

G STEEL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
THAILAND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
AND
INDEPENDENT AUDITOR'S REPORT

EXPRESSED IN
THAI BAHT

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of G Steel Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of G Steel Public Company Limited. (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2016, the related consolidated and separate statements of changes in equity, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of G Steel Public Company Limited and its subsidiaries and of G Steel Public Company Limited as of December 31, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

As of December 31, 2016 and 2015 part of financial position of the Group and the Company are as follows;

Risk effected to the going concern	Million (Baht)			
	Group of Companies		Company	
	As of December 31,		As of December 31,	
	2016	2015	2016	2015
(1) Loss for the years	1,048	4,345	1,097	3,280
(2) Deficit	22,924	21,880	24,809	23,712
(3) Current liabilities exceed current assets	17,192	16,142	15,187	13,465
(4) Equity attributable to owners of the Company	2,148	3,192	263	1,360

These were affected by various factors including the fluctuation of global economics, the default payment on the debt restructuring plan and the dumping of goods from foreign steel manufacturers. These factors may cause the significant doubt on going concern of the Group and the Company. However, the Management believes that the preparation of the financial statements on going concern basis is justified. This is due to the fact that the Group and the Company have plans as described in note 1.2 to the financial statements.

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

Key Audit Matters

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

Key Audit Matters included Audited Procedures are as follows:

Impairment of property, plant and equipment

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

My audit procedure on such matter

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(CHAIYUTH ANGSUWITHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 24, 2017

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

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	7, 44	623,204,436	159,332,714	9,849,574	1,327,302
Trade accounts receivable	5, 6, 8	272,386,276	241,643,752	76,426,546	26,737,840
Amounts receivable from related parties	5	-	-	-	4,784,317
Inventories	9	1,991,563,424	1,688,075,235	1,136,937,580	1,027,195,010
Receivables from scrap sales	5, 10	-	-	-	-
Other current assets	5, 6, 11	199,985,142	254,103,695	97,287,293	138,885,766
Total current assets		3,087,139,278	2,343,155,396	1,320,500,993	1,198,930,235
Non-current assets					
Investments in subsidiaries	12	-	-	4,026,239,106	4,028,700,522
Advance payment for purchases of property, plant and equipment	13	210,000,000	210,000,000	-	-
Property, plant and equipment	14	28,738,713,460	30,445,901,868	13,180,568,619	13,998,709,868
Intangible assets	15	15,175,302	17,412,639	7,368,387	8,246,544
Cash guarantee for the utility usage	16	-	-	-	-
Other non-current assets	5, 6, 18	563,639,912	419,231,946	279,212,944	207,500,979
Total non-current assets		29,527,528,674	31,092,546,453	17,493,389,056	18,243,157,913
Total assets		32,614,667,952	33,435,701,849	18,813,890,049	19,442,088,148

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

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

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current liabilities					
Short-term loans from financial institution	20, 44	315,856,617	365,056,617	315,856,617	365,056,617
Trade accounts payable	5, 6, 21, 44	7,479,044,201	8,043,402,046	5,439,635,285	6,003,198,866
Amount due to related parties	5	-	-	18,954,304	18,954,304
Current portion of liabilities under rehabilitation plan	27	464,261,240	486,295,359	238,527,280	244,478,717
Current portion of long-term loan from related party	5, 20	108,000,000	106,000,000	108,000,000	106,000,000
Current portion of bonds	20, 44	558,485,181	562,383,447	558,485,181	562,383,447
Short-term loan from related parties	5	30,000,000	30,000,000	1,350,768,677	1,006,533,581
Short-term loan from other parties	20	137,394,363	119,843,597	118,894,363	89,843,597
Loan from shareholder	5, 20	3,850,000	3,850,000	3,850,000	3,850,000
Advances received from customers	5, 23	204,365,281	203,594,639	14,269,238	25,982,109
Other payables and accrued expenses	5, 6, 22	3,506,161,450	3,176,847,845	2,279,775,425	2,033,130,666
Accrued interest expenses	24	3,969,002,936	2,336,898,694	2,696,246,002	1,234,499,089
Provisions	25	3,156,211,637	2,702,081,910	3,302,980,453	2,907,987,579
Other current liabilities	5, 20, 26	346,309,392	348,544,169	61,153,995	61,940,350
Total current liabilities		20,278,942,298	18,484,798,323	16,507,396,820	14,663,838,922
Non-current liabilities					
Liabilities under rehabilitation plan - net of					
current portion	27	245,112,540	249,766,575	245,112,540	249,766,575
Trade accounts payable	21, 44	-	518,314,264	-	503,714,264
Long-term loan from related party	5, 20	242,000,000	264,000,000	1,328,448,332	1,350,448,332
Other payables and accrued expenses	22	875,194,706	1,238,394,413	418,972,838	598,533,745
Accrued interest expenses	24	-	19,159,661	-	19,159,661
Provision	25	-	648,121,241	-	648,121,241
Employee benefit obligations	28	105,191,970	96,432,950	51,209,768	48,974,779
Total non-current liabilities		1,467,499,216	3,034,189,104	2,043,743,478	3,418,718,597
Total liabilities		21,746,441,514	21,518,987,427	18,551,140,298	18,082,557,519

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

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

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2016	2015	2016	2015
		<i>(in Baht)</i>			
Equity					
Share capital	29				
Authorised share capital		48,775,743,730	48,775,743,730	48,775,743,730	48,775,743,730
Issued and paid-up share capital		34,250,904,820	34,250,904,820	34,250,904,820	34,250,904,820
Warrants	31	14,049,679	14,049,679	14,049,679	14,049,679
Additional (Discount) paid in capital:					
Share discount	29	(10,163,275,674)	(10,163,275,674)	(10,163,275,674)	(10,163,275,674)
Premium on capital reduction		206,307,094	206,307,094	206,307,094	206,307,094
Retained earnings (deficit)					
Appropriated:					
Legal reserve	30	763,976,886	763,976,886	763,976,886	763,976,886
Unappropriated		(22,923,616,189)	(21,880,351,825)	(24,809,213,054)	(23,712,432,176)
Equity attributable to owners of the Company		2,148,346,616	3,191,610,980	262,749,751	1,359,530,629
Non-controlling interests		8,719,879,822	8,725,103,442	-	-
Total equity		10,868,226,438	11,916,714,422	262,749,751	1,359,530,629
Total liabilities and equity		32,614,667,952	33,435,701,849	18,813,890,049	19,442,088,148

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

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

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Income					
Revenue from sale	5, 6, 32	21,683,626,134	22,826,488,360	10,014,154,489	10,566,106,014
Reversal of bad and doubtful debts expense	37	6,533,609	-	17,619,972	-
Reversal of provision for loss on purchase orders for undelivered raw material	25	25,955,666	15,682,569	25,955,666	15,682,569
Net foreign exchange gains		35,451,868	-	2,288,906	-
Gain from debt restructuring	21, 33	58,936,660	27,772,797	51,225,325	21,034,634
Other incomes		109,172,524	114,753,000	87,430,195	77,021,673
Total income		21,919,676,461	22,984,696,726	10,198,674,553	10,679,844,890
Expenses					
Cost of sale					
- Cost of goods sold	5, 6	20,370,578,026	23,573,925,966	9,562,042,758	11,183,910,208
- Idle cost		257,303,382	306,280,212	191,177,238	250,199,515
- Reversal of loss on devaluation of inventories		(69,090,813)	(108,684,342)	(60,483,349)	(102,749,530)
Total Cost of sale		20,558,790,595	23,771,521,836	9,692,736,647	11,331,360,193
Selling expenses	34	458,055,684	486,240,599	298,241,785	325,542,072
Administrative expenses	5, 35	983,017,367	950,565,739	454,049,198	385,253,482
Bad and doubtful debts expense - net	37	-	8,251,810	-	88,893,921
Net foreign exchange loss		-	1,096,392,430	-	682,609,298
Other expenses	39	270,856,264	304,654,151	271,602,889	623,620,424
Finance costs	41	676,024,307	689,760,315	578,824,912	522,757,629
Total expenses		22,946,744,217	27,307,386,880	11,295,455,431	13,960,037,019
Loss before income tax expense		(1,027,067,756)	(4,322,690,154)	(1,096,780,878)	(3,280,192,129)
Income tax expense	42	21,424,438	22,739,874	-	-
Loss for the years		(1,048,492,194)	(4,345,430,028)	(1,096,780,878)	(3,280,192,129)
Other comprehensive income (loss) for the years		-	-	-	-
Total comprehensive income (loss) for the years		(1,048,492,194)	(4,345,430,028)	(1,096,780,878)	(3,280,192,129)

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

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

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Loss attributable to :					
Owners of the Company		(1,043,268,574)	(3,223,378,800)	(1,096,780,878)	(3,280,192,129)
Non-controlling interests		(5,223,620)	(1,122,051,228)	-	-
Loss for the years		(1,048,492,194)	(4,345,430,028)	(1,096,780,878)	(3,280,192,129)
Profit (loss) attributable to :					
Owners of the Company		(1,043,268,574)	(3,223,378,800)	(1,096,780,878)	(3,280,192,129)
Non - controlling interests		(5,223,620)	(1,122,051,228)	-	-
Total comprehensive income (loss) for the years		(1,048,492,194)	(4,345,430,028)	(1,096,780,878)	(3,280,192,129)
Loss per share					
Basic loss per share	43	(0.15)	(0.47)	(0.16)	(0.48)

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

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

Consolidated financial statements

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

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

Consolidated financial statements

	Note	Issued and paid-up share capital	Warrants	Surplus on ordinary shares		Retained earnings (deficit)		Equity attributable to owners of the Company	Non- controlling interests	Total equity
				Share premium (discount)	Premium on capital reduction	Legal reserve <i>(in Baht)</i>	Unappropriated			
For the Year ended 31 December 2015										
Balance as at 1 January 2015		34,250,904,817	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(18,609,313,722)	6,462,649,080	9,751,495,364	16,214,144,444
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners of the Company</i>										
Issue of warrants	31	-	-	-	-	-	-	-	-	-
Issue of ordinary shares	29	3	-	-	-	-	-	3	3	6
Payment of debts by the own shares held by the subsidiary		-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company		3	-	-	-	-	-	3	3	6
<i>Changes in ownership interests in subsidiaries</i>										
Issue of ordinary shares of subsidiary to non-controlling interests	12	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-
Sale of shares in subsidiary to non-controlling interests	12	-	-	-	-	-	(47,659,303)	(47,659,303)	95,659,303	48,000,000
Total changes in ownership interests in subsidiaries		-	-	-	-	-	(47,659,303)	(47,659,303)	95,659,303	48,000,000
Total transactions with owners, recorded directly in equity		3	-	-	-	-	(47,659,303)	(47,659,300)	95,659,306	48,000,006
Comprehensive income for the years										
Loss for the years		-	-	-	-	-	(3,223,378,800)	(3,223,378,800)	(1,122,051,228)	(4,345,430,028)
Total comprehensive income for the years		-	-	-	-	-	(3,223,378,800)	(3,223,378,800)	(1,122,051,228)	(4,345,430,028)
Balance as at 31 December 2015		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(21,880,351,825)	3,191,610,980	8,725,103,442	11,916,714,422

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

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

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

Separate financial statements							
	Issued and paid-up share capital	Warrants	Surplus on ordinary shares Share premium (discount)	Premium on capital reduction (in Baht)	Retained earnings (deficit) Legal reserve	Unappropriated	Total equity
Note							
For the Year ended 31 December 2015							
Balance at 1 January 2015	34,250,904,817	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(20,432,240,047)	4,639,722,755
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Issue of warrants	31	-	-	-	-	-	-
Issue of ordinary shares	29	3	-	-	-	-	3
Total contributions by and distributions to owners of the Company		3	-	-	-	-	3
Total transactions with owners, recorded directly in equity		3	-	-	-	-	3
Comprehensive income for the years							
Loss for the years		-	-	-	-	(3,280,192,129)	(3,280,192,129)
Total comprehensive income for the years		-	-	-	-	(3,280,192,129)	(3,280,192,129)
Balance at 31 December 2015	34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(23,712,432,176)	1,359,530,629

G Steel Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Cash flows from operating activities					
Loss for the years		(1,048,492,194)	(4,345,430,028)	(1,096,780,878)	(3,280,192,129)
<i>Adjustments for</i>					
Depreciation and amortisation		1,905,923,047	1,912,025,024	884,943,095	887,992,643
Unrealised (gain) loss on exchange rate		58,143,448	462,953,186	88,540,406	862,384,979
(Reversal of) loss on devaluation of inventories		(69,090,813)	(108,684,342)	(60,483,349)	(102,749,530)
(Reversal of) loss on confirmed purchase orders for raw material		(25,955,666)	(15,682,569)	(25,955,666)	(15,682,569)
Gain from debt restructuring	33	(58,936,660)	(27,772,797)	(51,225,325)	(21,034,634)
(Reversal of) bad and doubtful debts expense	37	(6,533,609)	8,251,810	(17,619,972)	88,893,921
Loss on impairment of assets	38	-	-	-	314,864,493
(Reversal of) loss on impairment of investments		-	-	1,461,446	-
Loss on liquidation of a subsidiary		46,927	-	46,927	-
Loss on written off of assets		(1,126,263)	31,328	-	-
Provision for court case claim	25	256,991,304	250,107,143	256,991,304	250,107,143
Provision for a gurantee of subsidiary	25	-	-	13,103,212	46,687,871
Finance costs	41	676,024,307	689,760,315	578,824,912	522,757,629
Interest income		(3,355,444)	(1,558,988)	(323,618)	(129,289)
Employee benefit obligations		8,759,021	22,498,802	2,234,989	12,237,942
Income tax expense		21,424,438	22,739,874	-	-
		<u>1,713,821,843</u>	<u>(1,130,761,242)</u>	<u>573,757,483</u>	<u>(433,861,530)</u>
Changes in operating assets and liabilities					
Trade accounts receivable		(30,734,699)	(42,810,833)	(49,680,883)	(25,005,887)
Amount due from related parties		-	107,081,007	4,784,317	(4,784,317)
Inventories		(234,397,377)	1,751,788,390	(49,259,220)	1,312,486,579
Other current assets		44,975,325	503,585,582	48,740,760	226,450,868
Cash guarantee for the utility usage		-	252,000,000	-	-
Other non-current assets		(304,582,963)	(222,504,079)	(135,848,558)	(130,723,697)
Trade accounts payable		(508,781,740)	(670,899,539)	(504,577,009)	(625,527,853)
Advances received from customers		770,642	(129,026,589)	(11,712,870)	77,144
Other payable and accrued expenses		(69,977,650)	(248,048,023)	20,116,797	(235,811,944)
Other current liabilities		(1,412,469)	15,145,449	(598,757)	(5,326,409)
Provision for tax-related liabilities		72,240,064	-	-	-
Income tax paid		(7,044,573)	(27,928,598)	(258,990)	(49,703)
Net cash flows provided by (used in) operating activities		<u>674,876,403</u>	<u>157,621,525</u>	<u>(104,536,930)</u>	<u>77,923,251</u>

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

G Steel Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Interest received		3,312,727	1,558,988	323,618	129,289
Purchase of property, plant and equipment		(33,758,245)	5,848,445	(982,800)	(2,701,147)
Purchase of intangible assets		(1,454,200)	-	(820,700)	-
Cash received (payment) to long-term loans		-	-	708,486	(6,099,999)
Proceeds from disposal of investment in subsidiary		-	48,000,000	-	-
Proceeds from liquidation of subsidiary		953,043	-	953,043	-
Net cash flows provided by (used in) investing activities		(30,946,675)	55,407,433	181,647	(8,671,857)
<i>Cash flows from financing activities</i>					
Increase of ordinary shares	29	-	3	-	3
Proceeds from issue ordinary shares of subsidiary to non-controlling interests	29	-	3	-	-
Finance costs paid		(102,035,207)	(158,049,480)	(126,924,688)	(376,019,358)
Payment of liabilities under rehabilitation plan		(25,382,738)	(16,559,036)	(10,605,473)	(22,854,740)
Proceeds(Repayment)of short-term loans from financial institution		(49,200,000)	(70,883,003)	(49,200,000)	(70,883,003)
Proceeds(Repayment) of short-term loans from related parties		-	-	290,556,949	414,585,690
Proceeds(Repayment) of short-term loans from other parties		17,550,767	6,683,200	29,050,767	12,975,115
Proceeds(Repayment)from long-term loans from related parties		(20,000,000)	(30,000,000)	(20,000,000)	(30,000,000)
Repayment of loan from shareholder		-	(32,500,000)	-	-
Net cash flows provided by (used in) financing activities		(179,067,178)	(301,308,313)	112,877,555	(72,196,293)
Net increase (decrease) in cash and cash equivalents		464,862,550	(88,279,355)	8,522,272	(2,944,899)
Cash and cash equivalents at 1 January	7	159,332,714	247,870,510	1,327,302	4,272,201
Cash and cash equivalents decrease on liquidation of a subsidiary		(953,043)	-	-	-
Effect from exchange rate changes on balances held in foreign currencies		(37,785)	(258,441)	-	-
Cash and cash equivalents at 31 December	7	623,204,436	159,332,714	9,849,574	1,327,302
<i>Non-cash transactions</i>					
Transfer provisions to trade accounts payable	25	101,035,926	-	101,035,926	-
Transfer provisions to accrued interest	25	386,548,529	-	386,548,529	29,582,068.00
Transfer provisions to other payables and accrued expenses	25	-	543,123,634	-	539,584,196
Transfer trade accounts payable to provisions	25	-	101,035,926	-	101,035,926
Transfer trade account payables to accrued interest	25	649,846,422	-	649,846,422	-
Transfer trade account payables to accrued expenses	25	49,846,173	-	49,846,173	-
Transfer accrued interest to provisions	25	-	293,923,858	-	293,923,858
Transfer accrued interest to short-term loans from related party		-	-	53,678,147	-

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

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The financial statements were approved and authorised for issue by the Board of Directors on 24 February 2017.

1 General information and going concern

1.1 General information

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

Head office : 88, Paso Tower, 18th Floor, Silom Road, Suriyawong, Bangrak, Bangkok
Factory : 55 Moo 5, SSP Industrial Estate, Tambol Nonglalog, Amphur Bankhai, Rayong

The Company was listed on the Stock Exchange of Thailand (the “SET”) on 25 January 2006

As at 31 December 2016, the Company’s major shareholders were Superior Overseas (Thailand) Company Limited (4.46% shareholding) (“Superior”), incorporated in Thailand, Mr. Nirum Ngarmcharmanrit (7.34% shareholding), Khunying Patama Leeswadtrakul Group (5.78% shareholding) and Ms. Ladda Jiraphongtakul (2.10% shareholding).

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

G Steel Public Company Limited and its Subsidiaries
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Details of the Company's subsidiaries as at 31 December 2016 and 2015 were as follows:

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2016	2015
<i>Direct subsidiaries</i>				
Siam Professional Holdings Co., Ltd. ("SPH")	Investment holdings company	Thailand	99.99	99.99
GS Notes Holding Co., Ltd. ("GS Notes")	Special-purpose restructuring entity	Thailand	99.99	99.99
GS Securities Holdings Co., Ltd. ("GS Securities")	Special-purpose restructuring entity	Thailand	99.99	99.99
GS Notes Holdings 2 Co., Ltd. ("GS Notes 2")	Special-purpose restructuring entity	Thailand	99.99	99.99
G J Steel Public Co., Ltd. ("G J Steel") (held by the Company 20.79% (2015 : 20.79%) and GS Securities 4.91% (2015 : 4.91%))	Manufacture and distribution of hot rolled coil steel products	Thailand	25.70	25.70
<i>Indirect subsidiaries</i>				
Oriental Access Co., Ltd. ("OAC") (held by SPH 99.97%)	Consulting service and investing	Thailand	99.97	99.97

G Steel Public Company Limited and its Subsidiaries

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The Company and its subsidiaries shareholding in G J Steel as at 31 December 2016 was 25.70% (2015: 25.70% Shareholding), and the Company consolidates G J Steel because the Company retains the power to govern G J Steel through its appointed representatives.

The Company and its subsidiaries are hereafter referred to as “the Group”.

1.2 Going concern

As at 31 December 2016 and 2015, part of financial position of the Group and the Company are as follows :

Risk effected to the going concern	Million Baht			
	The Group		Company	
	As at 31 December		As at 31 December	
	2016	2015	2016	2015
(1) Loss for the years	1,048	4,345	1,097	3,280
(2) Deficit	22,924	21,880	24,809	23,712
(3) Current liabilities exceed current assets	17,192	16,142	15,187	13,465
(4) Equity attributable to owners of the Company	2,148	3,192	263	1,360

These were affected by various factors including the fluctuation of global economics, the default payment on the debt restructuring plan and the dumping of goods from foreign steel manufacturers. These factors may cause the significant doubt on going concern of the Group and the Company. However, the Management believes that the preparation of the financial statements on going concern basis is justified. This is due to the fact that the Group and the Company have plans as followings;

a) Negotiation with default creditors

The management is confident that the Company and G J Steel can continue to reduce its liabilities through continued negotiation with further major trade creditors in order to reduce the debt levels as much as possible, while at the same time improve the operational liquidity and reduce debt and accrued interest burden of the Company and G J Steel.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

b) Source of funding

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

1. Increasing of the cash flow through sale by manufacturing and selling the hot rolled coil
2. Reach an agreement with the customers in support of the increased credit line
3. Negotiating the credit line with the financial institutions
4. Accelerating the debt collection from its debtor
5. Selling through the method of advance payment

c) The production

The Company and G J Steel have the production utilized the off-peak period (which has lower demand for electricity and hence lower tariff rate) and the Company and G J Steel anticipate to increase the production to nearly full capacity for off-peak period and in the 3rd - 4th quarter of year 2017, have the plan to operate 24 hours production, since the Company expect to get another credit facilities in the 2nd quarter of year 2017 and the Company and G J Steel expect that the local demand of hot-rolled coil will increase, in order to reduce the production unit cost.

The Company and GJ Steel have adjustment plan in respect of various projects aiming to reduce production cost in order to be competitive with the competitors and the importer. Projects are in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc.

d) Cooperation with trading partners

The Group and the Company had reached agreement with many long and good relation customers. After agree on debt restructuring, many major customers commit to purchase products from The Group and the Company. This enables the Group and the Company to effectively manage the production on a regular basis.

e) Credit facilities for operation

The Company and G J Steel get collaboration from various raw material suppliers both local and oversea with Supplier Credit in term of Collateral Management Agreement (“CMA”). In addition the Company and G J Steel also get another source of Credit facilities as described in note 19 to financial statements.

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

G Steel Public Company Limited and its Subsidiaries

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For the year ended 31 December 2016

f) The Governmental support

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

Antidumping Measures (5-years term)

	Import Goods	Countries of 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	12 Aug 2016 to 11 Aug 2017*
3	Boron - added steel hot rolled flat products in coil and not in coil	China	14.28 - 19.47% of C.I.F. value	26 Dec 2012 to 25 Dec 2017

* The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on 14 June 2016 (published on the royal gazette on 23 June 2016) the “Notification for Initiation of Necessity Review for Continuation of the Antidumping Measure on Hot-Rolled Steel Flat Products Originated from the People’s Republic of China and Malaysia”, as the start of the antidumping measure continuation review procedure, in which several interested parties are participating. And the existing antidumping duties imposition have been continued for within another one year after the previous expiry date on 11 August 2016

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Safeguard Measures (3-years term)

	Import Goods	Countries of 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)	<ul style="list-style-type: none"> - 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)	<ul style="list-style-type: none"> - Imported 7 Jun 2014 - 23 Dec 2014 34.01% of C.I.F. value - Imported 24 Dec 2014 - 6 Jun 2015 21.92% of C.I.F. value - Imported 7 Jun 2015 - 6 Jun 2016 21.52% of C.I.F. value - Imported 7 Jun 2016 - 6 Jun 2017 21.13% of C.I.F. value 	7 Jun 2014 to 6 Jun 2017

** The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation of the imposition of safeguard duties for the next 3 years. The Department later issued on 10 July 2015 (published on the royal gazette on 17 July 2015) the “Notification for Initiation of Necessity Review for Continuation of the Safeguard Measure on Other-Alloy Steel Hot-Rolled Flat Products”, as the start of the safeguard measure review procedure, in which several interested parties have participated. And then the safeguard review procedure was finished when Thailand’s Safeguard Committee issued the notification for safeguard review determination, dated 23 February 2016, as published on the royal gazette on 26 February 2016. The said safeguard measure, therefore, has been continued to be effective through the next 3 years, so will expire on 26 February 2019.

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2016

g) Local demand of Hot - Rolled Steel Flat Products

Hot Rolled Steel (million metric tonnes)	Year 2016	Year 2015	Increase / (Decrease)
Production	2.72	2.47	0.25
Import	4.68	4.03	0.65
Export	0.016	0.013	0.003
Consumption	7.38	6.49	0.89

For the trend of the steel industry, World Steel Association forecasts that the demand of ASEAN steel consumption in the year 2017 will increase by 3.4% per annum. For Thailand, local demand for steel consumption is expected to increase around 0 - 3% per annum following the demand from local downstream industry.

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

1.3 Creditors Restructuring

Major Trade Creditors Restructuring

The Company

The Company has 5 Major Trade Creditors with aggregated claims of USD 167 million (Baht 5,999 million) as at 31 December 2016 (2015 : USD 152 million (Baht 5,501 million)). The Company cannot fulfill the payment as per the agreement. Currently it is in the debt restructuring negotiation process.

In year 2012, the Company entered into compromising agreement with 15 creditors, which the balance of 2nd major creditors is amounting to US\$ 44.12 million agree to convert the debt of US\$ 17.65 million with common share of the Company, which occur difference of the share price that had been approved by the shareholder meeting and market value of the share on the convert date amounting to Baht 142.26 million. The Company recorded the difference in Share Discount and Defer on Difference of Debt Restructuring in estimated liabilities with the same amount. And the amount of US\$ 15.44 million debt shall be paid in cash, which the payment period has been extended from 30 September 2013 to 30 September 2017 as the amount mention in the contract. And the balance amount of US\$ 11.03 million will be haircut if the Company fully pay as the contract. Therefore, the Company recorded the amount of US\$ 11.03 million as Defer on Difference of Debt Restructuring in estimated liabilities.

Later, the Company defaulted to pay the debt, during 2013 to 2014 the Company negotiate with the 2nd major creditor to extend the payment period and excepted the debt payment under the compromising agreement. The Company had partial paid the debt. In year 2014, the 2nd major trade creditors inform to cancel the default event.

During year 2014 to 2015 the Company had partial paid the debt and had default. The Company negotiate with the 2nd major creditor to extend the payment period and enter into compromising agreement on 19 February 2015.

Subsequently, on 30 June 2015, the Company entered into an amendment agreement to reschedule the payment of the compromise agreement dated 19 February 2015 with Major Trade Creditor 2. The Company shall pay USD 14.7 million to the creditor as follow;

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

1. During the period of July 2014 through December 2016, the Company shall pay an “Initial Payment” in the amount of USD 1.13 million as follows:

- USD 8,232.94 with immediate effect
- USD 10,000 each month from July to September 2014
- USD 15,000 each month from October to December 2014
- USD 37,500 each month from January to December 2015
- USD 50,000 each month from January to December 2016

2. During the period March 2017 through March 2022, pay the outstanding balance of the Restructured Debt Proportion as follows:

- 3.00% equal quarterly installments starting from 31 March 2017
- 3.625% equal quarterly installments starting from 31 March 2018
- 4.375% equal quarterly installments starting from 31 March 2019
- 5.125% equal quarterly installments starting from 31 March 2020
- 5.75% equal quarterly installments starting from 31 March 2021
- 31 March 2022, all of the outstanding debt of the deferred payments

Interest rate of 1% per annum shall be applied on the outstanding balance and shall be payable on each instalments starting 31 March 2017.

Later in the 1st Quarter of year 2016, the company has defaulted the repayment of this compromise agreement. Under the compromise agreement, the creditor notice the total debt repayment immediately, therefore, the Company has reclassified the outstanding balance of such debt to present as current liability since 31 March 2016. As a consequence of the default, the Company has transferred the provision for deferred difference from debt restructuring to trade account payable and accrued interest and has the obligation to pay interest on overdue debts at the rate of 7.5% per annum from the date of default. The company is currently in re-negotiations the debt restructuring.

In year 2013, the Company entered into the compromise agreement which has remaining amount USD 71.29 million with one of the five Major Trade Creditors (“Major Trade Creditor 1”). Under the terms of the compromise agreement, the creditor agreed to convert their net outstanding receivables of USD 45.6 million into the Company’s ordinary shares. On the date of debt convert to equity, there are Baht 589.49 million was recorded in Share discount and Deferred difference from debt restructuring in the Provisions with same amount. And amount of USD 7.87 million to be cash payment which was extend the payment period during 31 March 2014 to 31 March 2018 as the amount mention in the contract. And the balance of USD17.82 will be haircut if the Company fully pay as the agreement. Therefore, the Company recorded the amount of USD17.82 million as Deferred difference from debt restructuring in provisions.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

On 6 May 2014, Major Trade Creditor 1 had informed the Company that the Company had defaulted under the terms of the Compromise Agreement for the installment due on 31 March 2014. The creditor is able to demand the Company to pay all debts immediately. Therefore, the Company had reclassified the full amount of the said outstanding balance of trade accounts payable to current liabilities since 31 March 2014. As a consequence of the default, the Company has the obligation to pay interest on overdue debts at the rate of 5% per annum from the date of default. The Company is currently in re-negotiations the debt restructuring.

As described in note 48.1.1 to the financial statement on 31 January 2017 the Company received the notice of assignment to the debtor from Major Trade Creditor 1 and 2 had including all amounts payable under the contracts to the foreign creditor. At the present the Company is on the process for debt restructuring negotiation with the new creditor.

G J Steel

Previously, the Company has three Major Trade Creditors with aggregated claims of USD 83 million (Baht 3,004 million) as at 31 December 2016 (*31 December 2015: USD 79 million (Baht 2,863 million)*).

In year 2013, the Company re-entered into a compromise agreement with one of three Major Trade Creditors amounting to USD 44.51 million. Under the terms of the compromise agreement, the creditor agreed to extend the debts repayment schedule commencing 31 March 2014 to 31 March 2018 amounting to USD 32.02 million in accordance with the repayment amounts at stated in the compromise agreement, and the debt balance of USD 12.49 million which the creditor forgave. Therefore, the company has recorded the provision for deferred difference from debt restructuring.

Moreover, G Steel's lead shareholder agreed to provide a personal guarantee to this Major Trade Creditor in the maximum amount of USD 5 million to guarantee the obligations of the Company under the compromise agreement.

In year 2014, G J Steel has defaulted the first repayment due on 31 March 2014. Under the compromise agreement, the creditor could reclaimed the total repayment immediately, therefore, G J Steel has reclassified the outstanding balance of such debt to present as current liability since 31 March 2014. As a consequence of the default, G J Steel has transferred the provision for deferred difference from debt restructuring to trade account payable and accrued interest and has the obligation to pay interest on overdue debts at the rate of 5% per annum from the date of default. Currently, G J Steel is in re-negotiations the debt restructuring.

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For the year ended 31 December 2016

As described in note 48.2.3 to the financial statement on 31 January 2017 G J Steel received the notice of assignment to the debtor from above three Major Creditors including all amounts payable under the contracts to the foreign creditor (hereinafter referred to as “new creditor”). On 3 February 2017 G J Steel repayment for some portion of principal and accrued interest payable to new creditor in amounting to USD 40.18 million in which it is drawn down from loan facilities as mentioned in Note 48.2.2. At the present G J Steel is on the process for debt restructuring negotiation with the new creditor, and it is expected to complete in the first quarter of 2017

Other Creditors Restructuring

G J Steel

As at 31 December 2016, G J Steel has negotiated repayment schedules for overdue debt owed to other creditors as details below;

	Consolidated and Separate financial statements <i>(in million Baht)</i>
Balance as at 31 December 2015	132
Additional repayment schedules	-
(Deduct) Repayment during the year	(34)
(Deduct) Gain from debt restructuring	(7)
Effect of exchange rate	-
Balance owed to other creditors as at 31 December 2016	91

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2 Basis of preparation of the financial statements

2 (a) Statement of compliance

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

During the year, the Group adopted a Conceptual Framework for Financial Reporting (revised 2015) and the FAP has issued and revised both accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statement year beginning on or after 1 January 2016 and relevant to the Group business as follows:

Accounting Standard

TAS	1	Presentation of Financial Statements (Revised 2015)
TAS	2	Inventories (Revised 2015)
TAS	7	Statement of Cash Flows (Revised 2015)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2015)
TAS	10	Events After the Reporting Period (Revised 2015)
TAS	12	Income Taxes (Revised 2015)
TAS	16	Property, Plant and Equipment (Revised 2015)
TAS	17	Leases (Revised 2015)
TAS	18	Revenue (Revised 2015)
TAS	19	Employee Benefits (Revised 2015)
TAS	21	The Effects of Changes in Foreign Exchange Rates (Revised 2015)
TAS	23	Borrowing Costs (Revised 2015)
TAS	24	Related Party Disclosures (Revised 2015)
TAS	27	Separate Financial Statements (Revised 2015)
TAS	33	Earnings per Share (Revised 2015)
TAS	34	Interim Financial Reporting (Revised 2015)
TAS	36	Impairment of Assets (Revised 2015)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (Revised 2015)
TAS	38	Intangible assets (Revised 2015)

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Financial Reporting Standard

TFRS	2	Share - Based Payment (Revised 2015)
TFRS	8	Operating Segments (Revised 2015)
TFRS	10	Consolidated Financial Statements (Revised 2015)
TFRS	12	Disclosure of Interests in Other Entities (Revised 2015)
TFRS	13	Fair Value Measurement (Revised 2015)

Adoption of the above financial reporting standards in the current year does not have material effect on the financial statements.

In addition to the above new and revised TFRS, during the year to present, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company's operations are disclosed to the financial statement in Note 3.

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

2 (b) *Basis of measurement*

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

2 (c) *Functional and presentation currency*

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

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Notes to the financial statements

For the year ended 31 December 2016

2 (d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

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

Note 8	Allowance for doubtful accounts
Note 9	Allowance for devaluation of inventories
Note 14	Appraisal valuations and allowance for impairment of property, plant and equipment
Note 18	Appraisal valuations and allowance for impairment of suspended construction in progress
Note 28	Measurement of defined employee benefit obligations
Notes 25, 46 and 47	Provisions, Litigations and Contingent liabilities
Note 44	Valuation of financial instruments

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For the year ended 31 December 2016

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

During the year, the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after 1 January 2017 indicated as follows;

Accounting Standard

TAS	1	Presentation of Financial Statements (Revised 2016)
TAS	2	Inventories (Revised 2016)
TAS	7	Statement of Cash Flows (Revised 2016)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2016)
TAS	10	Events After the Reporting Period (Revised 2016)
TAS	11	Construction Contracts (Revised 2016)
TAS	12	Income Taxes (Revised 2016)
TAS	16	Property, Plant and Equipment (Revised 2016)
TAS	17	Leases (Revised 2016)
TAS	18	Revenue (Revised 2016)
TAS	19	Employee Benefits (Revised 2016)
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance (Revised 2016)
TAS	21	The Effects of Changes in Foreign Exchange Rate (Revised 2016)
TAS	23	Borrowing Costs (Revised 2016)
TAS	24	Related Party Disclosures (Revised 2016)
TAS	26	Accounting and Reporting by Retirement Benefit Plans (Revised 2016)
TAS	27	Separate Financial Statements (Revised 2016)
TAS	28	Investments in Associates and Joint Venture (Revised 2016)
TAS	29	Financial Reporting in Hyperinflationary Economics (Revised 2016)
TAS	33	Earnings per Share (Revised 2016)
TAS	34	Interim Financial Reporting (Revised 2016)
TAS	36	Impairment of Assets (Revised 2016)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (Revised 2016)
TAS	38	Intangible assets (Revised 2016)
TAS	40	Investment Property (Revised 2016)
TAS	41	Agriculture (Revised 2016)
TAS	104	Accounting for Troubled Debt Restructuring (Revised 2016)
TAS	105	Accounting for Investment in Debt and Equity Securities (Revised 2016)
TAS	107	Presentation and disclosure for financial instruments (Revised 2016)

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Financial Reporting Standard

- TFRS 2 Share - Based Payments (Revised 2016)
- TFRS 3 Business Combinations (Revised 2016)
- TFRS 4 Insurance Contracts (Revised 2016)
- TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (Revised 2016)
- TFRS 6 Exploration for and Evaluation of Mineral Resources (Revised 2016)
- TFRS 8 Operating Segments (Revised 2016)
- TFRS 10 Consolidated Financial Statements (Revised 2016)
- TFRS 11 Joint Arrangements (Revised 2016)
- TFRS 12 Disclosure of Interests in Other Entities (Revised 2016)
- TFRS 13 Fair Value Measurement (Revised 2016)

Accounting Standard Interpretation

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities (Revised 2016)
- TSIC 15 Operating Leases - Incentives (Revised 2016)
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
(Revised 2016)
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
(Revised 2016)
- TSIC 29 Service Concession Arrangements : Disclosures (Revised 2016)
- TSIC 31 Revenue - Barter Transactions Involving Advertising Services (Revised 2016)
- TSIC 32 Intangible Assets - Web Site Costs (Revised 2016)

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Financial Reporting Standard Interpretation

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (Revised 2016)
- TFRIC 4 Determining whether an Arrangement contains a Lease (Revised 2016)
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Revised 2016)
- TFRIC 7 Applying the Restatement Approach under TAS 29 (Revised 2016)
Financial Reporting in Hyperinflationary Economies (Revised 2016)
- TFRIC 10 Interim Financial Reporting and Impairment (Revised 2016)
- TFRIC 12 Service Concession Arrangements (Revised 2016)
- TFRIC 13 Customer Loyalty Programmes (Revised 2016)
- TFRIC 14 TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction (Revised 2016)
- TFRIC 15 Agreements for the Construction of Real Estate (Revised 2016)
- TFRIC 17 Distributions of Non - cash Assets to Owners (Revised 2016)
- TFRIC 18 Transfers of Assets from Customers (Revised 2016)
- TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (Revised 2016)
- TFRIC 21 Levies (Revised 2016)

The management of the Company have assessed that TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TAS 104, TAS 105, TAS 107, TFRS 2, TFRS 8 , TFRS 10, TFRS 12 and TFRS 13 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Group's business, therefore they do not have impact on the financial statements when they are applied.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

4 Significant accounting policies

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

4 (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as “the Group”)

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4 (b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

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Notes to the financial statements

For the year ended 31 December 2016

4 (c) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and high liquidity short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

4 (d) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

4 (e) *Inventories*

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overhead based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

The Group makes allowance for deteriorated, damaged, obsolete and slow-moving inventories.

The Group recognises an asset and corresponding liability in respect of consignment inventories once the Group obtains the rights and responsibilities of legal and economic ownership.

4 (f) *Investments*

Investments in subsidiaries

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

Disposal of investments

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

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

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4 (g) *Property, plant and equipment*

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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Notes to the financial statements

For the year ended 31 December 2016

Depreciation is charged to profit or loss on the straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	20 years
Buildings and improvements	5 - 50 years
Machinery and equipment	5 - 30 years
Office equipment, furniture and fixtures	2 - 5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

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

4 (h) *Intangible assets*

Intangible assets represent the cost of computer software and a production license. These intangible assets that are acquired by the Group and have finite useful life are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

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

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software licence	10 years
Production licence	25 years

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

4 (i) *Deferred costs of rolls*

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

4 (j) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the losses have decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4 (k) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

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4 (l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4 (m) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

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4 (n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

4(o) Revenue

Revenue excludes value added taxes and is calculated following the deduction of trade discounts.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest income

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

4 (p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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4 (q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

4 (r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group/Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current tax, the Group and the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 (s) *Loss per share*

The Group presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4 (t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
SPH	Thailand	Investment holdings company	Subsidiary, common directors, 99.99% shareholding
G J Steel	Thailand	Manufacture and sale of hot rolled coil steel products	Subsidiary, common directors, 25.70% shareholding by the Company and its subsidiaries (2015 : 25.70%)
OAC	Thailand	Consulting service and investing	Indirect subsidiary, common directors
GS Notes	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GS Notes 2	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GJS Notes	Thailand	Special-purpose restructuring entity	Subsidiary of G J Steel (registered the dissolution of the company on 18 April 2016)
Sukhumvit Inter Development Co., Ltd.	Thailand	Trading of raw water	Common shareholder with the Company
Million Miles Co., Ltd.	Thailand	Transportation	Director related to major shareholder of the Company
Great Siam Steel Works Co., Ltd.	Thailand	Trading of rolled steel	Common directors with G J Steel
Advance Metal Fabrications Co., Ltd.	Thailand	Trading of steel	Director related to major shareholder of the Company
SSP Place Co., Ltd.	Thailand	Office rental	Common directors with G J Steel
Asia Metal PCL.	Thailand	Manufacture and sale of steel	Common directors with G J Steel
Asia Metal Fabrication Co., Ltd.	Thailand	Factory construction service	Subsidiary of related party with whom the Company

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Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
Panich Sawad Co.,Ltd.	Thailand	Sale of steel	Director related to major shareholder of the Company
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common directors with the Company and common Executive with G J Steel
Thailand Iron Works PCL.	Thailand	Manufacture and sale of galvanised steel	Common directors with G J Steel
Intelligent System Network Co., Ltd.	Thailand	Sale of computer hardware, software and system installation	Common directors with the Company and G J Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common directors with G J Steel
Renaissance Advisory Limited (“RA”)	Hong Kong	Financial Advisory	Common directors (since 9 July 2015)
Mahachai Steel Center Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Mahachai Steel Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company (registered the dissolution of the company on 13 January 2016)
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
M & L Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Mrs. Naengnoi Trivuth	Thailand	-	Relative of subsidiary’s
Mr. Nirum Ngarmcharmnanrit	Thailand	-	Shareholder of the Company
Key management personnel	Thailand	-	Persons having authority and responsibility for planning, activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

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

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Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

<i>Year ended 31 December</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Subsidiaries					
Sale of raw material		-	-	1	4
Other Income		-	-	1	-
Purchase of raw material and finished goods		-	-	2	1
Financial costs		-	-	100	114
Other Expense		-	-	1	-
Other related parties					
Sale of finished goods		373	720	278	450
Purchase of raw material		6,670	6,670	5,390	5,219
Finance advisory service fee		2	19	-	5
Rental and service expenses		22	14	17	9
Sale agent fee		112	107	112	107
Finance costs		88	106	88	102
Key management personnel					
Key management personnel compensation					
Salary and bonus		51	58	15	16
Meeting allowance and other benefits		10	9	4	4
Total key management personal compensation	36	<u>61</u>	<u>67</u>	<u>19</u>	<u>20</u>

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
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Balances as at 31 December 2016 and 2015 with related parties were as follows:

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Trade accounts receivable	8				
Other related parties					
Advance Metal Fabrication Co., Ltd.		54	54	54	54
Less allowance for doubtful accounts		(54)	(54)	(54)	(54)
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount receivable from related parties					
Receivable from sales of raw materials and other					
Subsidiary					
G J Steel		-	-	-	5
Other related party					
Advance Metal Fabrication Co., Ltd.		1	1	1	1
Less allowance for doubtful account		(1)	(1)	(1)	(1)
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Receivable from operating service income					
Subsidiary					
OAC		-	-	1,245	1,254
Less allowance for doubtful account		-	-	(1,245)	(1,254)
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

G Steel Public Company Limited and its Subsidiaries

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	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Receivable from guarantee obligation					
Subsidiary					
OAC		-	-	1,313	1,313
Less allowance for doubtful account		-	-	(1,313)	(1,313)
Net		-	-	-	-
Total		-	-	-	5
(Reversal of) bad and doubtful debts expense for the year	37	-	-	(9)	75
Received in advance					
Other related parties					
Mahachai Steel Center Co., Ltd.		37	17	-	-

	Note	Consolidated and Separate financial statements	
		2016	2015
<i>(in million Baht)</i>			
Receivables from scrap sales			
Other related parties			
Advance Metal Fabrication Co., Ltd.		338	338
Less allowance for doubtful accounts		(338)	(338)
Net		-	-

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Other current assets					
Other receivable					
Other related parties					
RA		-	2	-	1
Total		-	2	-	1

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Movements of loans to related parties for the year ended 31 December 2016 and 2015 were as follows:

	Consolidated and Separate financial statements	
	2016	2015
	<i>(in million Baht)</i>	
<i>Loans to related parties</i>		
As at 1 January	2,555	2,549
Increase (Decrease)	(1)	6
As at 31 December	<u>2,554</u>	<u>2,555</u>

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Deposit - other related parties</i>				
Sukhumvit Inter Development Co., Ltd.	2	2	2	2
SSP Place Co., Ltd.	1	1	1	1
Total	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<i>Trade accounts payable</i>				
	21			
<i>Other related parties</i>				
Advance Metal Fabrication Co., Ltd.	19	19	19	19
Mahachai Steel Center Co., Ltd.	488	1,221	440	1,221
Metal Inter Co.,Ltd.	358	-	358	-
Panich Sawad Co.,Ltd	8	-	-	-
Total	<u>873</u>	<u>1,240</u>	<u>817</u>	<u>1,240</u>
<i>Current portion of long-term loan from related party</i>				
<i>Other related party</i>				
Mr. Nirum Ngarmcharmnarit	5(e)	<u>108</u>	<u>106</u>	<u>108</u>
<i>Advance received from customer</i>				
	23			
<i>Other related parties</i>				
Asia Metal PCL.	1	1	1	1
Advance Metal Fabrication Co., Ltd.	1	1	1	1
Total	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

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		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Other payables and accrued expenses	22				
Other related parties					
Arnoma Hotel Bangkok Co., Ltd.		6	6	2	3
SSP Place Co., Ltd.		16	15	16	14
Mahachai Steel Center Co., Ltd.		11	60	11	60
Total		33	81	29	77
Amount due to related party					
Subsidiary					
GS Securities		-	-	19	19
Accrued interest expense	24				
Subsidiary					
GS Securities		-	-	212	171
Other related parties					
Mrs. Naengnoi Trivuth		7	5	7	5
Mahachai Steel Center Co., Ltd.		1	1	1	1
Total		8	6	220	177
Machinery and construction payables					
Other related party					
Asia Metal Fabrication Co., Ltd.		1	1	1	1
Other current liabilities	20				
Short-term loan					
Subsidiaries					
GS Notes		-	-	-	1
GS Notes 2		-	-	-	1
GS Securities		-	-	1,321	975
		-	-	1,321	977
Other related party					
Mrs. Naengnoi Trivuth		30	30	30	30
Total		30	30	1,351	1,007

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Notes to the financial statements
For the year ended 31 December 2016

Movements of short-term loans from related parties for the year ended 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Short-term loans from related parties</i>				
As at 1 January	30	30	1,007	592
Increase	-	-	347	2,044
Decrease	-	-	(3)	(1,629)
As at 31 December	<u>30</u>	<u>30</u>	<u>1,351</u>	<u>1,007</u>

Other current liabilities - Short-term loan from related parties

Related person

On 28 March 2012, the Company entered into a loan agreement with Mrs. Naengnoi Trivuth in the amount of Baht 30 million, which bears interest at the rate of 12% per annum. Under the terms of this loan, the Company pledged 500 million shares of G J Steel (Equivalent to 50 million shares after the change in the par value of shares) held by the Company as collateral for the benefit of the lender.

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Notes to the financial statements

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Related company

During May to December 2013, the Company entered into loan agreement with GS Securities in the total amount of Baht 255 million, which bears interest at the rate of 8% per annum. These loans will be due in 30 days after received notification letter.

During the year 2015 and 2014, the Company has entered into several short-term loan agreements with GS Securities in the total amount of Baht 2,044 million and Baht 311 million respectively, bears interest at the rate of 7.625 - 8.00% per annum in the year 2015 and the rate of MLR (Krung Thai Bank PLC) plus 1% per annum in the year 2014.

During 1 January 2016 to 31 May 2016, the Company has entered into short-term loan agreements with GS Securities in the total amount of Baht 123 million bears interest at the rate of 7.75% per annum.

Then on 1 June 2016, the Company changed from short - term loan contracts to upon demand promissory note bears interest at the rate of 3.25% per annum.

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

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Long-term loans from related parties</i>				
Subsidiary				
GS Securities <i>(See Note 5(a) and 5(f))</i>	-	-	1,086	1,086
Related party				
Mr. Nirum Ngamchamnurit	242	264	242	264
Total	242	264	1,328	1,350

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Movements of long-term loans from related parties for the year ended 31 December 2016 and 2015 were as follows :

	Consolidated		Separate	
	financial statements 2016	financial statements 2015	financial statements 2016	financial statements 2015
	<i>(in million Baht)</i>			
<i>Long-term loans from related parties</i>				
Subsidiaries				
As at 1 January	370	400	1,456	1,486
Increase	20	10	20	10
Decrease	(40)	(40)	(40)	(40)
	<u>350</u>	<u>370</u>	<u>1,436</u>	<u>1,456</u>
Transfer to current portion	(108)	(106)	(108)	(106)
As at 31 December	<u>242</u>	<u>264</u>	<u>1,328</u>	<u>1,350</u>

Loans from shareholders

	Consolidated		Separate	
	financial statements 2016	financial statements 2015	financial statements 2016	financial statements 2015
	<i>(in million Baht)</i>			
Loans from Shareholder 1	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

Movements of loans from shareholders for the years ended at 31 December 2016 and 2015 were as follows :

	Consolidated		Separate	
	financial statements 2016	financial statements 2015	financial statements 2016	financial statements 2015
	<i>(in million Baht)</i>			
<i>Loans from shareholders</i>				
As at 1 January	4	36	4	36
Decrease	-	(32)	-	(32)
As at 31 December	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

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Notes to the financial statements
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Other significant agreements with related parties

- 5(a) On 15 January 2013, the Company borrowed an amount of Baht 683 million, bearing interest at 3% per annum, by entering into a loan agreement with GS Securities with the first repayment on 30 December 2013 and will pay every last working day of each year until the principal is repaid in full. The principal is schedule to be repaid within 30 December 2017.

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

On 21 February 2013, G J Steel partially redeemed its debentures from GS Securities for a net amount of Baht 403 million and in the meantime the Company borrowed from GS Securities amounting to Baht 403 million and then provided a loan to OAC for an amount of Baht 403 million in order for OAC to repay debt to its financial institution creditor, with interest at 8% per annum with the first repayment on 30 December 2013 and will pay every last working day of each year until the principal is repaid in full. The principal is scheduled to be repaid within 30 December 2017.

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

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

- 5(b) The Company and G J Steel entered into an agreement on 1 February 2013 with RA. Under the agreement, RA has agreed to provide executive personnel to be appointed to the Board of directors and be engaged for consultant services. RA is remunerated on a monthly basis at Baht 1.2 million per month per company (subject to amendment with further financial and legal consulting experts added to RA) and in the form of 47.5 million shares of the Company and 216 million shares of G J Steel respectively. The agreement is effective from 1 February 2013 for a period of 2 years and is automatically extended for 1 year unless either party terminates by notifying the other party 30 days in advance. Later, the company and G J Steel have extended the agreement with RA for another 2 years, to be effective from 1 February 2015. The remuneration to be paid from G J Steel change from Baht 1.2 million per month to Baht 1.5 million per month. The remuneration to be paid from the company change from Baht 1.2 million per month to Baht 0.3 million per month. And in addition the company shall pay the remuneration in proportion to the progress of work as specified in the agreement. And the company shall pay the monthly director fee directly to the director, who has been provided by RA.

Later on 1 August 2015, the Company entered into an addendum with RA. Both parties agreed that the Agreement shall remain effective until 31 January 2016 and for G J Steel remain effective until 31 July 2016 and change the service scope with the remuneration fee at Baht 0.2 million per month.

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For the year ended 31 December 2016

- 5(c) In year 2013, G J Steel entered into an agreement with OAC in which OAC accepts liabilities arising from the compromise agreement with Master Steel Company Limited amounting to Baht 17.91 million in exchange for the transfer of 35.82 million shares of the Company held by OAC at the agreed price of Baht 0.50 per share to Master Steel Company Limited.

In addition, G J Steel settled a labour case with a former employee at the Central Labour Court. Under this agreement, G J Steel agreed to transfer the Company's shares of 33 million shares which held by OAC to the former employee at an agreed price of Baht 0.45 per share, amounting to Baht 14.85 million and OAC agreed to guarantee the share price at Baht 0.45 per share in 90 days from the transferred share date ("guarantee period").

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

- 5(d) On 13 January 2014, OAC deposited 102.3 million shares of the Company with Deposit Office, Legal Execution Department as a guarantor under the compromise agreement to transfer additional 102.3 million shares of the Company at Baht 0.10 per share (the market price at the end of guarantee period) to the employee.

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

- 5(e) On 17 February 2014, the Company's Board of Directors approved the Company's execution of financial support agreements in the aggregate amount of Baht 4,610 million, comprising a long-term loan in the amount of Baht 400 million which bears interest at 12% per annum repayment in 48 installments. Bank guarantee facilities in the aggregate amount of Baht 210 million and trade credit facilities for purchase of raw material and spare parts for production in the amount of Baht 4,000 million with a Supporting Customer. To reciprocate the support, the Company has appointed the supporting customer to be the distributor for the hot rolled coil steel products produced by the Company and the Company is entitled to certain percentage of sales. Moreover, the supporting customer and a group of other customers have agreed to purchase all of the hot rolled coil steel products which the Company is able to produce for a period of 2 years. Under the conditions of financial support agreements, the Company pledged G J Steel's shares in the amount of 12,000 million shares and the Heavy Gauge Shearing Line as collateral in favour of Supporting Customer. On 2 May 2014, the Company already registered the mortgage with the central registration office, Department of Industrial Works.

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

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- 5(f) On 28 February 2014, GS Securities entered into a mortgage agreement of 2,000 million shares of G J Steel held by GS Securities and the supporting customers (Pledgee) to secure the repayment of loans the Company has with the Pledgee.
- 5(g) On 7 May 2014, OAC enters into a Transfer of assets for debt repayment contract with Shareholder 2 of the Company agreeing to partially pay the debts by transferring ownership of assets value Baht 303 million which composes of 4,125 million of GJS shares, 274 million units of GJS-W2, 413 million units of GJS-W4 and 209 million of the Company shares. Besides, at the same date, the Company and Shareholder 2 agreed to extend the payment of debts to 30 June 2016, provided that OAC has complied to debt payment in according to the Transfer of assets for debt repayment contract. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014. Thus the Company classifies the outstanding balance of loans to non-current liabilities since the 2nd quarter of 2014.

Then the Lenders of OAC's loan complaint case to OAC and the Company as guarantor to repay the outstanding debt of OAC's loan and OAC has other obligations with third parties. Based on the current financial position of OAC, OAC was unable to meet its obligations. The Company was guarantor of OAC's loan and as its parent company has obligations making it jointly liable for OAC's obligations.

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

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

- 5(h) On 1 June 2015, Shareholder 1 gave a notice to OAC to pay total debt under the Southern Bangkok Civil Court injunction on 26 October 2012 amounted to Baht 34 million. Later, on 3 June 2015, G J Steel has paid debt to Shareholder 1 amount of Baht 32.5 million for OAC.

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For the year ended 31 December 2016

6 Transactions with business alliances

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

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

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cash at bank - current accounts	592	-	(5)	(10)
Cash at bank - saving accounts	31	159	15	11
Total	623	159	10	1

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	615	153	7	(2)
United States Dollar (USD)	8	6	3	3
Total	623	159	10	1

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8 Trade account receivable

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Related parties	5	54	54	54	54
Business alliances	6	363	363	363	363
Other parties		947	917	333	285
		<u>1,364</u>	<u>1,334</u>	<u>750</u>	<u>702</u>
Less allowance for doubtful accounts		<u>(1,092)</u>	<u>(1,092)</u>	<u>(674)</u>	<u>(675)</u>
Net		<u>272</u>	<u>242</u>	<u>76</u>	<u>27</u>
(Reversal of) bad and doubtful debts expense for the year	37	<u>-</u>	<u>10</u>	<u>(1)</u>	<u>10</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Related parties				
Overdue:				
Over 12 months	54	54	54	54
Less allowance for doubtful account	<u>(54)</u>	<u>(54)</u>	<u>(54)</u>	<u>(54)</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business alliances				
Overdue:				
Over 12 months	363	362	363	362
Less allowance for doubtful accounts	<u>(363)</u>	<u>(362)</u>	<u>(363)</u>	<u>(362)</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other parties				
Not over due	3	32	-	27
Overdue:				
Less than 3 months	96	37	76	-
Over 12 months	<u>848</u>	<u>849</u>	<u>257</u>	<u>259</u>
	<u>947</u>	<u>918</u>	<u>333</u>	<u>286</u>
Less allowance for doubtful accounts	<u>(675)</u>	<u>(676)</u>	<u>(257)</u>	<u>(259)</u>
Net	<u>272</u>	<u>242</u>	<u>76</u>	<u>27</u>
Total	<u>272</u>	<u>242</u>	<u>76</u>	<u>27</u>

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Customary credit terms

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

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

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

In July 2013, G J Steel filed complaints against the Non-performing domestic Customers with Civil Court for breach of sale and purchase agreements. On 21 October 2013 the Civil Court ordered the Customer 1 to pay the amount of Baht 423 million and interest at 7.5% p.a. of the principal of Baht 352 million since filing date until the settlement date. However the Customer 1 could not paid as per the judgment debt. On 17 November 2016, the Customer 1 had a registration for dissolution. Currently G J Steel is under the settlement filed for liquidation. On 3 March 2014, G J Steel had made the compromise agreement with Customer 2 to pay the amount of Baht 78 million (principal amount of Baht 65 million and interest amount of Baht 13 million) by installation payment commencing on 25 March 2014 to 25 August 2016. However, the Customer 2 was defaulted the payments. However from year 2015 to the present G J Steel traced the land of the Customer 2 with Land Department, and not found their property. G J Steel is on the process for investigation their other assets

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

No sales transactions for the years ended 31 December 2016 and 2015 with the customers with whom the Group and the Company have set aside provisions but are still engaged in business as a means of debt collection.

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The currency denomination of accounts receivable as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	1,253	1,222	639	590
United States Dollar (USD)	111	112	111	112
Total	1,364	1,334	750	702

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Finished goods	642	575	334	391
Raw materials	529	373	286	197
Spare parts	740	745	420	419
Consumables	82	85	82	85
Others	47	26	35	15
	2,040	1,804	1,157	1,107
<i>Less</i> Allowance for devaluation of inventories	(48)	(116)	(20)	(80)
Net	1,992	1,688	1,137	1,027
Carrying value of inventories pledged to secure liabilities	487	577	415	482

As at 31 December 2016 and 2015, the Company entered into the guarantee agreement with the supporter by pledging the machinery spare parts which owned by the Company in the amount of Baht 115 million to secure the amount of Baht 115 million loan.

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10 Receivables from scrap sales

	Note	Consolidate and Separate financial statements	
		2016	2015
		<i>(in million Baht)</i>	
Related party	5	338	338
Less allowance for doubtful accounts		<u>(338)</u>	<u>(338)</u>
Net		<u><u>-</u></u>	<u><u>-</u></u>

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

On 23 December 2016, the Company and the debtor entered into the compromise agreement which the debtor will transfer the other company's share to the Company. Currently, it is in the process of the transfer.

11 Other current assets

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Other receivables		25	33	25	32
Less allowance for doubtful accounts		<u>(20)</u>	<u>(27)</u>	<u>(20)</u>	<u>(27)</u>
		<u>5</u>	<u>6</u>	<u>5</u>	<u>5</u>
Advance for purchases of goods and service		219	215	60	59
Less allowance for impairment		<u>(115)</u>	<u>(115)</u>	<u>(18)</u>	<u>(18)</u>
		<u>104</u>	<u>100</u>	<u>42</u>	<u>41</u>
Suspense value added tax		30	88	18	77
Others		<u>61</u>	<u>60</u>	<u>32</u>	<u>16</u>
Net		<u>200</u>	<u>254</u>	<u>97</u>	<u>139</u>
(Reversal) of bad and doubtful debts expense for the year	37	<u>(7)</u>	<u>(2)</u>	<u>(7)</u>	<u>(2)</u>

The currency denomination of other current assets as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	169	213	89	138
United States Dollar (USD)	134	139	30	39
Other	<u>32</u>	<u>45</u>	<u>16</u>	<u>7</u>
	<u>335</u>	<u>397</u>	<u>135</u>	<u>184</u>
Less allowance for doubtful accounts	<u>(135)</u>	<u>(143)</u>	<u>(38)</u>	<u>(45)</u>
Total	<u>200</u>	<u>254</u>	<u>97</u>	<u>139</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

12 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2016 and 2015 were as follows:

	Ownership interest		Paid-up capital		Separate financial statements				At cost - net	
	2016	2015	2016	2015	Cost	Cost	Impairment	Impairment	2016	2015
	(%)		<i>(in million Baht)</i>		2016	2015	<i>(in million Baht)</i>		2016	2015
Subsidiaries										
Ordinary shares:										
SPH	99.99	99.99	341	341	341	341	(341)	(341)	-	-
G J Steel	20.79	20.79	73,039	73,039	3,955	3,955	(1,473)	(1,471)	2,482	2,484
GS Notes	99.99	99.99	2,722	2,722	1	1	-	-	1	1
GS Securities	99.99	99.99	3,292	3,292	1,993	1,993	(491)	(491)	1,502	1,502
GS Notes 2	99.99	99.99	473	473	1	1	-	-	1	1
GST CD	-	99.99	-	1	-	1	-	-	-	1
					6,291	6,292	(2,305)	(2,303)	3,986	3,989
Warrants:										
G J Steel					40	40	-	-	40	40
Total					6,331	6,332	(2,305)	(2,303)	4,026	4,029

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
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The movement of investments in subsidiaries during the year ended 31 December 2016 and 2015 are as follow;

	<i>Separate financial statements</i>	
	2016	2015
	<i>(in million Baht)</i>	
<i>Cost method</i>		
At 1 January	6,332	6,332
<i>Deductions</i>	(1)	-
At 31 December	<u>6,331</u>	<u>6,332</u>
 <i>Impairment</i>		
At 1 January	(2,303)	(1,989)
Increase	(2)	(314)
At 31 December	<u>(2,305)</u>	<u>(2,303)</u>
 Net	 <u>4,026</u>	 <u>4,029</u>

G J Steel

As at 31 December 2016, the market price of ordinary shares of G J Steel was Baht 0.36 per share (*31 December 2015: Baht 0.16 per share*), equivalent to a valuation of the investment of Baht 792 million (*31 December 2015: Baht 352 million*).

As at 31 December 2016, the Company's investment in G J Steel at cost amounted to Baht 3,955 million (*31 December 2015: Baht 3,955 million*) whereas the book value of G J Steel shareholders' equity proportion in the percentage that the Company held according to its financial statement as at 31 December 2016 amounted to Baht 2,482 million (*31 December 2015 : Baht 2,484 million*).

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

On 7 May 2014, OAC enters into a Transfer of assets for debt repayment contract with Shareholder 2 of the Company agreeing to partially pay the debts by transferring ownership of assets value Baht 303 million, which composes of 4,125 million of G J Steel's shares, (Equivalent to 413 million shares after the change in the par value of shares) 274 million units of GJS-W2, 413 million units of GJS-W4 and 209 million of the Company shares (Equivalent to 42 million shares after the change in the par value of shares). Besides, at the same date, the Company and Shareholder 2 agreed to extend the payment of debts to 30 June 2016 (Later, extend the payment of debts to before 28 February 2017), provided that OAC has complied to debt payment in according to the transfer of assets for debt repayment contract. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014.

G J Steel's share sale with right of redemption

GS Securities

On 6 January 2015, GS Securities entered into 100 million G J Steel shares (Equivalent to 10 million shares after the change in the par value of shares) held by GS Securities sale with right of redemption with a Buyer amounting to Baht 6 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 6 million together with interest at 8% per annum starting from the contract date.

On 15 January 2015, GS Securities entered into 100 million G J Steel shares (Equivalent to 10 million shares after the change in the par value of shares) held by GS Securities sale with right of redemption with the Buyer amounting to Baht 6 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 6 million together with interest at 8% per annum starting 23 January 2015.

Therefore GS Securities cannot redeem the sale of share with right of redemption within contract period. The Buyer can hold these shares.

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2016

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

The Company

As at 31 December 2016 and 2015, the Company pledged its G J Steel's shares and G J Steel's warrants as collateral for the benefit of creditors as follows:

	<i>Separate financial statements</i>	
	2016	2015
	<i>Number of shares (in million share)</i>	
<i>G J Steel's shares</i>		
Short-term loan from other party	60	60
Short-term loan from related party	50	50
Working capital lines of credit with related party	2,000	2,000
Working capital lines of credit with a Supporting customer 3	18	18
Total	2,128	2,128
	<i>(in million unit)</i>	
<i>G J Steel's warrants</i>		
Short-term loan from other party	500	500
Short-term loan from financial institution	120	120
Total	620	620

On 1 May 2014, the Company entered into a loan agreement in the amount of Baht 36 million with a supporter to replace the financial support agreement dated 16 January 2013, the interest shall be at 7.75% per annum from the signing date. The principal together with the interest shall be paid monthly and to be completed within 2 years. And for securing of the loan, the Company had pledged 102 million of the G J Steel share (Equivalent to 10 million shares after the change in the par value of shares) as collateral for the repayment of the loan.

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

On 12 September 2014, the Company entered into a loan agreement with a lender in the amount of Baht 10 million, which bears interest 8% per annum and to be due on 30 January 2015. Under the terms of this loan, the Company pledged 500 million shares of G J Steel (Equivalent to 50 million shares after the change in the par value of shares) held by the Company as collateral for the benefit of the lender. Later the Company had made the memorandum to extend the repayment period within 30 June 2016.

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

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GS Securities

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

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

GS Securities

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

In year 2013, G J Steel entered into various compromise agreements with nine creditors to exchange its outstanding receivables from the G J Steel amounting to Baht 1,043 million for debentures amounting to Baht 1,043 million. The Company issued 2,086 million ordinary shares with a par value of Baht 1 per share to G J Steel's creditor in exchange for GS Securities' shares of 104.3 million ordinary shares with a par value of Baht 10 per share. Accordingly, shares of GS Securities are recognised in the statement of financial position as if the Company held G J Steel's debentures directly.

The details of G J Steel's debenture are as follows:

No. of debentures	: 104,300 units
Face value per unit	: Baht 10,000
Total value of debentures	: Baht 1,043 million
Maturity	: 2 years
Interest rate	: 3% p.a.
Issuance Date	: 19 March, 19 April and 14 May 2013
Maturity Date	: 19 March, 19 April and 14 May 2015

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

GST CD

GST CD had register with the Ministry of Commerce to dissolve its company on 23 December 2013 and registered to liquidate on 18 June 2014 which the Company received refund investment in year 2016 and then this investment has been written off.

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

13 Advance payment for purchases of property, plant and equipment

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Advance payment for :				
Land	210	210	-	-
Hot rolled coil expansion project	1,308	1,308	1,308	1,308
Coil conditioning line project	692	692	692	692
Others	55	55	-	-
	<u>2,265</u>	<u>2,265</u>	<u>2,000</u>	<u>2,000</u>
Less allowance for loss on impairment	<u>(2,055)</u>	<u>(2,055)</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net	<u>210</u>	<u>210</u>	<u>-</u>	<u>-</u>

G J Steel

On 2 November 2012, G J Steel Board of Directors approved a mortgage transaction with a supporting customer to secure a loan facility in the amount of Baht 360 million. Under this mortgage transaction, G J Steel and the land seller agreed to mortgage 5 deeds of land which are presented as part of advances for purchase of property, plant and equipment amounting to Baht 210 million as collateral for long-term loan from supporting customer. On 2 April 2013, G J Steel entered into a compromise agreement with the supporting customer to exchange their outstanding accounts receivables for the debenture of G J Steel. However, the supporting customer had compensation claim because G J Steel has not complied with raw-material purchase agreement amounted to Baht 42.6 million, which was recorded under trade accounts payable as at 31 December 2016, and continues to hold such collateral to secure its claim.

In July 2015, G J Steel informed the supporting customer to replace its security by hand over G J Steel common shares of 540 million shares held by GS Security Co., Ltd. And Superior Oversea (Thailand) Co.,Ltd. to replace its 5 land title deed, which the land redemption had been processed. Later on 29 September 2015, G J Steel mortgaged the 5 land title deeds to Revenue Department, as security of tax installment payment of the Company and G J Steel amounting to Baht 330 million (G J Steel has Baht 206 million) (as described in Note 22 to the financial statements).

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

14 Property, plant and equipment

	Consolidated financial statements						
	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
Cost							
As at 31 December 2015	1,594	9,482	39,204	391	12	15,402	66,085
Additions	-	-	24	7	-	3	34
Disposals / Write off	-	-	(1)	(8)	(1)	-	(10)
Transfers	-	-	-	2	-	(3)	(1)
As at 31 December 2016	<u>1,594</u>	<u>9,482</u>	<u>39,227</u>	<u>392</u>	<u>11</u>	<u>15,402</u>	<u>66,108</u>
Accumulated depreciation							
As at 31 December 2015	31	5,166	16,607	379	12	-	22,195
Depreciation charge for the year	3	137	1,599	2	-	-	1,741
Disposals / Write off	-	-	(1)	(8)	(1)	-	(10)
As at 31 December 2016	<u>34</u>	<u>5,303</u>	<u>18,205</u>	<u>373</u>	<u>11</u>	<u>-</u>	<u>23,926</u>
Allowance for loss on impairment							
As at 31 December 2015	329	1,147	3,076	5	-	8,887	13,444
Disposals / Write off	-	-	-	-	-	(1)	(1)
As at 31 December 2016	<u>329</u>	<u>1,147</u>	<u>3,076</u>	<u>5</u>	<u>-</u>	<u>8,886</u>	<u>13,443</u>
Net book value							
As at 31 December 2015	<u>1,234</u>	<u>3,169</u>	<u>19,521</u>	<u>7</u>	<u>-</u>	<u>6,515</u>	<u>30,446</u>
As at 31 December 2016	<u>1,231</u>	<u>3,032</u>	<u>17,946</u>	<u>14</u>	<u>-</u>	<u>6,516</u>	<u>28,739</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Separate financial statements						Total
	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	
<i>Cost</i>							
As at 31 December 2015	736	3,237	21,277	153	9	8,627	34,039
Additions	-	-	-	1	-	-	1
Disposals	-	-	-	-	-	-	-
As at 31 December 2016	736	3,237	21,227	154	9	8,627	34,040
<i>Accumulated depreciation</i>							
As at 31 December 2015	-	1,189	8,865	146	9	-	10,209
Depreciation charge for the year	-	36	783	-	-	-	819
Disposals	-	-	-	-	-	-	-
As at 31 December 2016	-	1,225	9,648	146	9	-	11,028
<i>Allowance for loss on impairment</i>							
As at 31 December 2015	306	1,071	2,685	5	-	5,764	9,831
As at 31 December 2016	306	1,071	2,685	5	-	5,764	9,831
<i>Net book value</i>							
As at 31 December 2015	430	977	9,727	2	-	2,863	13,999
As at 31 December 2016	430	941	8,944	3	-	2,863	13,181

G Steel Public Company Limited and its Subsidiaries
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Assets under construction and installation

Details of assets under construction and installation (gross) as at 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Hot rolled coil expansion	1,552	1,552	1,552	1,552
Coil conditioning line	6,273	6,273	6,273	6,273
Galvanizing line	5,038	5,038	-	-
Reversing Mill line	1,525	1,525	-	-
Others	1,014	1,014	802	802
Total	15,402	15,402	8,627	8,627

Impairment evaluation

The Company and G J Steel

In determination of assets impairment, the management of the Company and G J Steel has verified various factors and concluded that there is no factor indicated the value of land, buildings and equipments as of 31 December 2016 and 2015 may be impaired. However, for the sake of certainty, during the 4th quarter of year 2016, the management of the Company and G J Steel has retained an independent appraisers to evaluate the value of the land, buildings and equipments as of 31 December 2016 of both of the Company and G J Steel. Together with the valuation of the assets of the management, and concluded that as of 31 December 2016 and 2015 there are no factor indicated that the book value of the land, buildings and equipment may be impaired.

Mortgage transaction of the Company

Security for short-term loan from a financial institution

The Company had mortgaged machinery which are Skinpass Mill with a net book value of baht 1,128 million as at 31 December 2016 (31 December 2015: Baht 1,149 million) as collateral for short-term loan from a financial institution not over Baht 510 million. Refer to Note 20 to financial statement.

Security for tax liabilities

The Company had mortgaged machinery (Pickle and Oil Line) with a net book value of baht 3,326 million as at 31 December 2016 (31 December 2015: Baht 3,326 million) with the Revenue Department to secure tax liabilities amounting to baht 599 million. Refer to Note 22, to financial statement.

Security for working capital lines of credit

The Company had mortgaged machinery (Heavy Gauge Shearing Line with a net book value of baht 544 million as at 31 December 2016 (31 December 2015: Baht 544 million) as collateral for working capital lines of credit. Refer to Note 19 to financial statement.

G Steel Public Company Limited and its Subsidiaries
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Mortgage transaction of G J Steel

Under the rehabilitation plan

As at 31 December 2016, G J Steel's property, plant and equipment, with a net book value of Baht 10,028 million, were mortgaged under the rehabilitation plan (*31 December 2015: Baht 10,859 million*)

G J Steel filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on G J Steel's property, plant and equipment which were held by them to secure payment of the bond issued by G J Steel in the past, which had been fully paid. On 28 October 2013, the Southern Bangkok Civil Court ruled in favour of G J Steel ordering the defendants to release the mortgaged assets. One of the defendants negotiated for make compromise agreement with G J Steel to release of the mortgaged assets and appealed to Southern Bangkok Civil Court to compromise the case.

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

Security for tax liabilities

On 14 May 2013, G J Steel's Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 766 million as at 31 December 2016 (*31 December 2015 : Baht 802 million*), as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and G J Steel registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on 10 October 2013.

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

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

On November 13, 2014, the G J Steel's Board of Directors approved to mortgage its machineries of G J Steel (Recoil Temper Mill (RTM) and the Acid Regeneration Plant)ARP) with a net book value of Baht 738 million as at 31 December 2016 (*31 December 2015 : Baht 783 million*) to secure the joint credit facility in total amount of Baht 602 million between G J Steel and the company from a local bank. On 3 March 2015, the G J Steel has mortgaged the machineries with The Central Office Equipment DIW.in amount of Baht 480 million.

G Steel Public Company Limited and its Subsidiaries
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15 Intangible assets

	Consolidated financial statements		
	Computer software licence	Production licence <i>(in million Baht)</i>	Total
<i>Cost</i>			
As at 31 December 2015	228	41	269
Increase	1	-	1
Disposals / Write - off	(1)	-	(1)
As at 31 December 2016	228	41	269
<i>Accumulated amortisation</i>			
As at 31 December 2015	211	30	241
Amortisation charge for the year	3	-	3
Disposals / Write - off	(1)	-	(1)
As at 31 December 2016	213	30	243
Allowance loss on impairment			
As at 31 December 2015	-	11	11
Increase	-	-	-
As at 31 December 2016	-	11	11
<i>Net book value</i>			
As at 31 December 2015	17	-	17
As at 31 December 2016	15	-	15

G Steel Public Company Limited and its Subsidiaries
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	Separate financial statements Software <i>(in million Baht)</i>
<i>Cost</i>	
As at 31 December 2015	17
Increase	-
	<hr/>
As at 31 December 2016	17
	<hr/>
<i>Accumulated amortisation</i>	
As at 31 December 2015	9
Amortisation charge for the year	1
	<hr/>
As at 31 December 2016	10
	<hr/>
<i>Net book value</i>	
As at 31 December 2015	8
	<hr/> <hr/>
As at 31 December 2016	7
	<hr/> <hr/>

16 Cash guarantee for the utility usage

In the 2nd quarter of year 2015, G J Steel received the guarantees refund of electricity usage and natural gas usage totaling Baht 252 million and has submit the letter of bank guarantees amount of Baht 252 million as collateral for such utility usage instead.

In the 3rd quarter of year 2016, G J Steel redeemed the letter of bank guarantees for electricity usage in partially in amounting to Baht 96 million and has its remaining commitment of letter of bank guarantees of Baht 156 million.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

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17 Deferred tax

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Deductible temporary differences				
• Allowance for doubtful accounts				
- trade accounts receivable	218	219	135	135
• Allowance for doubtful account				
- devaluation of inventories	10	23	4	16
• Allowance for doubtful accounts				
- other current assets	609	612	588	591
• Allowance for impairment losses on Investment	576	597	461	461
• Allowance impairment losses on property, plant and equipment	2,689	2,689	1,966	1,966
• Allowance impairment losses on Intangible assets	2	2	-	-
• Allowance for doubtful account				
- amount receivable from related party	112	112	-	-
• Allowance for doubtful account				
- loan to related parties	553	553	553	553
• Allowance impairment				
- other non-current assets	822	821	400	401
• Depreciation gap	1,002	826	688	559
• Provision for guarantee subsidiary	44	41	44	41
• Provision for court case claim	448	399	448	399
• Provision for deferred difference from debt restructuring	169	266	169	266
• Provision for purchase orders for undelivered raw material	-	5	-	5
• Employee benefits obligations	21	19	10	10
• Provision for tax-related liabilities	14	23	-	-
	7,289	7,207	5,466	5,403
<i>Loss carry forward</i>	2,058	2,309	538	504
Total	9,347	9,516	6,004	5,907

The tax losses expire in year 2016 to year 2020. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Group and the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Group and the Company can utilise the benefits there from.

G Steel Public Company Limited and its Subsidiaries

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18 Other non-current assets

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Suspended construction in progress		2,086	2,086	-	-
Less allowance for impairment		(2,053)	(2,053)	-	-
		<u>33</u>	<u>33</u>	<u>-</u>	<u>-</u>
Deposit-related party	5	3	1	3	1
Other deposits		25	27	6	9
Deferred cost of rolls		392	317	180	166
Rolls in transit		28	-	16	-
Advance for rolls		59	16	59	16
Others		24	25	15	16
Total		<u>564</u>	<u>419</u>	<u>279</u>	<u>208</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.

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

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19 Working capital facilities for operation

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

1. Related parties comprise with:

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

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

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

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

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

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

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

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

3.1.1 Loan amounting Baht 237.80 million : the first payment of Baht 25 million and the remaining amounts paid by 18 monthly installments as stated in the agreement starting from 31 March 2015.

3.1.2 Trust receipt (T/R) amounting approximately Baht 200 million: the first payment of Baht 25 million and the remaining amount paid by 18 monthly installments as stated in the agreement starting from 31 March 2015.

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

G Steel Public Company Limited and its Subsidiaries
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3.2 New facilities in the amount of Baht 602 million as follow :

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

3.2.2 Bank guarantee (BG) in the amount of Baht 252 million for G J Steel.

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

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

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

Presently, G J Steel has utilized the bank guarantee in amounting of Baht 156 million (31 December 2015 : Baht 252 million).

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

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

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

20 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Current				
Short-term loans from financial institutions (Secured)	316	365	316	365
Current portion of long-term loan from related parties (secured)	108	106	108	106
Bonds (unsecured)	558	562	558	562
Trade account payables				
Secured	512	1,276	440	1,221
Unsecured	3,219	3,339	1,736	1,851
	3,731	4,615	2,176	3,072
Other payables and accrued expenses				
Secured	-	-	-	-
Unsecured	2,316	1,326	1,688	695
	2,316	1,326	1,688	695
Debt restructuring plan (Unsecured)	234	234	234	234
	234	234	234	234
Other current liabilities (Short-term loans from related parties) (see Note 5)				
Secured	30	30	30	30
Unsecured	-	-	1,321	977
	30	30	1,351	1,007
Short-term loans from other parties				
Secured	83	65	83	65
Unsecured	55	55	36	25
	138	120	119	90
Total Current	7,431	7,358	6,550	6,131

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2016

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Non-current				
Long-term loan from related party				
Secured	242	264	242	264
Unsecured	-	-	1,086	1,086
	<u>242</u>	<u>264</u>	<u>1,328</u>	<u>1,350</u>
Trade account payable (unsecured)	-	504	-	504
Total Non-Current	<u>242</u>	<u>768</u>	<u>1,328</u>	<u>1,854</u>
Total	<u>7,673</u>	<u>8,126</u>	<u>7,878</u>	<u>7,985</u>

The periods to maturity of interest-bearing liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Within one year	7,431	7,358	6,550	6,131
After one year but within five years	242	768	1,328	1,854
Total	<u>7,673</u>	<u>8,126</u>	<u>7,878</u>	<u>7,985</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Short-term loans from financial institution

On 25 February 2016, the Company had entered into new contract to extension loan repayment for another year, to be dued in August 2017 (as described in note 19 to financial statement) which transferred short - term loan from financial institution to long - term loan in year 2016.

	Consolidate and Separate financial statements <i>(in million Baht)</i>	
Short - term loan from financial institution as at 31 December 2015		
- Liabilities under trust receipts		166
- Liabilities from bank guarantee of the electronic capacity charge		199
Short term loan from financial institution		<u>365</u>
Less payment during of periods		(49)
Less transfer to long term loan		
- Liabilities under trust receipts		(141)
- Liabilities from bank guarantee of the electronic capacity charge		<u>(175)</u>
Short-term loans from financial institution as at 31 December 2016		<u><u>-</u></u>

	Consolidate and Separate financial statements	
	31 December 2016	31 December 2015
	<i>(in million Baht)</i>	
Liabilities under trust receipts (Bear interest at MLR-1% per annum (2015: MLR% per annum)).	141	-
Less current portion	<u>(141)</u>	<u>-</u>
Net	<u>-</u>	<u>-</u>
Liabilities from bank guarantee of the electronic capacity charge (Bear interest at MLR-1% per annum (2015: MLR% per annum)).	175	-
Less current portion	<u>(175)</u>	<u>-</u>
Net	<u>-</u>	<u>-</u>
Current portion of long-term loans from financial institution	<u>316</u>	<u>-</u>
Long-term loans from financial institution-net	<u>-</u>	<u>-</u>

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Short-term loan from other parties

Loan from an individual

On 9 December 2010, the Company entered into a loan agreement with an individual No. 1 in the amount of Baht 15 million, which bears interest at the rate of 15% per annum. Under the terms of this loan, the Company pledged 500 million units of its G J Steel second tranche of warrants as collateral for the benefit of the lender. The Company shall repay the principal and interest to the said individual within 30 June 2014. Later, the Company had made the memorandum to extend the repayment period within 30 June 2016. On 23 June 2016, the Company had made the memorandum to extend the repayment within 30 June 2017.

On 12 September 2014, the Company entered into a loan agreement with an individual No. 2 in the amount of Baht 10 million, which bears interest 8% per annum and to be due on 30 January 2015. Under the terms of this loan, the Company pledged 500 million shares of G J Steel held by the Company as collateral for the benefit of the lender. Later the Company had made the memorandum to extend the repayment period within 30 June 2016. On 23 June 2016, the Company had made the memorandum to extend the repayment within 30 June 2017.

On 6 November 2014, the Company entered into the loan agreement with an individual No. 3 in the amount of Baht 6 million, which bears interest at the rate of 8% per annum. The Company shall repay the principal and interest to the said individual within 5 May 2015. Later, the Company had made the memorandum to extend the repayment period within 30 June 2016. On 23 June 2016, the Company had made the memorandum to extend the repayment within 30 June 2017.

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

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

Therefore, GS Securities cannot redeem the sale of share with right of redemption within contract period. The Buyer can hold these shares.

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

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Notes to the financial statements

For the year ended 31 December 2016

On 9 March 2016, the Company enters into another loan agreement with this other party for an amount up to Baht 20.9 million with interest rate at 8% per annum. The Company gradually receives the loan and the loan will be due in 1 year from the withdrawn date of each amount within 9 March 2017. Under this loan agreement, the Company will provide a certain land deed as the collateral for the lender.

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

Loan from the Supporter

On 16 January 2013, the Company entered into a financial assistance agreement with a company (“the Supporter”). The Supporter agreed to provide financial assistance for an amount not more than Baht 50 million as an advance from customers. The Company agreed that after the Company resumes the production, the Company will provide a discount of Baht 300 per ton of HRC by deducting this discount from the advance amount until the full amount is repaid. The Company agreed to provide 800 million shares of G J Steel as collateral for this first advance. In year 2013, the Supporter has already made the first advance of Baht 36 million. However, the company has not yet deliver share of G J Steel amounted 800 million shares to the supporter and the company cannot provide and deliver goods in according to the supporter’s order. On 1 May 2014, the Company enters into a loan agreement amounting Baht 36 million with the Supporter in order to replace the financial support agreement dated 16 January 2013. Interest rate is 7.75% per annum calculate from the date of the loan agreement. Principal and interest will be paid to the lender every month until full and finish within 2 years and the Company pledges 102 million shares of G J Steel as collateral to the lender. On 29 April 2016, the Company had made the memorandum to extend the repayment period within 30 April 2017.

On 28 January 2013 and 4 February 2013, the Company entered into two loan agreements with a company (“the Supporter”) in total amount of Baht 40 million, interest at the rate of 18% per annum until 30 December 2013, and shall be at least 10% per annum thereafter. The Company had provided 727.2 million shares of G J Steel as collateral for the two agreements, and the principal and interest shall be paid to the Supporter within 30 June 2014. Subsequently, on 1 September 2014, the Company and the Supporter has amended the loan agreement that the Company shall pay the principal and interest within 30 June 2015, and the revised interest shall be at the rate of 7.75 % per annum. Later the Company had made the memorandum to extend the repayment period within 30 June 2016.

On 6 January 2014, the Company entered into the guarantee agreement with the supporter by pledging the machinery spare parts which owned by the Company in the amount of Baht 80 million to secure the loan amount of Baht 80 million. This is to replace the 727.2 million shares of G J Steel previously using to secure the said loan.

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

As at 31 December 2016, the company entered into two short term loan agreements with a supporter totaling amount Baht 37 million (31 December 2015 : Baht 40 million).

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2016

G J Steel

Short-term loans from other person

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

As at 31 December 2016 G J Steel has received the loan amounting to Baht 18.50 million (*31 December 2015 : Baht 30 million*).

The payment to the Lenders of OAC's loan by the Company

On 21 February 2013, G J Steel partially redeemed its debentures from GS Securities for a net amount of Baht 403 million and in the meantime the Company borrowed from GS Securities amounting to Baht 403 million and then provided a loan to OAC for an amount of Baht 403 million in order for OAC to repay debt to its financial institution creditor. The loan to OAC carries interest at 8% per annum with the first repayment scheduled on 30 December 2013 and subsequently on every last working day of each year until the principal is repaid in full. The principal is scheduled to be repaid within 30 December 2017.

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

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

Bonds

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

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

	Consolidated and Separate financial statements	
	2016	2015
	<i>(in million Baht)</i>	
Balance - beginning of the year	562	514
Effect of exchange rate	(4)	48
Balance - end of the year	558	562
<i>Less</i> Current portion of bonds	(558)	(562)
Total of bonds - net of current portion	-	-

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

21 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Current					
Related parties	5	873	1,240	817	1,240
Business alliances	6	-	1	-	1
Other parties		6,606	6,802	4,623	4,762
		<u>7,479</u>	<u>8,043</u>	<u>5,440</u>	<u>6,003</u>
Non-Current					
Long-term payable	1.3	-	518	-	504
Total		<u>7,479</u>	<u>8,561</u>	<u>5,440</u>	<u>6,507</u>

The Company has agreements to purchase raw materials from various suppliers by utilize the credit facility of the Supporting Customer 1. The Company had taken delivery of raw materials under consignment agreement and the accrual as at 31 December 2016 are amounted to Baht 439 million and has to pay interest at the rate that the bank, charges to the Supporting Customer 1 at 1.50% to 3.00% per annum on the accrual balance on the credit facility (LC) (31 December 2015 : Baht 1,221 million, interest rate at 1.50% to 3.00% per annum).

G J Steel had agreements to purchase raw materials from various suppliers. G J Steel had taken delivery of raw materials under consignment agreements totaling Baht 442 million as at 31 December 2016 and pays interest from 1.00% to 5.86% per annum on the payables balance (2015: Baht 402 million, interest rate at 2.00% to 5.80% per annum).

As at 31 December 2016 and 2015 the Company and GJ Steel default to pay debt as agree with 3 major trade payable as describe in note 1.3 to financial statement. The default caused the Company and GJ Steel obligate to pay the default interest rate at 5% - 7.5% per annum since the default date. Presently, the Company and GJ Steel are negotiating to revise the payment schedule by extent the payment period.

The currency denomination of trade accounts payable as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Thai Baht (THB)	924	811	472	362
United States Dollars (USD)	6,513	7,681	4,928	6,078
Others	42	69	40	67
Total	<u>7,479</u>	<u>8,561</u>	<u>5,440</u>	<u>6,507</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

22 Other payables and accrued expenses

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Current					
Related parties	5	33	35	29	60
Business alliances	6	50	38	50	38
Performance guarantee payable		624	628	-	-
Tax installments payable		354	353	180	179
Electricity payable and energy service payable		224	854	111	743
Others		2,221	1,268	1,910	1,013
		<u>3,506</u>	<u>3,176</u>	<u>2,280</u>	<u>2,033</u>
Non-Current					
Tax installments payable		826	1,180	419	599
Others		49	58	-	-
		<u>875</u>	<u>1,238</u>	<u>419</u>	<u>599</u>
Total		<u>4,381</u>	<u>4,414</u>	<u>2,699</u>	<u>2,632</u>

The currency denomination of other payables and accrued expenses as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	3,335	3,450	2,322	2,343
United States Dollars (USD)	978	900	320	229
Others	68	64	57	60
Total	<u>4,381</u>	<u>4,414</u>	<u>2,699</u>	<u>2,632</u>

The performance guarantee payable

G J Steel provided a performance guarantee to an Intermediary for two End Use Customers. These two End Use Customers are also Major Trade Creditors of G J Steel. The Group has recognized liabilities as other payables and accrued expenses amounting to USD 17 million equivalent to Baht 624 million as at 31 December 2016 (*31 December 2015: USD 17 million equivalent to Baht 628 million*) under the performance guarantee.

G J Steel entered into a compromise agreement with these Major Trade Creditors, and has defaulted on certain negotiated repayment schedules. As a consequence of such default, the outstanding balances are payable on demand and accrue interest at a rate of 7.5% annually from the date of default and G J Steel is in progress providing improved repayment terms over extended time periods.

As at 31 December 2016, G J Steel has outstanding balance of accrued interest expense amounting to Baht 544 million (*31 December 2015 : Baht 478 million*).

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2016

Tax installments payable

As at 31 December 2016, the Group and the Company have outstanding balance of tax instalment payable amounting to Baht 1,180 million and Baht 599 million, respectively (included the additional surcharge up to 31 December 2016 amounting to Baht 391 million and Baht 175 million, respectively) By the Group and the company presented as current liabilities. amounted to Baht 354 million and Baht 180 million respectively and presented as non current liabilities amounted to Baht 826 million and Baht 419 million respectively under this repayment schedule, the Company and G J Steel mortgaged their 5 plot of land and construction, pickle and oil line as collateral together with the guaranteed by a company.

As at 31 December 2016 the company and G J Steel have to pay the above tax installments as follow:

The company: to pay the tax in 40 installments at the amount of Baht 14.96 million each until April 2020

G J Steel: to pay the tax in 40 installments at the amount of Baht 14.52 million each until April 2020

Other liabilities

According to redemption of the 5 pieces of land title deed to be taxes security, as describe in note 13 to financial statement, which the supporting customer ask the Company to hand over the Company common shares of 540 million shares (Equivalent to 54 million shares after the change in the par value of shares) held by GS Security and Superior to replace its 5 land title deed and to pay an amount of Baht 59 million to compensate the declining of the company common shares which had been hand over to settle to the supporting customer debts. The liability had been book in 2nd quarter of 2015 financial statement.

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

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

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

G Steel Public Company Limited and its Subsidiaries

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23 Advances received from customers

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<i>(in million Baht)</i>					
Related parties	5	2	2	2	2
Other parties		202	202	12	24
Total		204	204	14	26

Advances received from customers of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

24 Accrued interest expenses

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<i>(in million Baht)</i>					
Current					
Bonds		119	122	119	100
Consigned inventories		1,330	183	1,330	134
Financial institutions		96	96	96	96
Performance guarantee payable	22	544	477	-	-
Compromise agreement		987	754	910	688
Others		893	705	241	216
		3,969	2,337	2,696	1,234
Non-Current					
Others	1.3	-	19	-	19
Total		3,969	2,356	2,696	1,253

The currency denomination of accrued interest expenses as at 31 December 2016 and 2015 were as follows:

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Thai Baht (THB)		558	352	619	476
United States Dollars (USD)		3,375	1,982	2,046	760
Others		36	22	31	17
Total		3,969	2,356	2,696	1,253

G Steel Public Company Limited and its Subsidiaries

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25 Provisions

	Consolidated financial statements				
	Purchase orders for undelivered raw material	Court case claim	Deferred difference from debt restructuring <i>(See Note 1.3)</i> <i>(in million Baht)</i>	Tax-related liabilities <i>(See Note 47)</i>	Total
As at 31 December 2015	26	1,994	1,330	-	3,350
Provisions made	-	257	-	72	329
Provisions transferred out	-	-	(487)	-	(487)
Provisions reversed	(26)	-	-	-	(26)
Effect of exchange rate	-	(10)	-	-	(10)
As at 31 December 2016	-	2,241	843	72	3,156
As at 31 December 2015					
Current	26	1,994	682	-	2,702
Non-Current	-	-	648	-	648
Total	26	1,994	1,330	-	3,350
As at 31 December 2016					
Current	-	2,241	843	72	3,156
Non-Current	-	-	-	-	-
Total	-	2,241	843	72	3,156

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Separate financial statements				Total
	Purchase orders for undelivered raw material	Court case claim	Deferred difference from debt restructuring (See Note 1.3) (in million Baht)	Guarantee subsidiary	
As at 31 December 2015	26	1,994	1,330	206	3,556
Provisions made	-	257	-	13	270
Provisions transferred out	-	-	(487)	-	(487)
Provisions reversed	(26)	-	-	-	(26)
Effect of exchange rate	-	(10)	-	-	(10)
As at 31 December 2016	-	2,241	843	219	3,303
As at 31 December 2015					
Current	26	1,994	682	206	2,908
Non-Current	-	-	648	-	648
Total	26	1,994	1,330	206	3,556
As at 31 December 2016					
Current	-	2,241	843	219	3,303
Non-Current	-	-	-	-	-
Total	-	2,241	843	219	3,303

G Steel Public Company Limited and its Subsidiaries
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Provision for court case claim

The Company was filed cases with the Court by the Company's creditors for breach of agreements related to sales and purchases. Accordingly, as at 31 December 2016, the Group and the Company have recorded their assessments to estimate their obligation as provision for court case claim in the consolidated and separate financial statement of Baht 2,241 million (2015: Baht 1,994 million).

Provision for guarantee subsidiaries

Based on the current financial position of OAC, OAC was unable to meet its obligations. The Company as its parent company has obligations making it jointly liable for OAC's obligations. Accordingly, the Company has recorded its assessment of the obligation as provision for guarantee to subsidiary in the amount of Baht 219 million in the separate financial statement as at 31 December 2016 (31 December 2015 : Baht 206million).

Provision for deferred difference from debt restructuring

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

The Company is in the process to consult with the Federation of Accounting Professions (FAP) in order to realize this Provision for deferred difference from debt restructuring amounting Baht 732 million by either adjust in the retained earning or in the share discount. The Company will adjust this amount after receive conclusion from the consult with FAP. Either adjusts in the retained earning or the share discount; equity will be increased by Baht 732 million.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

26 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Tax-related liabilities	259	258	5	4
Machinery and construction payables	79	80	48	48
Others	8	10	8	10
Total	346	348	61	62

The currency denomination of other current liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	288	290	34	35
United States Dollars (USD)	56	56	27	27
Others	2	2	-	-
Total	346	348	61	62

27 Liabilities under rehabilitation plan

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Balance - beginning of the year	736	761	494	517
<i>Less</i> Repayment and adjust exchange rate during the year	(27)	(25)	(10)	(23)
Balance - end of the year	709	736	484	494
<i>Less</i> Current portion of liabilities included under the rehabilitation plan	(464)	(486)	(239)	(244)
Total liabilities which were included under the rehabilitation plan - net of current portion	245	250	245	250

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

The currency denomination of liabilities which were included under the rehabilitation plan as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	597	623	484	494
United States Dollars (USD)	100	100	-	-
Others	12	13	-	-
Total	709	736	484	494

G J Steel's rehabilitation plan liabilities was duly on 31 October 2011 but fell into default. G J Steel entered into negotiations with the creditors to extend the payment period. Accordingly, the Group presented the outstanding liabilities under rehabilitation plan as at 31 December 2016 and 2015 as current liabilities in the Group's consolidated statement of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at the rate of 7.5% per annum from the date of default.

Since year 2012 to the date of the report, 1 suppliers filed a complaint against G J Steel for breach of the rehabilitation plan with the litigation amount of Baht 2 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.

28 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	105	96	51	49
	105	96	51	49

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Year ended 31 December				
Statement of comprehensive income:				
Recognized in profit or loss:				
Post-employment benefits	12	23	5	12
	12	23	5	12

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The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The Group adopted to recognize the transitional obligation as at 1 January 2011 through profit or loss on a straight-line basis over five years from 1 January 2011. Movements during the year on the provision for the unrecognized transitional obligation were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Unrecognised transitional obligation as at 1 January	-	14	-	9
Recognised through profit or loss for the year ended	-	(14)	-	(9)
Unrecognised transitional obligation as at 31 December	-	-	-	-

An unfunded plan based on Thai labor law

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Present value of unfunded obligations	105	96	51	49
Unrecognised transitional obligation	-	-	-	-
Statement of financial position obligation	105	96	51	49

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Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	96	87	49	45
Benefit paid	(3)	(2)	(3)	(1)
Current service costs and interest	12	11	5	5
Defined benefit obligations as at 31 December	105	96	51	49

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Transitional obligation recognised	-	11	-	6
Current service costs	8	10	3	4
Interest on obligation	4	2	2	2
Total	12	23	5	12

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cost of sales and administrative expenses	12	23	5	12
Total	12	23	5	12

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Principal actuarial assumptions at the reporting date:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(%)			
Discount rate	3.7 - 3.9 p.a.	3.7 - 3.9 p.a.	3.7 p.a.	3.7 p.a.
Future salary increases rate	3.0 - 7.0	3.0 - 7.0	3.0 - 7.0	3.0 - 7.0
Employee turnover rate	5.0 - 15.0*	5.0 - 15.0*	6.0 - 15.0*	6.0 - 15.0*
Mortality rate	TMO08**	TMO08**	TMO08**	TMO08**

* Based on the weighted average by age group of employees

** Reference from TMO08 : Thai Mortality Ordinary Table 2008

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and employee turnover, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of December 31, 2016 as follows:

- If the discount rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 9.44 million (increase Baht 11.04 million) and Separate financial statements would decrease Baht 3.78 million (increase Baht 4.26 million).
- If the salary increase rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would increase Baht 10.85 million (decrease Baht 9.48 million) and Separate financial statements would increase Baht 4.22 million (decrease Baht 3.82 million).
- If the employee turnover rate increases (decreases) by 10%, the employee benefit obligation in Consolidated financial statements would decrease Baht 5.85 million (increase Baht 6.34 million) and Separate financial statements would decrease Baht 2.61 million (increase Baht 2.80 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.

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29 Share capital

The movements of share capital for the year ended 31 December 2016 and 2015 were as follows:

	<i>Par value per share (in Baht)</i>	Number	Consolidated and Separate financial statements		
			2016 Baht <i>(million shares / million Baht)</i>	2015 Number Baht	
Authorised					
As at 1 January					
- ordinary shares	5.00	9,755	48,776	-	-
- ordinary shares	1.00	-	-	54,574	54,574
- Decrease of shares		-	-	(5,798)	(5,798)
- Decrease of par value		-	-	(39,021)	-
As at 31 December					
- ordinary shares	5.00	<u>9,755</u>	<u>48,776</u>	<u>9,755</u>	<u>48,776</u>
Issued and paid up					
As at 1 January					
- ordinary shares	5.00	6,850	34,251	-	-
- ordinary shares	1.00	-	-	34,251	34,251
- Decrease of par value		-	-	(27,401)	-
As at 31 December					
- ordinary shares	5.00	<u>6,850</u>	<u>34,251</u>	<u>6,850</u>	<u>34,251</u>

The Company

At the shareholders' ordinary meeting for the year 2015 which was held on 29 April 2015, the shareholders approved the reduction of the company's registered capital, the increase of the company's registered capital and the change in the par value of shares are as follows :

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- Approved the reduction of the Company's registered capital from Baht 54,573,625,657 to Baht 48,775,743,726 consisting of 48,775,743,726 ordinary shares at the par value of Baht 1 per share by reducing the unissued ordinary shares in the amount of 5,797,881,931 shares and remain the shares to reserve for the warrant to purchase the ordinary shares of the Company which are GSTEL-W1, GSTEL-W2 and GSTEL-W3 as well as approved the increase of the Company's registered capital in the amount of Baht 4 from the existing registered capital of Baht 48,775,743,726 to Baht 48,775,743,730 by issuing newly ordinary shares in the number of 4 shares at a par value of Baht 1 per share to avoid fraction of share that may incur after the change of par value. In addition, approved the allotment of the Company's newly issued shares in the amount of 4 shares, with a par value of Baht 1 per share, of which 3 shares to a minority shareholder and 1 share to accommodate the exercise of GSTEL-W1. The Company was registered of the reduction, the increase of the Company's registered capital with the Ministry of Commerce on May 11, 2015 and May 12, 2015 respectively.
- Approved the shares reduction and the change in the par value of shares of the Company from Baht 1 per share to Baht 5 per share, which will cause the number of the Company's shares to reduce by 39,020,594,984 shares, from the existing 48,775,743,730 shares at the par value of Baht 1 per share to 9,755,148,746 shares at the par value of Baht 5 per share. On May 20, 2015, the Company was registered of the change in the par value of shares with the Ministry of Commerce.
- Approved the amendment of resolutions by the Extraordinary General Meeting of Shareholders No. 1/2012 held on August 6, 2012 relating to the allocation of newly issued ordinary shares reserved for the exercise of right under the Company's warrants in order to be in line with the change in the number and par value of shares of the Company as follows;
 1. To amend the number of shares issue to accommodate the exercise of GSTEL-W1 from "allocate newly issued ordinary shares of 5,676,185,824 shares, par Baht 1 per share" to be "allocate newly issued ordinary shares of 1,135,237,165 shares, par Baht 5 per share"
 2. To amend the number of shares issue to accommodate the exercise of GSTEL-W2 from "allocate newly issued ordinary shares of 1,348,653,085 shares, par Baht 1 per share" to be "allocate newly issued ordinary shares of 269,730,617 shares, par Baht 5 per share"
 3. To amend the number of shares issue to accommodate the exercise of GSTEL-W3 from "allocate newly issued ordinary shares of 7,500,000,000 shares, par Baht 1 per share" to be "allocate newly issued ordinary shares of 1,500,000,000 shares, par Baht 5 per share"
- Approved the authorization of the Board of Directors or any person authorized by the Board of Directors to determine the details in relation to the reduction of capital, the increase of capital and the allocation of such capital increase ordinary shares and the change of par value of shares of the Company.

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G J Steel

The Annual General Meeting for the year 2015 which was held on 29 April 2015 had the important resolutions as follows;

- Approved the reduction of G J Steel's registered capital from Baht 129,979,834,014.15 to Baht 103,137,868,426.08 consisting of 149,475,171,632 shares at the par value of Baht 0.69 per share by reducing the unissued shares in the amount of 38,901,399,403 shares and remain the shares to reserve for the warrant to purchase the ordinary shares of G J Steel which are GJS-W2, GJS-W3 and GJS-W4 as well as approved the increase of the Company's registered capital in the amount of Baht 12.42 from the existing registered capital of Baht 103,137,868,426.08 to Baht 103,137,868,438.50 by issuing newly ordinary shares in the number of 18 shares at a par value of Baht 0.69 per share to avoid fraction of share that may incur after the change of par value. In addition, approved the allotment of G J Steel's newly issued shares in the amount of 18 shares, with a par value of Baht 0.69 per share, of which 4 shares to a minority shareholder and 8 share to accommodate the exercise of GJS-W3 and 6 share to accommodate the exercise of GJS-W4. G J Steel was registered of the reduction, the increase of G J Steel's registered capital with the Ministry of Commerce on May 11, 2015 and May 12, 2015 respectively.
- Approved the shares reduction and the change in the par value of shares of G J Steel from Baht 0.69 per share to Baht 6.90 per share, which will cause the number of G J Steel's shares to reduce by 134,527,654,485 shares, from the existing 149,475,171,650 shares at the par value of Baht 0.69 per share to 14,947,517,165 shares at the par value of Baht 6.90 per share. At present, G J Steel was registered of the change in the par value of shares with the Ministry of Commerce on May 20, 2015.
- Approved the amendment of resolutions by the Extraordinary General Meeting of Shareholders No. 1/2009 held on 18 December 2009 and the Extraordinary General Meeting of Shareholders No. 1/2013 held on 7 January 2013 relating to the allocation of newly issued ordinary shares reserved for the exercise of right under G J Steel's warrants in order to be in line with the change in the number and par value of shares of G J Steel as follows;
 - 1 To amend the number of shares issue to accommodate the exercise of GJS-W2 from "allocate newly issued ordinary shares of 17,907,001,590 shares, par Baht 0.69 per share" to be "allocate newly issued ordinary shares of 1,790,700,159 shares, par Baht 6.90 per share"
 - 2 To amend the number of shares issue to accommodate the exercise of GJS-W3 from "allocate newly issued ordinary shares of 14,697,718,652 shares, par Baht 0.69 per share" to be "allocate newly issued ordinary shares of 1,469,771,866 shares, par Baht 6.90 per share"
 - 3 To amend the number of shares issue to accommodate the exercise of GJS-W4 from "allocate newly issued ordinary shares of 11,401,342,300 shares, par Baht 0.69 per share" to be "allocate newly issued ordinary shares of 1,101,666,923 shares, par Baht 6.90 per share"

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- Approved the authorization of the Board of Directors or any person authorized by the Board of Directors to determine the details in relation to the reduction of capital, the increase of capital, and the allocation of such capital increase ordinary shares the shares reduction and the change of par value of shares of the Company.

30 Reserves

Appropriations of profit and/or retained earnings

Legal reserve

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

31 Warrants

	<i>Offering price of warrant per unit (in Baht)</i>	Consolidated and Separate financial statements			
		2016		2015	
		Unit	Amount	Unit	Amount
		<i>(million units / in million Baht)</i>			
<i>Warrants</i>					
At 1 January					
- First Warrants (GSTEL-W1)	0.002	5,676	11	5,676	11
- Second Warrants (GSTEL-W2)	0.002	1,349	3	1,349	3
- Third Warrants (GSTEL-W3)	0.000	7,500	-	7,500	-
		14,525	14	14,525	14
Movement in the period					
Issue of new warrants		-	-	-	-
Exercise of the rights to Common Shares		-	-	-	-
		-	-	-	-
At 31 December					
- First Warrants (GSTEL-W1)	0.002	5,676	11	5,676	11
- Second Warrants (GSTEL-W2)	0.002	1,349	3	1,349	3
- Third Warrants (GSTEL-W3)	0.000	7,500	-	7,500	-
Total		14,525	14	14,525	14

Issued and offered the Company's second warrants

In year 2013, the Company issued and offered the Company's second warrants ("GSTEL-W2") up to 1,351 million units to existing shareholders who subscribe the said share at the ratio of 1 allocated new share per 1 warrant at the price Baht 0.002 per unit. The result is as follows; 1,349 million units of warrants were allocated to existing shareholders' resulting in proceeds of Baht 2.7 million. GSTEL-W2 has been listed to trade on the Stock Exchange of Thailand on 4 April 2013.

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Issued and offered the Company's first warrants

On 30 April 2012, the Company's AGM passed the resolutions to issue and offer the Company's warrants as follow:

- To issue and offer the Company's warrants in the amount of 5,676 million units to the existing shareholders according to their proportion of shareholding, at the exercise ratio of 3 ordinary shares for 1 unit of warrant, at the price of Baht 0.002 per unit and the exercise price will be Baht 0.55 per share. These warrants were issued on 27 September 2012.
- To issue and offer the Company's warrants in the amount of not more than 10,300 million units in order to be allocated to a new group of investors or lenders who have agreed to invest in or grant loans to the Company in an aggregate amount of not less than Baht 5,000 million, at the exercise price of Baht 0.43 per share.

On 6 August 2012, the Company's EGM passed the resolutions to issue and offer the Company's warrants as follows:

- To issue and offer the Company's warrants in the amount of up to 2,400 million units to the existing shareholders according to their proportion of shareholding, at the exercise ratio of 1 ordinary share for 1 unit of warrant, at the price of Baht 0.002 per unit and the exercise price will be Baht 0.55 per share.
- To issue and offer the Company's warrants in the amount of up to 7,500 million units in order to be allocated to a new group of investors or lenders who have agreed to invest in or grant loans to the Company and the Group in an aggregate amount of not less than Baht 1,500 million.

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Detail of warrants were as follows :

	<u>GSTEL - W1 (a)</u>	<u>GSTEL - W2 (a)</u>	<u>GSTEL - W3 (b)</u>
Exercise ratio (Unit : Share)	1 : 1	1 : 1	1 : 1
Price of exercise to one Common Share (Baht)	0.55	0.55	0.43
The first day of exercise	December 28, 2012	June 28, 2013	May 17, 2015
The last day of exercise	September 26, 2019	September 26, 2019	May 17, 2020

(a) Listed in The Stock Exchange of Thailand

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

At the shareholders' ordinary meeting for the year 2015 which was held on April 29, 2015, Shareholders approved the revision of the exercise price of warrants GSTEL-W1, GSTEL-W2 and GSTEL-W3 to purchase the ordinary shares of the company to be effective immediately, when the change in the par value of the company's shares has been completed. The Company has registered the change in the par value of shares with the Ministry of Commerce on 20 May 2015, then the new exercise price will be as follow;

	Before revise right (Par value Baht 1.00 per share)	After change (Par value Baht 5.00 per share)
<i>Warrants GSTEL - W1 and GSTEL - W2</i>		
- Price of exercise (Baht)	0.55	2.75
- Exercise ratio	1 unit : 1 share	1 unit : 0.200 share
<i>Warrant GSTEL - W3</i>		
- Price of exercise (Baht)	0.43	2.15
- Exercise ratio	1 unit : 1 share	1 unit : 0.200 share

G J Steel

The Annual General Meeting for the year 2015 which was held on 29 April 2015 the shareholders approved the adjustment of exercise price and exercise ratio of the warrant to purchase an ordinary shares GJS-W2, GJS-W3 and GJS-W4 which shall become effective on the date of change of shares par value of the company. The company was registered of the change of shared par value with the Ministry of Commerce on May 20, 2015 as follows :

	Before Adjustment (Par value of Baht 0.69 per share)	After Adjustment (Par value of Baht 6.90 per share)
GJS -W2		
- Exercise price (Baht)	0.207	2.070
- Exercise ratio	1 Unit : 3.630 Share	1 Unit : 0.363 Share
GJS-W3 and GJS-W4		
- Exercise price (Baht)	0.150	1.500
- Exercise ratio	1 Unit : 4 Share	1 Unit : 0.400 Share

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32 Segment information

Segment information is presented in respect of the Group's business segments and geographic segments based on the Group's management and internal reporting structure.

Business segments

Management considers that the Group operates in a single line of business, namely the production and distribution of hot rolled coils, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

The followings are the main geographic locations:

Segment 1	Domestic
Segment 2	Export

Revenue and results, based on business segments and geographic segments of the Group for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements	
	2016	2015
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	21,679	22,826
Export	5	-
Total	21,684	22,826
<i>Segment gross profit (loss)</i>		
Domestic	1,125	(945)
Export	-	-
Total	1,125	(945)

In formation about major customers

For the year ended 31 December 2016 and 2015, the Group's revenues from domestic sales 1 customer and 4 customers, respectively is amount Baht 3,926 million and Baht 13,076 million, respectively.

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33 Gain from debt restructuring

In year 2016 and 2015, the Group and the Company have gain from debt restructuring with trade accounts payable and liabilities under rehabilitation plan in the amount of Baht 59 million and Baht 28 million respectively in the consolidated financial statement and Baht 51 million and Baht 21 million respectively in the Separate financial statement.

34 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Domestic shipping expenses	303	323	148	167
Commission expenses	150	159	150	159
Packing expenses	5	4	-	-
Total	458	486	298	326

35 Administrative expenses

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Consulting expense		35	38	17	9
Idle cost - Depreciation and amortisation expenses	40	48	48	-	-
Depreciation and amortisation expenses	40	42	44	2	2
Employee benefit expenses	40	364	367	130	135
Demurrage		1	1	-	-
Others		493	453	305	239
Total		983	951	454	385

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36 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Management					
Wages and salaries		55	62	19	20
Welfare		5	4	-	-
Contribution to provident fund		1	1	-	-
	5	<u>61</u>	<u>67</u>	<u>19</u>	<u>20</u>
Other employees					
Wages and salaries		624	571	300	272
Welfare		164	191	39	56
Contribution to provident fund		32	30	12	12
		<u>820</u>	<u>792</u>	<u>351</u>	<u>340</u>
Total	40	<u>881</u>	<u>859</u>	<u>370</u>	<u>360</u>

Defined benefit plans

Details of the defined benefit plans are given in Note 28 Employee benefit obligations.

Defined contribution plans

The defined contribution plan comprises a provident fund established by the Group for its employees. Membership in the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Group at rates ranging from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

37 (Reversal of) bad and doubtful debt expenses

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in million Baht)</i>					
Amount receivable from related parties	5	-	-	(9)	75
Loans to and interest receivable from related parties	5	-	-	(1)	6
Trade account receivable	8	-	10	(1)	10
Other current assets	11	(7)	(2)	(7)	(2)
Total		<u>(7)</u>	<u>8</u>	<u>(18)</u>	<u>89</u>

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38 Losses on impairment of assets

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Investment in subsidiaries	12	-	-	2	315
Intangible assets	15	-	11	-	-
Other non-current assets - Suspended construction in progress	18	-	12	-	-
Total		<u>-</u>	<u>23</u>	<u>2</u>	<u>315</u>

39 Other expenses

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Advisory fee for debt restructuring paid by shares		-	12	-	12
Provision for guarantee subsidiary	25	-	-	13	47
Provision for court case claim	25	257	250	257	250
Loss on impairment of assets	38	-	23	2	315
Others		14	20	-	-
Total		<u>271</u>	<u>305</u>	<u>272</u>	<u>624</u>

40 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
<i>Included in cost of sales of goods:</i>					
Raw material and consumable used		14,762	16,414	6,675	7,405
Changes in inventories of finished goods decrease (increase)		(66)	1,306	57	959
Depreciation and amortization		1,770	1,780	883	886
Employee benefit expenses	36	502	480	240	225
Depreciation and amortization (including in idle cost)		46	40	-	-
Employee benefit expenses (including in idle cost)		15	12	-	-
<i>Included in administrative expenses:</i>					
Depreciation and amortization (including in idle cost)	35	48	48	-	-
Depreciation and amortization	35	42	44	2	2
Employee benefit expenses	35, 36	364	367	130	135
Operating lease expense		21	23	14	15

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41 Finance costs

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Finance costs:					
Related parties	5	88	103	188	211
Bonds		19	5	19	5
Financial institutions		30	43	30	43
Other parties		539	539	342	264
Total		676	690	579	523

42 Income tax expense

The Group and the Company did not record income tax expense in the statement of comprehensive income because the Company incurred losses in the current year and has significant losses brought forward from prior years. Deferred tax assets have not been recognised in respect of these losses as disclosed in Note 17.

Income tax reduction

Royal Decree No. 577 B.E. date 3 November 2014 grant the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015 but no later than 31 December 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2016 and 2015.

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43 Loss per share

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2016 and 2015 were based on the loss for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in million Baht /million shares)</i>			
Profit (loss) for the year attributable to equity holders of the Company (basic)		<u>(1,043)</u>	<u>(3,223)</u>	<u>(1,096)</u>	<u>(3,280)</u>
Number of ordinary shares outstanding at 1 January		6,850	34,251	6,850	34,251
Effect of change the per value	29	<u>-</u>	<u>(27,401)</u>	<u>-</u>	<u>(27,401)</u>
Weighted average number of ordinary shares outstanding (basic)		<u>6,850</u>	<u>6,850</u>	<u>6,850</u>	<u>6,850</u>
Earnings (loss) per share (basic) (in Baht)		<u>(0.15)</u>	<u>(0.47)</u>	<u>(0.16)</u>	<u>(0.48)</u>

Diluted loss per share for the years ended 31 December 2016 and 2015 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.

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44 Financial instruments

As at 31 December 2016 and 2015, the Group had not entered into any derivative contracts to hedge its exposure to foreign currency exchange risk.

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital management

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board is presently seeking additional capital investment in order to secure the ongoing viability of the Group and the Company.

Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and liabilities or net interest income as a result of the fluctuation of the market interest rate. Most of the interest rates of financial assets and liabilities of the Group and the Company are floating rates, which are based on market rates.

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The effective interest rates of financial assets and financial liabilities as at 31 December 2016 and 2015 and the periods to maturity or re-pricing were as follows:

	Effective Interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2016					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.75	623	-	-	623
Deposits at financial institution	1.375	1	-	-	1
Total		<u>624</u>	<u>-</u>	<u>-</u>	<u>624</u>
<i>Financial liabilities:</i>					
Short term loans from financial institutions	MLR-1, MLR	316	-	-	316
Short-term loans from related party	12.0	30	-	-	30
Short-term loans from other parties	7.75 - 15.0	138	-	-	138
Long-term loans from related party	12.0	108	242	-	350
Bonds	3.0	558	-	-	558
Trade accounts payable	1.0 - 7.5	3,731	-	-	3,731
Other payables and accrued expense	7.5 , MLR+2	2,316	-	-	2,316
Debt restructuring plan	0.5	234	-	-	234
Total		<u>7,431</u>	<u>242</u>	<u>-</u>	<u>7,673</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Effective Interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2015					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.50	159	-	-	159
Total		<u>159</u>	<u>-</u>	<u>-</u>	<u>159</u>
<i>Financial liabilities:</i>					
Short term loans from financial institutions	MLR	365	-	-	365
Short-term loans from related party	12.0	30	-	-	30
Short-term loans from other parties	7.75 - 15.0	120	-	-	120
Long-term loans from other parties	-	-	-	-	-
Long-term loans from related party	12.0	106	264	-	370
Bonds	3.0	562	-	-	562
Trade accounts payable	1.0 - 7.5, MLR+2	4,615	504	-	5,119
Other payables and accrued expense	7.5	1,326	-	-	1,326
Debt restructuring plan	0.5	234	-	-	234
Total		<u>7,358</u>	<u>768</u>	<u>-</u>	<u>8,126</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Effective Interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2016					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.5	10	-	-	10
Total		10	-	-	10
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	MLR-1, MLR	316	-	-	316
Short-term loans from related parties	3.25 - 12.0	1,351	-	-	1,351
Short-term loans from other parties	7.75 - 15.0	119	-	-	119
Long-term loans from related party	3.0 - 12.0	108	1,328	-	1,436
Long-term loans from other parties		-	-	-	-
Bonds	3.0	558	-	-	558
Trade accounts payable	5.0 - 7.5	2,176	-	-	2,176
Other payables and accrued expense	7.5, MLR+2	1,688	-	-	1,688
Debt restructuring plan	0.5	234	-	-	234
Total		6,550	1,328	-	7,878

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Effective Interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2015					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.50	11	-	-	11
Total		<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	MLR	365	-	-	365
Short-term loans from related parties	7.625 - 12.0	1,007	-	-	1,007
Short-term loans from other parties	7.75 - 15.0	90	-	-	90
Long-term loans from related party	3.0 - 12.0	106	1,350	-	1,456
Long-term loans from other parties	-	-	-	-	-
Bonds	3.0	562	-	-	562
Trade accounts payable	1.0 - 7.5, MLR+2	3,072	504	-	3,576
Other payables and accrued expense	7.5	695	-	-	695
Debt restructuring plan	0.5	234	-	-	234
Total		<u>6,131</u>	<u>1,854</u>	<u>-</u>	<u>7,985</u>

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

At 31 December 2016 and 2015, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated		Separate	
	<i>Note</i>	financial statements	financial statements	financial statements	financial statements
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
<i>United States Dollars</i>					
Cash and cash equivalents	7	8	6	3	3
Trade accounts receivable	8	111	112	111	112
Other current assets	11	134	139	30	39
Bonds	21	(558)	(562)	(558)	(562)
Trade accounts payable	21	(6,513)	(7,681)	(4,928)	(6,078)
Other payables and accrued expenses	22	(978)	(900)	(320)	(229)
Accrued interest expenses	24	(3,375)	(1,982)	(2,046)	(760)
Other current liabilities	26	(56)	(56)	(27)	(27)
Liabilities under rehabilitation plan	27	(100)	(101)	-	-
Gross exposure in statements of financial position		(11,327)	(11,025)	(7,735)	(7,502)
Estimated forecast purchases		(2,101)	(730)	(1,369)	(199)
Gross exposure		(13,428)	(11,755)	(9,104)	(7,701)
<i>Others</i>					
Other current assets	11	32	45	16	7
Trade accounts payable	21	(42)	(69)	(40)	(67)
Other payables and accrued expenses	22	(68)	(64)	(57)	(60)
Accrued interest expenses	24	(36)	(22)	(31)	(17)
Other current liabilities	26	(2)	(2)	-	-
Liabilities under rehabilitation plan	27	(12)	(13)	-	-
Gross exposure in statements of financial position		(128)	(125)	(112)	(137)
Estimated forecast purchases		(141)	(223)	-	-
Gross exposure		(269)	(348)	(112)	(137)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

At the reporting date there were no significant concentrations of credit risk. Due to the normal credit term granted by the Group and the Company are by cash and not over 5-7 working date (Refer to Note 8 to financial statement)

The maximum exposure to credit risk is represented by the carry amount of each financial asset in the statement of financial position.

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Liquidity risk

Liquidity risk arises from the difficulty in mobilising funds for timely and adequately meeting of commitments under financial obligations. Liquidity risk may arise from failure to sell financial assets at a price close to the fair value.

The Group and the Company have liquidity risk as the Group and Company need to generate sufficient operating cash flows to meet both their working capital requirements and their operating obligations, including obligations under negotiated compromise agreements and the rehabilitation plan.

Determination of fair values

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of financial assets and liabilities is close to the carrying value in the statements of financial positions as at 31 December 2016 and 2015.

Maturities of financial assets and liabilities

Details of the maturities of financial assets and liabilities have been provided in the relevant notes to the financial statements.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

45 Commitments with non-related parties

45.1 Commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Capital commitment				
<i>Contracted but not provided for</i>				
Buildings and other constructions	25	25	25	25
Machinery and equipment	1	1	1	1
Total	26	26	26	26
Lease and service agreement commitments				
Within one year	11	3	6	1
After one year but within five years	11	1	7	-
Total	22	4	13	1
Other commitments				
Bank guarantees	157	253	-	-

45.2 Lease and service agreements commitments

The Company

- a) The Company has entered into agreements for the provision of raw materials, raw water and water supply management. The Company is to pay service fees related to raw materials management, raw water and water supply management based on the quantity used.
- b) The Company has entered into agreements to purchase natural gas. The Company is required to pay service fees under these agreements at variable rates based on the quantity of gas consumed.
- c) On 1 January 1999, the Company entered into a twenty-year take-or-pay agreement to purchase oxygen, argon and nitrogen. Minimum payments under the agreement amount to approximately Baht 9.5 million per month.

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Long-term agreement commitments of the Company</i>				
Within one year	187	193	116	122
After one year but within five years	398	527	116	245
After five years	200	271	-	-
Total	785	991	232	367

d) On 26 October 2006, the Company's Board of Directors approved the Company's entry into the "Energy Service Agreement" with an electricity supply company, and later amended and restated the contract on 19 August 2008, in order to have an alternate source of electricity supply. Electricity is the primary utility input in the Company's flat rolled coil production process. Details of the Energy Service Agreement are as follows:

- The term of the agreement is 25 years from the substantial completion date. The Company started commercial use of electricity from this supply company in January 2011.
- The capacity for the electricity supply under the agreement is 70 MW at 230KV.
- The purchase price, computed from the combined factors of the capacity charge and the energy charge, is directly proportionate to the Thai Baht - USD exchange rate and market price of natural gas.
- The contract contains a minimum "Take or Pay" clause.
- The Company is subject to a substation and transmission facilities fee of Baht 0.8 million each month for 120 months starting from the substantial completion date.
- The Company needs to provide payment security of at least Baht 270 million.

On 1 April 2014, the Company enters into the Interim Power Purchase Agreement with the electricity supply company to temporary replace the 19 August 2008 contract. Summary of the contract are as follow:

- Agreement shall continue in force and effect for a period of six months and may be extended for one additional period of six months
- All expenses referring to the previous contract will be suspended and temporarily cease to have effect and all electricity charges that may be imposed by PEA will be charged by the electricity supply company
- The Company shall make a deposit with the electricity supply company a payment security in the amount of Baht 40 million

The company has to comply with the temporary Power Purchase Agreement date April 1, 2014 .

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For the year ended 31 December 2016

On 16 July 2015, the Company enters into an amended and restated energy services agreement (“ESA”) with the electricity supply company in order to replace the previous ESA dated 19 August 2008. Details of the Energy Service Agreement are summarize as follows:

the agreement shall continue in effect until the earliest of 29 December 2035 and a termination of the agreement by mutual agreement

- all electricity charges that may be imposed by PEA will be charged by the electricity supply company
- the contract contains a minimum “Take or Pay” clause
- the Company needs to provide payment security of Baht 60 million
- “Take or Pay” and payment security shall not apply during the period of one year from the effective date

On 16 September 2016, the Company has a memorandum that “Take or pay” and payment security shall not apply is extended for a further period from 17 July 2016 to 31 December 2016. This extension shall be extended automatically on a rolling 3 months basis for a maximum of 3 extensions and is automatically terminated immediately upon any default of payment.

G J Steel

- a) G J Steel entered into agreement to purchase natural gas. This agreement is effective on 1 July 2006 and is terminated after the Company has purchased natural gas for ten years since supplier has already transferred and the Company has already received natural gas. Natural gas rate depend on monthly charges based on consumption.
- b) On 1 November 2004, G J Steel entered into a twenty-years take-or-pay agreement to purchase oxygen, argon and nitrogen. Minimum payments under the agreement amount to approximately Baht 6 million per month.

	Consolidated financial statements	
	2016	2015
	<i>(in million Baht)</i>	
<i>Long-term agreement commitments of G J Steel</i>		
Within one year	71	71
After one year but within five years	282	282
After five years	200	271
Total	553	624

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45.3 Raw material purchase orders

The Company

As at 31 December 2016, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totaling Baht 1,569 million (*31 December 2015 : Baht 305 million*).

As at 31 December 2016, the Company has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and estimated as described in Note 25 Provisions.

As at 31 December 2016, the Company has agreements to purchase raw materials from various suppliers by utilize the credit facility of the Supporting Customer 1 under consignment agreements, which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest at the rate that the bank, charges to the Supporting Customer 1 at 1.5% to 3.0% per annum on the accrual balance on the credit facility (LC) (*2015 : 1.5 % - 3.0 % per annum*).

G J Steel

As at 31 December 2016, G J Steel had outstanding purchase orders for raw materials that have not been delivered to G J Steel totalling Baht 675 million (*2015: Baht 506 million*). As at 31 December 2016 and 2015, G J Steel has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and there was no loss to be recognized in the such period.

As 31 December 2016, G J Steel had agreements to purchase raw materials with various suppliers under consignment agreements, which the ownership of unreleased raw material belongs to the suppliers. G J Steel has to pay Holding Cost at the rate of 1.00% - 5.86% per annum on the unreleased raw materials in addition to the payables balance (*2015 : 2.00% - 5.86% per annum*).

45.4 Customer advances

As of 31 December 2016, the Company had advances received from customers totaling Baht 14 million (*2015: Baht 26 million*) and had the obligation to deliver goods to the customers in the future. G J Steel had similar advances received totaling Baht 190 million as at 31 December 2016 (*2015: Baht 178 million*).

45.5 Financial advisory agreements

The Company and its subsidiaries have entered into various financial advisory agreements with third parties for advice on seeking new investment capital domestically and from abroad, sourcing additional credit facilities, refinancing existing debt from financial institutions and negotiating improved terms of payment with trade creditors. The fees are payable based on a fixed fee per month plus a success fee which becomes payable upon completion of the particular transactions.

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

46 Litigation

The Company and G J Steel have complaint cases as follows :

The Company

Supplier complaint case

Currently, the Company is involved a case pending legal proceedings brought to court by the Company's creditors as follows:

A trade creditor demands the Company to pay the debt according to the Singapore International Arbitration Centre awarded for the principal and pre-award interest in the amount of USD 93.72 million, arbitration expenses in the amount of USD 0.39 million and post-award interests in the amount of USD 11 million which total to the amount of USD 105 million. A full provision for this amount has been made.

The Central Intellectual Property and International Trade Court rendered a judgment on 27 June 2014. The Company filed the motion to appeal the judgment to the Supreme Court dated on 15 August 2014. And on 29 September 2014, the petitioner filed an appeal of the Company to the Central Intellectual Property and International Trade Court. At present, this case is pending in the Supreme Court.

G J Steel

Suppliers complaint pending litigation

3 suppliers filed a complaint against G J Steel for breach of several agreements related to sales and purchases and rehabilitation plan. Presently one supplier with the litigation amount of Baht 2 million together with interest at the rate of 7.5% per annum from the date of filing the complaint until the date of full repayment are on the Court process and two suppliers with the litigation amount of Baht 1 million has been compromised and settled.

The Second Section of Labour Court

A former employee filed a complaint to the Second Section of the Labour Court against G J Steel for the lay-off and demands G J Steel to pay him together with interest at the rate 7.5% per annum from the date of filing. Presently, this case is pending in the Supreme Court.

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For the year ended 31 December 2016

47 Contingent liabilities

G J Steel

On 9 October 2015, the Board of Investment (“BOI”) has been resolved to G J Steel pay the custom duties on the imported raw materials date in year 1998. On November 2016 G J Steel had made a request to join the tax audit assessment program for entrepreneurs. In order to terminate the liability issue which may arise in such circumstances on 16 January 2017, G J Steel had made a proposal letter to Custom Department for custom duties, VAT and penalties in amount of Baht 132.3 million, currently is on the process for consideration by Custom Department.

As at 31 December 2016, G J Steel had recorded the provision for such liabilities of duties and penalties in financial statements in amount of Baht 72 million.

OAC

On 28 June 2016, OAC received the notice to pay tax liabilities from the Revenue Department. Then OAC has issued a requested letter dated 12 July 2016, to the Revenue Department for attenuation of tax payment.

Later, on 23 August 2016, the Revenue Department reply that OAC cannot extend for tax payment.

48 Events after the reporting period

48.1 The Company

48.1.1 Debt restructuring from Major Trade Creditors

On 31 January 2017, the Company received the notice of assignment to debtor from Six Major Trade Creditors including all amount payable under the contracts to new foreign company

Presently, the Company is on the debt restructuring negotiation with new creditor.

48.2 G J Steel

48.2.1 Debenture

Since 1 January 2017 to the reporting date, G J Steel has redeemed the undue debenture to GS Securities in the amount of Baht 42 million.

48.2.2 Credit facilities for operation

On 6 January 2017, the Company’s Board of Directors meeting G J steel 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:

1. On 22 January 2017, G J Steel (borrower) has entered the long term loan agreement with a foreign company (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.

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For the year ended 31 December 2016

- 1.1. The first loan facility of USD 41 million for the purpose of repayment of new creditor and includes all reimbursement expenses from lender such as due diligence expenses and other expenses related the processes to ensure the long term loan agreement completed. On 1 February 2017, the Company had drawn down the loan of USD 41 million in order to repayment principal and interest payable to new creditor as described to the financial statement in Note 48.2.3
- 1.2. The second loan facility of USD 30 million for the purpose of spending as a working capital and a capital expenditure.
2. For another credit facilities of USD 40 million has not yet entering the loan agreement due to G J Steel is on the debt restructuring negotiation with new creditor as described to the financial statement in Note 48.2.3, it expects to be finalized within the first quarter of year 2017.

48.2.3 Debt restructuring from Major Trade Creditors

On 31 January 2017, G J Steel received the notice of assignment to debtor from Four Major Trade Creditors including all amount payable under the contracts to new foreign company (hereinafter referred to as “new creditor”). As of 31 December 2016, the outstanding balance of principal and interest payable from Four Major Trade Creditors which was transferred to new creditor was the amount of USD 91.23 million.

On 3 February 2017, the Company had repayment for some portion of principal and interest payable in amount of USD 40.18 million from the drawn down of loan facility as described to the financial statement in Note 48.2.2

Presently, G J Steel is on the debt restructuring negotiation with new creditor, it expects to be finalized within the first quarter of year 2017.

48.2.4 Business advisory and review agreement

As at 20 January 2017, G J Steel entered into agreement for business advisory and review with the foreign company for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. This agreement has not specified the termination period but the Company can cancel this agreement with immediate effect if given in a written

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

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49 Reclassification of accounts

Certain accounts in the consolidate and separate statement of financial position as at 31 December 2015 which are included in the 2016 financial statements for comparative purposes, have been reclassified to conform to the presentation in the consolidate and separate financial statements of financial position for the year ended 31 December 2016.

	Consolidate financial statements		
	Before reclassification	Reclassification (Baht)	After reclassification
Statement of income			
for the year ended 31 December 2015			
Income			
- Reversal loss on devaluation of inventories	108,684,342	(108,684,342)	-
Expenses			
- Cost of sale			
- Idle cost	-	306,280,212	306,280,212
- Reversal loss on devaluation of inventories	-	108,684,342	108,684,342
- Administrative expenses	1,256,845,951	<u>(306,280,212)</u>	950,565,739
		<u>-</u>	

	Separate financial statements		
	Before reclassification	Reclassification (Baht)	After reclassification
Statement of income			
for the year ended 31 December 2015			
Income			
- Loss on devaluation of inventories	102,749,530	(102,749,530)	-
Expenses			
- Cost of sale			
- Idle cost	-	250,199,515	250,199,515
- Reversal loss on devaluation of inventories	-	102,749,530	102,749,530
- Administrative expenses	635,452,997	<u>(250,199,515)</u>	385,253,482
		<u>-</u>	