 Million, and interest rate at 8.0% per annum of principal till the filing date of Baht 4 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise with that person regarding installment payment in order to use as a negotiation framework for compromising in the court.

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. Subsequently, the said shares were forced sold for debt settlement with Pledgee in March 2018 totaling 200 million shares. After the said sold, as at 31 March 2018, the Company and GS Securities have shareholding portion of 17.28% in GJ Steel.

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. The Supporter no.3 has enforced the said share totaling 13 million shares. Therefore, as at 31 March 2018, there was 307 million shares remain. And the Company sent notice letter dated 20 February 2018 to cancel the collateral borrowing agreement already.

13 Advance payment for purchases of property, plant and equipment

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<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>2,264</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 Baht 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).

14 Property, plant and equipment

Consolidated financial statements

	<i>Note</i>	Land	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 2017		1,594	9,482	39,219	315	14	15,392	66,016
Additions		8	3	34	31	-	40	116
Disposals / Write off		-	-	(7)	(8)	-	-	(15)
As at 31 December 2018		1,602	9,485	39,246	338	14	15,432	66,117
<i>Accumulated depreciation</i>								
As at 31 December 2017		38	5,439	19,792	291	11	-	25,571
Depreciation charge for the year		5	128	1,553	8	-	-	1,694
Disposals / Write off		-	-	(7)	(8)	-	-	(15)
As at 31 December 2018		43	5,567	21,338	291	11	-	27,250
<i>Allowance for loss on impairment</i>								
As at 31 December 2017		329	1,147	3,075	5	-	9,884	14,440
Increase		-	-	-	-	-	42	42
As at 31 December 2018		329	1,147	3,075	5	-	9,926	14,482
<i>Net book value</i>								
As at 31 December 2017		1,227	2,896	16,352	19	3	5,508	26,005
As at 31 December 2018		1,230	2,771	14,833	42	3	5,506	24,385

Assets under construction and installation

Details of assets under construction and installation as at 31 December 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
		<i>(in million Baht)</i>		
Hot rolled coil expansion	1,541	1,541	1,541	1,541
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	1,055	1,015	802	802
Total	15,432	15,392	8,616	8,616

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 2018 and 2017 may be impaired. However, for the sake of certainty, during the 4th quarter of year 2016, the management of the Company has retained an independent appraisers to evaluate the value of the land, buildings and equipment as of 31 December 2016 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 12.92% p.a. in year 2018 and 10.93% p.a. in year 2017 and concluded that as of 31 December 2018 and 2017 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.

Subsequently, during February, March and May 2019, the Company has sold the aforementioned assets, with loss from the sale of assets in the amount of Baht 41.61 million which the Company has recorded allowance for impairment in the amount equal to the loss in 2018

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 2018 and 2017 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 10.50% p.a. in year 2018 and 12.92% p.a. in year 2017. It concluded that as at 31 December 2018 and 2017 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 Skinspass Mill with a net book value of baht 1,107 million as at 31 December 2018 (31 December 2017: Baht 1,107 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 2018 (31 December 2017: 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 2018 (31 December 2017: Baht 544 million) as collateral for working capital lines of credit. Refer to Note 19 to financial statement.

Mortgage transaction of G J Steel

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

As at 31 December 2018, G J Steel's property, plant and equipment, with a net book value of Baht 8,451 million, were mortgaged under the rehabilitation plan (*31 December 2017: Baht 9,215 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 18.4 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 695 million as at 31 December 2018 (31 December 2017 : Baht 730 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 650 million as at 31 December 2017 (31 December 2015 : *Baht 694 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.

15 Intangible assets

Consolidated financial statements			
	Computer software licence	Production licence (in million Baht)	Total
<i>Cost</i>			
As at 31 December 2017	220	41	261
Increase	4	-	4
As at 31 December 2018	224	41	265
<i>Accumulated amortisation</i>			
As at 31 December 2017	208	33	241
Amortisation charge for the year	4	1	5
As at 31 December 2018	212	34	246
<i>Allowance loss on impairment</i>			
As at 31 December 2017	-	8	8
Increase	-	(1)	(1)
As at 31 December 2018	-	7	7
<i>Net book value</i>			
As at 31 December 2017	12	-	12
As at 31 December 2018	12	-	12

	Separate financial statements Software <i>(in million Baht)</i>
<i>Cost</i>	
As at 31 December 2017	17
Increase	1
	<hr/>
As at 31 December 2018	18
	<hr/>
<i>Accumulated amortisation</i>	
As at 31 December 2017	11
Amortisation charge for the year	3
	<hr/>
As at 31 December 2018	14
	<hr/>
<i>Net book value</i>	
As at 31 December 2017	6
	<hr/>
As at 31 December 2018	4
	<hr/>

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	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Deductible temporary differences				
• Allowance for doubtful accounts				
- trade accounts receivable	205	206	122	122
• Allowance for doubtful account				
- devaluation of inventories	42	11	4	4
• Allowance for doubtful accounts				
- other current assets	492	511	490	491
• Allowance for impairment losses on				
Investment	641	609	523	498
• Allowance impairment losses on				
property, plant and equipment	2,896	2,888	2,174	2,166
• Allowance impairment losses on				
Intangible assets	1	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	1,323	1,121	894	762
• Provision for guarantee subsidiary	48	48	48	48
• Provision for court case claim	58	38	58	38
• Provision for deferred difference				
from debt restructuring	20	20	20	20
• Provision loss from purchase order	8	-	-	-
• Employee benefits obligations	29	26	13	12
	<u>7,250</u>	<u>6,967</u>	<u>5,299</u>	<u>5,114</u>
Loss carry forward	<u>1,192</u>	<u>1,770</u>	<u>515</u>	<u>467</u>
Total	<u>8,442</u>	<u>8,737</u>	<u>5,814</u>	<u>5,581</u>

The tax losses expire in year 2018 to year 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Group and the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Group and the Company can utilise the benefits there from.

17 Other non-current assets

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in million Baht)			
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	2	3	3	3
Other deposits		42	24	9	5
Deferred cost of rolls		408	463	209	210
Rolls in transit		19	15	-	15
Advance for rolls		-	47	-	47
Others		60	24	14	15
Total		<u>565</u>	<u>609</u>	<u>235</u>	<u>295</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.

In the year 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.

18 Working capital facilities for operation

The Group has working capital facilities from various sources as follow:

18.1 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 until 31 January 2019.

18.2 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 2017: from 1 oversea raw material suppliers amounting to USD 150-200 million.)

Besides the above facilities joined with the Company, G J Steel gets CMA from 2 oversea raw material suppliers amounting to USD 30 - 120 million and CMA from 1 local raw material supplier in term of supporting production tonnage by 240,000 tons per year.(31 December 2017 : from 1 local raw material suppliers in term of supporting production tonnage by 240,000 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.

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

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

- 18.3.1.1 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.
- 18.3.1.2 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.
- 18.3.1.3 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.

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

18.3.2.1 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.

18.3.2.2 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 2018, G J Steel has utilized the bank guarantee in amounting of Baht 145 million (31 December 2017 : 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. Canceled 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. At present, this is under the bank consideration.

18.4 On 6 January 2017, G J Steel's 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:

18.4.1 On 22 January 2017, G J Steel (borrower) has entered the long term loan agreement in the facilities amount of USD 71 million 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.

18.4.1.1 .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 financial statement in Note 1.3.

Later on 7 March 2018 there was an amendment of the loan agreement for the first loan facility and the second loan facility on that G J Steel may prepay the loan before the first anniversary of the first draw down in which G J Steel must give the lender not less than 30 days' written notice of the prepayment, or after the first anniversary of the first draw down. After repaid of the first loan facility, the outstanding available of the first loan facility allow to transfer and increase in the second loan facility. By the way, the time frame that can proceed to increase the second loan facility must be done no later than 7 June 2018 for the purpose of working capital (Non-Tolling) and no later than 28 February 2019 for the purpose of Non-Tolling Standby Letter of Credit for Metallic Purchase Contract.

On 28 March 2018 and 4 April 2018, G J Steel had repaid the first loan facility in total amount of USD 11 million and it transfers and increases in the second loan facility for the purpose of Non-Tolling Standby Letter of Credit for Metallic Purchase Contract.

18.4.1.2. 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 18.4.2 Moreover as described in Note 18.4.1.1 There was an amendment of the loan agreement for the prepayment of the loan before the first anniversary of the first draw down in which G J Steel must give the lender not less than 30 days' written notice of the prepayment, or after the first anniversary of the first draw down.

As at 31 December 2018, G J Steel has drawdown the second loan facility in the purpose of Non-Tolling Standby Letter of Credit and Metallics Purchase Contract of USD 35 million.

18.4.2 For another credit facility of USD 40 million on 6 November 2017, G J Steel 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 18.4.1 to revise the total loan facility not exceeding USD 121 million by applied the same collateral as mentioned in Note 18.4.1 with the followings:

18.4.2.1. Second loan facility reduced to USD 25 million (and later as mentioned in Note 18.4.2.3 after G J Steel repaid the fourth loan of USD 5 million, the second loan facility has revert to USD 30 million) and additional the purpose of drawdown for Metallic Purchase Contract and for Non-Tolling Standby Letter of Credit.

18.4.2.2. 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 G Steel, Metallic Purchase Contract and Tolling Standby Letter of Credit. During in November 2017, the Company had drawdown the loan of USD 40 million. On 24 December 2018, the Company has repaid the third loan facility in total amount of USD 2 million

As at 31 December 2018, the Company has drawdown the third loan facility for Tolling Standby Letter of Credit in the purpose of Metallics Purchase Contract of USD 4.2 million.

18.4.2.3. 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. If there is a fully repaid of fourth loan facility, then the fourth loan facility shall be closed and divert to the second loan facility. On 20 December 2017, the Company had drawdown the loan of USD 5 million.

Later on there was a fully repaid of fourth loan facility on 9 March 2018, as a result the fourth loan facility had been closed and divert to the second loan facility.

18.5 On March 30, 2017, the Company has entered to short-term loan agreement to 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 agreed to extend repayment period for principal and interest within 15 November 2017.

On 14 November 2017, the Company has filed a petition for business rehabilitation with the Central Bankruptcy Court to prevent the Company from falling into bankruptcy due to the Company has been in default since the economic crisis in 2008 and there is a risk of being sued or bankrupt by judgment of the creditor. The Central Bankruptcy Court accepted the petition for business rehabilitation on 15 November 2017. Later on 24 December 2018 the Court ordered the dismissal of the request for rehabilitation of G Steel. At present, the Company is in the process of procuring external sources of funds. the Company therefore wishes to extend the term of the new loan to 15 May 2019. Subsequently, on 14 January 2019, G J Steel agreed to extend the repayment period with interest within 15 May 2019. For such financial assistance to the Company by extending the term of the original loan is according to the resolution of G J Steel Board of Directors meeting on 14 January 2019. By the way, the management believes that the Company will be able to repay the loan back to G J Steel. Therefore, G J Steel does not consider the allowance for doubtful accounts.

However, G J Steel still ceases to recognize interest income since 15 November 2017, whereby G J Steel will recognize interest income only when G J Steel receives interest payments from the Company

Subsequently, in April 2019, the Company repays all principal including interest up to 30 April 2019

18.6 On 2 April 2019, the Company entered into loan Agreement with Link Capital I (Mauritius) Limited for the amount of USD70, 000,000 which consist of two tranches of facility as below:

1. Facility A, a non-revolving working capital facility USD 30 million with a front-end fee of 3% of the drawdown amount, which such front end fee will be deducted from the loan proceeds of utilization. Interest rate is charged at 12% per annum payable at each quarter end. The loan repayment schedule is 30% at the fourth anniversary of the agreement date and the remaining 70% on final maturity date. The Company gradually utilized the loan in April 2019 for full amount.

2. Facility B, a standby letter of credit facility USD 40 million. Such standby letter of credit is being issued to secure the payment obligations of the Company for imported raw materials from suppliers or is being issued as collateral for any bank or financial institution issuing or providing any bank guarantee to secure the obligations of the Company for utilities usages . Fees with respect to facility B are

2.1 commitment fee 3% per annum on the undrawn available commitment under facility B

2.2 utilisation fee 8% per annum on the aggregate undrawn face amount of all outstanding standby letters of credit procured by the Lender

Securities for the aforementioned agreement are mortgaged of land, building and machinery of the Company in the mortgaged amount of Baht 4,456,228,000 and also personal assets of Company's director and third party.

19 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<i>Current</i>				
Short-term loans from financial institutions (Secured)	213	213	213	213
Current portion of long-term loan from related parties (secured)	314	138	314	138
Bonds (unsecured)	506	510	506	510
Trade account payables				
Secured	398	303	204	275
Unsecured	47	216	47	213
	445	519	251	488
Other payables and accrued expenses				
Unsecured	5,935	5,762	5,922	5,758
	5,935	5,762	5,922	5,758
Debt restructuring plan				
Unsecured	234	234	234	234
	234	234	234	234
Other current liabilities (unsecured)	3	-	3	-
	3	-	3	-
Other current liabilities (Short-term loans from related parties) (see Note 5)				
Secured	1,269	1,506	30	30
Unsecured	-	-	1,121	1,121
	1,269	1,506	1,151	1,151
Short-term loans from other parties				
Secured	50	50	50	50
Unsecured	57	57	57	57
	107	107	107	107
<i>Total Current</i>	9,026	8,989	8,701	8,599

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Non-current				
Long-term loan from related party				
Secured	1,118	1,655	-	176
Unsecured	-	-	1,086	1,086
Total Non-Current	<u>1,118</u>	<u>1,655</u>	<u>1,086</u>	<u>1,262</u>
Total	<u>10,114</u>	<u>10,644</u>	<u>9,787</u>	<u>9,861</u>

The periods to maturity of interest-bearing liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Within one year	9,026	8,989	8,701	8,599
After one year but within five years	1,118	1,655	1,086	1,262
Total	<u>10,114</u>	<u>10,644</u>	<u>9,787</u>	<u>9,861</u>

Short-term loans from financial institution

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

	Consolidate and Separate financial statements	
	31 December 2018	31 December 2017
	<i>(in million Baht)</i>	
Liabilities under trust receipts (Bear interest at at MLR% per annum).	95	95
Less current portion	<u>(95)</u>	<u>(95)</u>
Net	<u>-</u>	<u>-</u>
Liabilities from bank guarantee of the electronic capacity charge (Bear interest at at MLR% per annum).	118	118
Less current portion	<u>(118)</u>	<u>(118)</u>
Net	<u>-</u>	<u>-</u>
Current portion of long-term loans from financial institution	<u>213</u>	<u>213</u>
Long-term loans from financial institution-net	<u>-</u>	<u>-</u>

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 6 March 2019, an individual No.1 filed a case to the South Civil Court requests the Company to repay outstanding debts totaling Baht 33.55 Million; divided into principal of Baht 15 Million, and interest rate at 15% per annum of principal till the filing date of Baht 18.55 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise. with that person regarding installment payment in order to use as a negotiation framework for compromising in the court.

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 (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 within 30 June 2017. on 30 June 2017, the Company had made the memorandum to extend the repayment within 30 June 2018

On 26 February 2019, an individual No.2 has filed a case to the South Civil Court requests the Company to repay outstanding debts totaling Baht 13.57 Million; divided into principal of Baht 10 Million, and interest rate at 8% per annum of principal till the filing date of Baht 3.57 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise. with that person regarding installment payment in order to use as a negotiation framework for compromising in the court.

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 26 February 2019, an individual No.3 has filed a case to the South Civil Court requests the Company to repay outstanding debts totaling Baht 8.07 Million; divided into principal of Baht 6 Million, and interest rate at 8% per annum of principal till the filing date of Baht 2.07 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise. with that person regarding installment payment in order to use as a negotiation framework for compromising in the court.

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.

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.

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

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 (Equivalent to 10.2 million shares after the change in the par value of shares) 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 12 March 2019, the above lender has filed a case to the South Civil Court requests the Company to repay outstanding debts totaling Baht 27.78 Million divided into principal of Baht 25.52 Million, and interest rate at 7.75% per annum of principal till the filing date of Baht 2.26 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise. with that person regarding installment payment in order to use as a negotiation framework for compromising in the court.

As at 31 December 2018, the company has one short term loan agreements with a supporter totaling amount Baht 26 million (*31 December 2017 : Baht 26 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 2018 and 2017 the balance of the Company's bonds is amounting to USD\$ 15.51 million, with 3% interest rate per annum, and no collateral which mature on October 2015. On 9 January 2012 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	
	2018	2017
	<i>(in million Baht)</i>	
Balance - beginning of the year	510	558
Effect of exchange rate	(4)	(48)
Balance - end of the year	506	510
Less Current portion of bonds	(506)	(510)
Total of bonds - net of current portion	-	-

20 Loan from related party

G J Steel

		As at 31 December	
		2018	2017
		(in million Baht)	
	Note		
Loan 1 st USD 30 million (2017: USD 41 million)	18.4.1	979	1,347
Loan 2 nd USD 5 million	18.4.1	163	164
Loan 3 rd USD 38 million (2017: USD 40 million)	18.4.2	1,239	1,314
Loan 4 th USD 5 million	18.4.2	-	164
Total		2,381	2,989
Shot-term loan from related party	18.4.2	1,239	1,478
<u>Deduct</u> Deferred cost of financing loan		-	(2)
		1,239	1,476
Long-term loan from related party	18.4.1	1,142	1,511
<u>Deduct</u> Deferred cost of financing loan		(24)	(32)
		1,118	1,479
Total		2,357	2,955

The movement of loan from related party for the year ended 31 December 2018 is as follow:

	(in million Baht)
At 31 December 2017	2,989
<u>Deduct</u> Paid principal during the year	(591)
Effect of exchange rate	(17)
Total loan from related party	2,381
<u>Deduct</u> Deferred cost of financing loan	(24)
Loan from related party - Net	
At 31 December 2018	2,357

The currency denomination of loan from related party as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	(in million Baht)	
United States Dollars (USD)	2,381	2,989
Total	2,381	2,989

21 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Baht)			
Current					
Related parties	5	200	507	200	441
Business alliances	6	5	5	5	5
Other parties		2,135	814	107	133
Total		2,340	1,326	312	579

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 2018 are amounted to Baht 203 million and has to pay interest at the rate that the bank, charges to the Supporting Customer 1 at 3.12% to 3.38% per annum on the accrual balance on the credit facility (LC). (31 December 2017 : Baht 275 million, interest rate at 3.03% to 3.38% 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 313 million as at 31 December 2018 and pays interest from 3.00 - 6.00 % per annum on the payables balance (31 December 2017 : Baht 198 million, interest rate at 1.00% per annum).

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 in year 2017.

The currency denomination of trade accounts payable as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	1,228	868	170	251
United States Dollars (USD)	1,078	416	108	288
Others	34	42	34	40
Total	2,340	1,326	312	579

22 Other payables and accrued expenses

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Current					
Related parties	5	4,955	4,757	4,954	4,760
Business alliances	6	22	23	22	23
Tax installments payable		548	369	374	195
Electricity payable and energy service payable		338	443	223	289
Others		1,577	1,555	1,219	1,173
		<u>7,440</u>	<u>7,147</u>	<u>6,792</u>	<u>6,440</u>
Non-Current					
Related parties	5	-	49	-	49
Tax installments payable		118	471	60	239
Others		-	25	-	25
		<u>118</u>	<u>545</u>	<u>60</u>	<u>313</u>
Total		<u>7,558</u>	<u>7,692</u>	<u>6,852</u>	<u>6,753</u>

The currency denomination of other payables and accrued expenses as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	3,220	3,353	2,597	2,467
United States Dollars (USD)	4,327	4,315	4,255	4,286
Others	11	24	-	-
Total	<u>7,558</u>	<u>7,692</u>	<u>6,852</u>	<u>6,753</u>

Tax installments payable

As at 31 December 2018, the Group and the Company have outstanding balance of tax installment payable amounting to Baht 666 million and Baht 434 million, respectively (included the additional surcharge up to 31 December 2018 amounting to Baht 304 million and Baht 88 million, respectively) By the Group and the company presented as current liabilities. amounted to Baht 548 million and Baht 374 million respectively and presented as non-current liabilities amounted to Baht 118 million and Baht 60 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 2018 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 16 installments at the amount of Baht 14.52 million each until April 2020.

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.

23 Advances received from customers

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in million Baht)			
Related parties	5	1	5	1	168
Other parties		42	199	9	10
Total		43	204	10	178

Advances received from customers of the Group and the Company as at 31 December 2018 and 2017 were denominated entirely in Thai Baht.

24 Accrued interest expenses

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in million Baht)			
Current					
Bonds		144	127	144	127
Financial institutions		133	98	133	98
Compromise agreement		4,986	4,540	4,893	4,453
Others	5	211	172	458	288
Total - Current		5,474	4,937	5,628	4,966
Non-Current					
Compromise agreement		-	16	-	16
Others	1.3	-	-	-	-
Total - Non-Current		-	16	-	16
Total		5,474	4,953	5,628	4,982

The currency denomination of accrued interest expenses as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Thai Baht (THB)	684	442	925	624
United States Dollars (USD)	4,760	4,483	4,679	4,336
Others	30	28	24	22
Total	5,474	4,953	5,628	4,982

25 Provisions

	Consolidated financial statements			
	Purchase orders for undelivered raw material (See Note 45.3)	Court case claim (See Note 46)	Deferred difference from debt restructuring (See Note 1.3)	Total
		(in million Baht)		
As at 31 December 2017				
Provisions made	-	192	102	294
As at 31 December 2017	40	100	-	140
	40	292	102	434
As at 31 December 2017				
Current	-	192	78	270
Non-Current	-	-	24	24
Total	-	192	102	294
As at 31 December 2018				
Current	40	292	102	434
Non-Current	-	-	-	-
Total	40	292	102	434

	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
As at 31 December 2017					
Provisions made	-	192	102	241	535
As at 31 December 2018					
	-	100	-	1	101
	-	292	102	242	636
			<i>(in million Baht)</i>		
As at 31 December 2017					
Current	-	192	78	241	511
Non-Current	-	-	24	-	24
Total	-	192	102	241	535
As at 31 December 2018					
Current	-	292	102	242	636
Non-Current	-	-	-	-	-
Total	-	292	102	242	636

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 242 million in the separate financial statement as at 31 December 2018 (31 December 2017 : Baht 241million).

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.

26 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Tax-related liabilities	285	284	14	17
Machinery and construction payables	57	74	45	45
Others	7	6	6	6
Total	349	364	65	68

The currency denomination of other current liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	312	311	41	43
United States Dollars (USD)	34	51	24	25
Others	3	2	-	-
Total	349	364	65	68

27 Liabilities under rehabilitation plan

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Balance - beginning of the year	683	709	479	484
Less Repayment and adjust exchange rate during the year	(24)	(26)	-	(5)
Balance - end of the year	659	683	479	479
Less Current portion of liabilities included under the rehabilitation plan	(659)	(535)	(479)	(331)
Total liabilities which were included under the rehabilitation plan - net of current portion	-	148	-	148

The currency denomination of liabilities which were included under the rehabilitation plan as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	557	580	479	479
United States Dollars (USD)	90	91	-	-
Others	12	12	-	-
Total	659	683	479	479

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 2018 and 2017 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 2015 to the date of the report, 5 suppliers filed a complaint against G J Steel for breach of the rehabilitation plan. one supplier with the litigation amount of Baht 1 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 4 suppliers with the litigation amount of Baht 5 million have been compromised and settled.

28 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	143	130	63	58
	143	130	63	58
 Year ended 31 December				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	13	(13)	5	(17)
	13	(13)	5	(17)

An unfunded plan based on Thai labor law

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Present value of unfunded obligations	143	105	63	58
Statement of financial position obligation	143	105	63	58

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	130	105	58	51
Benefit paid	-	(1)	-	-
Current service costs and interest	13	9	5	6
Past service cost	-	(23)	-	(23)
Actuarial loss on defined employee benefit plans	-	40	-	24
Defined benefit obligations as at 31 December	143	130	63	58

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Current service costs	12	6	4	4
Past service costs	-	(23)	-	(23)
Interest on obligation	1	4	1	2
Total	13	(13)	5	(17)

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Cost of sales and administrative expenses	13	(13)	5	(17)
Total	13	(13)	5	(17)

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	
	2018	2017	2018	2017
	<i>(%)</i>			
Discount rate	2.80 p.a	2.80 p.a	2.80 p.a	2.80 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*	4.0-15.0*	4.0-15.0*	4.0-15.0*
Mortality rate	TMO17**	TMO17**	TMO17**	TMO17**

* Based on the weighted average by age group of employees

** 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, 2018 as follows:

- If the discount rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 13.15 million (increase Baht 15.38 million) and Separate financial statements would decrease Baht 4.80 million (increase Baht 5.53 million).
- If the salary increase rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would increase Baht 14.96 million (decrease Baht 13.08 million) and Separate financial statements would increase Baht 5.44 million (decrease Baht 4.82 million).

- If the employee turnover rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 7.18 million (increase Baht 7.75 million) and Separate financial statements would decrease Baht 2.46 million (increase Baht 2.64 million).
- If the life expectancy increases by one year for all employees, the employee benefit obligation in Consolidated financial statements would increase Baht 0.60 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 2018 and 2017 were as follows:

	<i>Par value per share (in Baht)</i>	Number	Consolidated and Separate financial statements		Baht
			2018 Baht (million shares / million Baht)	2017 Number (million shares / million Baht)	
<i>Authorised</i>					
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
<i>Issued and paid up</i>					
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.

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:

- 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.

- 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

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 as described to the financial statement in Note 33.

30 Reserves

Appropriations of profit and/or retained earnings

Legal reserve

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

31 Warrants

	<i>Offering price of warrant per unit (in Baht)</i>	Consolidated and Separate financial statements			
		2018		2017	
		Unit	Amount	Unit	Amount
		<i>(million units / in million Baht)</i>			
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

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	28 December 2012	28 June 2013	17 May 2015
The last day of exercise	26 September 2019	26 September 2019	17 May 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.

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 2018 and 2017 were as follows:

	Consolidated financial statements	
	2018	2017
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	28,942	25,705
Export	1,023	-
Total	29,965	25,705
<i>Segment gross profit (loss)</i>	(230)	728

Information about major customers

For the year ended 31 December 2018 and 2017, the Group's revenues from domestic sales 1 customer and 1 customers, respectively is amount Baht 4,291 million and Baht 3,526 million, respectively.

33 Gain from debt restructuring

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
<i>(in million Baht)</i>					
<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		<u>-</u>	<u>749</u>	<u>-</u>	<u>15</u>

In year 2017, the Group and the Company have gain from debt restructuring with trade accounts payable and liabilities under rehabilitation plan in the amount of Baht 749 million in the consolidated financial statement and Baht 15 million in the Separate financial statement.

34 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in million Baht)</i>				
Domestic shipping expenses	360	327	4	147
Commission expenses	-	150	-	150
Packing expenses	5	5	-	-
Total	<u>365</u>	<u>482</u>	<u>4</u>	<u>297</u>

35 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
<i>(in million Baht)</i>					
Consulting expense		102	71	19	36
Idle cost - Depreciation and amortisation expenses	40	52	48	-	-
Depreciation and amortisation expenses	40	38	43	2	2
Employee benefit expenses	40	440	379	5	96
Demurrage		-	1	-	-
Others		211	326	129	207
Total		<u>843</u>	<u>868</u>	<u>155</u>	<u>341</u>

36 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	<i>Note</i>	<i>(in million Baht)</i>			
Management					
Wages and salaries		46	53	17	15
Welfare		7	8	4	4
Contribution to provident fund		1	2	-	-
	5	<u>54</u>	<u>63</u>	<u>21</u>	<u>19</u>
Other employees					
Wages and salaries		736	666	354	322
Welfare		204	175	49	24
Contribution to provident fund		40	35	18	15
		<u>980</u>	<u>876</u>	<u>421</u>	<u>361</u>
Total	40	1,034	939	442	380

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 Bad and doubtful debt expenses (Reversal of)

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Amount receivable from related parties	5	-	-	(8)	(108)
Trade account receivable	8	(1)	(10)	(1)	(10)
Receivables from scrap sales	10	-	(109)	-	(109)
Other current assets	11	11	(28)	-	(31)
Total		10	(147)	(9)	(258)

38 Losses on impairment of assets

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Investment in subsidiaries	12	-	-	126	184
Warrants		-	-	-	40
Property, Plant and equipment	14	42	998	42	998
Total		<u>42</u>	<u>998</u>	<u>168</u>	<u>1,222</u>

39 Other expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Provision for guarantee subsidiary	25	1	-	1	22
Provision for court case claim	25	100	19	100	19
Loss on impairment of assets	38	42	998	168	1,222
Loss from disposal investment		1	-	1	120
Others		-	23	8	-
Total		<u>144</u>	<u>1,040</u>	<u>278</u>	<u>1,383</u>

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	2018	2017	2018	2017
		<i>(in million Baht)</i>			
<i>Included in cost of sales of goods:</i>					
Raw material and consumable used		14,217	18,575	1,310	7,890
Changes in inventories of finished goods					
decrease (increase)		409	(899)	30	303
Depreciation and amortization		1,442	1,674	617	730
Employee benefit expenses	36	545	560	418	272
Depreciation and amortization					
(including in idle cost)		281	146	197	146
Employee benefit expenses					
(including in idle cost)		49	12	19	12
<i>Included in administrative expenses:</i>					
Depreciation and amortization					
(including in idle cost)	35	52	48	-	-
Depreciation and amortization	35	38	43	2	2
Employee benefit expenses	35, 36	440	367	5	96
Operating lease expense		22	22	10	14
Loss on amortization of property, plant and equipment		-	8	-	-

41 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Finance costs:					
Related parties	5	954	328	574	302
Bonds		18	19	18	19
Financial institutions		35	20	35	20
Other parties		95	628	55	449
Total		1,102	995	682	790

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 2018 and 2017.

43 Profit (loss) per share

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2018 and 2017 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	
	2018	2017	2018	2017
	<i>(in million Baht /million shares)</i>			
Profit (loss) for the year attributable to equity holders of the Company (basic)	<u>(1,622)</u>	<u>(388)</u>	<u>(1,810)</u>	<u>(1,006)</u>
Number of ordinary shares outstanding at 1 January	6,850	6,850	6,850	6,850
Effect of change debt-to-equity conversion	-	-	-	-
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>(0.24)</u>	<u>(0.06)</u>	<u>(0.26)</u>	<u>(0.15)</u>

Diluted Profit(loss) per share for the years ended 31 December 2018 and 2017 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.

44 Financial instruments

As at 31 December 2018 and 2017, 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.

The effective interest rates of financial assets and financial liabilities as at 31 December 2018 and 2017 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
2018					
<i>Financial assets :</i>					
Cash and cash equivalents	0.25-0.625	258	-	-	258
Deposits at financial institution	1.375	1	-	-	1
Total		<u>259</u>	<u>-</u>	<u>-</u>	<u>259</u>
<i>Financial liabilities:</i>					
Short term loans from financial institutions	MLR – 15.0	213	-	-	213
Short-term loans from related party	12.0	1,269	-	-	1,269
Short-term loans from other parties	7.75 - 15.0	107	-	-	107
Long-term loans from related party	12.0	314	1,118	-	1,432
Bonds	3.0	506	-	-	506
Trade accounts payable	1.0 - 7.5	445	-	-	445
Other payables and accrued expense	7.5 , MLR+3,MLR+5	5,935	-	-	5,935
Debt restructuring plan	0.5	41	-	-	41
Liabilities from litigation	7.5	193			193
Other current liabilities	7.5	3			3
Total		<u>9,026</u>	<u>1,118</u>	<u>-</u>	<u>10,144</u>

		Consolidated financial statements			
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
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	12.00	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

		Separate financial statements			Total
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2018					
<i>Financial assets :</i>					
Cash and cash equivalents	0.25-0.625	57	-	-	57
Total		57	-	-	57
<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	314	1,086	-	1,400
Long-term loans from other parties					
Bonds	3.0	506	-	-	506
Trade accounts payable	5.0 - 7.5	251	-	-	251
Other payables and accrued expense	7.5,MLR+3,MLR+5	5,922	-	-	5,922
Debt restructuring plan	0.5	41	-	-	41
Liabilities from litigation	7.5	193	-	-	193
Other current liabilities	7.5	3	-	-	3
Total		8,701	1,086	-	9,787

	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
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

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 2018 and 2017, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in million Baht)</i>			
United States Dollars					
Cash and cash equivalents	7	5	8	1	3
Trade accounts receivable	8	101	101	101	101
Other current assets	11	116	376	80	255
Bonds	19	(506)	(510)	(506)	(510)
Trade accounts payable	21	(1,078)	(416)	(108)	(288)
Other payables and accrued expenses	22	(4,327)	(4,315)	(4,255)	(4,286)
Accrued interest expenses	24	(4,760)	(4,483)	(4,679)	(4,336)
Other current liabilities	26	(34)	(51)	(24)	(25)
Liabilities under rehabilitation plan	27	(90)	(91)	-	-
Gross exposure in statements of financial position		(10,573)	(9,381)	(9,390)	9,086
Estimated forecast purchases		(1,192)	(1,511)	-	(788)
Gross exposure		(11,765)	(10,892)	(9,390)	(9,874)
Others					
Other current assets	11	26	28	15	8
Trade accounts payable	21	(34)	(42)	(34)	(40)
Other payables and accrued expenses	22	(11)	(24)	-	-
Accrued interest expenses	24	(30)	(28)	(24)	(22)
Other current liabilities	26	(3)	(2)	-	-
Liabilities under rehabilitation plan	27	(12)	(12)	-	-
Gross exposure in statements of financial position		(64)	(80)	(43)	(54)
Estimated forecast purchases		(330)	(51)	-	-
Gross exposure		(394)	(131)	(43)	(54)

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.

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 2018 and 2017.

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.

45 Commitments with non-related parties

45.1 Commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<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	9	14	3	6
After one year but within five years	4	6	-	1
Total	13	20	3	7
Other commitments				
Purchase Assets	107	-	-	-
Bank guarantees	179	157	-	-
Total	286	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.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<i>Long-term agreement commitments of the Company</i>				
Within one year	99	186	28	115
After one year but within five years	282	282	-	-
After five years	59	130	-	-
Total	440	598	28	115

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 .

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	
	2018	2017
	<i>(in million Baht)</i>	
<i>Long-term agreement commitments of G J Steel</i>		
Within one year	71	71
After one year but within five years	282	282
After five years	59	130
Total	412	483

- 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.

45.3 Raw material purchase orders

The Company

As at 31 December 2018, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totaling Baht 211 million (*31 December 2017 : Baht 992 million*).

As at 31 December 2018, 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.

Formerly, 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 2018, G J Steel had outstanding purchase orders for raw materials that have not been delivered to G J Steel totalling Baht 1,333 million (*2017: Baht 1,172 million*). As at 31 December 2018 and 2017, 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 2018, 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 3.00 - 6.00% per annum on the unreleased raw materials in addition to the payables balance (*2017 : 1.00% per annum*).

45.4 Customer advances

As of 31 December 2018, the Company had advances received from customers totaling Baht 10 million (*2017: Baht 178 million*) and had the obligation to deliver goods to the customers in the future. G J Steel had similar advances received totaling Baht 33 million as at 31 December 2018 (*2017: Baht 192 million*).

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

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 filing 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.

On 4 February 2019, defensive lawyer proclaim to the Court that the case which defendant submit for rehabilitation plan to the Central Bankruptcy Court, the Court hereby ordered the petition to be dismissed. Therefore, this case has to be processed at the preceding court as it was.

And there are litigations that occur after the reporting period as described in note 48 to financial statements.

G J Steel

Suppliers complaint pending litigation

Six suppliers filed a complaint against G J Steel for breach of several agreements related to sales and purchases and rehabilitation plan. Presently one supplier with the litigation amount of Baht 1 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 are on the Court process and five suppliers with the litigation amount of Baht 6 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.

48 Events after the reporting period

The Company

48.1 Transactions with related party

Credit Agreement

On 2 April 2019, the Company entered into the Credit Agreement with Link Capital I (Mauritius) Limited for the amount of USD70, 000,000 which consist of two tranches of facility as below:

1. Facility A, a non-revolving working capital facility USD 30 million with a front-end fee of 3% of the drawdown amount, which such front end fee will be deducted from the loan proceeds of utilization. Interest rate is charged at 12% per annum payable at each quarter end. The loan repayment schedule is 30% at the fourth anniversary of the agreement date and the remaining 70% on final maturity date. The Company gradually utilized the loan in April 2019 for full amount.
2. Facility B, a standby letter of credit facility USD 40 million. Such standby letter of credit is being issued to secure the payment obligations of the Company for imported raw materials from suppliers or is being issued as collateral for any bank or financial institution issuing or providing any bank guarantee to secure the obligations of the Company for utilities usages . Fees with respect to facility B are
 - 2.1 commitment fee 3% per annum on the undrawn available commitment under facility B
 - 2.2 utilisation fee 8% per annum on the aggregate undrawn face amount of all outstanding standby letters of credit procured by the Lender

Securities for the aforementioned agreement are mortgaged of land, building and machinery of the Company in the mortgaged amount of Baht 4,456,228,000 and also personal assets of Company's director and third party.

Financial Advisory Services Agreement

On 3 April 2019, the Company entered into Financial Advisory Services Agreement with SSG Capital Management (Mauritius) Limited (the Advisor), the Advisor shall make available to the Company an experienced advisory team to review the Company's financial and business performance on a monthly basis or more regularly as the Advisor may deem appropriate. The Advisor shall ensure that the advisory team will deal with and advise on any major issues or crises that may arise concerning the management and financial performance of the Business and recommend any steps needed to be taken by the Company to rectify any instances of cash or credit liquidity shortfall. The Company shall pay to Advisor a recurring fee equal to 1.5% of its operating revenues. This agreement shall expire on the earlier to occur of (i) the fifth anniversary of the commencement date, or (ii) the date upon which the Company has first paid down its indebtedness in an amount, in aggregate, at least equal to USD 30 million.

48.2 Litigation

Case No.1

On 26 February 2019, a debt creditor has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 8.06 Million; divided into principal of Baht 6 Million, and interest rate at 8.0% per annum of principal till the filing date of Baht 2.06 Million. Currently, it is pending at South Civil Court.

Case No.2

On 6 March 2019, a debt creditor has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 41.80 Million; divided into principal of Baht 30 Million, and interest rate at 12.0% per annum of principal till the filing date of Baht 12 Million. Currently, it is pending at South Civil Court.

Case No.3

On 6 March 2019, a debt creditor has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 33.55 Million; divided into principal of Baht 15 Million, and interest rate at 15.0% per annum of principal till the filing date of Baht 18 Million. Currently, it is pending at South Civil Court.

Case No.4

On 26 February 2019, a debt creditor has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 13.57 Million; divided into principal of Baht 10 Million, and interest rate at 8.0% per annum of principal till the filing date of Baht 4 Million. Currently, it is pending at South Civil Court.

Case No.5

On 12 March 2019, a debt creditor has filed a case to the South Civil Court requests the Company to repay outstanding debts totalling Baht 27.78 Million; divided into principal of Baht 26 Million, and interest rate at 7.75% per annum of principal till the filing date of Baht 2 Million. Currently, it is pending at South Civil Court.

On 24 April 2019, the Company has entered into the memorandum of compromise with above debt creditors regarding installment payment in order to use as a negotiation framework for compromising in the court.

G J Steel

48.3 The capital restructuring of G J Steel

On 14 January 2019, the Extraordinary Shareholders' Meeting No.1/2019 had approved the important matters as follows:

- 48.3.1 Approved the transfer of legal reserve in the amount of Baht 18,507,421.67 to compensate the retained losses.
- 48.3.2 Approved the reduction of G J Steel's registered capital from Baht 6.90 to Baht 0.96 to compensate G J Steel's retained losses resulting to G J Steel's registered capital decreased from the original amount Baht 129,298,350,418.50 to Baht 17,989,335,710.40 and G J Steel's paid-up capital shall reduce from Baht 96,104,091,707.70 to Baht 13,371,004,063.68, in which G J Steel shall apply the reduced paid-up capital to clear the discount on share capital of Baht 61,757,357,060.14 and the retained losses of Baht 20,975,730,583.88, respectively. And approved the amendment of clause 4 of G J Steel's memorandum of association to be in line with the reduction of registered capital by reducing the par value to compensate G J Steel's retained losses.
- 48.3.3 Approved the reduction in the registered capital of G J Steel in the amount of 1,957,748,965 shares, with a par value of Baht 0.96 per share, from the existing registered capital of Baht 17,989,335,710.40 to Baht 16,109,896,704 by cancelling G J Steel's authorized but unissued shares, prior to the increase of G J Steel's registered capital, and approve the amendment clause 4 of G J Steel's memorandum of association to be in line with the reduction of registered capital by cancelling G J Steel's authorized but unissued shares.

Such cancelling of authorized but unissued shares does not include the ordinary shares of G J Steel allocated to accommodate the exercise of the warrants to purchase the ordinary share no. 3 ("GJS-W3"), in the amount of 1,606,677,915 shares which was approved by the Extraordinary General Meeting of the Shareholders No. 1/2017 which was held on 30 August 2017 and the warrants to purchase the ordinary share no. 4 ("GJS-W4"), in the amount of 1,246,335,252 shares which was approved by the Extraordinary General Meeting of the Shareholders no. 1/2017 which was held on 30 August 2017.

48.3.4 Approved the rights adjustment of GJS-W3 Warrant and GJS-W4 Warrant according to the rate and price of rights adjustment are as follows:

48.3.4.1 Adjustment of rights in case there is a change in the par value of G J Steel's ordinary shares.

	Before adjustment	Adjustment from capital reduction
GJS-W3 Warrants		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share
GJS-W4 Warrants		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.437 Share
- Exercise Price	1.3722 Baht/Share	0.1909 Baht/Share

48.3.4.2 Adjustment of rights in case G J Steel allocates the newly-issued ordinary shares of G J Steel share to the existing shareholders of G J Steel in proportion to their respective shareholding (Right Offering) at the calculated net price for newly issued stock below 90 percent of the Market Price for Ordinary Share.

	Adjustment from capital reduction	Adjustment from Issued newly shares to existing shareholders
GJS-W3 Warrants		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share
GJS-W4 Warrants		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share

48.3.5 Approved the increase in registered capital by the amount of Baht 11,490,928,047.36 from the existing registered capital of Baht 16,109,896,704 to Baht 27,600,824,751.36 by issuing 11,969,716,716 newly issued ordinary shares with a par value of Baht 0.96 per share to accommodate the allocation and offering of newly-issued shares to existing shareholders of G J Steel in proportion to their respective shareholding (Right Offering) and accommodate the adjustment of right under GJS-W3 and GJS-W4 and approve the amendment of clause 4 of G J Steel's memorandum of association to be in line with the increase in G J Steel's registered capital.

48.3.6 Approved the allocation of G J Steel's newly-issued shares in the amount of not exceeding 11,969,716,716 shares, at a par value of Baht 0.96 per share to accommodate:

48.3.6.1 The allocation of the newly-issued ordinary shares of G J Steel in the amount of not exceeding 11,560,347,263 shares, with a par value of Baht 0.96 per share to the existing shareholders of G J Steel in proportion to their respective shareholding (Right Offering) with the price of Baht 0.13 per share, in the allocation ratio of 1 existing shares per 0.83 new shares where the fraction of shares shall be discarded.

In this regard, since G J Steel has accumulated losses in the statement of financial position and the profit and loss statements for the three-month and nine-month periods ended 30 September 2018, G J Steel is able to determine the offering price of newly-issued ordinary share with the price of Baht 0.13 per share, at a price lower than the par value, and as such require G J Steel to comply with Section 52 of the PLC Act (as amended). This issuance and offering of newly-issued ordinary shares of G J Steel will be the offering of newly-issued ordinary shares in proportion to the respective shareholding. In case there are decimals arisen from the calculation, such decimals shall be rounded down. The existing shareholders are entitled to subscribe for the shares exceeding their shareholding proportion. In case there are ordinary shares left from the allocation to the existing shareholders in accordance with their shareholding proportion, G J Steel will allocate such remaining shares to the shareholders who intend to subscribe for the newly-issued ordinary shares in excess of their shareholding proportion, at the same price. Such allocation of shares shall be proceeded until there is no ordinary shares left or there is no more shareholder who intends to subscribe for the newly-issued ordinary shares. In case there are ordinary shares left from this increase of capital, such remaining ordinary shares will be cancelled.

In case any shareholder intends to subscribe the newly-issued ordinary shares in the amount exceeding his shareholding proportion and such subscription causes the total holding of Company's shares by such a shareholder and his related persons under Section 258 of the PLC Act to exceed 25 percent of the total voting shares of G J Steel, such a shareholder is obliged to proceed the tender offer of the total securities of G J Steel according to the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (the "Notification on Acquisition of Securities for Business Takeovers"), unless such a shareholder is granted the exception to proceed the tender offer of all the securities of G J Steel, as prescribed in the Notification on Acquisition of Securities for Business Takeovers.

In this regard, the date specified for determining the names of shareholders entitled to the allocation of newly-issued ordinary shares to existing shareholders in proportion to their respective shareholding (Right Offering) (Record Date) shall be 27 March 2019.

48.3.6.2 The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant and GJS-W4 Warrant as follows:

- 1) The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W3 Warrant in the amount of 230,536,917 shares at the par value of Baht 0.96.
- 2) The allocation of newly-issued shares from capital increase to accommodate the rights adjustment of GJS-W4 Warrant in the amount of 178,832,536 shares at the par value of Baht 0.96.

48.4 Share Capital

On 3 May 2019, the Company has registered additional paid-up capital with the Ministry of Commerce from the allocation of new ordinary shares to the existing shareholders of G J Steel in the proportion to their respective shareholdings (Rights Offering) of 11,559,004,163 shares combines with the existing paid-up capital shall be 25,487,133,396 shares, at the par value of Baht 0.96 per share.

The allocation of the newly issued ordinary shares as mentioned above, Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) which is a company in SSG Group exercises the right to purchase 7,499,978,175 shares in excess of rights offering, resulting that the shareholding structure of ACO I in the Company increase from 24 percent to 42.54 percent of total voting shares of the Company. Therefore, ACO I is obliged to conduct a tender offer to acquire all remaining securities of the Company pursuant to the Notification of the Capital Market Supervisory Board No. Tor Jor 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011 (as amended).

The Offer Price of the ordinary shares has been determined by ACO I to be equal to Baht 0.13 per share. ACO I is not obliged to make an offer to purchase GJS-W3 and GJS-W4 since these warrants have exercise price of Baht 0.1668 per share and Baht 0.1668 per share respectively, which are higher than the Offer Price of Baht 0.13 per share and ACO I has not acquired any such warrants for consideration during a period of 90 days prior to the date on which tender offer document is submitted to the SEC. Therefore, the Offeror is not obliged to make an offer to purchase these warrants in pursuant with Clause 7(2) of the Notification of Capital Market Supervisory Board No. TorJor 12/2554.

In addition, ACO I does not have an intention to delist the Business from the Stock Exchange of Thailand (SET) during the 12 months period after the end of Offer Period. In addition, Tender Offer for the Securities (Form 247-4) shall be submitted by 15 May 2019.

In this regard, the Company has been informed by ACO I that ACO I does not have plan to change the business objectives of the Company and will maintain current business direction and operation as a producer of various grades of hot rolled coil (HRC). In addition, ACO I does not have plan to change the board of structures of the Company, such as Board of Directors, Audit Committee and Executive Committee and others. Also, ACO I does not have intention to change the organization structure, management or staff members of the Company.

However, if necessary, ACO I, may, together with G J Steel, consider to have mutual discussion and revision of the business and operation policies, organization structure, human resources, sales and marketing strategy, dividend policy, financial structure or any other necessary change as appropriate under future business operation and industry situation at that time with an objective to enhance the efficiency of the business and ensure growth of the business to create the joint benefit for G J Steel and shareholder of G J Steel

48.5 Loan from related party

Second loan facility

On 1 April 2019, G J Steel has entered the amendment loan agreements by increasing the second loan facility of another USD 4 million for the purpose of working capital. Then on 29 April 2019, the Company's Board of Directors meeting had approved for such amendment loan agreements.

Third loan facility

Since 1 January 2019 to 31 March 2019 the reporting date, G J Steel has repaid third loan facility in amount of USD 20 million.

On 30 April 2019, G J Steel has entered into an agreement to extend the period of the contract expiration date to repay the third loan balance within 30 July 2019 and at the same date the Company has repaid principal loan of third loan facility in amount of USD 5 million.

Fifth loan facility

On 7 and 10 May 2019, G J Steel has repaid the principle loan of fifth loan facility in amount of USD 20 million.