

G J STEEL PUBLIC COMPANY LIMITED

THAILAND

INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

AND

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

EXPRESSED IN

THAI BAHT

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the accompanying statement of financial position of G J Steel Public Company Limited as of March 31, 2019, the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2019, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 (revised 2018), "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of Review

I conducted my reviews in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Accounting Standard 34 (revised 2018), "Interim Financial Reporting".

Emphasis of Matter

Without qualifying the review conclusion in respect of the above interim financial information, I drew attention to the matters as mentioned in Note 11 to the interim financial statement that 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 property, plant and equipment as of March 31, 2019 and December 31, 2018 may be impaired. And in December 2016, the management of the Company has retained an independent appraiser to evaluate the value of the land, buildings and equipment as of December 31, 2016 together with the assessing value in use of the assets by the Company's management. It concluded that as of March 31, 2019 and December 31, 2018 there is no factor indicated that the book value of the land, buildings and equipment may be impaired.

(NATSARAK SAROCHANUNJEEN)

Certified Public Accountant

Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

May 13, 2019

G J Steel Public Company Limited

Statement of financial position

		31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Assets	Note	(in thousand Baht)	
Current assets			
Cash and cash equivalents	5	164,442	201,032
Trade accounts receivable	6	22,669	13,892
Inventories	7	2,376,392	3,861,389
Short-term loan to related party	4, 8	94,000	94,000
Other current assets	4, 9	279,519	268,026
Total current assets		2,937,022	4,438,339
Non-current assets			
Advance payment for purchase of property, plant and equipment	10	210,000	210,000
Property, plant and equipment	11	13,636,552	13,838,824
Intangible assets	12	7,564	7,135
Other non-current assets	14	352,967	330,065
Total non-current assets		14,207,083	14,386,024
Total assets		17,144,105	18,824,363

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

G J Steel Public Company Limited

Statement of financial position

		31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
		(in thousand Baht)	
Liabilities and equity	<i>Note</i>		
Current liabilities			
Trade accounts payable	4, 18	841,068	2,033,029
Other payables and accrued expenses	4, 19	666,113	660,628
Advance from customers	29.4	93,005	32,683
Short-term loan from related party	4, 16	1,205,587	1,239,362
Accrued interest expenses	4, 20	157,190	131,778
Current portion of liabilities under rehabilitation plan	22	177,537	180,013
Current portion of finance lease obligation	17	422	416
Provision	23	3,417	40,565
Other current liabilities	21	19,392	31,107
Total current liabilities		3,163,731	4,349,581
Non-current liabilities			
Other payables and accrued expenses	19	14,518	58,077
Long-term loan from related party	4, 16	1,097,151	1,117,518
Finance lease obligation	17	1,281	1,389
Employee benefit obligations	24	82,118	80,141
Total non-current liabilities		1,195,068	1,257,125
Total liabilities		4,358,799	5,606,706
Equity			
Share capital	25		
Authorised share capital		27,600,825	129,298,350
Issued and paid-up share capital		13,371,004	96,104,092
Premium (discount) on ordinary shares	25	-	(61,757,357)
Retained earnings (deficit)	25		
Appropriated			
Legal reserve		-	18,507
Deficit		(895,379)	(21,457,266)
Other components of equity		309,681	309,681
Total equity		12,785,306	13,217,657
Total liabilities and equity		17,144,105	18,824,363

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

G J Steel Public Company Limited
Statements of comprehensive income

"UNAUDITED
BUT REVIEWED"

		Three month period ended 31 March	
	Note	2019	2018
		(in thousand Baht)	
Income			
Revenue from sale	4, 27	3,397,969	8,117,272
Net foreign exchange gains		99,454	157,630
Reversal of loss on confirmed purchase orders for undelivered raw material	23	37,148	-
Other income	4, 8	38,041	7,631
Total income		3,572,612	8,282,533
Expenses			
Cost of sale			
- Cost of goods sold	4	3,605,024	7,517,269
- Idle cost		180,868	67,099
- (Reversal of) loss on devaluation of inventories		(84,805)	6,462
Total Cost of sale		3,701,087	7,590,830
Selling expenses		44,994	91,923
Administrative expenses	4	131,429	121,826
Finance costs	4, 15	127,453	111,789
Total expenses		4,004,963	7,916,368
Profit (loss) for the period		(432,351)	366,165
Other comprehensive income (expenses) for the period		-	-
Total comprehensive income (expenses) for the period		(432,351)	366,165
Earnings (loss) per share	28		
Basic earning (loss) per share		(0.031)	0.026

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

G J Steel Public Company Limited
Statement of changes in equity

"UNAUDITED
BUT REVIEWED"

		Issued and paid-up share capital	Share premium / (discount)	Retained earnings / (Deficit) Legal reserve	Deficit	Other components of equity	Total equity
	Note	(in thousand Baht)					
Three-month period ended 31 March 2018							
Balance at 1 January 2018		96,104,092	(61,757,357)	18,507	(20,621,318)	309,681	14,053,605
Comprehensive income for the period							
Profit (loss) for the period		-	-	-	366,165	-	366,165
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	366,165	-	366,165
Balance at 31 March 2018		96,104,092	(61,757,357)	18,507	(20,255,153)	309,681	14,419,770
Three-month period ended 31 March 2019							
Balance at 1 January 2019		96,104,092	(61,757,357)	18,507	(21,457,266)	309,681	13,217,657
Comprehensive income for the period							
Par value reduction to compensate the deficit	25	(82,733,088)	61,757,357	-	20,975,731	-	-
Transfer of legal reserve to compensate the deficit	25	-	-	(18,507)	18,507	-	-
Profit (loss) for the period		-	-	-	(432,351)	-	(432,351)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		(82,733,088)	61,757,357	(18,507)	20,561,887	-	(432,351)
Balance at 31 March 2019		13,371,004	-	-	(895,379)	309,681	12,785,306

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

G J Steel Public Company Limited
Statement of cash flows

"UNAUDITED
BUT REVIEWED"

	Three month period ended 31 March	
	2019	2018
	(in thousand Baht)	
Cash flows from operating activities		
Profit (loss) for the period	(432,351)	366,165
Adjustments for		
Depreciation and amortisation	218,140	217,069
Work roll amortisation	13,106	24,969
Interest income	(16,170)	(25)
Finance costs	127,453	111,789
Unrealised loss (gain) on foreign exchange	(23,244)	(122,365)
(Reversal of) loss on devaluation of inventories	(84,805)	6,462
(Reversal of) loss on confirmed purchase orders for undelivered raw material	(37,148)	-
Employee benefit expenses	1,977	2,025
Loss (gain) on write-off of assets	51	6
	(232,991)	606,095
Changes in operating assets and liabilities		
Trade accounts receivable	(8,777)	(168,293)
Inventories	1,569,803	(469,302)
Advances to suppliers	(3,993)	(22,176)
Other current assets	8,660	(59,057)
Other non-current assets	(36,008)	(12,234)
Trade accounts payable	(1,189,581)	902,215
Advances received from customers	60,322	(7,460)
Other payables and accrued expenses	(37,446)	(72,955)
Other current liabilities	(11,450)	15,485
Paid employee benefit obligations	-	(115)
Interest received	10	-
Net cash from (used in) operating activities	118,549	712,203

G J Steel Public Company Limited
Statement of cash flows

"UNAUDITED
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	Three month period ended 31 March	
	2019	2018
	(in thousand Baht)	
Cash flows from investing activities		
Purchase of intangible	(947)	-
Purchase of property, plant and equipment	(15,401)	(5,139)
Net cash from (used in) investing activities	(16,348)	(5,139)
Cash flows from financing activities		
Receive short-term loan from related party	624,380	-
Repayment of liabilities under rehabilitation plan	(367)	(1,010)
Repayment of short-term loan from related party	(652,296)	(164,236)
Repayment of long-term loan from related party	-	(197,083)
Payment for financial lease liabilities	(125)	(125)
Finance costs paid	(109,949)	(168,245)
Net cash from (used in) financing activities	(138,357)	(530,699)
Net increase (decrease) in cash and cash equivalents	(36,156)	176,365
Cash and cash equivalents at 1 January	201,032	578,124
Effect of exchange rate changes on balances held in foreign currencies	(434)	(345)
Cash and cash equivalents at 31 March	164,442	754,144

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

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G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

The interim financial statements were approved and authorised for issue by the Board of Directors on 13 May 2019.

1 General information, the shareholding structure and going concern

1.1 General information

G J Steel Public Company Limited (the “Company”), is incorporated in Thailand and has its registered office as follows:

Head office : 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok

Factory : 358 Moo 6, Hemaraj Industrial Estate (Bowin) Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi.

The Company was listed on the Stock Exchange of Thailand (the “SET”) on 2 July 1996.

1.2 The shareholding structure

The Company’s major shareholders as follows :

	Shareholding proportion (%)	
	At 31 March 2019	At 3 May 2019*
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) was incorporated in overseas	24.00	42.54
G Steel Public Company Limited (“G Steel”)	15.08	8.24
Mrs. Jarunee Chinvongvorakul	6.04	7.23
Superior Overseas (Thailand) Company Limited	2.96	1.62
GS Securities Holdings Co., Ltd. (“GS Securities”)		
GS Securities are 99.99% owned by G Steel	2.20	1.20

* The Company has registered additional the paid-up share capital with the Ministry of Commerce from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) as described to the interim financial statement in Note 25 and Note 32.

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

“UNAUDITED
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1.3 Going concern

As at 31 March 2019 and 31 December 2018 part of financial position of the Company are as follows;

	Million Baht			
			As at	
			31 March 2019	31 December 2018
<u>Risk effected to the going concern</u>	<u>2019</u>	<u>2018</u>		
(1) Profit (loss) for the 1 st quarter	(432)	366		
(2) Deficit			895	21,457
(3) Current assets exceed current liabilities (Current liabilities exceed current assets)			(227)	89

As at 31 March 2019 and 31 December 2018 there was no factors may cause significant doubt on going concern due to the Company has accomplished its plan by negotiating debt restructuring with major creditors by which of repayment debts and conversion debts-to-equity in successfully in year 2017 combination with the providing credit facility for additional working capital as described to the interim financial statement in Note 31. However, as at 31 March 2019 the Company has current liabilities exceed current assets of Baht 227 million. The management believed that the Company will generate sufficient income to pay off debt and able to operate as normal. In addition, the Company has increased the capital according to the recapitalization plan as approved by the Extraordinary Shareholders' Meeting No.1/2019 on 14 January 2019. Later 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 the Company in the proportion to their respective shareholdings (Rights Offering) as described to the interim financial statement in Note 25 and 32.3. Besides, the Company still has various plans to increase the profitability in future as followings:

a) The production

The Company has the production utilized the off-peak period (which has lower demand for electricity and hence lower tariff rate). In year 2018, the Company increases the production to nearly full capacity for off-peak and in the second half of year 2018 the Company has a test run to extend the 24 hour production capacity for 6 days a week in order to ensure that the machinery is a good condition for running the 24 hour production capacity in next opportunity, in order to reduce the production unit cost. The Company has 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.

b) The Governmental support

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

Antidumping Measures (5-year term)

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

c) Local demand of Hot-Rolled Steel Flat Products (Sourced : Iron and Steel Institute of Thailand)

For the year 2018

- Total domestic demand for hot-rolled steel flat products for the year 2018 is 7.09 million metric tonnes (“mmt”) (average 0.59 mmt per month), an increase by 0.31 mmt or 4.57% increase from previous year.

This consists of 3.20 mmt of domestic production (average 0.27 mmt per month), 3.96 mmt of imports (average 0.33 mmt per month) and small volume 0.074 mmt of exports (average 0.01 mmt per month).

For the 1st Quarter of year 2019

- Total domestic demand for hot-rolled steel flat products for the 1st Quarter of year 2019 is 1.55 million metric tonnes (“mmt”) (average 0.52 mmt per month), an decrease by 0.07 mmt or 13.46% decrease from average per month of the year 2018.

This consists of 0.65 mmt of domestic production (average 0.22 mmt per month), 0.90 mmt of import (average 0.30 mmt per month) and small volume 0.003 mmt of exports (average 0.001 mmt per month).

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.

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

2 Basis of preparation of the interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2018) Interim Financial Reporting; guidelines promulgated by the Thailand Federation of Accounting Professions (“TFAC”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements from the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The accounting policies and the calculation basis used in this interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018, except in the cases that the Company have adopted the new and revised TFRS which are effective for financial statement year beginning on or after 1 January 2019. However, the adoption of the such financial reporting standards do not have material effect on the Company’s financial statements. Except for the Company has initially adopted TFRS 15 “Revenue from Contracts with Customers”, which replaced TAS 18 (revised 2017) “ Revenue” and related interpretations as described in Note 3 to the interim financial statement.

An English language version of the interim financial statements has been prepared from the statutory interim 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.

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgments

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

2.4 Financial reporting standards which are not effective for the current period

The Federation of Accounting Professions has issued the new accounting standard, financial reporting standards and financial reporting standard interpretations, which is effective for financial statements period beginning on or after January 1, 2020 as follows :

Accounting Standard

TAS 32 Financial Instruments: Presentation

Financial Reporting Standards

TFRS 7 Financial Instruments : Disclosures

TFRS 9 Financial Instruments

TFRS 16 Leases

Financial Reporting Standard Interpretations

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The management of the Company is currently evaluating the impact of TAS, TFRS and TFRIC which are effective for financial statements when they are adopted.

3 Significant accounting policies

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statement for the year ended December 31, 2018 except for the change in the accounting policies due to the adoption of the Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” as follows:

Revenue

Sale of goods

Revenue is recognized in profit and loss at the point in time when control of goods is transferred to the customer, generally on delivery of the goods, except for sale transaction related to “Contract for special product” which are recognized as revenue by reference of the stage of completion.

Interest income

Interest income is recognized in profit and loss as it accrues.

However, the adoption of Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” does not have any significant impact on the interim financial statement.

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

4 Connected persons or related parties

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Company if 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 Company and the party are subject to common control or common significant influence. Connected persons or 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
G Steel Public Co., Ltd. ("G Steel")	Thailand	Manufacture and sale of steel	Parent company
Oriental Access Co., Ltd. ("OAC")	Thailand	Business consulting services	Subsidiary of G Steel
Siam Professional Holding Co., Ltd. ("SPH")	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. ("GS Securities")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
Asia Credit Opportunities I (Mauritius) Limited ("ACO I")	Mauritius	Special-purpose for investment	Major shareholder which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. ("SSG III")
Link Capital I (Mauritius) Limited ("Link Capital I")	Mauritius	Special-purpose for investment	Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. ("SSG III")
SSP Place Co., Ltd.	Thailand	Office rental	Common executive
Asia Metal PCL.	Thailand	Manufacture and sale of steel	Common shareholder and director of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of Steel	Director related to major shareholder of G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director and executive
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common executive
Mahachai Steel Center Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of Relationships
M & L Steel Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel (registered the dissolution of the company on 23 April 2018)
The Steel Public Co., Ltd.	Thailand	Manufacture and sale of steel	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel
Key management Personnel	Thailand	-	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

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

Transactions

Sale of raw materials
Sale of finished goods
Interest income
Purchase of raw materials
Purchase of finished goods
Tolling service
Rental and service expenses
Financial advisory services
Finance costs

Pricing policies

Cost plus margin and agreed prices
Agreed prices with reference to market prices
Contractual rate
Cost plus margin and agreed prices
Agreed prices with reference to market prices
Contractual prices
Contractual prices
Contractual prices
Contractual rate

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

“UNAUDITED
BUT REVIEWED”

Significant transactions for the three-month periods ended 31 March 2019 and 2018 with related parties were as follows:

Three-month period ended 31 March	2019	2018
	(in million Baht)	
Parent (G Steel)		
Sales of raw materials	-	38
Interest income	16	-
Purchases of raw materials	33	618
Tolling service	274	1,288
Connected persons or related parties		
Sales of raw materials and finished goods	26	742
Purchases of raw materials and finished goods	-	15
Rental and service expenses	1	1
Finance costs	102	110
Key management personnel		
Key management personnel compensation		
Salary and bonus	7	7
Meeting allowance and other benefits	1	1
Total key management personnel compensation	8	8

G J Steel Public Company Limited
Notes to the interim financial statement
For the three-month period ended 31 March 2019

“UNAUDITED
BUT REVIEWED”

Balances as at 31 March 2019 and 31 December 2018 with related parties were as follows:

	<i>Note</i>	31 March 2019 (Unaudited But Reviewed) (in million Baht)	31 December 2018 (Audited)
Short-term loan to related party	8		
Parent company			
G Steel		<u>94</u>	<u>94</u>
Other receivables	9		
Parent company			
G Steel		<u>13</u>	<u>-</u>
Accrued interest receivable	9		
Parent company			
G Steel		<u>22</u>	<u>5</u>
Advance to suppliers	9		
Parent company			
G Steel		-	-
Connected persons or related parties			
Mahachai Steel Center Co., Ltd.		<u>8</u>	<u>8</u>
Total		<u>8</u>	<u>8</u>
Trade accounts payable	18		
Parent company			
G Steel		<u>-</u>	<u>6</u>

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		31 March 2019 (Unaudited But Reviewed) (in million Baht)	31 December 2018 (Audited)
	<i>Note</i>		
Other payables and accrued expenses	<i>19</i>		
Connected persons or related parties			
OAC		13	13
SSP Place		<u>1</u>	<u>1</u>
Total		<u>14</u>	<u>14</u>
Short-term loan from related party	<i>16</i>		
Connected persons or related parties			
Link Capital I		<u>1,206</u>	<u>1,239</u>
Long-term loan from related party	<i>16</i>		
Connected persons or related parties			
Link Capital I		<u>1,097</u>	<u>1,118</u>
Accrued interest expenses	<i>20</i>		
Connected persons or related parties			
OAC		4	4
Link Capital I		<u>54</u>	<u>34</u>
Total		<u>58</u>	<u>38</u>

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Significant agreement with related parties

Tolling Agreement

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 the Company made a written notice of cancellation in advance with the agreement effective until 31 January 2019.

Other contracts

In year 2013, the Company entered into a memorandum with OAC to accept the liabilities arising from the compromise debt agreement with Master Steel Co., Ltd. amounting to Baht 17.91 million by exchange with the transfer G Steel's shares of 35.82 million shares which held by OAC at the agreed price of Baht 0.50 per share to Master Steel Co., Ltd.

In addition, the Company settled a labour case with a former employee at the Central Labour Court. Under this agreement, the Company agreed to transfer G Steel'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, the Company entered into a memorandum with OAC to accept the liabilities arising from the compromised debt agreement in amounting of Baht 32.76 million. The such debt shall be mature on 30 June 2014. On 5 June 2015, the Company paid to OAC for the amount of Baht 29.54 million which the outstanding debts remained at Baht 3.22 million.

On 13 January 2014, OAC deposited the G Steel's shares of 102.3 million shares to Legal Execution Department as a guarantor under the compromise debt agreement to transfer additional G Steel's shares of 102.3 million shares at market price of Baht 0.10 per share to the former employee (the market price based on at the end of guarantee period date).

In addition, on the same date (13 January 2014), the Company entered into a memorandum with OAC to accept additional liabilities of Baht 10.23 million. This obligation will be due on the date of 30 June 2014. Currently, the Company is on the process of extension period of the memorandum with OAC.

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Significant matter with related parties.

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

In June and July 2017, G Steel sold the shares held in the Company of 100 million shares as a result G Steel shareholding in the Company reduced to 20.05% before the share capital increase. After the share capital increase, as at 31 December 2017 the percentage of shareholding in the Company of G Steel and GS Securities is 18.72%.

Later in March 2018, G Steel's a financial supporter compulsory pledge shares held in the Company of 200 million shares by GS Securities to guarantee G Steel to repay G Steel's liabilities. After the forced sale of shares, as at 31 December 2018 the percentage of shareholding in the Company of G Steel and GS Securities is 17.29%.

5 Cash and cash equivalents

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Cash at banks - Saving Account	164	201
Cash at banks - Current Account	-	-
Total	164	201

The currency denomination of cash and cash equivalents as at 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	139	197
United States Dollars (USD)	25	4
Total	164	201

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6 Trade accounts receivable

	31 March 2019 (Unaudited But Reviewed) (in million Baht)	31 December 2018 (Audited)
Connected persons or related parties	-	-
Other parties	440	431
Total	440	431
<u>Less</u> allowance for doubtful accounts	(417)	(417)
Net	23	14
(Reversal) Bad and doubtful debts expenses for the period	-	-

Aging analyses for trade accounts receivable were as follows:

	31 March 2019 (Unaudited But Reviewed) (in million Baht)	31 December 2018 (Audited)
Connected persons or related parties		
Overdue :		
Less than 3 months	-	-
Over 12 months	-	-
	-	-
Other persons or parties		
Not Overdue	1	-
Overdue :		
Less than 3 months	22	14
Over 12 months	417	417
	440	431
<u>Less</u> allowance for doubtful accounts	(417)	(417)
Net	23	14
Total	23	14

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The normal credit terms granted by the Company are cash and not over 7 working days for domestic sales, and cash and letter of credit at sight for export sales.

The gross and net balance due from the Non-performing Domestic Customer as at 31 March 2019 and 31 December 2018 are shown in the table below:

	31 March 2019 (Unaudited But Reviewed) (in million Baht)	31 December 2018 (Audited)
Account receivables		
- Customer 1	352	352
- Customer 2	65	65
	417	417
<u>Less</u> allowance for doubtful accounts	(417)	(417)
Net	-	-

The Company had no sales transactions for the years ended 31 March 2019 and 2018 with the Non-Performing Domestic Customers.

In July 2013, the Company 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 in which the Official Receiver has ordered an appointment to inspect the application of payment on 25 February 2019 and make the first appointment with creditors on 28 May 2019.

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On 3 March 2014, the Company 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 the Company traced the land of the Customer 2 with Land Department, and not found their property. On 27 October 2017, the Company filed a lawsuit to Customer 2 against the Bankruptcy Court to ask Customer 2 to pay the debts to the Company 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, the Company has filed a request for payment with the Official Receiver and the official debt investigation was completed on 8 May 2018, and the Customer 2 did not come to the meeting of the creditor as informed by the Official Receiver. And the creditors who filed an application for payment of debt have voted to request the Court to adjudge the debtor to be bankrupt. On 17 April 2019, the Central Bankruptcy Court has ordered the Customer 2 to be bankrupt.

The currency denomination of trade accounts receivable, gross amount as at 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	440	431
United States Dollars (USD)	-	-
Total	440	431

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7 Inventories

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Finished goods	311	1,132
Work in process	-	4
Raw materials	1,508	1,507
Consumables	367	427
Spare part	275	294
Goods in transit	22	689
Total	2,483	4,053
<u>Less</u> allowance for devaluation of inventories	(107)	(192)
Net	2,376	3,861
 Carrying value of inventories pledged to secure liabilities	 84	 327

8 Short-term loan to related party

On March 30, 2017, the Company has entered to short-term loan agreement to G 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, G Steel has filed a petition for business rehabilitation with the Central Bankruptcy Court to prevent G Steel from falling into bankruptcy due to G Steel 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. In that time G Steel was in the process of procuring external sources of funds. G Steel therefore wishes to extend the term of the new loan to 15 May 2019. Subsequently, on 14 January 2019, the Company agreed to extend the repayment period with interest within 15 May 2019. For such financial assistance to G Steel by extending the term of the original loan is according to the resolution of the Company's Board of Directors meeting on 14 January 2019 and 29 April 2019 the annual shareholders' meeting has approved for such financial assistance transaction to G Steel.

Whereby as at December 31, 2018, the management believes that G Steel will be able to repay the loan back to the Company. Therefore, the Company does not consider the allowance for doubtful accounts and ceased recognizing interest income from the date of 15 November 2017. Then on the date of 26 and 30 April 2019, the Company has received all the repayment of principle and interest receivable up until 30 April 2019 in amount of Baht 116.5 million. As a result, the Company recognizes its accrued interest income from 15 November 2017 to 31 March 2019 in amount of Baht 16.2 million in 1st Quarter 2019.

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9 Other current assets

		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	<i>Note</i>	(in million Baht)	
Other receivable related party	4	13	-
Suspense input tax		18	16
Accrued interest receivable related party	4	22	5
Prepaid expense and others		172	197
		225	218
Advance to suppliers			
Connected persons or related parties	4	8	8
Other connected persons or parties		58	53
		66	61
<u>Less</u> allowance for doubtful account		(11)	(11)
Net		55	50
Total		280	268
(Reversal) Bad and doubtful debts expenses for the period		-	10

10 Advance payment for purchase of property, plant and equipment

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Advance for purchase land	210	210
Advance for purchase machinery	54	54
Total	264	264
<u>Less</u> allowance for impairment	(54)	(54)
Net	210	210

On 29 September 2015, the Company and the land seller agreed to mortgage 5 land title deeds which are presented as part of advances for purchase of property, plant and equipment amounting to Baht 210 million as collateral to Revenue Department, as security of tax installment for both of the Company and G Steel was amounting to Baht 330 million (For the Company was amounting to Baht 206 million) (as described to the interim financial statement in Note 19).

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11 Property, plant and equipment

The movement of property, plant and equipment during the three-month period ended 31 March 2019 is as follow;

	(in million Baht)
Cost	
At 31 December 2018 (Audited)	32,046
Additions	15
Disposal / Write - off	(9)
At 31 March 2019 (Unaudited But Reviewed)	32,052
Accumulated depreciation	
At 31 December 2018 (Audited)	(14,596)
Depreciation	(218)
Disposal / Write - off	9
At 31 March 2019 (Unaudited But Reviewed)	(14,805)
Allowance for impairment	
At 31 December 2018 (Audited)	(3,611)
Reversal of loss on impairment	-
At 31 March 2019 (Unaudited But Reviewed)	(3,611)
Net book value	
At 31 December 2018 (Audited)	13,839
At 31 March 2019 (Unaudited But Reviewed)	13,636

Details of construction in progress as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	263	253
Total	6,826	6,816

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The Company has the assets under finance lease agreements in the original cost and its accumulated depreciation as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Cost of finance lease assets	2.95	2.95
<u>Less</u> Accumulated depreciation	(0.59)	(0.47)
Net book value	2.36	2.48

Impairment evaluation

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 property, plant and equipment as at 31 March 2019 and 31 December 2018 may be impaired. And in December 2016, the management of the Company 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 the Company’s management. It concluded that as at 31 March 2019 and 31 December 2018 there is no factor indicated that the book value of the land, buildings and equipment may be impaired.

Mortgaged property, plant and equipment

Under the rehabilitation plan and loan from a foreign company

As at 31 March 2019 the Company’s property, plant and equipment, with a net book value of Baht 8,258 million, were mortgaged under the rehabilitation plan and loan from a foreign company (31 December 2018: Baht 8,451 million).

The Company 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 the Company’s property, plant and equipment which were held by them to secure payment of the bond issued by the Company in the past, which had been fully paid. On 28 October 2013, the Southern Bangkok Civil Court ruled in favour of the Company ordering the defendants to release the mortgaged assets. One of the defendants negotiated for make compromise agreement with the Company to release of the mortgaged assets and appealed to Southern Bangkok Civil Court to compromise the case.

On 6 May 2014, the Appeals Court has ruled the compromise agreement between the Company and one defendant that the defendant shall release the mortgaged collateral to the Company. At present the Company is in the process of redemption the collateral.

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

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As described to the interim financial statements in Note 31.3 on 6 January 2017, the Company’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.

Mortgaged as security for tax liabilities

On 14 May 2013, the Company’s Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 686 million as at 31 March 2019 (31 December 2018: Baht 695 million), as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on 10 October 2013.

Later on 9 July 2015, the Company’s Board of Directors had approved to place 5 pieces of land title deed to be additional security to Revenue Department. On 29 September 2015, the land had been mortgaged (as described in Note 10 to the interim financial statements).

Mortgaged as security for facilities agreement of a local bank

On 13 November 2014, the Company’s Board of Directors approved to mortgage its machinery (the Recoil Temper Mill (RTM) and the Acid Regeneration Plant (ARP)), with a net book value of Baht 639 million as at 31 March 2019 (31 December 2018: Baht 650 million), as joint security with G Steel in the facilities amount of Baht 602 million with a local bank and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on 3 March 2015 for the mortgaged amount of Baht 480 million.

12 Intangible assets

(in million Baht)

Cost

At 31 December 2018 (Audited)	7
Increase	1
<u>Less Amortization for the period</u>	<u>(1)</u>
At 31 March 2019 (Unaudited But Reviewed)	<u>7</u>

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13 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:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Deductible temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	83	83
- Allowance for devaluation of inventories	21	38
- Allowance for impairment - advance to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	722	722
- Allowance for impairment - intangible assets	1	1
- Depreciation gap	431	429
- Allowance for impairment - advance for purchase of machinery	11	11
- Allowance for impairment - other non-current assets	411	411
- Provision for loss on confirmed purchase orders for undelivered raw material	1	8
- Provision for employee benefits	16	16
	<hr/> 1,699	<hr/> 1,721
Loss carry forward	372	562
Total	<hr/> 2,071 <hr/>	<hr/> 2,283 <hr/>

The tax losses expire in 2019 to 2023. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilise the benefits there from.

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14 Other non-current assets

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Suspended construction in progress	2,086	2,086
<u>Less</u> allowance for impairment	<u>(2,053)</u>	<u>(2,053)</u>
	33	33
Cash guarantee for the electricity usage	33	33
Restricted deposits at financial institutions	1	1
Deferred cost of roll – net	251	218
Refundable deposits	3	2
Others	32	43
Net	<u>353</u>	<u>330</u>

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project in 1999. The carrying value of this investment was written down to its independently appraised forced sale value based on the market price of steel scrap of Baht 44 million. On 29 July 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However there is no burden of import duty on machinery and raw materials. And in year 2015, the management has reconsidered the estimated recoverable amount of assets the recoverable amount is lower than the net book value in the amount of Baht 11 million which had already recorded as loss on impairment.

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15 Interest-bearing liabilities

		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
		(in million Baht)	
Current			
Trade accounts payable	18		
Secured		553	194
Unsecured		-	-
		<u>553</u>	<u>194</u>
Other payables and accrued expenses (unsecured)	19	13	13
Short-term loan from related party (secured)	4, 16	<u>1,215</u>	<u>1,239</u>
		<u>1,781</u>	<u>1,446</u>
Non-current			
Long-term loan from related party (secured)	4, 16	<u>1,119</u>	<u>1,142</u>
Total		<u>2,900</u>	<u>2,588</u>

The periods to maturity of interest-bearing liabilities as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Within one year	1,781	1,446
After one year but no greater than five years	<u>1,119</u>	<u>1,142</u>
Total	<u>2,900</u>	<u>2,588</u>

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Secured interest-bearing liabilities as at 31 March 2019 and 31 December 2018 were secured on the following assets:

		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	<i>Note</i>	(in million Baht)	
Inventories	7	49	191
Total		49	191

The currency denomination of interest-bearing liabilities as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	13	13
United States Dollars (USD)	2,887	2,575
Total	2,900	2,588

16 Loan from the related party

		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	<i>Note</i>	(in million Baht)	
Loan 1 st USD 30 million	31.3.1	959	979
Loan 2 nd USD 5 million	31.3.1	160	163
Loan 3 rd USD 18 million	31.3.2	576	1,239
(31 December 2018: USD 38 million)			
Loan 4 th USD 5 million	31.3.2	-	-
Loan 5 th USD 20 million	31.3.3	639	-
Total		2,334	2,381

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		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	<i>Note</i>	(in million Baht)	
Shot-term loan from related party	31.3.2, 31.3.3	1,215	1,239
<u>Deduct</u> Deferred cost of financing loan		(9)	-
		<u>1,206</u>	<u>1,239</u>
Long-term loan from related party	31.3.1	1,119	1,142
<u>Deduct</u> Deferred cost of financing loan		(22)	(24)
		<u>1,097</u>	<u>1,118</u>
Total		<u>2,303</u>	<u>2,357</u>

The movement of loan from related party for the three-month period ended 31 March 2019 is as follow;

	(in million Baht)
At 31 December 2018 (Audited)	2,381
<u>Add</u> Received principle during the period	624
<u>Deduct</u> Paid principle during the period	(652)
Effect of exchange rate during the period	(19)
Total loan from related party	<u>2,334</u>
<u>Deduct</u> Deferred cost of financing loan	(31)
Loan from related party - Net	
At 31 March 2019 (Unaudited But Reviewed)	<u>2,303</u>

The currency denomination of loan from related party as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
United States Dollars (USD)	<u>2,334</u>	<u>2,381</u>

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17 Finance lease obligation

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Finance lease obligation		
Vehicle	1.88	2.01
<u>Less</u> Deferred interest	<u>(0.18)</u>	<u>(0.20)</u>
	1.70	1.81
<u>Less</u> Current portion	<u>(0.42)</u>	<u>(0.42)</u>
Finance lease obligation - net	<u>1.28</u>	<u>1.39</u>

As of 31 March 2019 and 31 December 2018 the Company has finance lease obligation with the period of payment as follows:

	31 March 2019 (Unaudited But Reviewed)			31 December 2018 (Audited)		
	(in million Baht)					
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due 1 year	0.42	0.08	0.50	0.42	0.09	0.51
Payment due over 1 year to 5 years	1.28	0.10	1.38	1.39	0.11	1.50
Total	1.70	0.18	1.88	1.81	0.20	2.01

Under the term of lease contracts referred to above, the Company shall have the right to purchase the assets at the quoted price at the expiry date of the lease contracts and the Company shall have to comply with certain and restriction as specified in the lease contracts.

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18 Trade accounts payable

		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	<i>Note</i>	(in million Baht)	
Connected persons or related parties	4	-	6
Other persons or parties		841	2,027
Total		841	2,033

The currency denomination of trade accounts payable as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	260	1,063
United States Dollars (USD)	581	970
Euro Dollars (EUR)	-	-
Total	841	2,033

The Company has agreements to purchase raw materials from various suppliers. The Company withdrew raw materials and had not yet paid for the raw materials withdrawn under consignment agreements totalling Baht 174 million as at 31 March 2019, the Company had to pay interest on the payable balance at the rate of 3 - 6% per annum (31 December 2018: Baht 313 million, interest rate at 3 - 6% per annum).

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19 Other payables and accrued expenses

	<i>Note</i>	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
		(in million Baht)	
Current			
Connected persons or related parties	4	14	14
Tax installments payable		174	174
Electricity payable		126	115
Other		352	358
		<u>666</u>	<u>661</u>
Non-Current			
Tax installments payable		15	58
Total		<u>681</u>	<u>719</u>

Tax instalment payable

Revenue Department

As at 31 March 2019, the Company has outstanding balance of tax installment payable amounting to Baht 189 million (included additional full amount of surcharge, according to the Revenue code amounting to Baht 216 million) which presented as current liabilities of Baht 174 million and non-current liabilities of Baht 15 million.

Under this repayment schedule, the Company mortgaged its 1 plot of land and construction, pickle and oil line as collateral together with the guaranteed by an other company.

As at 31 March 2019, the Company shall pay the above outstanding balance with the total 13 installments at Baht 14.52 million in each installment.

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The currency denomination of other payables and accrued expenses as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	600	636
United States Dollars (USD)	47	72
Euro Dollars (EUR)	34	11
Total	681	719

20 Accrued interest

		31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
		(in million Baht)	
Other payables and accrued expenses	4, 19	8	5
Liabilities under rehabilitation plan	22	95	93
Loan from related party	4, 16	54	34
Total		157	132

The currency denomination of accrued interest as at 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	46	45
United States Dollars (USD)	105	81
Euro Dollars (EUR)	4	4
Singapore Dollars (SGD)	2	2
Total	157	132

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21 Other current liabilities

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Payable for machinery	-	-
Liabilities related to taxes	7	19
Construction payables	12	12
Total	19	31

The currency denomination of other current liabilities as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	7	19
United States Dollars (USD)	10	10
Euro Dollars (EUR)	2	2
Total	19	31

22 Liabilities under rehabilitation plan

The movement of liabilities under rehabilitation plan for the three-month period ended 31 March 2019 was as follows:

	(in million Baht)
At 31 December 2018 (Audited)	180
Paid during the period	-
Exchange rate adjustments during the period	(2)
At 31 March 2019 (Unaudited But Reviewed)	178

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Liabilities under rehabilitation plan as at 31 March 2019 and 31 December 2018 were included in the financial statements as follows:

			31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
			(in million Baht)	
Creditors	Due date			
Class 4	Employee	July 2015	4	4
Class 5	Equipment Claims	October 2011	9	10
Class 13	Other Creditors	October 2011	165	166
Total			178	180

The repayment schedules of each creditor under Class 5 and Class 13 are not entirely consistent in terms of date, as they depend on the date of the conclusion of the debt. However, the first due date of creditors under Class 5 and Class 13 is 31 October 2011.

The Company’s rehabilitation plan liabilities were duly on 31 October 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities under rehabilitation plan as at 31 March 2019 and 31 December 2018 as current liabilities in the Company’s statement of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrue interest at a rate of 7.5% per annum from the date of default.

Since year 2018 to the date of the report, one supplier filed a complaint against the Company for breach of the rehabilitation plan, 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.

The currency denomination of liabilities under rehabilitation plan as at 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	77	78
United States Dollars (USD)	89	90
Euro Dollars (EUR)	8	8
Singapore Dollars (SGD)	4	4
Total	178	180

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23 Provision

The movement of provision for loss in obligation on not receive raw materials purchase order, for the three-month period ended 31 March 2019 was as follows:

	<i>Note</i>	(in million Baht)
At 31 December 2018		41
Increase (decrease) during the period		(37)
At 31 March 2019	29.3	4

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Current	4	41
Non-current	-	-
Total	4	41

The currency denomination of provision as at 31 March 2019 and 31 December 2018 was as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Thai Baht (THB)	-	-
United States Dollars (USD)	4	41
Total	4	41

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24 Employee benefit obligations

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Statement of financial position obligations for:		
Post-employment benefits	82	80
Total	82	80
Three-month period ended 31 March	2019	2018
	(in million Baht)	
Statement of comprehensive income recognised in profit or loss:		
Post-employment benefits	2	2
Total	2	2

An unfunded plan based on Thai labour law

The Company has an employee pension scheme based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on length of service and rights.

The statement of financial position obligation was determined as follows:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Present value of unfunded obligations	82	80
Statement of financial position obligation	82	80

Movement in the present value of the defined benefit obligations:

Three-month period ended 31 March	2019	2018
	(in million Baht)	
Defined benefit obligations at 1 January	80	72
Paid benefit	-	-
Current service costs and interest	2	2
Defined benefit obligations at 31 March	82	74

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Expense recognised in profit or loss:

Three-month period ended 31 March	2019	2018
	(in million Baht)	
Current service costs	2	2
Total	2	2

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

Three-month period ended 31 March	2019	2018
	(in million Baht)	
Cost of sales and administrative expenses	2	2
Total	2	2

No actuarial gains and losses were recognised in other comprehensive income for the three-month periods ended 31 March 2019 and 2018.

Principal actuarial assumptions at the reporting date:

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(%)	
Discount rate	2.8 per year	2.8 per year
Future salary increases rate	5.0 - 7.0	5.0 - 7.0
Turnover rate	5.0 - 10.0*	5.0 - 10.0*
Mortality rate	TMO 17**	TMO 17**

* Base on the weighted average by age group of employee

** Reference from TMO 17 : Thai Mortality Ordinary Tables of 2017

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and employee turnover rate, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of 31 March 2019 as follows:

- If the discount rate increases (decreases) by 1.0%, the employee benefit obligation decrease Baht 2.69 million (increase Baht 3.17 million).
- If the salary increase rate increases (decreases) by 1.0%, the employee benefit obligation increase Baht 3.07 million (decrease Baht 2.66 million).
- If the employee turnover rate increases (decreases) by 1.0%, the employee benefit obligation decrease Baht 1.52 million (increase Baht 1.65 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 recognized in the statement of financial position.

Labour Protection Act has announced in the Government Gazette on April 5, 2019, which is effective dated May 5, 2019. The main point is increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. The provisions for employee benefits of the Company which calculated up to March 31, 2019 will be increased in approximately amount of Baht 19.8 million. The amount shall be recorded as expense in the statement of income in the 2nd quarter of year 2019 on the effective date of the Act.

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25 Share capital

The movements of share capital for the three-month period ended 31 March 2019 and 2018 were as follows:

Three-month period ended 31 March	Par value per share (in Baht)	2019 Number Baht (million shares / in million Baht)	2018 Number Baht
Authorised			
At 1 January (Audited)			
Ordinary shares	6.90	18,739	129,298
Par value reduction	(5.94)	-	(111,309)
Reduction in the register capital	0.96	(1,958)	(1,879)
Increase in the register capital	0.96	11,970	11,491
At 31 March (Unaudited But Reviewed)			
Ordinary shares	6.90	-	18,738
Ordinary shares	0.96	28,751	27,601
Issued and paid up			
At 1 January (Audited)			
Ordinary shares	6.90	13,928	96,104
Par value reduction	(5.94)	-	(82,733)
Increase of new shares		-	-
At 31 March (Unaudited But Reviewed)			
Ordinary shares	6.90	-	13,928
Ordinary shares	0.96	13,928	13,371

Share premium (discount)

The movement of share premium (discount) during the three-month periods ended 31 March 2019 and 2018 are shown in the table below:

Three-month period ended 31 March	Note	2019 (in million Baht)	2018
Share premium (discount)			
At 1 January (Audited)		(61,757)	(61,757)
Par value reduction	25.1	61,757	-
Increase of new shares		-	-
At 31 March (Unaudited But Reviewed)		-	(61,757)

25.1 The capital restructuring of the Company

On 14 January 2019, the Extraordinary Shareholders’ Meeting No. 1/2019 had approved as the following issues:

- 25.1.1 Approved the transfer of legal reserve in the amount of Baht 18,507,421.67 to compensate the retained losses.

In 1st quarter of year 2019, the Company has transfer of legal reserve to compensate the retained losses.

- 25.1.2 Approved the reduction of the Company’s registered capital from Baht 6.90 to Baht 0.96 to compensate the Company’s retained losses resulting to the Company’s registered capital decreased from the original amount Baht 129,298,350,418.50 to Baht 17,989,335,710.40 and the Company’s paid-up capital shall reduce from Baht 96,104,091,707.70 to Baht 13,371,004,063.68, in which the Company 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 the Company’s memorandum of association to be in line with the reduction of registered capital by reducing the par value to compensate the Company’s retained losses.

On 18 March 2019, the Company had reduced the registered share capital with Ministry of Commerce from Baht 6.90 to Baht 0.96 resulting to the Company’s registered capital decreased from the original amount Baht 129,298,350,418.50 to Baht 17,989,335,710.40 and the Company’s paid-up capital shall reduce from Baht 96,104,091,707.70 to Baht 13,371,004,063.68, in which on 1st quarter of year 2019 the Company has 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.

- 25.1.3 Approved the reduction in the registered capital of the Company 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 the Company’s authorized but unissued shares, prior to the increase of the Company’s registered capital, and approve the amendment clause 4 of the Company’s memorandum of association to be in line with the reduction of registered capital by cancelling the Company’s authorized but unissued shares.

Such cancelling of authorized but unissued shares does not include the ordinary shares of the Company 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.

On 19 March 2019, the Company had reduced the registered share capital with Ministry of Commerce by cancelling the Company’s authorized but unissued shares, 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.

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- 25.1.4 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 the Company 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 the Company’s memorandum of association to be in line with the increase in the Company’s registered capital.

On 20 March 2019, the Company had increased the registered share capital with the Ministry of Commerce 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.

- 25.1.5 Approved the allocation of the Company’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:

- 25.1.5.1 The allocation of the newly-issued ordinary shares of the Company 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 the company 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 the Company 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, the Company 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 the Company to comply with Section 52 of the PLC Act (as amended). This issuance and offering of newly-issued ordinary shares of the Company 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, the Company 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 the Company, such a shareholder is obliged to proceed the tender offer of the total securities of the Company 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 the Company, 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.

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 the Company 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.

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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 the Company, 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 the Company and shareholder of the Company.

25.1.5.2 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.

26 Warrants

The movements of warrants for the three-month periods ended 31 March 2019 and 2018 were as follows:

	Offering price per unit (in Baht)	2019 Unit Amount (million units / in million Baht)		2018 Unit Amount (million units / in million Baht)	
Warrants					
At 1 January (Audited)					
- Third Warrants (GJS-W3)	0.00	3,674	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	2,754	-	2,754	-
Movement during the period:					
- Issue of new warrants		-	-	-	-
- Expiration		-	-	-	-
At 31 March (Unaudited But Reviewed)					
- Third Warrants (GJS-W3)	0.00	3,674	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	2,754	-	2,754	-

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The Extraordinary Shareholders’ Meeting No. 1/2019 which was held on 14 January 2019 had approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W3 and GJS-W4 details are as follow:

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

26.1.1 Adjustment of rights in case there is a change in the par value of the Company’s ordinary shares.

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

26.1.2 Adjustment of rights in case the Company allocates the newly-issued ordinary shares of the Company share to the existing shareholders of the Company 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
<i>GJS-W3 Warrants</i>		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share
<i>GJS-W4 Warrants</i>		
- Exercise Ratio	1 Unit : 0.437 Share	1 Unit : 0.500 Share
- Exercise Price	0.1909 Baht/Share	0.1668 Baht/Share

Detail of warrants as at 31 March 2019 is as follow:

	<u>GJS- W3 (a)</u>	<u>GJS- W4 (b)</u>
Exercise ratio (Unit : Share)	1 : 0.437	1 : 0.437
Price of exercise to one Common Share (Baht)	0.1909	0.1909
The first day of exercise	28 June 2013	28 June 2013
The first day of exercise	7 February 2020	11 February 2020

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Later on 3 May 2019 detail of warrants is as follow :

	<u>GJS- W3 (a)</u>	<u>GJS- W4 (b)</u>
Exercise ratio (Unit : Share)	1 : 0.500	1 : 0.500
Price of exercise to one Common Share (Baht)	0.1668	0.1668
The first day of exercise	28 June 2013	28 June 2013
The last day of exercise	7 February 2020	11 February 2020

(a) Listed in The Stock Exchange of Thailand

(b) Non-listed in The Stock Exchange of Thailand

27 Operating Segments

Segment information is presented in respect of the Company’s geographical segments based on the Company’s management and internal reporting structure.

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of flat-rolled steel products, 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.

Revenue and gross profit (loss) based on geographic segment, for the three-month period ended 31 March 2019 and 2018 were as follows:

Three-month period ended 31 March	2019	2018
	(in million Baht)	
Segment revenue		
Domestic	3,398	8,021
Export	-	96
Total	3,398	8,117
Segment result - gross profit (loss)	(303)	526

Information about major customers

For the three-month periods ended 31 March 2019 and 2018, the Company had revenues from the domestic sale to three and one customers for the total amount of Baht 1,366 million and Baht 1,072 million respectively.

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28 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the three-month periods ended 31 March 2019 and 2018 were based on the profit (loss) for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

Three-month period ended 31 March	2019	2018
	(in million Baht / million shares)	
Profit (loss) for the period attributable to ordinary shareholders of the Company	(432)	366
Number of ordinary shares outstanding at 1 January	13,928	13,928
Effect of par value reduction	-	-
Weighted average number of ordinary shares outstanding	13,928	13,928
Basic earnings (loss) per share (in Baht)	(0.031)	0.026

The Company has restated the weighted average number of ordinary shares used in computation of the earning (loss) per share for the three-month period end March 31, 2019 and 2018 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.

29 Commitments with non-related parties

29.1 Commitments

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Lease and service agreement commitments		
Within one year	8	6
After one year but no greater than five years	8	4
Total	16	10
Other commitments		
Purchase of fixed assets	91	107
Bank guarantees	179	179
Total	270	286

29.2 Long-term agreements

- The Company 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. On 1 February 2017, it has been renewed for another 2 years. Currently, the contract is being renewed.
- On 1 November 2004, 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 6 million per month.

	31 March 2019 (Unaudited But Reviewed)	31 December 2018 (Audited)
	(in million Baht)	
Long-term agreement commitments		
Within one year	71	71
After one year but no greater than five years	282	282
After five years	41	59
Total	394	412

- On 20 January 2017, the Company 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 the Company can cancel this agreement with the prior written consent from the lender, or the Company can terminate this agreement with immediate effect if requested by the lender in writing to the Company and the Advisor, or this agreement can be terminated upon the discharge of all the obligations of the Company under the Credit Agreement to be satisfaction of the lender.

29.3 Raw material purchase orders

As at 31 March 2019, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totalling Baht 485 million (31 December 2018: Baht 1,333 million). As at 31 March 2019, the Company has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered approximately Baht 4 million (31 December 2018 : Baht 41 million) based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products (Refer to the interim financial statement in Note 23).

As at 31 March 2019, the Company had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest of 3-6% per annum on the unreleased raw materials in addition to the payables balance (31 December 2018: 3 - 6% per annum).

29.4 Customer advances

As of 31 March 2019, the Company had received advances from customers totaling Baht 93 million (31 December 2018: Baht 33 million) and had the obligation to deliver goods to the customers in the future.

29.5 Financial advisory agreement

The Company has entered in to a financial advisory agreement with third party for advice on sourcing additional credit facilities and refinancing existing debt from financial institutions. The fees are payable based on the rate specified in the agreement.

29.6 Capital restructuring project agreement

The Company has entered into two independent financial advisory agreements and legal advisory agreement with two consultants in related to the capital restructuring project for Right Offering in order to comply with the regulations of the Stock Exchange of Thailand and related laws in such raising capital and entered into an agreement with a brokerage agent for collecting of the right issues from the shareholders. The fees are payable based on the rate specified in each of service agreement.

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30 Litigation

One supplier filed a complaint against the Company for breach of the rehabilitation plan, 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.

31 Credit facilities for operation

31.1 Presently the Company get collaboration from various raw material suppliers both local and oversea with Supplier Credit in term of Collateral Management Agreement (“CMA”), the Company 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.

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

31.2 On 25 February 2016, the Company and G Steel have executed the amendment credit facilities with the local bank in which the Company received the Bank Guarantee (BG) in the amount of Baht 252 million. In respect this agreement, the Company and G Steel have to provide securities under the aforementioned credit facilities to a local bank as below:

- G Steel will increase the mortgaged amount of the existing mortgaged machine from formerly Baht of 475.6 million to the new mortgage of Baht 510 million.
- The Company 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.

As at 31 March 2019, Company has utilized the bank guarantee in amounting of Baht 145 million (31 December 2018: Baht 145 million).

31.3 On 6 January 2017, the Company’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:

31.3.1 On 22 January 2017, the Company (borrower) has entered the long term loan agreement in the facilities amount of USD 71 million with Link Capital I (Mauritius) Limited (lender) with the fixed interest rate at 12 p.a., in a period of 5 years and collateral with second ranking in mortgage most of land, plant and machinery. The loan facilities are separately in 2 groups as described below.

1. The first loan facility of USD 41 million for the purpose of repayment of new creditor and includes all reimbursement expenses from lender such as due diligence expenses and other expenses related the processes to ensure the long term loan agreement completed. On 1 February 2017, the Company had drawn down the loan of USD 41 million in order to repayment principal and interest payable to new creditor.

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 the Company may prepay the loan before the first anniversary of the first draw down in which the Company 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, the Company 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.

Presently the first loan facility has the credit line of USD 30 million.

2. The second loan facility of USD 30 million for the purpose of working capital and capital expenditure. On 10 October 2017, the Company had drawn down the loan of USD 5 million. Subsequent on 19 December 2017, the new loan had an additional the purpose of draw down as described in Note 31.3.2. Moreover, as described in Note 31.3.1.1 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 the Company must give the lender not less than 30 days’ written notice of the prepayment, or after the first anniversary of the first draw down.

At 31 March 2019, the Company has drawdown the second loan facility in the purpose of Non-Tolling Standby Letter of Credit and Metallics Purchase Contract of USD 21.3 million.

On 1 April 2019, the Company 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.

- 31.3.2 For another credit facility of USD 40 million on 6 November 2017, the Company’s Board of Directors meeting had approved for entering the loan agreements in the period not over 2 years which revised the existing facilities to USD 50 million for the purpose of increasing working capital for operation and purchasing of raw material, and increasing the capacity of the Company with the interest rate in between 2% - 12% p.a. depend on the loan facilities. On 13 November 2017 and 19 December 2017, the Company entered to amend the loan agreement from original contract as mentioned in Note 31.3.1 to revise the total loan facility not exceeding USD 121 million by applied the same collateral as mentioned in Note 31.3.1 with the followings:

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1. Second loan facility reduced to USD 25 million (and later as mentioned in Note 31.3.2.3 after the Company 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.
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. During in year 2018 until 31 March 2019, the Company has repaid the third loan facility in total amount of USD 22 million. Whereby such third loan facility has the due to repaid for the remaining balance of USD 18 million within 30 April 2019.

At 31 March 2019, 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.

Subsequently, on 30 April 2019, the Company entered into an agreement to extend the term of the contract, which has to repay the remaining of 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.

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.

- 31.3.3 On 26 February 2019, the Company's Board of Directors meeting had approved for entering the additional loan agreements (Fifth loan facility) of USD 20 million for the purpose of repayment of liabilities under Standby Letter of Credit and working capital, interest rate 12% p.a. and full repayment is schedule in 3 months. On 28 February 2019, the Company had drawdown the loan of USD 20 million.

Subsequently, on 7 and 10 May 2019, the Company has repaid the principle loan of fifth loan facility in full amount.

32 Events after the reporting period

32.1 Short-term loan to related party

On 26 and 30 April 2019, the Company has received all the repayment of principle and interest receivable up until 30 April 2019 in amount of Baht 116.5 million.

32.2 Loan from related party

Second loan facility

On 1 April 2019, the Company 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.

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Third loan facility

On 30 April 2019, the Company 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, the Company has repaid the principle loan of fifth loan facility in amount of USD 20 million.

32.3 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 the Company 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 the Company, 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 the Company and shareholder of the Company.

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32.4 The shareholding structure

The Company’s major shareholders before and after the allocation of newly issued ordinary shares of the existing shareholders of the Company in proportion to their respective shareholding (Rights Offering) is as shown below:

Name of shareholder	%	
	Rights Offering Before RO At March 27, 2019	Rights Offering After RO At May 3, 2019
Asia Credit Opportunities I (Mauritius) Limited	24.00	42.54
G Steel Public Company Limited	15.08	8.24
Mrs. Jarunee Chinvongvorakul	6.04	7.23
Superior Overseas (Thailand) Company Limited	2.96	1.62
GS Securities Holding Company Limited	2.20	1.20