

G J STEEL PUBLIC COMPANY LIMITED

**Interim Financial Information
and Report on Review of Interim Financial Information
Performed by the Independent Auditor
For the Period Ended September 30, 2020**

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR

To the Board of Directors of G J Steel Public Company Limited

I have reviewed the accompanying statements of financial position of G J Steel Public Company Limited as at September 30, 2020, the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and the statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2020, and condensed explanatory notes ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai 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 Thai Standards on Auditing 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 on the reviewed interim financial information.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information does not present fairly, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

Emphases of Matter

Without any revision in my conclusion, I draw attention to:

- a) Note 3 to the interim financial information, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their conditions and proper estimated useful lives. Such change in estimated useful lives was approved by the Audit Committee's meeting and the Board of Directors' meeting held on June 17, 2020.
- b) Note 1 to the interim financial information, starting early 2020, the COVID-19 pandemic has significantly negative affected to both local and global economies, which, in consequence, may have significantly negative affected to the Company's future financial position and financial performance. Although the current crisis of COVID-19 in Thailand trended to be recovered, the ultimate outcome of this matter cannot presently be determined and the negative effect to the Company cannot reasonably be estimated at this stage.

Other Matters

- a) The financial statements of G J Steel Public Company Limited for the year ended December 31, 2019 were audited by another auditor whose report dated February 25, 2020 expressed an unqualified opinion on those statements. The financial position as at December 31, 2019, which is presented herein as comparative information, is a component of such financial statements for the year ended December 31, 2019.
- b) The interim financial information of G J Steel Public Company Limited for the three-month and nine-month periods ended September 30, 2019 were reviewed by another auditor whose report dated November 7, 2019, concluding that nothing had come to her attention that caused her to believe that such interim financial information did not present fairly, in all material respects, in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting” with an emphasis of matter paragraph to the interim financial information for the three-month and nine-month periods ended September 30, 2019 that there was no factor indicating the value of property, plant and equipment as at September 30, 2019 might additionally be impaired.

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
November 9, 2020

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

A S S E T S

	Notes	In Thousand Baht	
		September 30, 2020	December 31, 2019
		"Unaudited"	"Audited"
		"Reviewed"	"Audited"
CURRENT ASSETS			
Cash and cash equivalents	5	176,965	424,062
Trade account receivables - net	6	56,879	6,197
Inventories - net	3, 7, 15	1,473,215	1,366,610
Other current assets - net	4, 8	117,477	85,084
Total Current Assets		1,824,536	1,881,953
NON-CURRENT ASSETS			
Advance payment for purchase of land and building	9	210,000	210,000
Property, plant and equipment - net	3, 10, 20, 30	12,764,593	13,049,273
Other intangible assets - net	11	5,540	6,494
Other non-current assets - net	4, 13	341,722	340,185
Total Non-Current Assets		13,321,855	13,605,952
Total Assets		15,146,391	15,487,905

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Thousand Baht	
		September 30, 2020	December 31, 2019
		"Unaudited"	
	Notes	"Reviewed"	"Audited"
CURRENT LIABILITIES			
Trade account payables	7, 15	614,355	333,324
Other payables and accrued expenses	4, 16	319,562	340,171
Advances received from customers		48,850	19,800
Accrued interest expense	4, 17	151,078	137,095
Liabilities from terminated rehabilitation plan	18	173,512	170,124
Current portion of long-term borrowings from related party	4, 19	281,438	-
Current portion of lease liabilities	10, 20	5,558	439
Current provision	3, 21	-	19,175
Other current liabilities	22	16,702	17,872
Total Current Liabilities		1,611,055	1,038,000
NON-CURRENT LIABILITIES			
Long-term borrowings from related party - net	4, 19	824,229	1,049,023
Lease liabilities - net	10, 20	3,112	950
Non-current provision for employee retirement benefit	23	99,337	105,686
Total Non-Current Liabilities		926,678	1,155,659
TOTAL LIABILITIES		2,537,733	2,193,659
SHAREHOLDERS' EQUITY			
Share capital	24		
- Authorized share capital		27,600,825	27,600,825
- Issued and paid-up share capital		24,467,650	24,467,648
Warrants	25	-	-
Discount on ordinary shares	24	(9,667,488)	(9,667,486)
Deficit		(2,501,185)	(1,815,597)
Other components of equity		309,681	309,681
Shareholders' Equity - Net		12,608,658	13,294,246
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,146,391	15,487,905

G J STEEL PUBLIC COMPANY LIMITED

"UNAUDITED"

STATEMENT OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

		In Thousand Baht	
	Notes	2020	2019
REVENUES			
Revenue from sales	4, 26	3,080,358	3,083,467
Gain on foreign exchange - net		-	18,811
Reversal of loss on confirmed purchase orders for undelivered raw materia	3, 21	13,734	-
Other income	4	26,646	28,792
Total Revenues		3,120,738	3,131,070
EXPENSES			
Cost of sales	3		
- Cost of goods sold	4	3,038,310	3,142,829
- Loss on decline in value of inventories (reversal)		(14,275)	159,980
Total Cost of Sales		3,024,035	3,302,809
Selling expenses		45,308	42,681
Administrative expenses	3, 4	138,602	129,709
Loss on confirmed purchase orders for undelivered raw materials	3, 21	-	29,625
Loss on foreign exchange - net		27,647	-
Finance costs	4, 14	65,469	58,972
Total Expenses		3,301,061	3,563,796
LOSS FOR THE PERIOD		(180,323)	(432,726)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(180,323)	(432,726)
Basic Loss per Share (In Baht)	27	(0.007)	(0.017)

G J STEEL PUBLIC COMPANY LIMITED

"UNAUDITED"

STATEMENT OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

		In Thousand Baht	
	Notes	2020	2019
REVENUES			
Revenue from sales	4, 26	8,528,357	10,409,595
Gain on foreign exchange - net		-	189,674
Reversal of loss on confirmed purchase orders for undelivered raw materia	3, 21	19,175	10,940
Other income	4	57,030	86,264
Total Revenues		8,604,562	10,696,473
EXPENSES			
Cost of sales	3		
- Cost of goods sold	4	8,585,067	10,603,183
- Idle cost		37,145	180,868
- Loss on decline in value of inventories (reversal)		(81,860)	25,187
Total Cost of Sales		8,540,352	10,809,238
Selling expenses		129,893	135,289
Administrative expenses	3, 4	376,979	402,243
Loss on foreign exchange rate - net		48,810	-
Finance costs	4, 14	194,116	286,605
Total Expenses		9,290,150	11,633,375
LOSS FOR THE PERIOD		(685,588)	(936,902)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(685,588)	(936,902)
Basic Loss per Share (In Baht)	27	(0.027)	(0.046)

G J STEEL PUBLIC COMPANY LIMITED

"UNAUDITED"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

"REVIEWED"

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

		In Thousand Baht					
		Issued		Retained Earnings (Deficit)			
		and Paid-up	Discount on	Appropriated for		Other Components	
Notes		Share Capital	Ordinary Shares	Legal Reserve	Deficit	of Equity	Net
Balance as at January 1, 2019		96,104,092	(61,757,357)	18,507	(21,457,266)	309,681	13,217,657
Par value reduction to compensate the deficit	24	(82,733,088)	61,757,357	-	20,975,731	-	-
Transfer of legal reserve to compensate the deficit	24	-	-	(18,507)	18,507	-	-
Issuance of new ordinary shares	24	11,096,644	(9,667,486)	-	-	-	1,429,158
Total comprehensive loss for the period		-	-	-	(936,902)	-	(936,902)
Balance as at September 30, 2019		<u>24,467,648</u>	<u>(9,667,486)</u>	<u>-</u>	<u>(1,399,930)</u>	<u>309,681</u>	<u>13,709,913</u>
Balance as at January 1, 2020		24,467,648	(9,667,486)	-	(1,815,597)	309,681	13,294,246
Issuance of new ordinary shares	25	2	(2)	-	-	-	-
Total comprehensive loss for the period		-	-	-	(685,588)	-	(685,588)
Balance as at September 30, 2020		<u>24,467,650</u>	<u>(9,667,488)</u>	<u>-</u>	<u>(2,501,185)</u>	<u>309,681</u>	<u>12,608,658</u>

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

G J STEEL PUBLIC COMPANY LIMITED

"UNAUDITED"

STATEMENT OF CASH FLOWS

"REVIEWED"

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

	In Thousand Baht	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	(685,588)	(936,902)
Adjustments to reconcile loss for the period to net cash provided by operating activities:		
Depreciation and amortization	396,543	663,189
Work roll amortization	60,530	55,151
Interest income	(1,448)	(18,572)
Finance costs	194,116	286,605
Unrealized loss (gain) on foreign exchange - net	65,511	(75,911)
Allowance for decline in value of inventories (reversal)	(81,860)	25,187
Reversal of loss on confirmed purchase orders for undelivered raw materials	(19,175)	(10,940)
Provision for employee retirement benefit	7,754	26,744
Reversal of allowance for impairment losses on property, plant and equipment	(175)	-
Loss on write-off of fixed assets	2,137	154
Insurance compensation income - net	(1,836)	-
Provision loss for court case claim	2,400	-
Decrease (Increase) in Operating Assets:		
Trade account receivables	(50,682)	(19,390)
Inventories	(24,745)	2,108,265
Other current assets	(29,036)	123,144
Other non-current assets	(62,067)	(66,902)
Increase (Decrease) in Operating Liabilities:		
Trade account payables	275,665	(1,408,531)
Advances received from customers	29,050	21,081
Other payables and accrued expenses	(31,941)	(316,482)
Other current liabilities	(1,796)	(14,531)
Employee retirement benefit paid	(7,625)	(3,506)
Interest received	-	1,332
Net Cash Provided by Operating Activities	35,732	439,185
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from short-term loans to related party	-	94,000
Purchases of property, plant and equipment	(112,308)	(94,053)
Purchases of other intangible assets	(1,567)	(1,501)
Proceeds from insurance claim	12,629	-
Interest received	1,448	22,779
Net Cash Provided by (Used in) Investing Activities	(99,798)	21,225

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

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

"UNAUDITED"
"REVIEWED"

	In Thousand Baht	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from short-term borrowings from related party	-	624,380
Repayment of liabilities under rehabilitation plan	(1,641)	(2,237)
Repayment of short-term borrowings from related party	-	(1,863,742)
Repayment of lease liabilities	(4,029)	(376)
Cash received from issuance of new ordinary shares	-	1,502,671
Payment of expenses relating to issuance of new shares	-	(73,513)
Finance costs paid	(177,367)	(274,879)
Net Cash Used in Financing Activities	(183,037)	(87,696)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (247,103)	 372,714
 CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	 424,062	 201,032
 Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	 <u>6</u>	 <u>(827)</u>
 CASH AND CASH EQUIVALENTS, AT END OF PERIOD	 <u>176,965</u>	 <u>572,919</u>
 Additional cash flow information :		
1) Property, plant and equipment increased by means of :		
- Lease liabilities	11,450	-
- Other account payables - net	1,837	-
- Cash payments	<u>112,308</u>	<u>94,053</u>
Total	<u>125,595</u>	<u>94,053</u>
 2) Non-current provision for employee retirement benefit transferred to other payables and accrued expenses	 <u>6,478</u>	 <u>-</u>
 3) Issuance of new ordinary shares from exercise warrants	 <u>2</u>	 <u>-</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements
September 30, 2020 (Unaudited/Reviewed)

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G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
September 30, 2020 (Unaudited/Reviewed)

The interim financial statements were approved and authorized for issue by the Board of Directors on November 9, 2020.

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 July 2, 1996.

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

1.2 The shareholding structure

The Company’s major shareholders as follows:

Shareholders’ Name	Proportionate of share (%)	
	September 30, 2020	December 31, 2019
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) - incorporated in the Republic of Mauritius	40.45	40.45
G Steel Public Company Limited (“G Steel”)	8.24	8.24
Mrs. Jarunee Chinvongvorakul	7.38	7.38
Superior Overseas (Thailand) Company Limited	1.62	1.62
GS Securities Holdings Co., Ltd. (“GS Securities”) GS Securities are 99.99% owned by G Steel	1.21	1.21

1.3 Going concern

As at September 30, 2020 and December 31, 2019, part of financial position of the Company are as follows:

Risk effected to the going concern	In Million Baht			
	September 30,		As at	
	2020	2019	September 30, 2020	December 31, 2019
(1) Loss for the three-month period ended	(180)	(433)		
(2) Loss for the nine-month period ended	(685)	(937)		
(3) Deficit			(2,501)	(1,816)
(4) Current assets exceed current liabilities			213	844

As at September 30, 2020 and December 31, 2019, there were no factors that may cause significant doubt on going concern since the Company has accomplished its plan by negotiating debt restructuring with major creditors by repaying partial debt and conversion of debts-to-equity successfully in year 2017 and obtained credit facility for additional working capital as discussed in Note 30. Furthermore, the capital restructuring plan as approved by the Extraordinary Shareholders’ Meeting No. 1/2019 on January 14, 2019 combined with increase in additional paid-up capital registered with the Ministry of Commerce on May 3, 2019 from the allocation of new ordinary shares to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) as discussed in Note 24. In addition, the Company still has various plans to increase the profitability in future as followings:

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
September 30, 2020 (Unaudited/Reviewed)

a) The production

The Company has the production strategy to utilize the off-peak period (which has lower demand for electricity and hence lower tariff rate) and 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 importers. Various projects in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc., are under progress.

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 anti-dumping 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:

Anti-Dumping Measures (5-year term)

	Import Goods	Origin	Anti-Dumping Duty Rate	Effective
1	Hot-rolled steel flat products in coil and not in coil	14 countries	Various rate from 0% up to 128.11% of C.I.F. value	May 20, 2020 to May 19, 2021*
2	Hot-rolled steel flat products in coil and not in coil	China and Malaysia	China at 30.91% of C.I.F. value, Malaysia at 23.57% - 42.51% of C.I.F. value	Jun 23, 2017 to Jun 22, 2022
3	Hot-rolled steel flat products in coil and not in coil	Brazil, Iran and Turkey	Brazil at 34.40% of C.I.F. value, Iran at 7.25% - 38.27% of C.I.F. value, Turkey at 6.88% - 38.23% of C.I.F. value	May 16, 2017 to May 15, 2022
4	Boron-added steel hot rolled flat products in coil and not in coil	China	at 14.28% - 19.47% of C.I.F. value	Dec 13, 2018 to Dec 12, 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 May 5, 2020 (published on the royal gazette on May 20, 2020) the “Notification for Initiation of Expiry Review for Continuation of the Anti-dumping Measure on Hot-Rolled Steel Flat Products in coils and not in coils Originated from Japan, Republic of South Africa, Russian Federation, Republic of Kazakhstan, Republic of India, Republic of Korea, Taiwan, Republic of Venezuela, Argentina, Ukraine, Algeria, Republic of Indonesia, Slovak Republic and Romania”, as the start of the anti-dumping measure continuation review procedure, in which several interested parties were participating. And during Expiry review process, the collateral for paying the anti-dumping duty on the said goods have to be collected in the same anti-dumping rate for a period not exceeding 1 year, after the previous measure expiry on May 22, 2020.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
September 30, 2020 (Unaudited/Reviewed)

Safeguard Measures (3-year term)

	Import Goods	Origin	Safeguard Duty Rate	Effective
1	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)	<ul style="list-style-type: none"> - Imported Jun 7, 2017 - Jun 6, 2018 at 21.00% of C.I.F. value - Imported Jun 7, 2018 - Jun 6, 2019 at 20.87% of C.I.F. value - Imported Jun 7, 2019 - Jun 6, 2020 at 20.74% of C.I.F. value 	Jun 7, 2017 to Jun 6, 2020*

* The Safeguard Measure on Non-Alloy Steel Hot-Rolled Flat Products has ended on June 6, 2020.

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

For the 1st Quarter of year 2020

Total domestic demand for hot-rolled steel flat products for the 1st Quarter of year 2020 is 1.51 million metric tonnes (“mmt”) (average 0.51 mmt per month), and decrease by 0.05 mmt or (3.44%) decrease from 1st Quarter of year 2019.

This consists of 0.74 mmt of domestic production (average 0.25 mmt per month), 0.77 mmt of import (average 0.26 mmt per month) and small volume 0.006 mmt of exports (average 0.002 mmt per month).

For the 2nd Quarter of year 2020

Total domestic demand for hot-rolled steel flat products for the 2nd Quarter of year 2020 is 1.10 mmt (average 0.37 mmt per month), and decrease by 0.82 mmt or (42.69%) decrease from 2nd Quarter of year 2019.

This consists of 0.56 mmt of domestic production (average 0.19 mmt per month), 0.55 mmt of import (average 0.18 mmt per month) and small volume 0.009 mmt of exports (average 0.003 mmt per month).

For the 3rd Quarter of year 2020

Total domestic demand for hot-rolled steel flat products for the 3rd Quarter of year 2020 is 1.21 mmt (average 0.40 mmt per month), and decrease by 0.46 mmt or (27.70%) decrease from 3rd Quarter of year 2019.

This consists of 0.66 mmt of domestic production (average 0.22 mmt per month), 0.55 mmt of import (average 0.18 mmt per month) and small volume 0.001 mmt of exports (average 0.0003 mmt per month).

Coronavirus Outbreak Situation

On March 11, 2020, the World Health Organization declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Thailand and markets in which the Company operate. Currently, Thai Government approved the extension of the Emergency Decree on Public Administration in Emergency Situation to control the spread of COVID-19 in Thailand until the end of November 2020.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
September 30, 2020 (Unaudited/Reviewed)

Although the current crisis of COVID-19 in Thailand trending towards recover, the Company is unable to reasonably estimate the financial negative impact of the COVID-19 on the interim financial statements for the three-month and nine-month periods ended September 30, 2020 to be disclosed in the Notes to interim financial statements. It is, however, certain that Thailand and worldwide measures against spread of the COVID-19 will have adverse effects on the Company's future revenues, operations and supply chains. The Company will continuously monitor the negative impact of COVID-19 on its future financial position and financial performance. The Company will also be taking appropriate and timely measures to minimize the negative impact of the COVID-19 pandemic on the Company's future operations.

2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

The Company maintains its accounting records in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the interim financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

The interim financial statements have been prepared to provide an update on the financial statements for the year ended December 31, 2019. They 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 for the year ended December 31, 2019.

For the convenience of the readers, the Company has prepared an English translation of the interim financial statements from the Thai language interim financial statements, which are issued solely for domestic financial reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2019, except that the Company has adopted all the new and/or revised Thai Financial Reporting Standards that are effective for annual periods beginning on or after January 1, 2020.
- 3.2 Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2020, in the Notes to financial statements for the year ended December 31, 2019.

The major changes are:

- (a) TFRS - Financial instruments standards

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Except for TFRS 16, the Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact to the interim financial information for the three-month and nine-month periods ended September 30, 2020.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
September 30, 2020 (Unaudited/Reviewed)

(b) TFRS 16 - Lease

TFRS 16 supersedes TAS 17 “Leases” together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all operating leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessor under TFRS 16 is substantially unchanged from TAS 17. Lessor will continue to classify lease as either operating or finance lease using similar principles to those used under TAS 17.

The Company (as the lessee) has recognized the cumulative effect of initial applying TFRS 16 and the comparative information was not restated. The Company elects to apply TFRS 16 to lease previously classified as an operating lease by recognizing lease liabilities as of January 1, 2020 at the present value of lease payments to be made over the remaining lease term which is discounted by the incremental borrowing rate of the Company as of the initial application date and recognized right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position before the date of initial application.

3.3 Change in estimated useful lives of fixed assets

In preparing the interim financial statements for the period ended September 30, 2020, the management has reviewed and changed the estimated useful lives of buildings, machinery and equipment in accordance with their condition and proper estimated useful lives assessed by the independent engineering consultant’s report in February 2020. Such change in estimated useful lives was approved by the Audit Committee’s meeting and the Board of Directors’ meeting held on June 17, 2020. Depreciation is calculated by using the straight-line method as used previously. The change in estimated useful lives were applied for the financial statements starting January 1, 2020 as below:

Type of assets	Estimated useful lives of assets (Years)	
	From 2011 until 2019	From 2020 onwards
Buildings	20 - 50	40 - 50 (remaining useful lives not over 15 - 25 years from 2020)
Machinery and equipment	15 - 30	21 - 41 (remaining useful lives not over 20 years from 2020)

The Company recorded such change from January 1, 2020. The effect of the change to the interim financial statements for the three-month and nine-month periods ended September 30, 2020 are as follows:

	In Million Baht		
	Previous estimated useful lives	Current estimated useful lives	Change
Statement of financial position as at September 30, 2020			
Buildings - At cost	3,936	3,936	-
Less : Accumulated depreciation	(2,616)	(2,637)	(21)
Less : Accumulated impairment losses	(48)	(48)	-
Net	1,272	1,251	(21)
Machinery and equipment - At cost	15,738	15,738	-
Less : Accumulated depreciation	(10,190)	(9,860)	330
Less : Accumulated impairment losses	(342)	(342)	-
Net	5,206	5,536	330
Total net book value	6,478	6,787	309
Inventories	1,514	1,510	(4)
Less: Allowance for decline in value of inventories	(51)	(37)	14
Net	1,463	1,473	10
Current provision	11	-	(11)

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	In Million Baht		
	Previous estimated useful lives	Current estimated useful lives	Change
<i>Statement of comprehensive income for the three-month period ended September 30, 2020</i>			
Depreciation of buildings, machinery and equipment	194	90	(104)
Less : Allocation to ending finished goods			(2)
Depreciation charged to (profit) loss			(106)
Consisted of:			
- Cost of goods sold			(107)
- Administrative expenses			1
Total			(106)
Loss on decline in value of inventories (reversal)	(29)	(14)	15
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(122)	(14)	108
Grand total			17
<i>Statement of comprehensive income for the nine-month period ended September 30, 2020</i>			
Depreciation of buildings, machinery and equipment	578	269	(309)
Less : Allocation to ending finished goods			4
Depreciation charged to (profit) loss			(305)
Consisted of:			
- Cost of goods sold			(288)
- Idle cost			(20)
- Administrative expenses			3
Total			(305)
Loss on decline in value of inventories (reversal)	(68)	(82)	(14)
Loss on confirmed purchase orders for undelivered raw materials (reversal)	(8)	(19)	(11)
Grand total			(330)

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4. TRANSACTIONS WITH 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 Company Limited ("G Steel")	Thailand	Manufacture and sale of steel	Parent company
Oriental Access Co., Ltd. ("OAC")	Thailand	Business consulting services	Indirect subsidiary of G Steel (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
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")	Republic of 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")	Republic of Mauritius	Special-purpose for investment	Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. ("SSG III")
Synergy Strategic Solutions Management DMCC ("Synergy")	United Arab Emirates	Business advisory	Common director
SSP Place Co., Ltd.	Thailand	Office rental	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of Steel	Connected person with the Company and G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
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 (registered the dissolution of the Company on May 23, 2019)
The Steel Public Company Limited *	Thailand	Manufacture and sale of steel	Related party of the shareholder of G Steel
Liberty Steel Siam Co., Ltd. *	Thailand	Sale of Steel	Subsidiary of related party of the shareholder of G Steel
Wallstreet Tullet Prebon Co., Ltd.	Thailand	Brokerage financial instruments	Common director
Wallstreet Tullet Prebon Securities Ltd.	Thailand	Brokerage trading securities	Common director
Anda Development Co., Ltd.	Thailand	Residential real estate trading	Common director

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Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
Great Siam Steel Works Co., Ltd.	Thailand	Trading of rolled steel	Common director (common director resigned from the Company in 2 nd quarter of 2019)
Key management personnel	Thai	-	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

* These companies were not determined as related parties since the first quarter of 2020 because the shareholders of such companies had ownership interests in G Steel not exceeding 10%.

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

Transactions	Pricing policies
Sale of raw materials	Cost plus margin and agreed prices
Sale of finished goods	Agreed prices with reference to market prices
Interest income	Contractual rate
Purchase of raw materials	Cost plus margin and agreed prices
Purchase of finished goods	Agreed prices with reference to market prices
Cost of production services	Contractual prices
Rental and service expenses	Contractual prices
Business advisory services	Contractual prices
Finance costs	Contractual rates

Significant transactions for each of the three-month and nine-month periods ended September 30, 2020 and 2019 with related parties were as follows:

	In Million Baht			
	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
Parent (G Steel)				
Sales of raw materials and finished goods	144	-	144	307
Interest income	-	-	-	17
Other income	-	1	-	1
Purchases of raw materials	-	1	37	36
Cost of production services	-	-	-	274
Other related parties				
Sales of raw materials and finished goods	-	64	2	181
Rental and service expenses	-	1	-	4
Business advisory services	-	4	2	9
Finance costs	57	57	172	248
Key management personnel				
Key management personnel compensation				
Short-term benefits	9	7	24	24
Long-term benefits	0.1	0.2	0.4	1.6

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Balances as at September 30, 2020 and December 31, 2019 with related parties were as follows:

		In Million Baht	
	Notes	September 30, 2020	December 31, 2019
Advances to supplier	8		
Other related party			
Mahachai Steel Center Co., Ltd.		-	8
Less: Allowance for impairment loss		-	(8)
Net		-	-
Refundable deposits	13		
Other related party			
SSP Place		-	1
Other payables and accrued expenses	16		
Other related parties			
OAC		13	13
SSP Place		-	1
Synergy		-	1
Total		13	15
Long-term loan from related party - net	19		
Other related party			
Link Capital I		1,105	1,049
Accrued interest expense	17		
Other related parties			
OAC		5	5
Link Capital I		32	29
Total		37	34

On January 20, 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. Later on March 18, 2020, the Company made an agreement of termination of the business advisory and review agreement to the lender and business advisory company which was effective on January 1, 2020 onwards.

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5. CASH AND CASH EQUIVALENTS

	In Million Baht	
	September 30, 2020	December 31, 2019
Cash at banks - savings account	177	424

The currency denomination of cash and cash equivalents as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	177	411
United States Dollars	-	13
Total	177	424

6. TRADE ACCOUNT RECEIVABLES - Net

	In Million Baht	
	September 30, 2020	December 31, 2019
Other parties	409	358
Less: Allowance for doubtful accounts	(352)	(352)
Net	57	6

Aging analyses for trade accounts receivable were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Within credit-term	24	-
Overdue		
- Not over 3 months	33	6
- Over 12 months	352	352
Total	409	358
Less: Allowance for doubtful accounts	(352)	(352)
Net	57	6

The normal sales terms granted by the Company are cash and credit 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 September 30, 2020 and December 31, 2019 are shown in the table below:

	In Million Baht	
	September 30, 2020	December 31, 2019
Trade account receivables - Customer 1	352	352
Less: Allowance for doubtful accounts	(352)	(352)
Net	-	-

The Company had no sales transactions for each of the three-month and nine-month periods ended September 30, 2020 and 2019 with the Non-Performing Domestic Customers.

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In July 2013, the Company filed complaints against the Non-performing Customer 1 with Civil Court for breach of sale and purchase agreements. Subsequently on March 24, 2020, the Central Bankruptcy Court ordered bankruptcy to Customer 1 and completed hearing with director of such customer on June 29, 2020. At the present, it is in the process of making a bankruptcy verdict in writing by the Central Bankruptcy Court.

The currency denomination of trade accounts receivable, gross amount as at September 30, 2020 and December 31, 2019 was as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	409	358

7. INVENTORIES - Net

	In Million Baht	
	September 30, 2020	December 31, 2019
Finished goods	289	346
Raw materials	604	418
Consumables	104	127
Spare parts	393	336
Goods in transit	120	259
Total	1,510	1,486
Less: Allowance for decline in value of inventories	(37)	(119)
Net	1,473	1,367
Reversal of allowance for decline in value of inventories during the period/year	82	73
Carrying value of inventories pledged to secure trade account payable (Note 15)	22	-

8. OTHER CURRENT ASSETS - Net

	In Million Baht	
	September 30, 2020	December 31, 2019
Advances to suppliers		
Related party	-	8
Other parties	86	61
	86	69
Less: Allowance for impairment losses	(11)	(11)
	75	58
Suspense input tax	10	9
Prepaid expenses and others	32	18
Net	117	85

On September 13, 2019 the Company filed a lawsuit against a local company representative to the Southern Bangkok Criminal Court due to the defendant counterfeited the bank account in such sale and purchase documents of a foreign company which is a manufacturer of electrode for an amount of Baht 2.3 million together with the interest 7.5% p.a. from the date the defendant had committed the offense. The Court made an appointment for reconciliation session on November 13, 2019, but the parties could not reach an agreement. Subsequently, on August 17, 2020 and August 31, 2020, the Court made an inquiry with the plaintiff, which has not yet been completed. The Court, therefore, ordered an additional hearing on February 8, 2021 and February 15, 2021.

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9. ADVANCE PAYMENT FOR PURCHASE OF LAND AND BUILDING

On September 29, 2015, the Company and the land seller agreed to mortgage 5 land title deeds which are presented as part of advances for purchase of land and building amounting to Baht 210 million as collateral to the Revenue Department, as security of tax installment for both of the Company and G Steel totalling Baht 330 million (For the Company amounting to Baht 206 million) as discussed in Note 16. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020. Presently, the land seller has not yet transferred the ownership of such land to the Company.

10. PROPERTY, PLANT AND EQUIPMENT - Net

The movements of property, plant and equipment - net during the nine-month period ended September 30, 2020 were as follow:

	<u>In Million Baht</u>
Net book value as at January 1, 2020	13,049
Effects of the adoption of TFRS 16 as at January 1, 2020	10
Additions	116
Write-off	(16)
Depreciation charge for the period	(394)
Net book value as at September 30, 2020	<u>12,765</u>
Owned assets	12,756
Right-of-use assets	9
Total	<u>12,765</u>

Details of construction in progress as at September 30, 2020 and December 31, 2019 were as follows:

	<u>In Million Baht</u>	
	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	286	317
Total	<u>6,849</u>	<u>6,880</u>
Less: Allowance for impairment losses	(3,122)	(3,122)
Net	<u>3,727</u>	<u>3,758</u>

Mortgaged property, plant and equipment

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 the Company has completely settled debt under rehabilitation plan to such creditors. On October 28, 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. Currently, two defendants have released the mortgaged assets.

On May 6, 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 the present, the Company is in the process of redemption the collateral.

The Company's property, plant and equipment, which have net book values as at September 30, 2020 and December 31, 2019 totalling Baht 7,487 million and Baht 7,695 million, respectively, are mortgaged first ranking security against the bondholders as mentioned above, and are mortgaged second ranking security against credit facilities from a foreign related party (at mortgage amount of Baht 6,619 million) as discussed in Notes 14 and 30.

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Notes to Interim Financial Statements (Continued)
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Mortgaged as security for tax liabilities

On May 14, 2013, the Company's Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 624 million and Baht 659 million as at September 30, 2020 and December 31, 2019, respectively, 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 October 10, 2013. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and during the process to release the mortgaged assets.

On July 9, 2015, the Company's Board of Directors had approved to place 5 pieces of land title deed to be additional security to the Revenue Department. On September 29, 2015, the land had been mortgaged as discussed in Note 9. In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released one mortgaged land title deed in August 2020.

Right-of-use assets are acquired by lease liabilities as discussed in Note 20.

11. OTHER INTANGIBLE ASSETS - Net

The movements of other intangible assets - net during the nine-month period ended September 30, 2020 were as follow:

	<u>In Million Baht</u>
Net book value as at January 1, 2020	6
Additions	2
Amortization charge for the period	(2)
Net book value as at September 30, 2020	<u>6</u>

12. DEFERRED TAX

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

	<u>In Million Baht</u>	
	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	70	70
- Allowance for decline in value of inventories	7	24
- Allowance for impairment on advances to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	722	722
- Allowance for impairment loss on other intangible assets	2	2
- Depreciation gap	535	523
- Allowance for impairment loss on other non-current assets	411	411
- Provision for loss on confirmed purchase orders for undelivered raw materials	-	4
- Non-current provision for employee retirement benefit	20	21
- Other payables and accrued expenses	2	-
	<u>1,771</u>	<u>1,779</u>
Tax loss carried forwards	600	480
Total	<u>2,371</u>	<u>2,259</u>

Tax loss carried forwards will expire in 2020 to 2024. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized 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 utilize the benefits there from.

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13. OTHER NON-CURRENT ASSETS - Net

	In Million Baht	
	September 30, 2020	December 31, 2019
Suspended construction in progress	2,086	2,086
Less: Allowance for impairment loss	(2,053)	(2,053)
	33	33
Cash guarantee for purchase natural gas	45	45
Restricted deposits at financial institutions	1	1
Deferred cost of roll - net	259	231
Refundable deposits		
Related party	-	1
Other parties	1	1
Others	3	28
Net	342	340

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 since 1999.

14. INTEREST-BEARING LIABILITIES

		In Million Baht	
	Notes	September 30, 2020	December 31, 2019
<i>Current</i>			
Trade account payables - Unsecured	15	3	-
Other payables and accrued expenses - Unsecured	16	18	13
Liabilities from terminated rehabilitation plan - Unsecured	18	174	170
Current portion of long-term borrowings from related party - Secured	4, 19	281	-
Current portion of lease liabilities - Secured	20	6	-
Total current		482	183
<i>Non-Current</i>			
long-term borrowings from related party - net - Secured	4, 19	824	1,049
Lease liabilities - net - Secured	20	3	1
Total non-current		827	1,050
Total		1,309	1,233

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The periods to maturity of interest-bearing liabilities as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Not later than 1 year	482	183
Later than 1 year but not later than 5 years	827	1,050
Total	1,309	1,233

Secured interest-bearing liabilities as at September 30, 2020 and December 31, 2019 were secured on the following assets:

	Notes	In Million Baht	
		September 30, 2020	December 31, 2019
Property, plant and equipment - net	10	7,487	7,695

The currency denomination of interest-bearing liabilities as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	101	260
United States Dollars	1,197	962
Euro	8	8
Singapore Dollars	3	3
Total	1,309	1,233

15. TRADE ACCOUNT PAYABLES

	In Million Baht	
	September 30, 2020	December 31, 2019
Other parties	614	333

The currency denomination of trade accounts payable as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	239	92
United States Dollars	375	227
Euro	-	14
Total	614	333

As at September 30, 2020, the Company has agreements to purchase raw materials from various suppliers. The Company withdrew raw materials and had not paid for the raw materials withdrawn under consignment agreements totalling Baht 56 million (As at December 31, 2019: No outstanding account payable).

As at September 30, 2020, one trade account payable guaranteed by inventories totalling Baht 22 million as discussed in Note 7 (As at December 31, 2019: Nil).

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16. OTHER PAYABLES AND ACCREUD EXPENSES

	In Million Baht	
	September 30, 2020	December 31, 2019
Related parties	13	15
Tax installment payable	-	58
Electricity payable	119	96
Others	188	171
Total	320	340

Tax installment payable - Revenue Department

As at December 31, 2019, the Company had outstanding balance of tax installment payable to Revenue Department amounting to Bath 58 million (As at September 30, 2020: Nil).

Under this repayment schedule, the Company mortgaged its 1 plot of land and construction, pickle and oil line as collateral together with the guarantee provided for another company.

In April 2020, the Company already paid remaining balances of such tax installment payable in full amount and released such mortgaged land title deed in August 2020.

The currency denomination of other payables and accrued expenses as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	275	317
United States Dollars	27	20
Euro	18	3
Total	320	340

17. ACCRUED INTEREST EXPENSE

	In Million Baht	
	September 30, 2020	December 31, 2019
Trade account payables	-	2
Other payables and accrued expenses from related party	5	5
Other payables and accrued expenses from other parties	1	-
Liabilities from terminated rehabilitation plan	113	101
Borrowings from related party	32	29
Total	151	137

The currency denomination of accrued interest expense as at September 30, 2020 and December 31, 2019 was as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	55	51
United States Dollars	88	79
Euro	6	5
Singapore Dollars	2	2
Total	151	137

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Notes to Interim Financial Statements (Continued)
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18. LIABILITIES FROM TERMINATED REHABILITATION PLAN

In 1998, the Company faced the financial problems from financial crisis causing the Company to be unable to repay the existing debt. And in April 2000, the Company entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002, the Central Bankruptcy Court approved the business rehabilitation plan. Later on November 28, 2008, the Company filed a petition to terminate the business rehabilitation with the Central Bankruptcy Court and on March 2, 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceeding of the Company.

The movement of liabilities from terminated rehabilitation plan for the nine-month period ended September 30, 2020 was as follows:

	In Million Baht
At January 1, 2020	170
Repayments during the period	(2)
Exchange rate adjustments during the period	6
At September 30, 2020	174

Liabilities from terminated rehabilitation plan as at September 30, 2020 and December 31, 2019 were included in the financial statements as follows:

			In Million Baht	
Creditor		Due date	September 30, 2020	December 31, 2019
Class 4	Employees	July 2015	4	4
Class 5	Equipment Claims	October 2011	9	8
Class 13	Other Creditors	October 2011	161	158
Total			<u>174</u>	<u>170</u>

The repayment schedules of each creditor under Class 4 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 4 and Class 13 is October 31, 2011.

The Company's liabilities from terminated rehabilitation plan were duly on October 31, 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 from terminated rehabilitation plan as at September 30, 2020 and December 31, 2019 as current liabilities in the Company's statements of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at a rate of 7.5% per annum from the date of default.

During the first quarter of 2020, the Company already paid liabilities from terminated rehabilitation plan of Baht 0.6 million plus interest at the rate of 7.5% per annum from the default date according to the judgment of the Court of Appeal as discussed in Note 29.

The currency denomination of liabilities from terminated rehabilitation plan as at September 30, 2020 and December 31, 2019 was as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	74	75
United States Dollars	88	84
Euro	8	8
Singapore Dollars	4	3
Total	<u>174</u>	<u>170</u>

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19. LONG-TERM BORROWINGS FROM RELATED PARTY - Net

Credit facilities	Amount (In Million USD)	In Million Baht	
		September 30, 2020	December 31, 2019
First loan facility - Cash loan	30	955	910
Second loan facility - Cash loan and Standby letter of credit	5	159	152
Total		<u>1,114</u>	<u>1,062</u>
Long-term borrowings from related party		1,114	1,062
Less: Deferred loan arrangement fee		<u>(9)</u>	<u>(13)</u>
		1,105	1,049
Less: Portion due within one year		<u>(281)</u>	<u>-</u>
Net		<u>824</u>	<u>1,049</u>

The movements of long-term borrowings from related party for the nine-month period ended September 30, 2020 were as follows:

	In Million Baht
At January 1, 2020	1,049
Amortization of deferred loan arrangement fee during the period	4
Exchange rate adjustments during the period	<u>52</u>
At September 30, 2020	<u>1,105</u>

The currency denomination of loan from related party as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
United States Dollars	<u>1,114</u>	<u>1,062</u>

20. LEASE LIABILITIES - Net

	In Million Baht	
	September 30, 2020	December 31, 2019
Minimum lease payments of lease liabilities	9.53	1.50
Less: Deferred interest	<u>(0.86)</u>	<u>(0.11)</u>
	8.67	1.39
Less: Portion due within one year - net deferred interest	<u>(5.56)</u>	<u>(0.44)</u>
Net	<u>3.11</u>	<u>0.95</u>

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As of September 30, 2020 and December 31, 2019, the Company has lease liabilities with the period of payment as follows:

	In Million Baht					
	September 30, 2020			December 31, 2019		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Not later than 1 year	5.56	0.68	6.24	0.44	0.06	0.50
Later than 1 year but not later than 5 years	3.11	0.18	3.29	0.95	0.05	1.00
Total	8.67	0.86	9.53	1.39	0.11	1.50

The Company entered into various lease contracts with various local leasing and private companies for purchase of certain assets at the expiry date of the lease contracts and for obtaining the right to control and use right-of-use assets as discussed in Note 10. The Company shall have to comply with certain restriction as specified in the lease contracts.

21. CURRENT PROVISION

The movements of current provision for loss in obligation on raw materials purchase orders which have not yet received, for the nine-month period ended September 30, 2020 were as follows:

	In Million Baht
At January 1, 2020	19
Decrease during the period	(19)
At September 30, 2020	-

22. OTHER CURRENT LIABILITIES

	In Million Baht	
	September 30, 2020	December 31, 2019
Liabilities related to taxes	4	6
Construction payables	12	11
Others	1	1
Total	17	18

The currency denomination of other current liabilities as at September 30, 2020 and December 31, 2019 were as follows:

	In Million Baht	
	September 30, 2020	December 31, 2019
Thai Baht	5	7
United States Dollars	10	9
Euro	2	2
Total	17	18

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23. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Million Baht
Non-current provision for employee retirement benefit as at January 1, 2020	106
Current service cost and interest cost	7
Employee retirement benefit paid	(8)
Transferred to other payables and accrued expenses	(6)
Non-current provision for employee retirement benefit as at September 30, 2020	99

Expenses recognized in the statements of comprehensive income for each of the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

	In Million Baht			
	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	2020	2019
In loss for the period:				
Current service cost and interest cost	2	2	7	7
Past service cost from change in define benefit plan	-	-	-	20
Total	2	2	7	27

Actuarial assumptions:

Discount rate	2.8% per annum
Future salary increase	5% - 7% per annum
Employee turnover rate	5% - 10% per annum
Mortality rate	100% of Thai Mortality Table Year 2017

24. SHARE CAPITAL AND LEGAL RESERVE

The movements of share capital for each of the nine-month periods ended September 30, 2020 and 2019 were as follows:

	2020			2019		
	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)	Par value per share (In Baht)	Number of share (Million shares)	Amount (In Million Baht)
Authorized share capital						
At January 1	0.96	28,751	27,601	6.90	18,738	129,298
Par value reduction	-	-	-	(5.94)	-	(111,309)
Reduction in the register capital	-	-	-	(0.96)	(1,957)	(1,879)
Increase in the register capital	-	-	-	0.96	11,970	11,491
At September 30	0.96	28,751	27,601	0.96	28,751	27,601
Issued and paid-up share capital						
At January 1	0.96	25,487	24,468	6.90	13,928	96,104
Par value reduction	-	-	-	(5.94)	-	(82,733)
Issuance of new shares	-	-	-	0.96	11,559	11,097
At September 30	0.96	25,487	24,468	0.96	25,487	24,468

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Share discount

The movement of share discount during the nine-month periods ended September 30, 2020 and 2019 are shown in the table below:

	In Million Baht	
	2020	2019
At January 1	(9,667)	(61,757)
Par value reduction	-	61,757
Issuance of new shares	-	(9,667)
At September 30	(9,667)	(9,667)

At the extraordinary shareholders' meeting of the Company held on January 14, 2019, the shareholders passed the resolutions to:

- Transfer of legal reserve totalling Baht 18.5 million to compensate the deficit. The Company already transferred of legal reserve to compensate the deficit.
- the reduction of the Company's registered capital from Baht 6.90 to Baht 0.96 to compensate the Company's deficit resulting to the Company's registered capital decreased from Baht 129,298.4 million to Baht 17,989.3 million and the Company's paid-up capital reduced from Baht 96,104.1 million to Baht 13,371.0 million which the Company reduced paid-up capital to deduct the discount on ordinary shares of Baht 61,757.4 million and the deficit of Baht 20,975.7, respectively. The Company registered the decreased in authorized share capital with the Ministry of Commerce on March 18, 2019.

On May 3, 2019, the Company 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 of 25,487,133,396 shares, at the par value of Baht 0.96 per share. In this regard, such capital increase resulted in the Company having an increasing in discount on ordinary shares in amount of Baht 9,594 million with the expenses relating to issuance of new shares amounting to Baht 73.5 million which was recorded under discount on ordinary shares.

25. WARRANTS

The movements of warrants for each of the nine-month periods ended September 30, 2020 and 2019 were as follows:

	Offering price per unit (in Baht)	2020		2019	
		Unit (Million shares)	Amount (In Million Baht)	Unit (Million shares)	Amount (In Million Baht)
At 1 January					
- Third Warrants (GJS-W3)	0.00	3,674	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	2,754	-	2,754	-
Movement during the period:					
- Expiration		(6,428)	-	-	-
At 30 September					
- Third Warrants (GJS-W3)	0.00	-	-	3,674	-
- Fourth Warrants (GJS-W4)	0.00	-	-	2,754	-

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At the Extraordinary Shareholders' Meeting No. 1/2019, which was held on 14 January 2019 approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary share GJS-W3 and GJS-W4. Details of the rate and price of rights adjustment are as follows:

25.1 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

25.2 Adjustment of rights in case the Company allocates the newly-issued ordinary shares of the Company's 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 of the Company's 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 September 30, 2019 is as follow:

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

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

As at September 30, 2020, the Company had no remaining warrants because:

- On February 7, 2020, third warrants (GJS-W3) of 3,674 million units, there was only 3,000 warrants which were exercised and the remaining warrants were cancelled by the Stock Exchange of Thailand in the following day.
- On February 11, 2020 fourth warrants (GJS-W4) of 2,754 million units, there was no warrant holders exercise and it was cancelled in the following day.

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26. 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 and nine-month periods ended September 30, 2020 and 2019 were as follows:

	In Million Baht			
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Segment revenue - Domestic	3,080	3,083	8,528	10,410
Segment result - gross margin (loss)	56	(220)	(12)	(399)

Information about major customers

During the three-month periods ended September 30, 2020, the Company had revenues from the domestic sales to 3 customers for the total amount of Baht 1,918 million (2019: 4 customers of Baht 2,323 million).

During the nine-month periods ended September 30, 2020, the Company had revenues from the domestic sales to 2 customers for the total amount of Baht 4,526 million (2019: 4 customers of Baht 6,388 million).

27. BASIC LOSS PER SHARE

The calculations of basic loss per share for each of the three-month and nine-month periods ended September 30, 2020 and 2019 were based on the loss for the periods attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

<i>For the three-month periods ended September 30</i>	In Million Baht / Million shares	
	2020	2019
Loss for the period attributable to equity holders of the Company	(180)	(433)
Number of ordinary shares outstanding at July 1	25,487	25,487
Effect of issuance of new shares	-	-
Weighted average number of ordinary shares outstanding	25,487	25,487
Basic loss per share (in Baht)	(0.007)	(0.017)

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	In Million Baht / Million shares	
	2020	2019
<i>For the nine-month periods ended September 30</i>		
Loss for the period attributable to equity holders of the Company	(685)	(937)
Number of ordinary shares outstanding at January 1	25,487	13,928
Effect of issuance of new shares	-	6,393
Weighted average number of ordinary shares outstanding	25,487	20,321
Basic loss per share (in Baht)	(0.027)	(0.046)

The Company did not present the diluted loss per share for the three-month and nine-month periods ended September 30, 2019 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 loss per share.

28. COMMITMENTS AND CONTINGENT LIABILITIES

As at September 30, 2020 and December 31, 2019, the Company had commitments and contingent liabilities as below:

	In Million Baht	
	September 30, 2020	December 31, 2019
<i>Commitments under lease and service agreements</i>		
Not later than 1 year	1	7
Later than 1 year but not later than 5 years	-	5
Total	1	12
<i>Capital commitments</i>		
Purchases of assets	121	109
<i>Commitments for purchases of raw materials and supplies</i>		
Purchases of raw materials	473	819
Purchases of natural gas	288	342
Total	761	1,161
<i>Contingent liabilities</i>		
Bank guarantees	170	170
Standby letter of credit	353	399
Total	523	569

29 LITIGATIONS

- 29.1 One supplier filed a complaint against the Company for breach of the rehabilitation plan, with the litigation amount of Baht 0.6 million plus interest at the rate of 7.5% per annum from the date of default until the settlement date. Subsequently on September 23, 2019, the Court of Appeal determined the Company to pay such debts. The Company already paid such debts according to the judgment of the Court of Appeal in the first Quarter of 2020.
- 29.2 A former employee filed a complaint to the Central Labour Court against the Company for the unfair lay-off effective from December 10, 2019 and requested the Company to pay him Baht 23 million. Subsequently on September 29, 2020, the Court of First Instance determined the Company to pay the compensation to such employee totalling Baht 2.4 million plus interest at the rate of 7.5% per annum until settlement date (interest charge of approximately Baht 0.1 million as at September 30, 2020). The Company had recorded provision loss for court case claim of Baht 2.4 million as a part of "Other payables and accrued expenses" in the statement of financial position as at September 30, 2020. However, the Company's management is during the filing appeal to the Court of Appeal.

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30. CREDIT FACILITIES FOR OPERATION

As at September 30, 2020 and December 31, 2019, the Company was granted credit facilities from one related company as below:

Credit facilities	In Million USD	
	September 30, 2020	December 31, 2019
Link Capital I (Mauritius) Limited - related party		
The first loan facility - Cash loan	30	30
The second loan facility - Cash loan and Standby letter of credit	45	45
Total	75	75

These facilities from related party was guaranteed by the mortgaged property, plant and equipment of the Company as discussed in Note 10.