

1. Highlights

	Unit: million Baht	Q1- 2017	Q1- 2016
Performance	Group Revenues	6,299	5,580
	Group EBITDA	2,635	718
	Group Net Profit (Loss)	1,963	58
HRC	HRC Sales (k tons)	333	362
	HRC Production Volume (k tons)	361	343
	HRC Average Selling Price (Bht./Ton)	18,907	15,416
	HRC Cash Margin (Bht./Ton)	3,185	2,195
	Unit: million Baht	Q1 - 2017	YE 2016
Financial Status	Total Assets	33,079	32,615
	Total Liabilities	20,248	21,747
	Total Equity	12,831	10,868

Average selling price of hot-rolled coil for the 1st quarter in 2017 increase around 13% comparing with the same period last year together with the well manage production of the Company, the Company can generate cash margin by Baht 3,185 per ton for the 1st quarter in 2017.

The extraordinary items are recorded at THB 1,386 M from the progress of Debt restructuring. The remaining balance of Net profit is from the Q1/17 operation.

2. Business Outlook on Q2/2017

- The local price of HRC has soften since end of March 2017 of which being in line with global price. Per the market sentiment, the demand is also soften during the downtrend of HRC price. Together with long holidays in April, we expect the sales volume in Q2/17 will be lower than Q1/17.
- The Group of Companies have continued to reduce the conversion cost to the target level in order to comply with the Safe Guard measures that the Companies have to implement the cost reduction programs in order to make our cost to be competitive with the world players given no dumping effects.
- The plan to increase the production volume has been shifted to end of the year with the same target to minimize the production cost of both parent and subsidiary companies.
- The Group of companies have been discussing with major Creditors in order to restructuring the Balance sheet by many means of financial instruments. The progress of the debt restructuring will be updated once the progress is made.

3. Group CEO's Message

The operation results of the Company in Q1/2017 was outstanding with the net profit of 1,181 million baht, an increase from loss 69 million baht in Q1/2016 due to the extraordinary gain from debt restructuring of 765 million baht and foreign exchange gains of 354 million baht. Excluding the above items, the company's normalized profit for Q1/2017 still was impressive at 209 million baht, an increase from 143 million baht in Q1/2016, representing the growth of 46% YoY. The reason of good result was due to the average price of hot-rolled coil rising caused by China has reduced its production capacity which made steel prices and cost of raw materials gone up. For the overview 2017 of Thailand's steel industry is expected to continue a rising trend due to the construction of infrastructure of the government's projects have progressed more than the previous year.

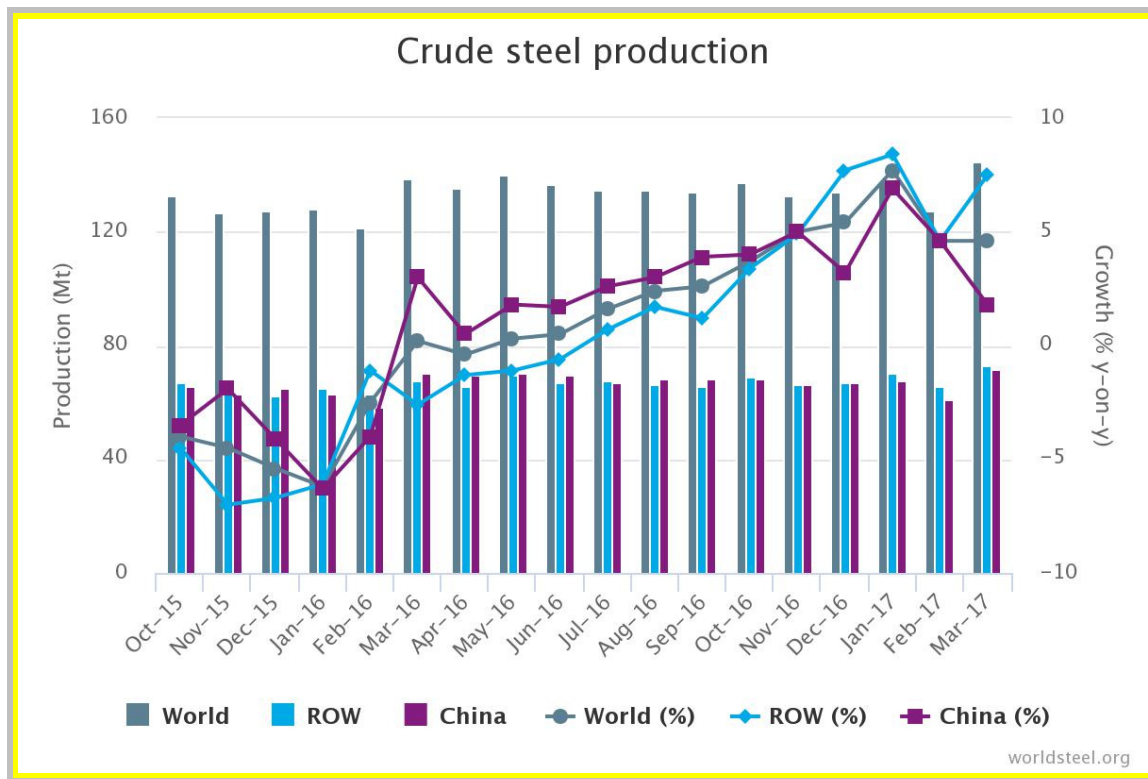
In addition to the improvement in operating results mentioned above, the Company continues to focus on improving its financial structure with the aim of enhancement the balance sheet to sustain the business in the long run.

4. Industry Overview and Outlook

Overview of World Steel Industry

With reference to World Steel Association's report on world crude steel production was 410.5 million tons in the First-Quarter of 2017, up by 5.7% compared to the same period in 2016. The region with most production was Asia (including China, but not including the Middle East) 280.6 million tons, an increase by 5.4% from the same period of previous year; where China alone had crude steel production for March 2017 was 72 million tons, as top rank of the world, increase by 1.8% compared to March 2016. The second most producing region was the European Union (EU), with 42.5 million tons, equivalent to 3.8% increase compared to the same period of 2016.

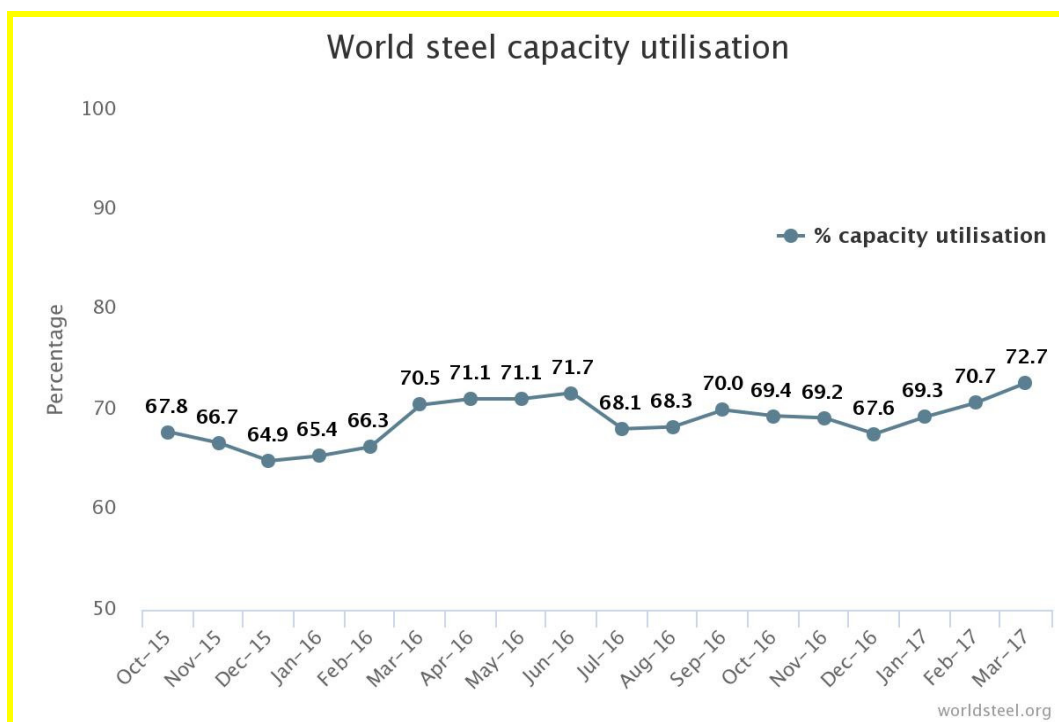
Chart of world crude steel production monthly, ending 31 March 2017



Source: World Steel Association

The world steel production capacity utilization ratio of the 67 countries in March 2017 was 72.7%, increased by 2.2% compared to the same period of previous year, and increased from February 2017 by 2.0%. This shows that the world steel industry started to recovery and tends to have potential growth in Second-Quarter of 2017.

Chart of world steel production capacity utilization, ending March 2017



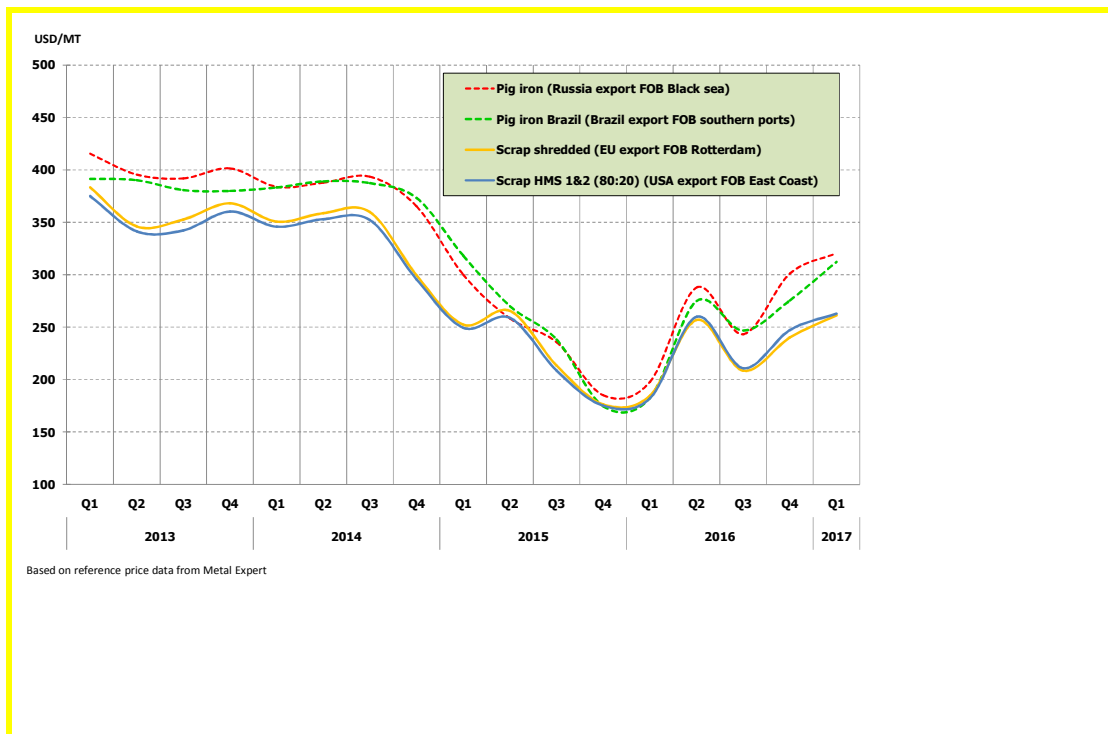
Source: World Steel Association

The main raw materials (Pig iron, shredded scrap) the price movement of the main raw materials, i.e. scraps and pig iron, had more fluctuated since the first quarter of 2016, by increasing in the first and the second quarters of 2016 and then decreased in the third quarters of 2016 but then turn back increasing continuously until the first quarter of 2017. Thus it will 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.

The raw material reference prices on the world market are that the HMS 1&2 (80:20 ratio) scrap USA export price of the first quarter of 2017 was averaged at USD 263/mt. FOB, increased from the

previous quarter USD 247/mt., and pig iron Russia export price of the first quarter of 2017 averaged at USD 321/mt. FOB, up from USD 301/mt. in the previous quarter.

Chart of raw material reference prices on world market for Q1/2013 – Q1/2017

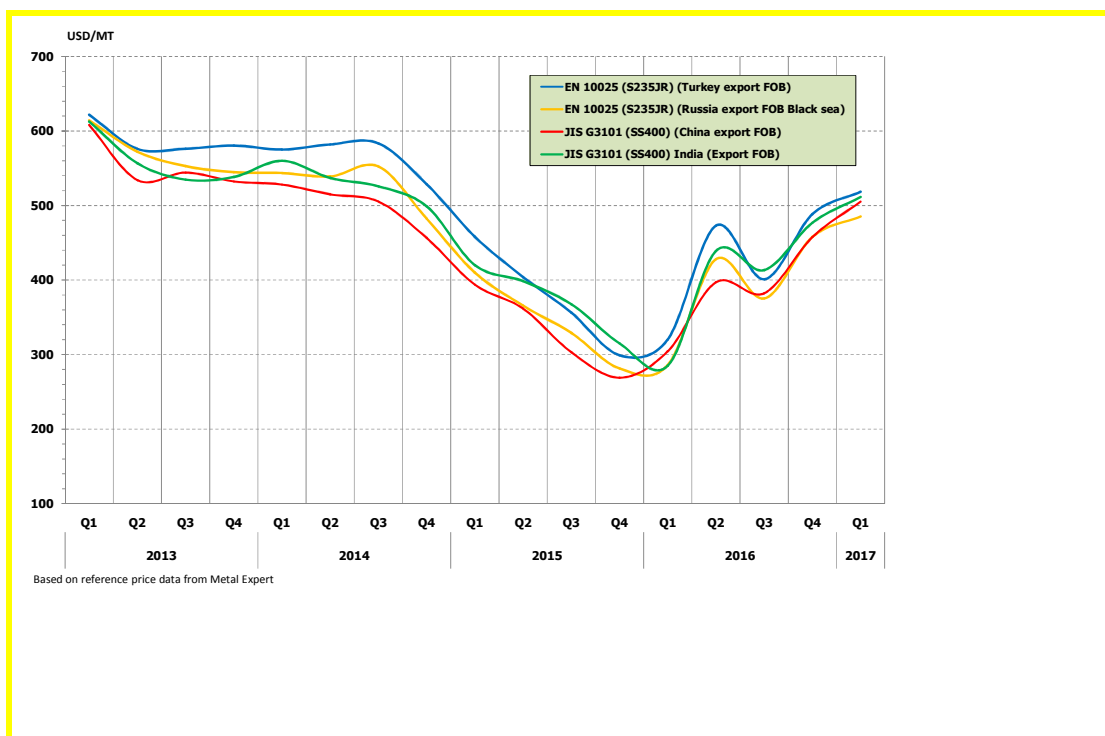


Processed price data from: Metal Expert

Hot Rolled the prices for hot-rolled coil on the world market during the first quarter of 2016 to the first quarter of 2017 had more fluctuated by moving from the lowest point in the first quarter of 2016 then rebounded in the second quarter, and fell again in the third quarter and then turn back increasing continuously in the fourth quarters of 2016 and the first quarter of 2017 that is consistent with the movement of raw material prices in the global market.

The reference prices for hot-rolled coil on the world market are that China export price average for Q1/2017 was USD 505/mt. FOB, increasing from the previous quarter (4/2017) average price USD 458/mt., and Russia export price average was USD 485/mt, FOB, increasing from USD 458/mt in the previous quarter.

Chart of hot-rolled coil reference prices on world market for Q1/2013 – Q1/2017



Processed price data from: Metal Expert

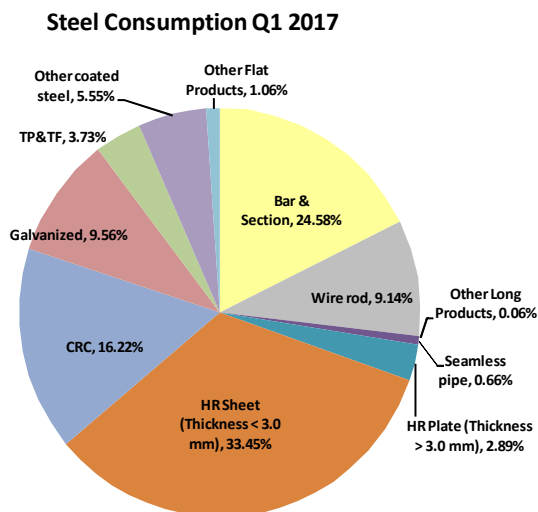
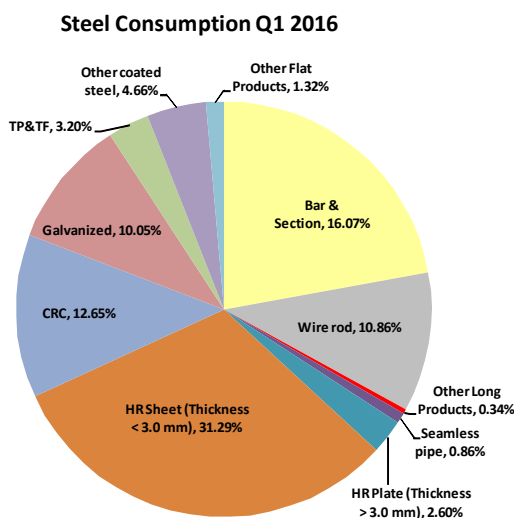
Overview of Thai Steel Industry

ISIT had reported the domestic steel-production Q1/2017 was at 1.69 million metric tons, decreasing 8.41% compared to the same period of previous year consisting of the long finished steel production of 1.02 million metric tons, decreasing 14.02% and the flat finished steel production of 0.672 million metric tons, increasing 1.65% compared to the same period of previous year.

The consumption of finished steel products in Thailand in Q1/2017 was at 4.11 million metric tons, decreasing 5.29% compared to the same period of previous year consisting of the long finished steel consumption at 1.36 million metric tons, decreasing 22.47% resulting from the less consumption of structural steel and wire rods and the flat finished steel consumption at 2.75 million metric tons, increasing 6.34% resulting from the demand of Hot Rolled Steel and Cold Rolled Steel which increasing compared to the same period of previous year.

Table : The production and the domestic demand of Finished Steel in Q1 2016 and 2017

Total Apparent Finished Steel (Unit : Tons)	Quarter 1/2016	Quarter 1/2017	% Change
Production	1,847,410	1,692,032	-8.41%
Import	2,829,233	2,821,658	-0.27%
Export	337,097	403,830	19.80%
Consumption	4,339,546	4,109,860	-5.29%



The imported of finished steel in Thailand in Q1/2017 was at 2.82 million metric tons, decreasing 0.27% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 1.12 million metric tons, increasing 4.02% compared to the same period of previous year. The second highest import quantity was Cold Rolled steel at 0.383 million metric tons and Galvanize steel at 0.321 million metric tons respectively.

The export of finished steel in Thailand in Q1/2017 was at 0.404 million metric tons, increasing 19.80% compared to the same period of previous year. The highest export quantity was structural steel at 94.9 thousand metric tons. The export of deformed bars for construction in Q1/2017 was at 64.1 thousand metric tons.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Q1/2017 was at 0.672 million metric tons, increasing 1.65% consisting of thin gauge at 0.642 million metric tons, increasing 2.30% and Thick gauge at 29.7 thousand metric tons, decreasing 10.55% compared to the same period of previous year.

Table : The production and the domestic demand of the Hot Roll Flat Steel for Q1 2016 and 2017

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Quarter 1/2016	Quarter 1/2017	% Change
Production	661,120	672,060	1.65%
Import	1,019,267	1,042,763	2.31%
Export	7,460	3,908	-47.62%
Consumption	1,672,927	1,710,915	2.27%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Quarter 1/2016	Quarter 1/2017	% Change
Production	33,239	29,733	-10.55%
Import	97,477	106,409	9.16%
Export	1,874	213	-88.64%
Consumption	128,841	135,929	5.50%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Quarter 1/2016	Quarter 1/2017	% Change
Production	627,881	642,328	2.30%
Import	921,791	936,354	1.58%
Export	5,586	3,695	-33.85%
Consumption	1,544,086	1,574,987	2.00%

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

The Hot Rolled Steel consumption in Q1/2017 was at 1.71 million metric tons, increasing 2.72% consisting of thin gauge at 1.57 million metric tons, increasing 2.00% and thick gauge at 0.136 million metric tons, increasing 5.50% compared to the same period of previous year.

The import of Hot Rolled Steel in Q1/2017 had increased of 2.31% at 1.04 million metric tons consisting of thin gauge at 0.936 million metric tons, increasing of 1.58% and at 0.106 million metric tons, increasing 9.16% for the thick gauge compared to the same period of previous year.

The export of Hot Rolled Steel in Thailand in Q1/2017 was at 3.91 thousand metric tons, decreasing 47.62% consisting of thin gauge at 3.70 thousand metric tons, decreasing of 33.85% and at 2.13 hundred metric tons, decreasing 88.64% for the thick gauge compared to the same period of previous year.

5. Performance of the Company and its Subsidiaries

Performance

With reference to the aforementioned financial statements, the Company reports a consolidated net profit of THB 1,963 million and THB 58 million for the 1st quarter of 2017 and 2016, respectively. The Company (separate) reports a net profit of THB 1,181 million and THB 69 million for the 1st quarter of 2017 and 2016, 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 333,147 tons for the 1st quarter of 2017, decreased by 28,817 tons from the 1st quarter of 2016 or decreased by 8% (Separated Financial Statement: 144,536 tons and 175,568 tons, for the 1st quarter of 2017 and 2016 respectively)

Consolidated revenue from sales for the 1st quarter of 2017 and 2016 amounting to THB 6,299 million and THB 5,580 million, respectively, (Separate: THB 2,773 million and THB 2,750 million for the 1st quarter of 2017 and 2016, respectively), and consolidated gross profit amounting to THB 630 million and gross profit amounting to THB 360 million for the 1st quarter of 2017 and 2016, respectively, (Separate: gross profit THB 209 million and gross profit THB 143 million for the 1st quarter of 2017 and 2016, respectively). Revenue from sales increased comparing with the same period last year and also 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 profit of THB 1,963 million and THB 58 million for the 1st quarter of 2017 and 2016 (Separate: THB 1,181 million and THB 69 million net profit for the 1st quarter of 2017 and 2016). The Company would like to provide the following explanations.

Net foreign exchange gain

The Company recorded consolidated net gain on foreign exchange for the 1st quarter of 2017 amounting to THB 543 million (Separate: THB 354 million). The gain is attributed to the appreciation of the Thai Baht versus the US dollar.

Selling expenses

Consolidated selling expenses for the 1st quarter of 2017 and 2016 amounting to THB 122 million and THB 126 million, respectively, (Separate: THB 79 million and THB 86 million, respectively). Major factor come from the decrease of sale volume.

Administrative expenses

Consolidated administrative expenses for the 1st Quarter of 2017 and 2016 amounting to THB 179 million and THB 291 million, respectively, (Separate: THB 61 million and THB 185 million, respectively), decrease by THB 112 million (Consolidated) and THB 124 million (Separate). The major reason came from the expenses recorded in the 1st quarter of 2016 resulting from the additional claimed from the creditor due to the Company breached some condition in the agreement.

Financial costs

Consolidated financial costs for the 1st quarter of 2017 and 2016 amounting to THB 237 million and THB 218 million, respectively, increased by THB 19 million. (Separate: THB 197 million and 203 million, respectively). The decrease of THB 6 million (Separate) came from the repayment of short term loan which lead to the decrease of financial cost.

6. Consolidated Financial Status

Statement of financial positions

- **Total assets**

As of 31 March 2017, the Company and subsidiary has total asset amounted to THB 33,079 million, increased 1.42% from year 2016. Total assets separate into current assets amounted to THB 3,963 million, increased 28.38% from year 2016 and non current assets amounted to THB 29,116 million, decreased 1.4% from year 2016. Current assets mainly increased from the increase of inventory due to more hot-rolled coil stock, from THB 1,991 million as of December 2016 to THB 2,641 million as of 31 March 2017.

- **Total Liabilities**

As of 31 March 2017, the Company and its subsidiaries have total liabilities in amount of THB 20,248 million, decreasing from year 2016 in amount of THB 1,498 million (Approx. 6.89%) which is the impact from decrease in current liabilities amounting to THB 3,433 million since there was recognition of reversal of provision from deferred difference debt restructure. Also, there was recognition of gain from debt reduction by the creditor because of partially debt payment. Non – current liabilities increase THB 1,935 million from long-term loans from other parties and debt repayment extension from other creditors.

- **Total equity**

As of 31 March 2017, the Company and subsidiary has total equity amounted to THB 12,831 million, increased THB 1,963 million or 18.06% from year 2016 due to the operating profit generate by the Company.

7. Recent Development

Recent Development

In 2017, the company has cooperated with the Association of Thai Hot-Rolled Flat Steel and six other steelmaking associations working with the Department of Foreign Trade - Ministry of Commerce, Thai Industrial Standards Institute - Ministry of Industry And Thai Customs Department - Ministry of Finance to inform the situation of increasing quantities of importation of all types of steel products from abroad that including imports in the form of dumping and increasing rapidly imports that affecting the domestic steelmaking industry. The government has ordered to hold a joint meeting between the concerned government agencies and the 7 Associations of Steel Manufacturer in Thailand by

1. The 7 Associations had a meeting with the Department of Foreign Trade, The Ministry of Commerce to solve the problem of the import in a form of unfair trade. In particular, the imports are increasing rapidly and more irregularly and import in the form of dumping. Including the law to promote fairness in trade under the WTO framework.
2. The 7 Associations have a meeting with the Thai Industrial Standards Institute (TISI), the Ministry of Industry every month to accelerate and solve the problem of standardization of steel products and to ensure that both domestic and imported steel products sold in Thailand meet the standards and safe for consumers and Thai users.
3. The 7 Associations have a meeting with the Customs Department, Ministry of Finance every month to solve the problem of circumvention of trade measures in various forms. This causes the country to loss income from the assessed duty including unfair and illegal trade.

The result of the collaboration between the 7 associations and the government agencies mentioned above was the steel industry in the country has more stable in both production volume and price. So the 7 Associations will follow and improve the coordination with the government agencies continuously to make more efficiency and better performance.

In addition, the Company hires the Iron and Steel Institute of Thailand to conduct a joint market research with the Company on the hot-rolled flat products market in Thailand to determine 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.

Appendix

Table 4: Summary of Consolidated Financial Results

Consolidated

Unit : Million Baht

	Quarter 1/2017	Quarter 1/2016	+/-
Income			
Revenue from sale of goods	6,299	5,580	13%
Reversal of bad and doubtful debts expense	22	3	713%
Reversal of provision for loss on purchase orders for undelivered raw material	-	26	-100%
Reversal of loss on impairment in subsidiaries	-	-	
Reversal of provision for deferred difference from debt restructuring	765	-	
Gain from the Creditor waived the debt	622	-	
Net foreign exchange gain	543	270	101%
Other income	40	29	38%
Total income	8,291	5,907	40%
Expenses			
Cost of sale			
- Cost of goods sold	5,668	5,219	9%
- Idle cost	-	50	-100%
- Loss on devaluation of inventories (Reversal)	46	(67)	-168%
Total cost of sale	5,714	5,203	10%
Selling expenses	122	126	-3%
Administrative expenses	179	291	-38%
Loss on confirmed purchase orders for undelivered raw materials	-	-	
	68	-	
Other expenses	3	4	-9%
Finance costs	237	218	9%
Total expenses	6,324	5,842	8%
Profit (loss) before income tax expense	1,967	65	2906%
Income tax expense	4	7	-44%

Profit (loss) for the period	<u>1,963</u>	<u>58</u>	<u>3264%</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	
Total comprehensive income for the period	<u>1,963</u>	<u>58</u>	<u>3264%</u>
Profit (loss) attributable to :			
Owners of the Company	1,244	(34)	3708%
Non-controlling interests	<u>719</u>	<u>93</u>	<u>674%</u>
Profit (loss) for the period	<u>1,963</u>	<u>58</u>	<u>3264%</u>
Comprehensive income (loss) attributable to :			
Owners of the Company	1,244	(34)	3708%
Non - controlling interests	<u>719</u>	<u>93</u>	<u>674%</u>
Total comprehensive income (loss) for the period	<u>1,963</u>	<u>58</u>	<u>3264%</u>
Earnings (loss) per share			
Basic earnings (loss) per share	<u>0.18</u>	<u>(0.01)</u>	<u>3708%</u>

Table 5: Condensed Consolidated Statement of Financial Position

Unit : Million Baht

	31 March 2017	31 December 2016	+/-
Assets			
<i>Current assets</i>			
Cash and cash equivalents	693	623	11%
Trade accounts receivable	288	272	6%
Amounts receivable from related parties	-	-	
Inventories	2,641	1,992	33%
Receivables from scrap sales	-	-	
Other current assets	340	200	70%
Total current assets	3,963	3,087	28%
<i>Non-current assets</i>			
Investments in subsidiaries	-	-	
Advance payment for purchases of property, plant and equipment	210	210	0%
Property, plant and equipment	28,302	28,739	-2%
Intangible assets	14	15	-6%
Other non-current assets	589	564	5%
Total non-current assets	29,116	29,528	-1%
Total assets	33,079	32,615	1%

Current liabilities

Short-term loans from financial institution	297	316	-6%
Trade accounts payable	1,985	7,479	-73%
Amount due to related parties	-	-	
Current portion of liabilities under rehabilitation plan	456	464	-2%
Current portion of long-term loan from related party	66	108	-39%
Current portion of bonds	537	558	-4%
Short-term loan from related parties	30	30	0%
Short-term loan from other parties	135	137	-1%
Loan from shareholder	4	4	0%
Advances received from customers	162	204	-21%
Other payables and accrued expenses	6,770	3,506	93%
Accrued interest expenses	4,629	3,969	17%
Liabilities under the process of debt restructuring	1,269	-	
Provisions	156	3,156	-95%
Other current liabilities	349	346	1%
Total current liabilities	16,846	20,279	-17%

Non-current liabilities

Liabilities under rehabilitation plan - net of current portion	245	245	0%
Long-term loan from related parties	248	242	2%
Long-term loan from other party	1,386	-	
Other payables and accrued expenses	1,215	875	39%
Accrued interest expenses	199	-	
Employee benefit obligations	108	105	3%
Total non-current liabilities	3,402	1,467	132%
Total liabilities	20,248	21,746	-7%

Equity

Equity attributable to owners of the Company	3,393	2,148	58%
Non-controlling interests	9,439	8,720	8%
Total equity	12,831	10,868	18%
Total liabilities and equity	33,079	32,615	1%

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

Jan - Mar 2017

Cash flows from operating activities

Profit (loss) for the period 1,963

Adjustments for

Depreciation and amortisation 474

Interest income (0)

Finance costs 237

Unrealized loss (gain) on exchange rate (437)

Reversal of bad and doubtful debts expense (22)

Provision for a guarantee of subsidiary -

Loss on devaluation of inventories (Reversal of) 46

Gain from debt restructuring (15)

Reversal of provision for deferred difference from debt restructuring (765)

Gain from the Creditor waived the debt (622)

Loss on confirmed purchase orders of
undelivered raw material (Reversal of) 68

Reversal of loss on impairment in subsidiaries -

Loss from disposal of assets 7

Provision for court case claim -

Employee benefit obligations 3

Tax expense 4

941*Changes in operating assets and liabilities*

Trade accounts receivable (16)

Amount due from related parties -

Inventories (695)

Other current assets (123)

Other non-current assets (69)

Trade accounts payable 429

Advance received from customers (42)

Other payables and accrued expenses	(214)
Other current liabilities	3
Cash received (paid) for Income tax	(2)
Net cash used in operating activities	211
 <i>Cash flows from investing activities</i>	
Interest received	0
Purchase of property, plant and equipment	(1)
Purchase of intangible assets	(0)
Payment for long-term loans to related parties	-
Net cash from (used in) investing activities	(1)
 <i>Cash flows from financing activities</i>	
Finance costs paid	(571)
Repayment of liabilities under rehabilitation plan	(4)
Repayment of liabilities under the process of debt restructuring	(906)
Proceeds (Repayment) from loans from financial institution	(19)
Proceeds (Repayment) from short-term loans from other parties	1,396
Proceeds (Repayment) from short-term loans from related party	-
Proceeds (Repayment) from long-term loans from related parties	(36)
Net cash from (used in) financing activities	(140)
 Net increase (decrease) in cash and cash equivalents	 70
Cash and cash equivalents at 1 January	623
Effect of exchange rate changes on balances	-
held in foreign currencies	(0)
Cash and cash equivalents at 31 March	693