

1. Highlights

		Unit: million Baht	Q3-16	Q3-15
Group	Group Revenues		5,256	4,331
	Group EBITDA		489	(1,299)
	Group Net Profit (Loss)		(164)	(1,940)
HRC	HRC Sales (k tons)		335	259
	HRC Production Volume (k tons)		323	304
	HRC Average Selling Price (Bht./Ton)		15,709	16,695
	HRC Cash Margin (Bht./Ton)		1,445	2,058
		Unit: million Baht	Q3-16	YE15
Group	Total Assets		33,090	33,436
	Total Liabilities		21,293	21,519
	Total Equity		11,797	11,917

Even though average selling price of hot-rolled coil in the 3rd quarter of 2016 decreased around 12% comparing with the previous quarter, from the well manage production of the Company, the Company can generate cash margin Baht 1,445 per ton in the 3rd quarter of 2016.

2. Business Outlook on Q4/2016

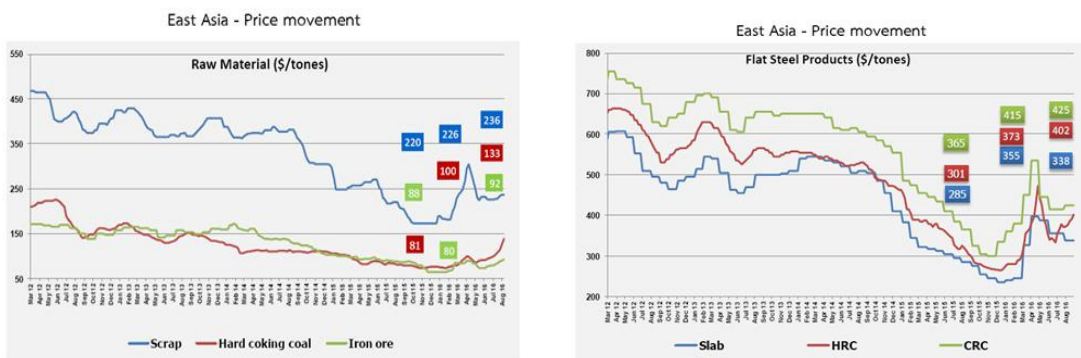
- The Company expect the lower sale volume due in Q4/16 comparing to Q3/16 due to the annual maintenance period, 15 days. This cause the lower production output about 30,000 tons. The company plan to perform the annual shutdown in this period as lessen of sales activity in December from the long holiday effect. However, the decrease of production output would not effect the supply to the local market as low demand as well from the long holiday effect.
- Selling price of HRC in Q4/16 is expected to be increased of which in line with the world market i.e. HRC, scrap and pig iron. Though the company foresee the upward trend of raw material, we still implement our safety stock for 2 months which is in line with the lead time for raw importing.

3. Group CEO's Message

Executive summary

An overview of local steel industry during the first nine months of year 2016 with total consumption of finished steel product were reported at 13.55 million tons, up 3.9% from the same period last year. For the hot-rolled coils sector ("HRC"), the consumption was recorded at 4.95 million tons, increasing 4.6% which was in the same trend of the overall steel industry. The Company's sale performance during nine months of 2016 had sold HRC totaling 429,000 tons, decreasing 11.6%.

In 3Q16 the company's sales volume remained at 147,500 tons which was increasing, comparing to 2Q16. The average selling price in this quarter dropped to 15,987 baht/ton, down 12.4% from the previous quarter. However, the current HRC prices has rebounded slightly since September and continued to November due to higher price of steel scrap and pig iron, which are the main raw material of the production, decrease in production capacity of local steel mills and various government measures that try to protect local steel industry from imported steel products from neighboring countries. Therefore, the average HRC selling price in 4Q16 is anticipated to be higher than 3Q16 price.



ข้อมูลจาก : Iron & Steel Institute of Thailand

The Company's financial results in 3Q16 had net loss THB 155 mil. resulting from the sharply drop in selling price together with higher cost of production as mentioned above, nevertheless the EBITDA was still shown positive at THB 11 mil. in this quarter.

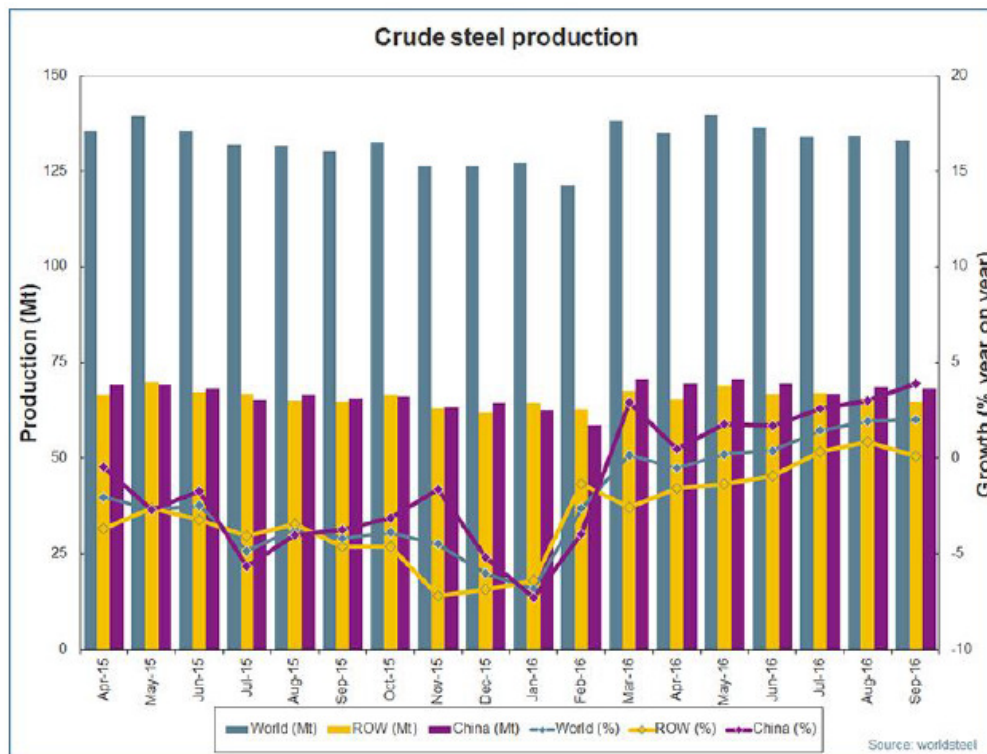
4. Industry Overview and Outlook

Overview of World Steel Industry

With reference to World Steel Association's report on crude steel production for September 2016, the total crude steel production for January through September 2016 (9 months) was 1,197 million metric tons, a decrease by 0.5% from the same period of previous year. The region with most production was Asia (including China, but not including the Middle East) 825.9 million tons, an increase by 0.6% from the same period of previous year; where China alone had crude steel production of 603.8 million tons, as top rank of the world, increase by 0.4%. The second most producing region was the European Union (EU), with 121.3 million tons, equivalent to 4.8% decrease.

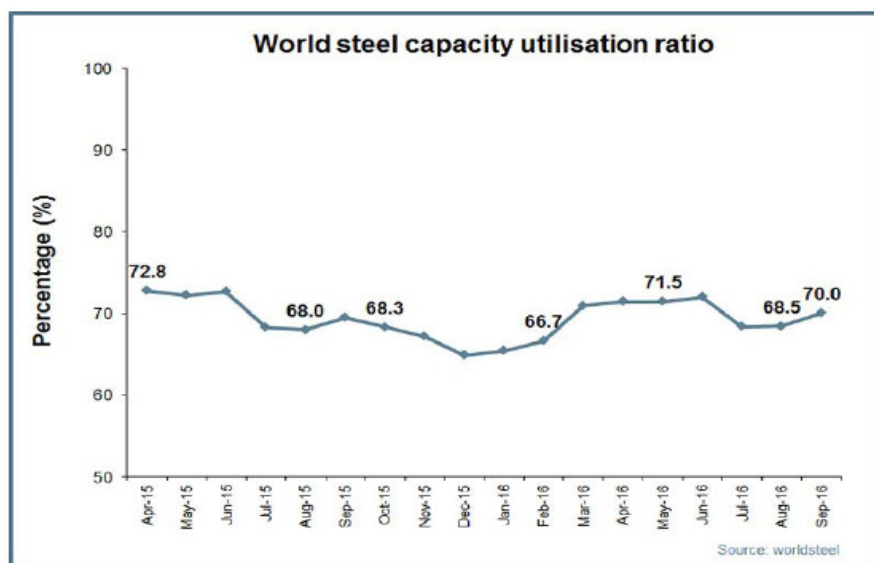
Such the situation was moving in line with the world economy. Several countries, though stimulated their economies by steel export promotion policy, the recovery has not yet persisted. At the mean time it generated other troubles to the foreign steel markets with price-cutting competition and surges in export supply, or unfair trade practices that deteriorated the market mechanisms, and reflected in troubles to steel international trade in the long run. Steel markets of many countries recently got fluctuated but did not apparently see any growth, but were struggling to catch up with the ongoing free trade conditions implemented according to the FTA frameworks for tariff reduction or cut as earlier agreed and committed to such the macro-economic factor.

Chart of world crude steel production monthly, ending 30 September 2016



The world steel production capacity utilization rate (or ratio) was 70% in September 2016, at the similar level to the previous year, and increased from August by 1.5%. This shows a slow recovery phase for the world steel industry, anyhow still moving on the way back to a normal stage.

Chart of world steel production capacity utilization, ending September 2016

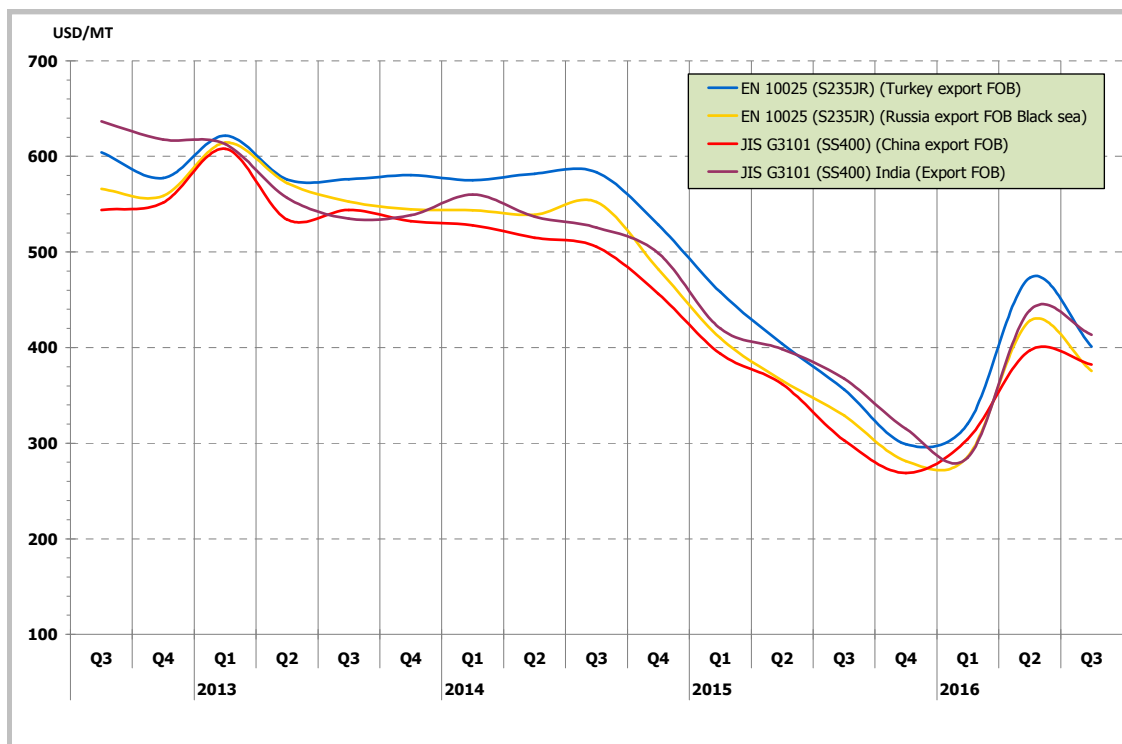


Source: World Steel Association

The prices for hot-rolled coil on the world market during the first quarter to the third quarter of 2016 fluctuated much, i.e. took off from the trough in the first quarter then rebounded in the second quarter, and fell again but not sharply in the third quarter. Such the movement has expressed the market adjustment towards stability likely in the next phase.

The reference prices for hot-rolled coil on the world market are that China export price average for Q3/2016 was USD382 per metric ton (“mt”), FOB, a decline from previous quarter (2/2016) average price USD397/mt, but got up higher than in the same quarter of previous year (3/2015), and Russia export price average was USD375/mt, FOB, a decrease from USD428 in the previous quarter, but an increase above the same quarter of previous year, similar to the China export price. This illustrates the hot-rolled coil market prices getting back nearly to a normal track.

Chart of hot-rolled coil reference prices on world market for Q3/2013 – Q3/2016



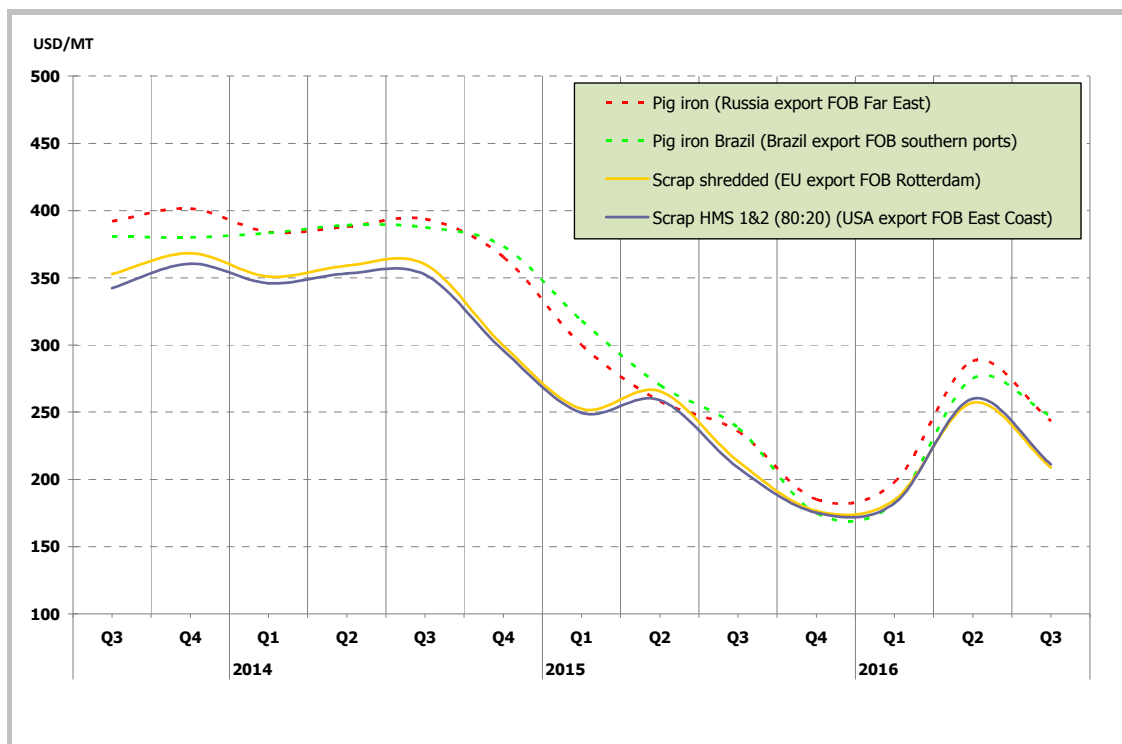
Processed price data from: Metal Expert

The main raw materials, i.e. scraps and pig iron, followed the same pattern of movement of the above-mentioned hot-rolled coil prices, by faster pace of up and down cycle during the just past 3 quarters of 2016. The changes in raw material prices happened in shorter period than in the same period of previous year, 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.

The raw material reference prices on the world market are that the HMS 1&2 (80:20 ratio) scrap USA export price was averaged at USD211/mt, FOB, decreased from previously USD260/mt, by the way similar to the same period of previous year, and pig iron Russia export price averaged at USD243, down from USD288 in previous quarter, but a little higher than in the same period of previous year. The movement of pig iron prices was consequence to the changed market mechanism as a result from the changes of production bases or restructuring of primary iron making in some major iron and steel producing countries; anyhow still going along with the trend for scrap prices.

Chart of raw material reference prices on world market for Q3/2013 – Q3/2016



Processed price data from: Metal Expert

Overview of Thai Steel Industry

ISIT had reported the domestic steel-production Q3/2016 was at 1.59 million metric tons, decreasing 17.32% compared to the same period of previous year consisting of the long finished steel production of 0.86 million metric tons, decreasing 35.22% and the flat finished steel production of 0.73

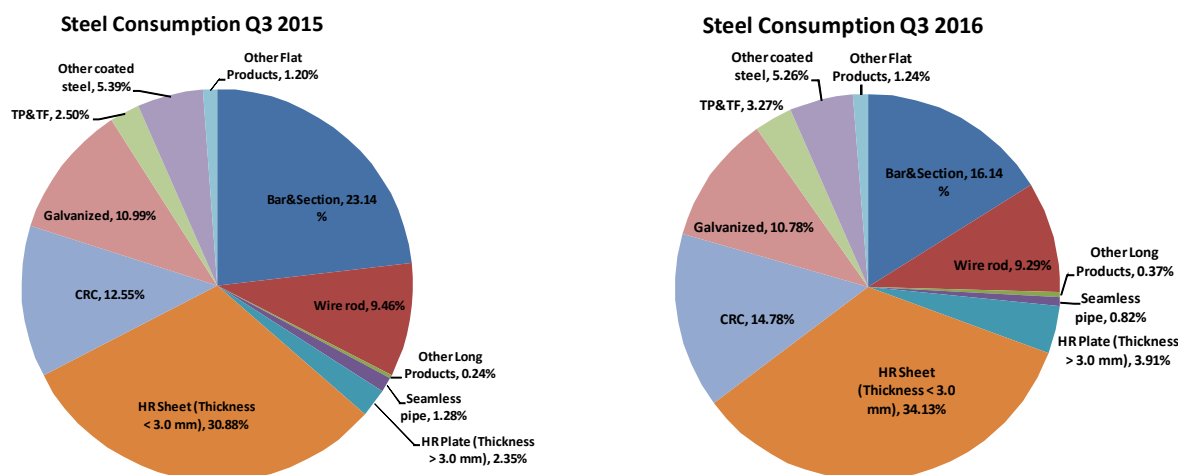
million metric tons, increasing 22.89% compared to the same period of previous year. The cumulative of the domestic steel-production for nine month of 2016 was 5.8 million metric tons.

The consumption of finished steel products in Thailand in Q3/2016 was at 4.5 million metric tons, decreasing 4.37% compared to the same period of previous year consisting of the long finished steel consumption at 1.42 million metric tons, decreasing 24.26% resulting from the less consumption of structural steel and wire rods and the flat finished steel consumption at 3.08 million metric tons, increasing 8.81% resulting from the demand of Hot Rolled Steel and Cold Rolled Steel which increasing compared to the same period of previous year. The cumulative of the consumption of finished steel products in Thailand for nine month of 2016 was 14.42 million metric tons

Table : The production and the domestic demand of Finished Steel in Q3 2015 and 2016

Total Apparent Finished Steel (Unit : Tons)	Quarter 3/2015	Quarter 3/2016	% Change
Production	1,918,674	1,586,433	-17.32%
Import	3,069,771	3,242,890	5.64%
Export	282,625	329,191	16.48%
Consumption	4,705,820	4,500,131	-4.37%

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



The imported of finished steel in Thailand in Q3/2016 was at 3.24 million metric tons, increasing 5.64% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 1.23 million metric tons, increasing 4.57% compared to the same period of previous year. The second highest import quantity was Galvanize steel at 0.41 million metric tons and Wire rod at 0.36

million metric tons respectively. The cumulative of the steel import for nine month of 2016 was 9.60 million metric tons.

The export of finished steel in Thailand in Q3/2016 was at 0.33 million metric tons, increasing 16.48% compared to the same period of previous year. The highest export quantity was structural steel at 86.2 thousand metric tons. The export of deformed bars for construction in Q3/2016 was at 40.8 thousand metric tons. The cumulative of the steel export for nine month of 2016 was 0.97 million metric tons.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Q3/2016 was at 0.73 million metric tons, increasing 22.89% consisting of thin gauge at 0.64 million metric tons, increasing 15.49% and Thick gauge at 81.96 thousand metric tons, increasing 147.5% compared to the same period of previous year. The cumulative of the domestic hot rolled steel production for nine month of 2016 was 1.96 million metric tons.

The Hot Rolled Steel consumption in Q3/2016 was at 1.96 million metric tons, increasing 10.63% consisting of thin gauge at 1.75 million metric tons, increasing 6.70% and thick gauge at 0.20 million metric tons, increasing 62.01% compared to the same period of previous year. The cumulative of the domestic hot rolled steel consumption for nine month of 2016 was 5.80 million metric tons.

The import of Hot Rolled Steel in Q3/2016 had increased of 4.57% at 1.23 million metric tons consisting of thin gauge at 1.11 million metric tons, increasing of 2.29% and at 0.12 million metric tons, increasing 31.25% for the thick gauge compared to the same period of previous year. The cumulative of the hot rolled steel import for nine month of 2016 was 3.64 million metric tons.

The export of Hot Rolled Steel in Thailand in Q3/2016 was at 3.25 thousand metric tons, increasing 67.50% consisting of thin gauge at 2.68 thousand metric tons, increasing of 90.20% and at 5.75 hundred metric tons, increasing 7.65% for the thick gauge compared to the same period of previous year. The cumulative of the hot rolled steel export for nine month of 2016 was 14.5 thousand metric tons

Table : The production and the domestic demand of the Hot Roll Flat Steel for Q3 2015 and 2016

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Quarter 3/2015	Quarter 3/2016	% Change
Production	591,098	726,402	22.89%
Import	1,178,605	1,232,485	4.57%
Export	1,942	3,253	67.50%
Consumption	1,767,761	1,955,634	10.63%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Quarter 3/2015	Quarter 3/2016	% Change
Production	33,115	81,960	147.50%
Import	92,956	122,002	31.25%
Export	534	575	7.65%
Consumption	125,537	203,387	62.01%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Quarter 3/2015	Quarter 3/2016	% Change
Production	557,983	644,442	15.49%
Import	1,085,649	1,110,484	2.29%
Export	1,408	2,678	90.20%
Consumption	1,642,224	1,752,247	6.70%

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

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 164 million and net loss of THB 1,940 million for the 3rd quarter of 2016 and 2015, respectively. The Company (separate) reports a net loss of THB 155 million and THB 1,545 million for the 3rd quarter of 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 334,569 tons for the 3rd quarter of 2016, increased by 75,149 tons from the 3rd quarter of 2015 or increased by 29% (Separated Financial Statement: 147,526 tons and 108,562 tons, for the 3rd quarter of 2016 and 2015 respectively)

Consolidated revenue from sales for the 3rd quarter of 2016 and 2015 amounting to THB 5,256 million and THB 4,331 million, respectively, (Separate: THB 2,359 million and THB 1,840 million for the 3rd quarter of 2016 and 2015, respectively), and consolidated gross profit amounting to THB 8 million and THB 57 million for the 3rd quarter of 2016 and 2015, respectively, (Separate: gross loss THB 2 million and THB 46 million for the 3rd quarter of 2016 and 2015, respectively). The Company's revenue from sales increased comparing with the same period last year and 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 the same period last year. This leads to the positive gross profit in this quarter.

Consolidated financial statement, the Company recorded net loss of THB 164 million and THB 1,940 million for the 3rd quarter of 2016 and 2015 (Separate: THB 155 million net loss for the 3rd quarter of 2016 and THB 1,545 million net loss for the 3rd quarter of 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 3rd quarter of 2016 amounting to THB 198 million (Separate: THB 122 million). The gain is attributed to the appreciation of the Thai Baht versus the US dollar.

Selling expenses

Consolidated selling expenses for the 3rd quarter of 2016 and 2015 amounting to THB 114 million and THB 89 million, respectively, (Separate: THB 72 million and THB 56 million, respectively). Major factor come from the increase in sale volume.

Administrative expenses

Consolidated administrative expenses for the 3rd quarter of 2016 and 2015 amounting to THB 247 million and THB 318 million, respectively, (Separate: THB 143 million and THB 138 million, respectively). The decrease of THB 71 million (Consolidated) and THB 5 million (Separate) is primarily attributed to the decreased of tax related expenses.

Financial costs

Consolidated financial costs for the 3rd quarter of 2016 and 2015 amounting to THB173 million and THB 158 million, respectively, increased by THB 15 million. (Separate: THB 145 million and 113 million, respectively). The increase of THB 32 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 30 September 2016, the Company and subsidiary has total asset amounted to THB 33,090 million, decreased 1% from year 2015. Total assets separate into current assets amounted to THB 3,159 million, increased 35% from year 2015 and non current assets amounted to THB 29,931 million,

decreased 4% 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 2,134 million as of 30 September 2016.

- Total Liabilities

As of 30 September 2016, the Company and subsidiary has total liabilities amounted to THB 21,293 million, decreased THB 226 million or 1% from year 2015. The results come from current liabilities increased THB 1,141 million which come from the increase of accrued interest and non current liabilities decreased THB 1,367 million due to the reclassification from non current to current liabilities.

- Total equity

As of 30 September 2016, the Company and subsidiary has total equity amounted to THB 11,797 million, decreased THB 120 million or 1% from year 2015 due to the net loss of the Company.

7. Recent Development

Recent Development

Marketing development — In the third quarter of 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 success achieved in previous quarter. The Company still expects to keep up marketing activities and sales of the fine-tuned products throughout the year 2016. Moreover, the Company had an after-sale follow-up plan on the customers' usages of the Company's products to 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 in the third quarter of 2016, the Company's executives and representatives 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 mutually drafting the technical protocols that is expected to advance the progress soon; hence more value added and improved trust in quality of the Company's products in a long run.

In addition, the Company has prepared a marketing plan for the next year onwards for approaching new value-added customer group 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, business and industry environment.

Production process development — Due to the Company's success in implementing the productivity project of using aluminium dross (Al dross) in steel-making process with electric arc furnaces to replace costly disposal as in the past, the project thus 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 Al 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.

Appendix

Table 1: Summary of Consolidated Financial Results

Consolidated

Unit : Million Baht

	Quarter 3/2016	Quarter 3/2015	+/-
Income			
Revenue from sale of goods	5,256	4,331	21%
Reversal of bad and doubtful debts expense	5	-	
Reversal of loss on devaluation of inventories	32	-	
Reversal of provision for loss on purchase orders for undelivered raw material	177	-	
Reversal of loss on impairment in subsidiaries	-	-	
Net foreign exchange gain	198	-	
Gain from debt restructuring	-	-	
Other incomes	22	15	43%
Total income	5,690	4,346	31%
Expenses			
Cost of sale of goods	5,248	4,274	23%
Selling expenses	114	89	28%
Administrative expenses	247	318	-22%
Loss on devaluation of inventories	-	191	-100%
Loss on confirmed purchase orders for undelivered raw materials	-	219	-100%
Bad and doubtful debts expense	-	187	-100%
Other expenses	67	845	-92%
Finance costs	173	158	10%
Total expenses	5,850	6,280	-7%
Profit (loss) before income tax expense	(160)	(1,934)	-92%

Income tax expense	4	6	-32%
Profit (loss) for the period	(164)	(1,940)	-92%
Other comprehensive income for the period	-	-	
Total comprehensive income for the period	(164)	(1,940)	-92%
Profit (loss) attributable to :			
Owners of the Company	(142)	(1,546)	-91%
Non-controlling interests	(22)	(394)	-94%
Profit (loss) for the period	(164)	(1,940)	-92%
Loss per share			
Basic loss per share (Baht)	(0.02)	(0.23)	-90%

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

Table 2: Condensed Consolidated Statement of Financial Position

Unit : Million Baht	30 September 2016	31 December 2015	+/-
Assets			
<i>Current assets</i>			
Cash and cash equivalents	572	159	259%
Trade accounts receivable	240	242	-1%
Amounts receivable from related parties	-	-	
Inventories	2,133	1,688	26%
Receivables from scrap sales	-	-	
Other current assets	214	254	-16%
Total current assets	3,160	2,343	35%
<i>Non-current assets</i>			
Investments in subsidiaries	-	-	
Advance payment for purchases of property, plant and equipment	210	210	0%
Property, plant and equipment	29,150	30,446	-4%
Intangible assets	15	17	-15%
Other non-current assets	556	419	33%
Total non-current assets	29,931	31,093	-4%
Total assets	33,090	33,436	-1%
<i>Current liabilities</i>			
Short-term loans from financial institution	-	365	-
			100%
Trade accounts payable	7,391	8,043	-8%
Amount due to related parties	-	-	
Current portion of liabilities under rehabilitation plan	465	486	-4%
Current portion of long-term loan from financial institution	334	-	
Current portion of long-term loan from related party	105	106	-1%
Current portion of bonds	541	562	-4%

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	154	204	-24%
Other payables and accrued expenses	3,494	3,177	10%
Accrued interest expenses	3,720	2,337	59%
Provisions	2,910	2,702	8%
Other current liabilities	340	349	-2%
Total current liabilities	19,627	18,485	6%
 <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 financial institution - net of current portion	-	-	-
Long-term loan from related party	269	264	2%
Other payables and accrued expenses	970	1,238	-22%
Accrued interest expenses	-	19	-
			100%
Provision	78	648	-88%
Employee benefit obligations	105	96	9%
Total non-current liabilities	1,667	3,034	-45%
 Total liabilities	 21,293	 21,519	 -1%
 <i>Equity</i>			
Equity attributable to owners of the Company	2,865	3,192	-10%
Non-controlling interests	8,932	8,725	2%
Total equity	11,797	11,917	-1%
 Total liabilities and equity	 33,090	 33,436	 -1%

Table 3 : Condensed Statement of Cash Flow**Unit : Million Baht**

Jan - Sep 2016

Cash flows from operating activities

Profit (loss) for the period	(120)
<i>Adjustments for</i>	
Depreciation and amortisation	1,426
Interest income	(1)
Finance costs	497
Unrealized loss (gain) on exchange rate	(360)
(Reversal of) bad and doubtful debts expense	(8)
(Reversal of) Provision for a guarantee of subsidiary	-
(Reversal of) loss on devaluation of inventories	(32)
Gain from debt restructuring	(59)
(Reversal of) loss on confirmed purchase orders of undelivered raw material	11
(Reversal of) loss on impairment in subsidiaries	-
Loss from disposal of assets	0
Provision for court case claim	192
Employee benefit obligations	9
Tax expense	17
	<hr/>
	1,574
<i>Changes in operating assets and liabilities</i>	
Trade accounts receivable	2
Amount due from related parties	-
Inventories	(414)
Other current assets	28
Cash guarantee for utility	-
Other non-current assets	(256)
Trade accounts payable	(393)
Advance received from customers	(50)

Other payables and accrued expenses	41
Other current liabilities	(8)
Cash received (paid) for Income tax	(0)
Net cash used in operating activities	524
 <i>Cash flows from investing activities</i>	
Interest received	1
Purchase of property, plant and equipment	(9)
Purchase of intangible assets	(0)
Proceeds (Repayment) for long-term loans to related parties	-
Proceeds from disposal of investment in subsidiary	-
Net cash from (used in) investing activities	(8)
 <i>Cash flows from financing activities</i>	
Finance costs reveral (paid)	(73)
Repayment of liabilities under rehabilitation plan	(22)
Proceeds (Repayment) from loans from financial institution	(31)
Proceeds (Repayment) from short-term loans from other parties	18
Proceeds (Repayment) from short-term loans from related party	-
Proceeds (Repayment) of loan from shareholder	-
Proceeds (Repayment) from long-term loans from related parties	4
Net cash from (used in) financing activities	(104)
 Net increase (decrease) in cash and cash equivalents	 413
Cash and cash equivalents at 1 January	159
Effect of exchange rate changes on balances held in foreign currencies	(0)
Cash and cash equivalents at 30 September	572