

GSTEEL/ELCID-01/2015

2 March 2015

Subject : Explanation of operational results for the year 2014

To : The President  
Stock Exchange of Thailand

Reference : Year 2014 Financial Statements of G Steel Public Company Limited (the "Company")

With reference to the aforementioned financial statements, the Company reports a consolidated net loss of THB 2,166 million and THB 2,316 million for the year 2014 and 2013, respectively. The Company (separate) reports a net loss of THB 1,944 million and THB 3,099 million for the year 2014 and 2013, respectively. To this extent, the Company would like to provide the following explanations.

- Revenue from sales and cost of goods sold

Consolidated revenue from sales for the year 2014 and 2013 amount to THB 23,941 million and THB 9,700 million, respectively, (Separate: THB 9,428 million and THB 16 million for the year 2014 and 2013, respectively), and consolidated gross profit for the year 2014 amounting to THB 543 million and consolidated gross loss for the year 2013 amounting to THB 686 million, (Separate: gross profit THB 21 million and gross loss THB 11 million for the year 2014 and 2013, respectively). The major factors contributing to the turnaround from gross loss to gross profit for the year 2014 are the resumption of the Company's operation in quarter 2/2014 and produce continuously up to now and the increase in the average selling price per ton and increase in sales volume, as well as the decrease in cost of sales compared to the year 2013.

- Gain from debt restructuring

The Company recorded consolidated gain from debt restructuring for the year 2014 amounting to THB 110 million due to the haircut from negotiation and repayment of the creditor.

- Selling expenses

Consolidated selling expenses for the year 2014 and 2013 amounting to THB 415 million and THB 108 million, respectively, (Separate: THB 262 million and THB 0.24 million, respectively). The increase in selling expenses for the year on year is primarily attributable to the increase in sales volume.

- Administrative expenses

Consolidated administrative expenses for the year 2014 and 2013 amounting to THB 1,507 million and THB 3,169 million, respectively, (Separate: THB 772 million and THB 1,902 million, respectively). The decrease of THB 1,662 million (Consolidated) and THB 1,130 million (Separate) is primarily attributable to the decrease in idle expenses and consultant fee.

- Other expenses

Consolidated other expense for the year 2014 and 2013 amounted to THB 447 million and THB 1,758 million, respectively. The decrease of THB 1,311 million is due to the decrease in the consultant fee for debt restructuring.

- Financial costs

Consolidated financial costs for the year 2014 and 2013 amounting to THB 474 million and THB 541 million, respectively. The decrease of THB 67 million is due to the Company's success of debt restructuring with various trade creditors.

Please be informed and distribute accordingly.

Respectfully Yours,

*-Signature-*

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