

## 1. Highlights

	Unit: million Baht	2016	2015
Group	Group Revenues	21,684	22,826
	Group EBITDA	1,555	(1,857)
	Group Net Profit (Loss)	(1,048)	(4,345)
HRC	HRC Sales (k tons)	1,326	1,343
	HRC Production Volume (k tons)	1,336	1,295
	HRC Average Selling Price (Bht./Ton)	16,348	16,995
	HRC Cash Margin (Bht./Ton)	2,427	766
	Unit: million Baht	2016	2015
Group	Total Assets	32,615	33,436
	Total Liabilities	21,747	21,519
	Total Equity	10,868	11,917

Even though average selling price of hot-rolled coil in 2016 decrease around 3.8% comparing with last year, with the well manage production of the Company, the Company can generate cash margin by Baht 2,427 per ton in 2016.

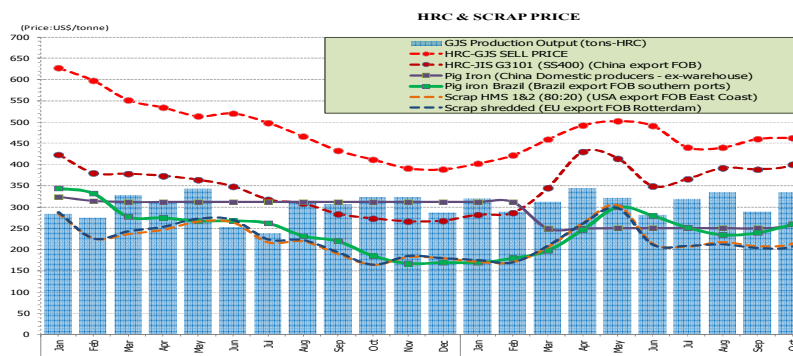
## 2. Business Outlook on Q1/2017

- The Group of Companies expect the price increase around 10% in Q1/17 comparing to the previous quarter of which the average selling price is at THB 18.00- 19.00 / kg which is in line with the world market price. While the output o Q1/17 is expected at 340,000 – 350,000 tons for this quarter.
- The Group of Companies have continued to reduce the conversion cost to the target level. Currently, the subsidiary company has achieved the best ever record since they resumed the operation. While the Parent Company has continued its cost reduction program for the year 2017. The group has planned to increased its production capacity to in H2/17 by 10% comparing to our production in year 2016. The increase of production volume will reduce the production cost/ ton and substitute the imported HRC portion.

## 3. Group CEO's Message

### Executive summary

According to the audited separate financial statement as of year end 2016, the company's operating results reported in total production of hot-rolled coils (HRC) and sales volume approximately 602,000 tons and 577,000 tons respectively, slightly increase at 4.4% in production volume when compared with the previous year. The average selling price of HRC in 2016 was 16,569 baht/ ton, down 3.6% from last year due to threatening of imported HRC which still increased steadily. Moreover, the trend of HRC price in the world markets fell from the previous year (see below graph of HRC price during 2015-2016).



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The company has still produced only off-peak period with utilization rate at 77.2% due to cost saving from lower electricity rate. With more effectiveness in production cost control in 2016, the company was able to reduce the production cost by 13% comparing with the previous year. Thanks to the greater of cost reduction than the drop of the selling price as mentioned above, the gross profit in year 2016 rosed to Baht 452 million. Though its net result in year 2016 was still shown net loss of Baht 1,097 million, improved from the net loss of Baht 3,280 million in the previous year, EBITDA in year 2016 was positive at Baht 469 million.

In this year 2017, the company is in the process of financial restructuring with the aim of enhancing its balance sheet and financial strength for continuing sustainable business in the long run. Moreover, the company has plan to ramp-up the production capacity for the upsurge demand of local HRC which has been driven by the public sector's investment in mega infrastructure projects including large projects in various industries.

#### 4. Industry Overview and Outlook

##### Overview of World Steel Industry

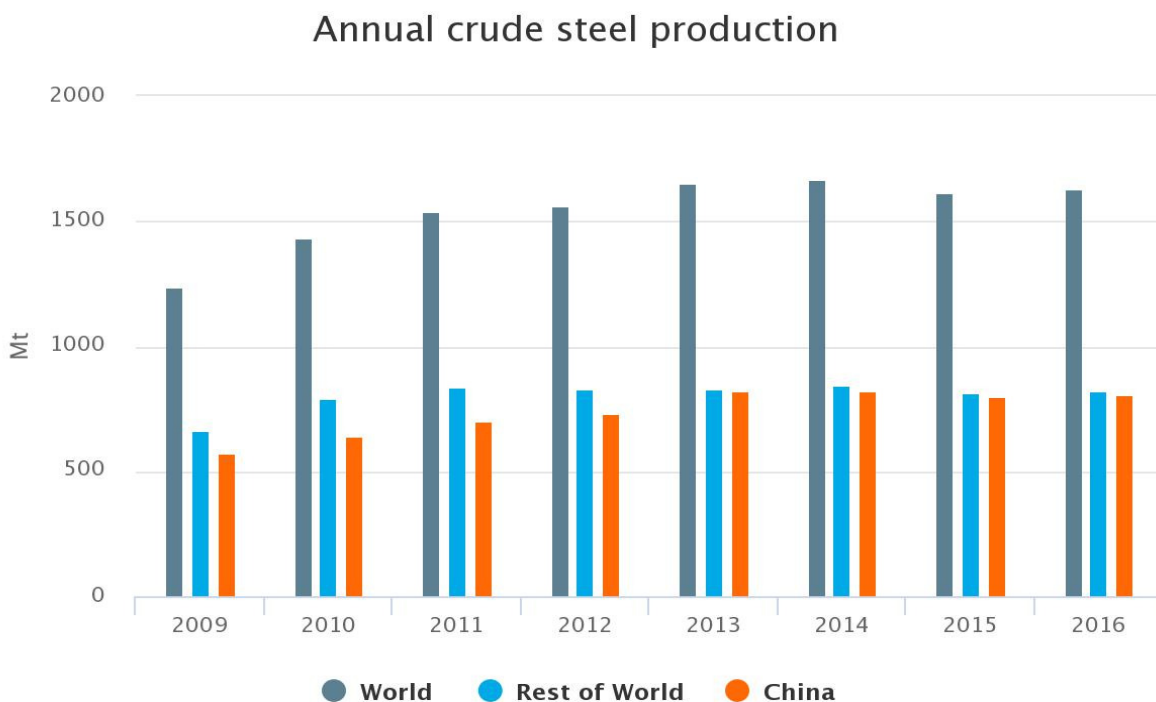
With reference to World Steel Association's report on crude steel production for the year 2016 (lately published on 24/1/17), the total crude steel production (all countries) was 1,628.5 million metric tons, an increase by 0.8% from previous year (2015). China was the biggest producing country with

808.4 million tons, up 1.2% from previous year, keeping away the 2<sup>nd</sup> rank Japan producing 104.8 million tons and India producing 95.6 million tons of crude steel.

The said situation reveals a concurrent movement of the world steel industry along with the world economy. In addition, the overall steel prices jumped up in the second half of 2016, especially in China; thus put the steel prices back on track, getting upturn to the recovery phase of the usual market mechanism. Anyhow, the implementation of free trade schemes among the bound parties were still going on according to the FTA frameworks for tariff reduction or cut as earlier agreed and committed to in a long run.

The trend for world crude steel production had already passed the stagnation state during the last 2 years (2015–2016), following the steel oversupply flooded the world market in 2014, which hit steel prices hard for the 2 years accordingly, after then demand and supply adjustment took place on movement towards equilibrium, and resulted in improved stability of the world market since Q4/2016 to date.

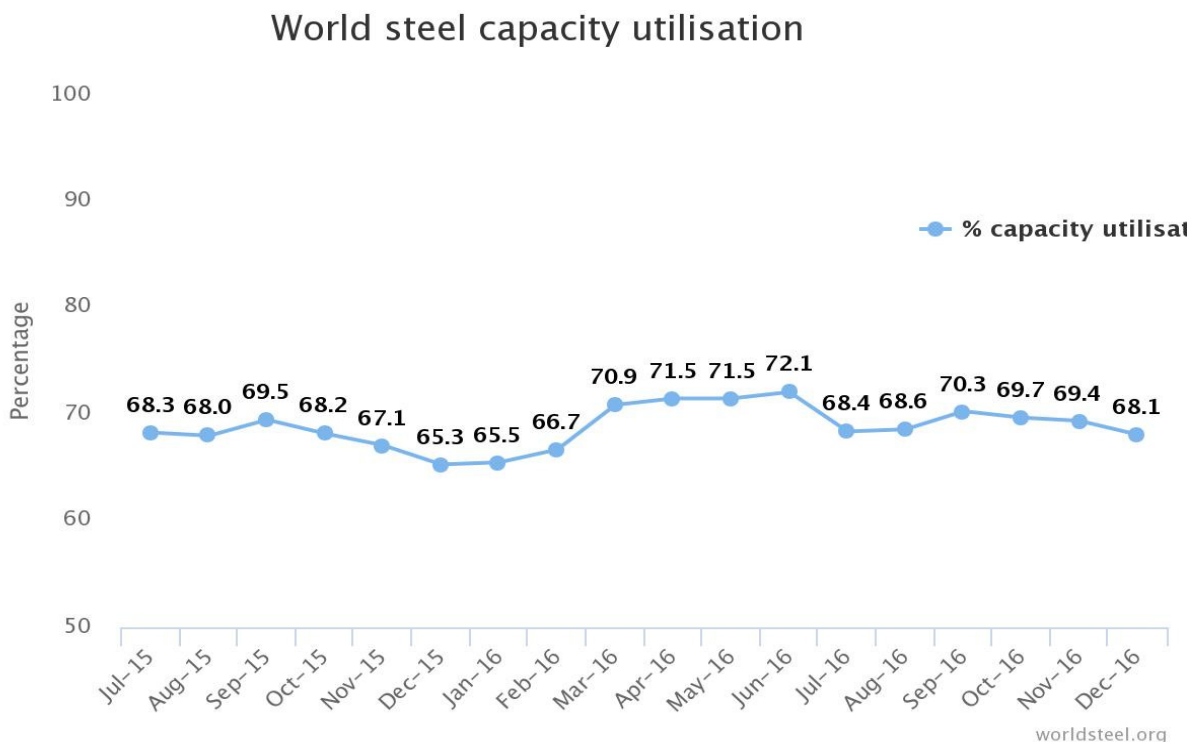
Chart of world crude steel production yearly, ending 2016



worldsteel.org

The world steel production capacity utilization rate (or ratio) swung between 65.5% – 72.1% throughout the year 2016, over the cycle, anyhow overall went on at higher level than previous year, somewhat improved but not so sound as it should be, while big portion of idle capacity still existed. Hence, the oversupply risk will pertain with high probability towards 2017 and afterwards, if China and major steel producing countries do not adequately use effective measures for steel production control.

Chart of world steel production capacity utilization, ending December 2016



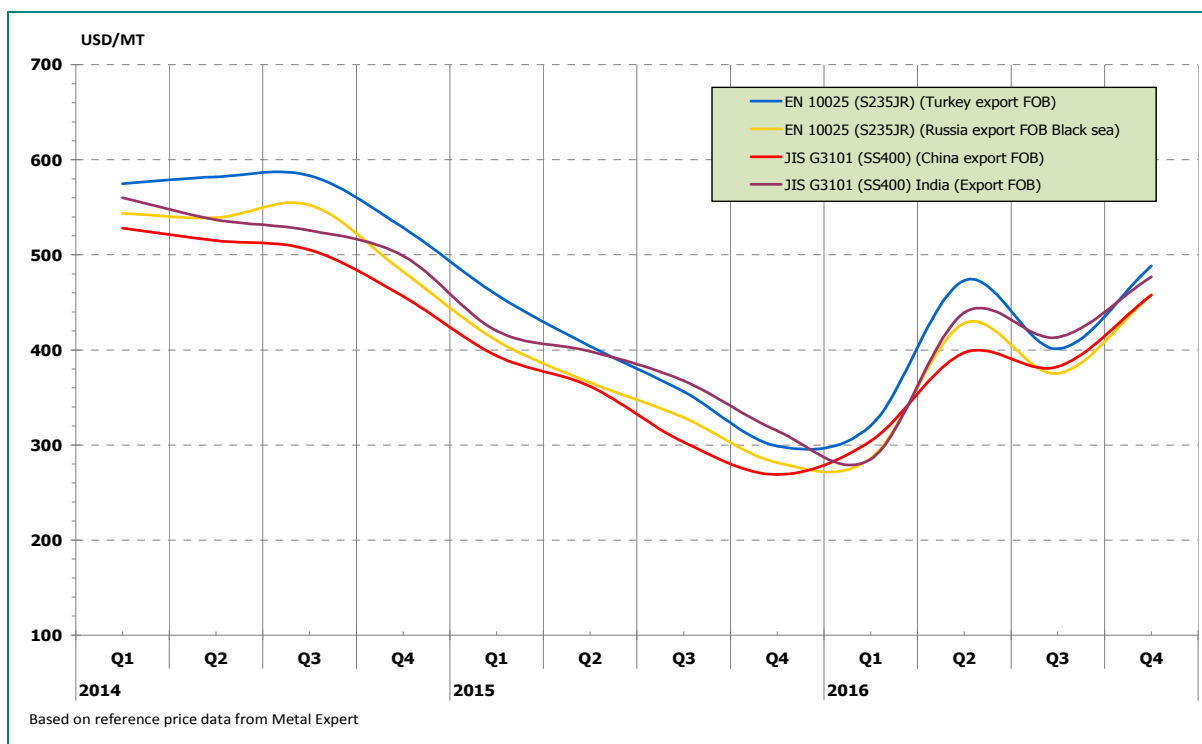
Source: World Steel Association

The prices for hot-rolled coil on the world market highly fluctuated throughout the year 2016, starting from the recovery from the trough at the beginning of year, then surged rapidly in the second quarter and dropped fast into the third quarter, and finally rebounded hard as a jump over the second quarter, where the latest price level saw the uptrend in the fourth quarter, signaling the adjustment phase of market prices that will clearly lead to a stable price level in 2017.

The reference prices for hot-rolled coil on the world market are as follow: (1) China export price average for Q4/2016 was USD458 per metric ton (“mt”), FOB, a rise from the same quarter of previous

year (Q4/2015) average price USD269/mt, which was the lowest level within the recent cycle previous year, meanwhile the reference prices for the whole year 2016 ranged from USD304 to 458/mt, higher than in previous year, where prices ranged from USD269 to 394/mt. In Q4/2016 Russia export price average was USD458/mt, FOB, equal to China export price, increased from the same quarter of previous year that stayed at USD281/mt. Likely, the market price movement direction was recently on the upturn after fluctuation during the year 2016, and almost fully recovered to a normal state.

Chart of hot-rolled coil reference prices on world market for Q1/2014 – Q4/2016



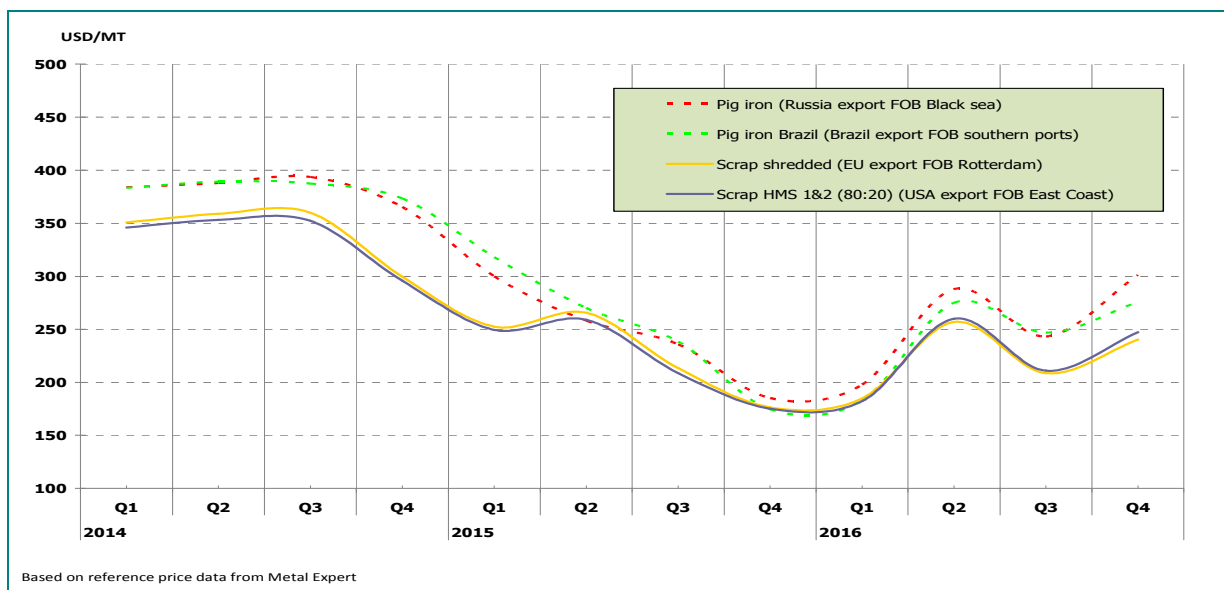
Processed price data from: Metal Expert

The main raw materials, i.e. scraps and pig iron, followed the same pattern of movement of the above-mentioned hot-rolled coil prices, or say, started to recover from the beginning of year 2016, then fluctuated during the second and third quarters, and rebounded to a higher level in Q4/2016, at a comparable level to that of the second quarter. The recent changes in raw material prices happened in shorter period than in 2015, thus have become more challenging for the global steel industry participants in all the regions. Careful estimation for raw material purchasing and production cost management is

seriously needed in order to cope with the more dynamic business environment than ever. Anyhow, the movement direction of raw material prices in the fourth quarter was seen a little lagging behind the hot-rolled coil prices. The Company's management understand such the situation was short-term when the raw material inventories overweighed the hot-rolled coil finished goods inventories, then afterwards would be followed by a balancing state where both the movements get along in harmony.

The raw material reference prices on the world market are that the HMS 1&2 (80:20 ratio) scrap USA export price in the fourth quarter of 2016 was averaged at USD247/mt, FOB, a rise from USD175/mt in the same quarter of previous year, and 2016 yearly averaged at USD182–247/mt, nearly the same level of previous year (2015) where the range was USD175–259/mt, and (2) pig iron Russia export price averaged at USD301/mt in Q4/2016, down from USD185 in the same quarter of previous year that was the trough of recent cycle, and yearly averaged USD198–301/mt, similar to the year 2015 average range of USD185–300. The movement of pig iron prices was consequence to the changed production cost structure of iron making industry of the major iron and steel producing countries, especially the effects from the significant coking coal price surges; anyhow going along on the same trend with scrap prices on the way towards normal market price levels.

Chart of raw material reference prices on world market for Q1/2014 – Q4/2016



Processed price data from: Metal Expert

### Overview of Hot Rolled Steel in Thailand

ISIT had reported the domestic steel-production Q4/2016 was at 2.18 million metric tons, increasing 56.98% compared to the same period of previous year consisting of the long finished steel production of 1.46 million metric tons, increasing 86.16% and the flat finished steel production of 0.714 million metric tons, increasing 18.87% compared to the same period of previous year. The cumulative of the domestic steel-production of 2016 was 7.97 million metric tons, increasing 22.77% compared to year 2015.

The consumption of finished steel products in Thailand in Q4/2016 was at 4.87 million metric tons, increasing 31.88% compared to the same period of previous year consisting of the long finished steel consumption at 1.99 million metric tons, increasing 65.63% resulting from the more consumption of structural steel and wire rods and the flat finished steel consumption at 2.88 million metric tons, increasing 15.60% resulting from the demand of Hot Rolled Steel, Cold Rolled Steel and Coated Steel which increasing compared to the same period of previous year. The cumulative of the consumption of finished steel products in Thailand of 2016 was 19.29 million metric tons, increasing 15.30% compared to year 2015.

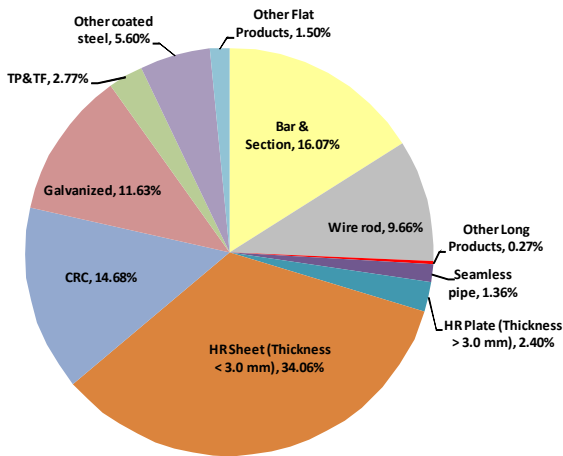
*Table : The production and the domestic demand of Finished Steel in Q4 2015 and 2016*

Total Apparent Finished Steel (Unit : Tons)	Quarter 4 / 2015	Quarter 4 / 2016	% Change	2015	2016	% Change
Production	1,386,135	2,175,907	56.98%	6,494,991	7,974,175	22.77%
Import	2,595,330	3,015,663	16.20%	11,436,483	12,614,629	10.30%
Export	289,887	322,997	11.42%	1,197,808	1,294,821	8.10%
Consumption	3,691,578	4,868,574	31.88%	16,733,667	19,293,982	15.30%

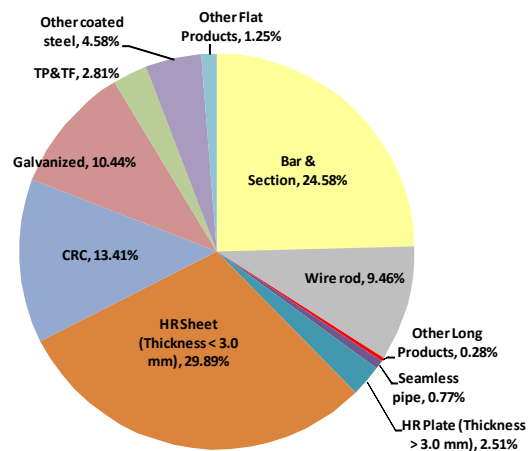
*Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence*

The imported of finished steel in Thailand in Q4/2016 was at 3.02 million metric tons, increasing 16.20% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 1.04 million metric tons, increasing 11.17% compared to the same period of previous year. The second highest import quantity was Galvanize steel at 0.42 million metric tons and Wire rod at 0.39 million metric tons respectively. The cumulative of the steel import of 2016 was 12.61 million metric tons, increasing 10.30% compared to year 2015.

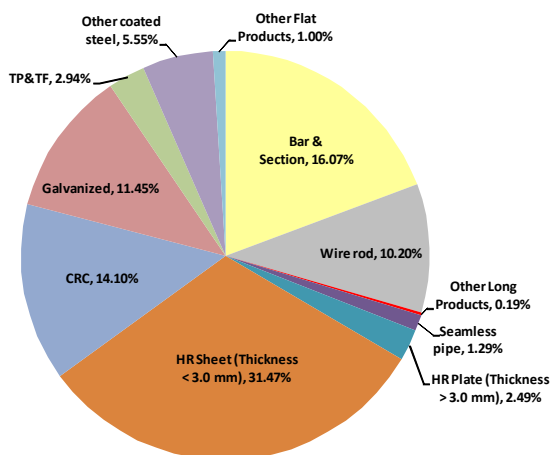
Steel Consumption Q4 2015



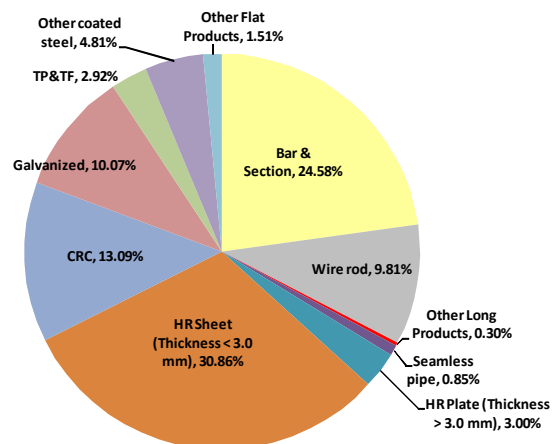
Steel Consumption Q4 2016



Steel Consumption 2015



Steel Consumption 2016



The export of finished steel in Thailand in Q4/2016 was at 0.32 million metric tons, increasing 11.42% compared to the same period of previous year. The highest export quantity was structural steel at 84.2 thousand metric tons. The export of deformed bars for construction in Q4/2016 was at 47.9 thousand metric tons. The cumulative of the steel export of 2016 was 1.29 million metric tons, increasing 8.10% compared to year 2015.

### Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Q4/2016 was at 0.71 million metric tons, increasing 18.87% consisting of thin gauge at 0.68 million metric tons, increasing 20.22% and Thick gauge at 31.6 thousand metric tons, decreasing 4.29% compared to the same period of previous year. The cumulative of the domestic hot rolled steel production of 2016 was 2.67 million metric tons, increasing 8.16% compared to year 2015.

The Hot Rolled Steel consumption in Q4/2016 was at 1.76 million metric tons, increasing 14.24% consisting of thin gauge at 1.62 million metric tons, increasing 12.74% and thick gauge at 0.14 million metric tons, increasing 35.40% compared to the same period of previous year. The cumulative of the domestic hot rolled steel consumption of 2016 was 7.34 million metric tons, increasing 13.09% compared to year 2015.

*Table : The production and the domestic demand of the Hot Roll Flat Steel for Q4 2015 and 2016*

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Quarter 4 / 2015	Quarter 4 / 2016	% Change	2015	2016	% Change
Production	601,089	714,496	18.87%	2,471,223	2,672,928	8.16%
Import	938,196	1,043,031	11.17%	4,032,534	4,684,252	16.16%
Export	2,318	1,662	-28.30%	12,699	16,195	27.53%
Consumption	1,536,967	1,755,865	14.24%	6,491,058	7,340,985	13.09%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Quarter 4 / 2015	Quarter 4 / 2016	% Change	2015	2016	% Change
Production	33,079	31,659	-4.29%	155,641	175,016	12.45%
Import	69,124	106,882	54.62%	325,665	486,363	49.34%
Export	182	408	124.06%	3,577	3,296	-7.84%
Consumption	102,021	138,133	35.40%	477,729	658,082	37.75%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Quarter 4 / 2015	Quarter 4 / 2016	% Change	2015	2016	% Change
Production	568,010	682,837	20.22%	2,315,581	2,497,912	7.87%
Import	869,072	936,149	7.72%	3,706,869	4,197,890	13.25%
Export	2,136	1,254	-41.28%	9,122	12,899	41.40%
Consumption	1,434,946	1,617,731	12.74%	6,013,328	6,682,903	11.13%

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

The import of Hot Rolled Steel in Q4/2016 had increased of 11.17% at 1.04 million metric tons consisting of thin gauge at 0.94 million metric tons, increasing of 7.72% and at 0.11 million metric tons, increasing 54.62% for the thick gauge compared to the same period of previous year. The cumulative of the hot rolled steel import of 2016 was 4.68 million metric tons, increasing 16.16% compared to year 2015.

The export of Hot Rolled Steel in Thailand in Q4/2016 was at 1.66 thousand metric tons, decreasing 28.30% consisting of thin gauge at 1.25 thousand metric tons, decreasing of 41.28% and at 4.08 hundred metric tons, increasing 124.06% for the thick gauge compared to the same period of previous year. The cumulative of the hot rolled steel export of 2016 was 16.2 thousand metric tons, increasing 27.53% compared to year 2015.

## 5. Performance of the Company and its Subsidiaries

### Performance

With reference to the aforementioned financial statements, the Company reports a consolidated net loss of THB 1,048 million and THB 4,345 million for the year 2016 and 2015, respectively. The Company (separate) reports a net loss of THB 1,097 million and THB 3,280 million for the year 2016 and 2015, respectively. To this extent, the Company would like to provide the following explanations.

### Revenue from sales and cost of goods sold

The Company recorded a sales volume of 1,326,352 tons for the year 2016, decreased by 16,751 tons from the year 2015 or decreased by 1.25% (Separated Financial Statement: 604,379 tons and 614,879 tons, for the year 2016 and 2015 respectively)

Consolidated revenue from sales for the year 2016 and 2015 amounting to THB 21,684 million and THB 22,826 million, respectively, (Separate: THB 10,014 million and THB 10,566 million for the year 2016 and 2015, respectively), and consolidated gross profit amounting to THB 1,313 million and gross loss amounting to THB 747 million for the year 2016 and 2015, respectively, (Separate: gross profit THB 452 million and gross loss THB 618 million for the year 2016 and 2015, respectively). Although revenue from sales decreased comparing with last year, however, the Company has efficient management in term of raw material cost as well as conversion cost which result in the lower production cost compare to last year. This leads to the positive gross profit in this year.

Consolidated financial statement, the Company recorded net loss of THB 1,048 million and THB 4,345 million for the year 2016 and 2015 (Separate: THB 1,097 million and THB 3,280 million net loss for the year 2016 and 2015). The Company would like to provide the following explanations.

#### **Net foreign exchange gain**

The Company recorded consolidated net gain on foreign exchange for the year 2016 amounting to THB 35 million (Separate: THB 2 million). The gain is attributed to the appreciation of the Thai Baht versus the US dollar.

#### **Selling expenses**

Consolidated selling expenses for the year 2016 and 2015 amounting to THB 458 million and THB 486 million, respectively, (Separate: THB 298 million and THB 325 million, respectively). Major factor come from the decrease of sale volume.

#### **Administrative expenses**

Consolidated administrative expenses for the year 2016 and 2015 amounting to THB 983 million and THB 951 million, respectively, (Separate: THB 454 million and THB 385 million, respectively). The increase of THB 82 million (Consolidated) and THB 69 million (Separate) is primarily attributed to the increased of non-taxable expenses.

#### **Financial costs**

Consolidated financial costs for the year 2016 and 2015 amounting to THB 676 million and THB 690 million, respectively, decreased by THB 14 million. (Separate: THB 579 million and 523 million, respectively). The increase of THB 56 million (Separate) comes from the default with one major trade creditor which result to the increase in interest expense. However, this major trade creditor is one of the major trade creditors that are under the restructuring negotiation process with the Company.

## 6. Consolidated Financial Status

### Statement of financial positions

- **Total assets**

As of 31 December 2016, the Company and subsidiary has total asset amounted to THB 32,615 million, decreased 2% from year 2015. Total assets separate into current assets amounted to THB 3,087 million, increased 32% from year 2015 and non current assets amounted to THB 29,528 million, decreased 5% from year 2015. Current assets mainly increased from the increase of inventory due to more hot-rolled coil stock, from THB 1,688 million as of December 2015 to THB 1,991 million as of 31 December 2016.

- **Total Liabilities**

As of 31 December 2016, the Company and subsidiary has total liabilities amounted to THB 21,747 million, increased THB 228 million or 1% from year 2015. The results come from current liabilities increased THB 1,794 million which come from the increase of accrued interest and non current liabilities decreased THB 1,566 million due to the reclassification from non current to current liabilities.

- **Total equity**

As of 31 December 2016, the Company and subsidiary has total equity amounted to THB 10,868 million, decreased THB 1,049 million or 9% from year 2015 due to the loss of the Company.

## 7. Recent Development

**Marketing development** — In 2016 the Company produced, commercially sold and made deliveries of the fine-tuned or modified specifications of hot-rolled coil products to the existing customers consecutively to the initiative success achieved in the second quarter and throughout the year 2016 and beyond the target set forth. Moreover, the Company implemented the after-sale follow-up plan on the customers' usages of the Company's products to further conduct analysis along with customers' suggestions received in order to continuously improve product quality. The sales of fine-tuned products will still be

promoted in order to enhance the customers' satisfaction and increase the Company's competitiveness in the market.

Also during the third to the fourth quarters of 2016, the Company's executives and experts met to discuss with the major target prospect in several sessions to propose them with special grades of hot-rolled coil products for specific uses, and assessed positive feasibility for production and commercial trade, then currently in the process of mutual preparation for the technical protocols that is expected to keep advancing progress; hence more value added and well improved trust in quality of the Company's products in a long run.

In addition, the Company has initiated and prepared a joint market research on the hot-rolled flat products market in Thailand with a reliable external organization as research partner, and also systematically prepared a comprehensive marketing plan for the next year (2017) onwards for approaching new value-added customer groups and to expand its customer base, by aiming at new users for hot-rolled coil, with the product specifications that the Company is capable to produce, to capture more market share and to generate higher revenue in short and long runs, in accordance with real market demand, amidst dynamic business and industry environment.

**Production process development** — In 2016 the Company succeeded in production cost reduction by implementing several production line improvement projects, in the efforts to significantly increase production efficiency and energy-saving throughout the whole year. In addition, the Company developed the management of raw materials procurement and pre-processing before input into the production line and the machine and equipment improvement programs that resulted into reduced wastes and increased production yield. Due to the Company's success from the productivity (optimization) project implementation using aluminium dross (Al dross) in steel-making process with electric arc furnaces to replace costly disposal as used to do in the past, where the project resulted in double benefits, i.e. making use of the waste while no need to dispose, in the second quarter of 2016. Consequently, the Company gave cooperation to Ministry of Industry upon their requests by lending a representative to

present or describe such the model AI dross project for dissemination to public in the 2 events in the third quarter, in which the Ministry and the public expressed well-appreciated feedbacks to the Company. This is one instance of the Company's participation in technical knowhow development for the steel-making and metal production industrial sector in Thailand.

## Appendix

Table 4: Summary of Consolidated Financial Results

## Consolidated

Unit : Million Baht

	2016	2015	+/-
<b>Income</b>			
Revenue from sale	21,684	22,826	-5%
Reversal of bad and doubtful debts expense	7	-	
Reversal of provision for loss on purchase orders for undelivered raw material	26	16	66%
Net foreign exchange gains	35	-	
Gain from debt restructuring	59	28	112%
Other incomes	109	115	-5%
<b>Total income</b>	<b>21,920</b>	<b>22,985</b>	<b>-5%</b>
<b>Expenses</b>			
Cost of sale			
- Cost of goods sold	20,371	23,574	-14%
- Idle cost	257	306	-16%
- Reversal of loss on devaluation of inventories	(69)	(109)	-36%
Total Cost of sale	20,559	23,772	-14%
Selling expenses	458	486	-6%
Administrative expenses	983	951	3%
Bad and doubtful debts expense - net	-	8	-100%
Net foreign exchange loss	-	1,096	-100%
Other expenses	271	305	-11%
Finance costs	676	690	-2%
<b>Total expenses</b>	<b>22,947</b>	<b>27,307</b>	<b>-16%</b>

Loss before income tax expense	(1,027)	(4,323)	-76%
Income tax expense	21	23	-6%
<b>Loss for the years</b>	<b>(1,048)</b>	<b>(4,345)</b>	<b>-76%</b>
<b>Other comprehensive income (loss) for the years</b>	<b>-</b>	<b>-</b>	
<b>Total comprehensive income (loss) for the years</b>	<b>(1,048)</b>	<b>(4,345)</b>	<b>-76%</b>
<b>Loss attributable to :</b>			
Owners of the Company	(1,043)	(3,223)	-68%
Non-controlling interests	(5)	(1,122)	-100%
<b>Loss for the years</b>	<b>(1,048)</b>	<b>(4,345)</b>	<b>-76%</b>
<b>Profit (loss) attributable to :</b>			
Owners of the Company	(1,043)	(3,223)	-68%
Non - controlling interests	(5)	(1,122)	-100%
<b>Total comprehensive income (loss) for the years</b>	<b>(1,048)</b>	<b>(4,345)</b>	<b>-76%</b>
<b>Loss per share</b>			
Basic loss per share	<b>(0.15)</b>	<b>(0.47)</b>	<b>-68%</b>

**Table 5: Condensed Consolidated Statement of Financial Position**

Unit : Million Baht

Assets	31 December 2016	31 December 2015	+/-
<i>Current assets</i>			
Cash and cash equivalents	623	159	291%
Trade accounts receivable	272	242	13%
Amounts receivable from related parties	-	-	
Inventories	1,992	1,688	18%
Receivables from scrap sales	-	-	
Other current assets	200	254	-21%
<b>Total current assets</b>	<b>3,087</b>	<b>2,343</b>	<b>32%</b>
<i>Non-current assets</i>			
Investments in subsidiaries	-	-	
Advance payment for purchases of property, plant and equipment	210	210	0%
Property, plant and equipment	28,739	30,446	-6%
Intangible assets	15	17	-13%
Cash guarantee for the utility usage	-	-	
Other non-current assets	564	419	34%
<b>Total non-current assets</b>	<b>29,528</b>	<b>31,093</b>	<b>-5%</b>
<b>Total assets</b>	<b>32,615</b>	<b>33,436</b>	<b>-2%</b>
<b>Liabilities and equity</b>			
<i>Current liabilities</i>			
Short-term loans from financial institution	316	365	-13%
Trade accounts payable	7,479	8,043	-7%
Amount due to related parties	-	-	
Current portion of liabilities under rehabilitation plan	464	486	-5%
Current portion of long-term loan from related party	108	106	2%
Current portion of bonds	558	562	-1%
Short-term loan from related parties	30	30	0%

Short-term loan from other parties	137	120	15%
Loan from shareholder	4	4	0%
Advances received from customers	204	204	0%
Other payables and accrued expenses	3,506	3,177	10%
Accrued interest expenses	3,969	2,337	70%
Provisions	3,156	2,702	17%
Other current liabilities	346	349	-1%
<b>Total current liabilities</b>	<b>20,279</b>	<b>18,485</b>	<b>10%</b>
<i>Non-current liabilities</i>			
Liabilities under rehabilitation plan - net of			
current portion	245	250	-2%
Trade accounts payable	-	518	-100%
Long-term loan from related party	242	264	-8%
Other payables and accrued expenses	875	1,238	-29%
Accrued interest expenses	-	19	-100%
Provision	-	648	-100%
Employee benefit obligations	105	96	9%
<b>Total non-current liabilities</b>	<b>1,467</b>	<b>3,034</b>	<b>-52%</b>
<b>Total liabilities</b>	<b>21,746</b>	<b>21,519</b>	<b>1%</b>
<i>Equity</i>			
Equity attributable to owners of the Company	2,148	3,192	-33%
Non-controlling interests	8,720	8,725	0%
<b>Total equity</b>	<b>10,868</b>	<b>11,917</b>	<b>-9%</b>
<b>Total liabilities and equity</b>	<b>32,615</b>	<b>33,436</b>	<b>-2%</b>

**Table 6 : Condensed Statement of Cash Flow****Unit : Million Baht**

Jan - Dec 2016

*Cash flows from operating activities*

Loss for the years	(1,048)	
<i>Adjustments for</i>		
Depreciation and amortisation		1,906
Unrealised (gain) loss on exchange rate		58
(Reversal of) loss on devaluation of inventories	(69)	
(Reversal of) loss on confirmed purchase orders for raw material	(26)	
Gain from debt restructuring	(59)	
(Reversal of) bad and doubtful debts expense	(7)	
Loss on impairment of assets		-
(Reversal of) loss on impairment of investments		-
Loss on liquidation of a subsidiary		0
Loss on written off of assets	(1)	
Provision for court case claim		257
Provision for a gurantee of subsidiary		-
Finance costs		676
Interest income	(3)	
Employee benefit obligations		9
Income tax expense		21
		<u>1,714</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(31)	
Amount due from related parties		-
Inventories	(234)	
Other current assets		45
Cash guarantee for the utility usage		-
Other non-current assets	(305)	
Trade accounts payable	(509)	
Advances received from customers		1

Other payable and accrued expenses	(70)	
Other current liabilities	(1)	
Provision for tax-related liabilities		72
Income tax paid	(7)	
<b>Net cash flows provided by (used in) operating activities</b>		<b>675</b>
<i>Cash flows from investing activities</i>		
Interest received		3
Purchase of property, plant and equipment	(34)	
Purchase of intangible assets	(1)	
Cash received (payment) to long-term loans		-
Proceeds from disposal of investment in subsidiary		-
Proceeds from liquidation of subsidiary		1
<b>Net cash flows provided by (used in) investing activities</b>	<b>(31)</b>	
<i>Cash flows from financing activities</i>		
Increase of ordinary shares		-
Proceeds from issue ordinary shares of subsidiary		-
to non-controlling interests		-
Finance costs paid	(102)	
Payment of liabilities under rehabilitation plan	(25)	
Proceeds(Repayment)of short-term loans from financial institution	(49)	
Proceeds(Repayment) of short-term loans from related parties		-
Proceeds(Repayment) of short-term loans from other parties		18
Proceeds(Repayment)from long-term loans from related parties	(20)	
Repayment of loan from shareholder		-
<b>Net cash flows provided by (used in) financing activities</b>	<b>(179)</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>465</b>
Cash and cash equivalents at 1 January		159
Cash and cash equivalents decrease on liquidation of a subsidiary	(1)	
Effect from exchange rate changes on balances		-
held in foreign currencies	(0)	
<b>Cash and cash equivalents at 31 December</b>		<b>623</b>