

1. Highlights

		Unit: million Baht	
		Q1/16	Q1/15
Group	Group Revenues	5,580	6,647
	Group Sales Volume (k tons)	362	346
	Group EBITDA	696	(89)
	Group Net Profit (Loss)	58	(721)
HRC	HRC Sales (k tons)	362	346
	HRC Production Volume (k tons)	343	332
	HRC Average Selling Price (Bht./Ton)	15,416	19,206
	HRC Cash Margin (Bht./Ton)	2,313	640
		Unit: million Baht	
		Q1/16	Q1/15
Group	Total Liabilities	20,966	21,519
	Total Asset	32,941	33,436
	Total Equity	11,975	11,917

Due to the increasing of HRC price in Q1/16, around 10% comparing to Dec15 which was in line with the world market price, while the company still used some low cost of scrap that was bought during the year end. As such, cash margin was significant improved from THB 640/ ton to THB 2,313/ ton. In summary, Q1/16 performance was posted in black ink at THB 58M (consolidated).

2. Business Outlook on Q2/2016

- HRC Sale Volume and production are expected the same range as Q1/16 as there is no adverse factors of local demand of HRC.
- HRC Average Selling Price expected to increase 7-8% comparing to Q1/16HRC Average Selling Price expected to increase 7-8% comparing to in the end of year 2015.

3. Group CEO's Message

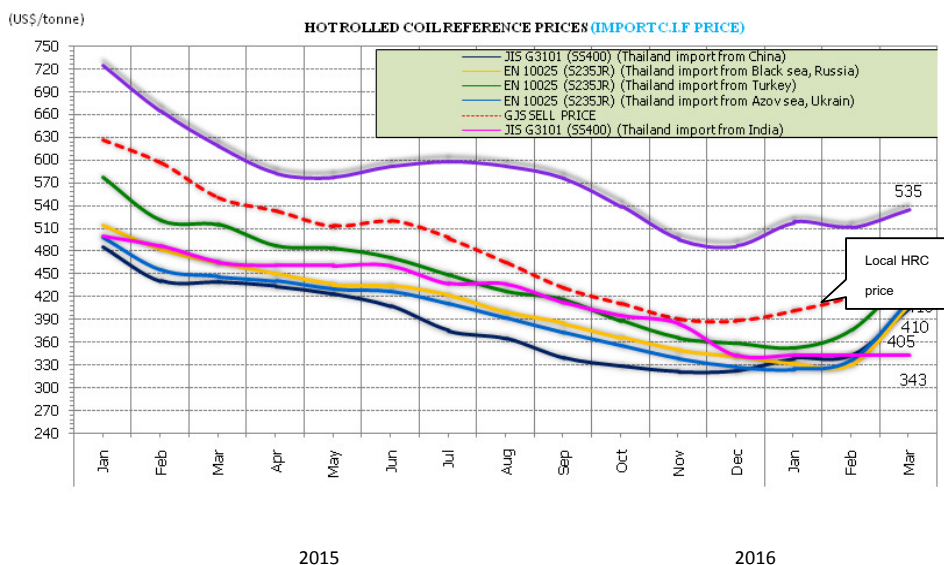
Management's Discussion and Analysis (MD&A) and operating results for the 1st Quarter ended 31 March 2016

Executive Summary

The steel situation in Thailand for Q1/ 2016 has rebounded since end of last year whereby the overall steel consumption in this quarter recorded at 4.28 million tons, increase 2% from the same period of the previous year due to construction activity projects, especially in public sector projects both on-going and new projects. In the HRC industry, which is the company's steel product market, has grown up as well with an increase of 5.5% from total consumption of 1.58 million tons in Q1/2015 to 1.67 million tons in this quarter. For the company's production in Q1/2016, there was total production of 158,068 tons, up 2.5% from the same period of last year and increase 35.9% from Q4/2015. The Company has still produced during off-peak period due to lower electricity cost per unit with its production utilization rate was high at 81.1%.

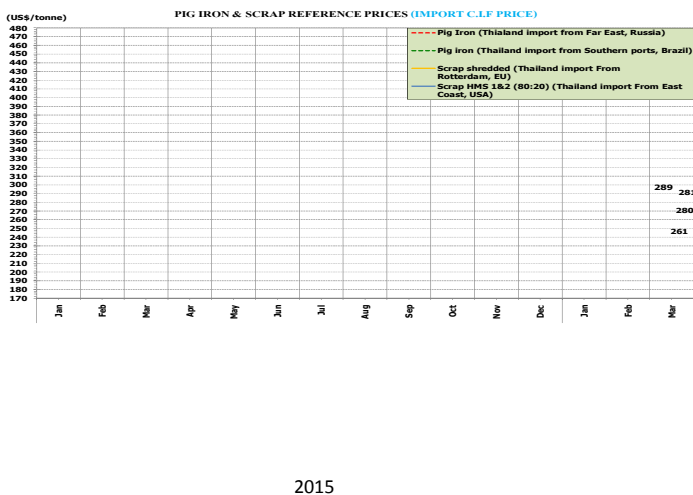
The trend of steel prices in Q1/ 2016 has increased continuously since year end 2015 mainly caused by China, the world's major steel producer, has announced its policy on supply-side structural reform to cope with oversupply situation. Moreover, the slump of steel prices last year has caused many Chinese steel mills have been closed down due to heavy loss. Moreover, the main raw materials prices; such as, iron ore, pig iron and scrap has gradually increased in this quarter and resulted in the higher of HRC prices both global and domestic which was in line with the raw materials prices. For the Company's performance, the average selling price of HRC in Q1/2016 was at Baht 15,666/ton, up by 9% (QoQ) from the previous quarter. However, compared to the same period of the previous year (YoY), it was still less than 18% of HRC selling price in Q1/2015.

Comparable of Global HRC price and local HRC Price



Source: Metal Expert, ISIT, GJS, BUI

Average Price of Raw Materials Increase in Q1/2016



Source: Metal Expert, GJS

As the Company's average selling prices increased in Q1/2016 while the raw materials cost gradually increased, this made an improvement of metal spread and turn gross profit margin to be positive at 5.2% of total sales. Comparing to the same period of last year, the Company had negative gross margin at -5.2% of total sales (YoY) and -19.7% compared with Q4/2015 (QoQ).

4. Industry Overview and Outlook

Overview of Steel Industry

The ISIT has reported the crude Steel production of the world in first quarter of 2016 was at 371.20 Million Metric Tons, decreasing 3.65% compared to the same period of previous year. In the first quarter of 2016, the crude steel production in all regions of the world had been reduced excepts in CIS countries, the crude steel production had slightly increased of 1.14%, at 24.98 Million Metric Tons while the middle east region had produced the crude steel at the lowest in the first quarter 2016, decreasing of 27.65% at 1.17 Million Metric Tons. The Africa Continent had produced the crude steel at the second lowest, decreasing of 19.98 %, at 2.69 Million Metric Tons.

The crude steel production in North America had shrunk of 2.05% at 27.6 Million Metric Tons. The first quarter 2016 crude steel production in Mexico was shrunk of 5.69%, compared to the same period of previous year to be at 4.36 Million Metric Tons While the crude steel production in Canada had increased of 7.97% at 3.35 Metric Tons and the crude steel production in South America was shrunk of 2.05% Million Metric Tons.

The crude steel production of EU in the first quarter 2016 had decreased 5.94%, at 39.59% Million Metric Tons. The Crude steel production of France, Italy, and Germany has shrunk 6.12%, 2.94%, and 2.6% respectively. The crude steel production of other countries in EU had shrunk of 1.01% at 7.84 Metric Tons.

The crude steel production of Asian region in the first quarter 2016 had shrunk of 3.15% at 256.87 Million Metric Tons. China had less crude steel production, decreasing of 4.15% at 191.72 Million Metric tons. The crude steel production of Japan and Korea had decreased 2.55% and 2.12% respectively while India's crude steel production had increased 4.48% at 22.91 Million Metric Tons.

Unit: Thousand tonnes

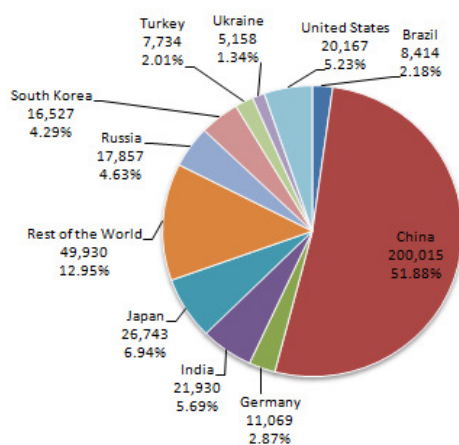
Region	Q1/2015	Q1/2016	% change y-o-y
European Union	42,095.00	39,593.87	-5.94
Other Europe	7,929.00	7,849.05	-1.01
C.I.S.	24,697.00	24,985.00	1.17
North America	28,194.00	27,614.73	-2.05
South America	11,084.00	9,473.23	-14.53
Africa	3,365.00	2,692.83	-19.98
Middle East	1,624.00	1,175.00	-27.65
Asia	265,215.00	256,870.66	-3.15
Oceania	1,341.00	1,202.44	-10.33
Total 64 Countries	385,544.00	371,456.81	-3.65

ที่มา: World Steel Association (WSA), รวบรวมโดย ISIT

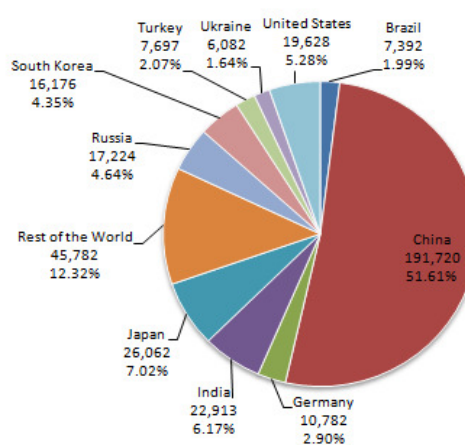
Proportion of world crude steel production in Q1/2016

The world crude steel production in Q1/2016 was at 371.4 Million Metric Tons, decreasing 3.65% compared to the same period of previous year. The biggest crude steel production country in China, which accounted for 51.61% of world crude steel production at 191.72 Million Metric Tons. Japan is the second biggest, accounted for 7.02% of world crude steel production, at 26.06 Million Metric Tons and India is the third biggest, accounted for 6.17% of world of crude oil steel production at 22.91 Million Metric Tons.

Share of World Crude Steel Production in Q1/2015
(Unit: Thousand tonnes)



Share of World Crude Steel Production in Q1/2016
(Unit: Thousand tonnes)



Domestic steel Industry Situation

The ISIT had reported that the finished steel production in the first quarter 2016 was 1.78 Metric tons, increasing 19.09% compared to the same period of previous year, consisting of the long finished steel production of 1.12 Metric Tons (Steel rods and Hot Rolled Steel structural steel 1 Million Metric Tons, wire rods 0.12 Million Metric Tons, and the flat finished steel production of 0.66 Million Metric Tons (Hot rolled Steel / thick gauge 0.033 Million Metric Tons and thin gauge 0.62 Million Metric Tons)

The steel demand in Thailand in Q1/2016 had increased 1.98% at 4.28 Million Metric Tons. The demand of thick gauge hot rolled steel had increased at the highest of 38.9% at 0.133% Million Metric Tons. The second highest demand were steel rods and hot rolled structural of 16.7% , at 1.07 Million Metric Tons and the demand of thin gauge hot rolled steel had increased 3.5%, at 1.6 Million Metric Tons.

ผลิตภัณฑ์เหล็กสำเร็จรูป (หน่วย:ตัน)	ไตรมาส 1/2558	ไตรมาส 1/2559	เพิ่มขึ้น/ลดลง
การผลิต	1,502,212	1,789,029	19.09%
นำเข้า	3,022,200	2,829,234	-6.38%
ส่งออก	326,477	337,092	3.25%
การบริโภค	4,197,935	4,281,171	1.98%

ผลิตภัณฑ์เหล็กทรงยาว (หน่วย:ตัน)	ไตรมาส 1/2558	ไตรมาส 1/2559	เพิ่มขึ้น/ลดลง
การผลิต	919,686	1,128,888	22.75%
นำเข้า	867,074	780,279	-10.01%
ส่งออก	213,803	214,189	0.18%
การบริโภค	1,572,958	1,694,977	7.76%

ผลิตภัณฑ์เหล็กทรงแบน (หน่วย:ตัน)	ไตรมาส 1/2558	ไตรมาส 1/2559	เพิ่มขึ้น/ลดลง
การผลิต	582,525	660,141	13.32%
นำเข้า	2,155,126	2,048,955	-4.93%
ส่งออก	112,675	122,903	9.08%
การบริโภค	2,624,976	2,586,193	-1.48%

ที่มา : ศูนย์ข้อมูลเชิงลึกอุตสาหกรรมเหล็ก สถาบันเหล็กและเหล็กกล้าแห่งประเทศไทย

Import and Export of Thai steel in Q1/2016

The import of Long steel product had decreased 10.01% at 0.78 Million Metric Tons, the highest quantity imported are wire rods at 0.42 Million Metric Tons, steel and steel at 0.22 Million Metric Tons while the import of flat steel product had increased 4.93%, at 2.04 Million Metric Tons, consisting of thin gauge hot rolled steel at 0.97 Million Metric Tons, coated steel at 0.5 Million Metric Tons and CR sheet at 0.25 Million Metric Tons, resulting the total import of finished steel in Q1/2016 of 2.82 Million Metric Tons, decreasing 6.38 % compared to the same period of previous year . The decrease of imports were derived from the implement of Anti-dumping (AD) and safeguard measures in order to support domestic industry to compete with the imports and adaption for compete with imports and adaption for competing with imports domestic market. The export of finished steel in Q1/2016 had increased 3.29% at 0.33 Million Metric Tons. The export of long steel product of 0.21 Million Metric Tons, increasing 0.18% and the export of flat steel product of 0.12 Million Metric Tons, increasing 9.08% compared to the same period of previous year.

The demand, production, import and export of hot Rolled Steel in Q1, 2016

The total production of hot rolled coiled and sheet in Q1/2016 had increased 13.32% at 0.66 Million Metric Tons consisting of thin gauge at 0.62 Million Metric Tons, increasing 14.92% and thick gauge at 0.033 Million Metric Tons decreasing 10.16% compare to the same period of previous year.

The demand of Hot Rolled Steel in Q1/2016 had increased 5.55% , at 1.73 Million Metric Tons, consisting of thick gauge at 0.13 Million Metric Tons, increasing 38.88% and thin gauge at 1.6 Million Metric Tons, increasing 3.49% compared to the same period of previous year. There was the import of Hot Rolled Steel Sheet in Q1/2016 at 1.08 Million Metric Tons, increasing 1.53%, consisting of thin gauge 0.97 Million Metric Tons, decreasing 2.46% and thick gauge at 0.10 Million Metric Tons, increasing 67.34 % .The export quantity of Hot Rolled Steel sheet in Q1/2016 had increased 51.48 % , at 0.007 Million Metric Tons compared to the same period of previous year, consisting of thin gauge at 0.0058 Million Metric Tons and thick gauge of 0.0019 Million Metric Tons.

5. Performance of the Company and its Subsidiaries

Financial Statement

With reference to the aforementioned financial statements, the Company reports a consolidated net profit of THB 58 million and net loss of THB 721 million for the 1st quarter of 2016 and 2015, respectively. The Company (separate) reports a net loss of THB 69 million and THB 451 million for the 1st 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 increase from 346,089 tons for the Q1/15 to 361,964 tons for Q1/16, increase 5% (Separated Financial Statement: 175,568 tons and 164,509 tons, for the 1st quarter of 2016 and 2015 respectively)

Consolidated revenue from sales for Q1/16 and Q1/15 amounting to THB 5,580 million and THB 6,647 million, respectively, (Separate: THB 2,750 million and THB 3,155 million for the 1st quarter of 2016 and 2015, respectively), and consolidated gross profit amounting to THB 360 million and gross loss amounting to THB 253 million for the 1st quarter of 2016 and 2015, respectively, (Separate: gross profit THB 143 million and gross loss THB 165 million for the 1st quarter of 2016 and 2015, respectively). Although revenue from sales decrease comparing to same period last year due to the lower selling price, Gross profit was positive at THB 360M. The major drivers for the positive numbers was from the lower raw materials and the efficiency in cost management by the Company which resulted in the lower conversion cost comparing to the same period of last year.

Consolidated financial statement, the Company recorded net profit of THB 58 million and net loss of THB 721 million for the 1st quarter of 2016 and 2015 (Separate: THB 69 million net loss for the 1st quarter of 2016 and THB 451 million net loss for the 1st 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 1st quarter of 2016 amounting to THB 270 million (Separate: THB 147 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 2016 and 2015 amounting to THB 126 million and THB 135 million, respectively, (Separate: THB 86 million and THB 94 million, respectively). Major factor come from the decrease of transportation expense.

Administrative expenses

Consolidated administrative expenses for the 1st quarter of 2016 and 2015 amounting to THB 341 million and THB 270 million, respectively, (Separate: THB 235 million and THB 132 million, respectively). The increase of THB 71 million (Consolidated) and THB 103 million (Separate) is primarily attributed to the record of the creditor's claim due to the Company could not fulfill the conditions of the contract in the past.

Financial costs

Consolidated financial costs for the 1st quarter of 2016 and 2015 amounting to THB 154 million and THB 153 million, respectively, decrease of THB 1 million. (Separate: THB 138 million and 108 million, respectively). The increase of THB 30 million (Separate) was from the default with one major trade creditor which resulted to the increase in interest expense. However, this trade creditor is one of list of major trade creditors that are under the restructuring negotiation process.

6. Consolidated Financial Status

Statement of financial positions

- Total assets

As of 31 March 2016, the Company and subsidiary has total asset amounted to THB 32,941 million, decreased 1% from year 2015. Total assets separate into current assets amounted to THB 2,235 million, decreased 5% from year 2015 and non current assets amounted to THB 30,706 million, decreased 1% from year 2015. Current assets mainly decreased from the reduction of inventory due to more hot-rolled coil sale, as of 31 March 2016 amounted to THB 1,398 million and as of December 2015 amounted to THB 1,688 million.

- Total Liabilities

As of 31 March 2016, the Company and subsidiary has total liabilities amounted to THB 20,966 million, decreased THB 553 million or 3% from year 2015. The results come from current liabilities increased THB 274 million which come from the increase of accrued interest and non current liabilities decreased THB 827 million due to the reclassification from non current to current liabilities.

- Total equity

As of 31 March 2016, the Company and subsidiary has total equity amounted to THB 11,975, increased THB 58 million or 0.49% from year 2015 since the Company has net profit in the 1st quarter of the year 2016.

7. Recent Development

Marketing development — The Group Companies had made marketing development in accessing to the new groups of customers and end-users, made offers on hot-rolled steel flat products their plants were capable of production according to the new customers' requirements, as well as offers on the tailored product specifications for the existing customer groups in order to increment their better response to the customers' needs, and already placed sales of the said new products in the third quarter of 2016. Anyhow, the Group Companies not only made such the marketing development, but also have had the marketing strategy to catch up with any new opportunities arising from the dynamic business environment.

Appendix

Table 1 : Average Prices of Slab, HRC, and Other Raw Materials

Unit: USD/ton	Q 1/2015 Actual	Q2/2015 Actual	Q 3/2015 Actual	Q 4/2015 Actual	Q 1/2016 Actual	Q 2/2016 Estimate
Scrap Shedded	307	320	266	227	235	288
Pig Iron	407	357	323	256	265	302

Table 2 : Production of Hot Rolled Steel in Thailand

Unit: Ton	2559 Q 1	2558 Q 4	+/- QoQ	2015 Q1	+/- YoY	2015	2014	+/- YoY
tons	660,141.39	601,090	9.82%	582,525.42	+13.32%	2,470,046	2,854,685	-13.47 %

Table 3: Estimation Apparent Steel Supply in Thailand

Unit: Ton	2015 Actual	Q 1/2016 Actual	Q 2/2016 Estimate	Q3/2016 Estimate	Q 4/2016 Estimate	2016 Estimate	(%) YoY
tons	6,495,235	1,789,028.	1,789,207	1,789,564	1,348,273	6,716,072.99	3.4 %

Table 4: Summary of Consolidated Financial Results

Consolidated

Unit : Million Baht

	Quarter 1/2016	Quarter 1/2015	+/-
Income			
Revenue from sale of goods	5,580	6,647	-16%
Reversal of bad and doubtful debts expense	3	29	-91%
Reversal of loss on devaluation of inventories	67	-	0%
Reversal of provision for loss on purchase orders for undelivered raw material	26	-	0%
Reversal of loss on impairment in subsidiaries	-	-	0%
Net foreign exchange gain	270	142	90%
Gain from debt restructuring	-	21	-100%
Other incomes	29	39	-25%
Total income	5,974	6,878	-13%
Expenses			
Cost of sale of goods	5,219	6,900	-24%
Selling expenses	126	135	-7%
Administrative expenses	341	270	26%
Loss on devaluation of inventories	-	63	-100%
Loss on confirmed purchase orders for undelivered raw materials	-	2	-100%
Other expenses	68	71	-4%
Finance costs	154	153	1%
Total expenses	5,909	7,593	-22%
Profit (loss) before income tax expense	65	-716	-109%
Income tax expense	7	6	23%
Profit (loss) for the period	58	(721)	-108%

Loss per share

Basic loss per share (Baht)

<u>(0.01)</u>	<u>(0.07)</u>	<u>-86%</u>
---------------	---------------	-------------

Table 5: Condensed Consolidated Statement of Financial Position

Unit : Million Baht	31 March	31 December	+/-
Assets			
<i>Current assets</i>			
Cash and cash equivalents	341	159	114%
Trade accounts receivable	235	242	-3%
Amounts receivable from related parties	-	-	0%
Inventories	1,398	1,688	-17%
Receivables from scrap sales	-	-	0%
Other current assets	261	254	3%
Total current assets	2,235	2,343	-5%
<i>Non-current assets</i>			
Investments in subsidiaries	-	-	0%
Advance payment for purchases of property, plant and equipment	210	210	0%
Property, plant and equipment	30,013	30,446	-1%
Intangible assets	16	17	-5%
Other non-current assets	466	419	11%
Total non-current assets	30,706	31,093	-1%

Total assets	32,941	33,436	-1%
<i>Current liabilities</i>			
Short-term loans from financial institution	-	365	100%
Trade accounts payable	7,883	8,043	-2%
Amount due to related parties	-	-	0%
Current portion of liabilities under rehabilitation plan	476	486	-2%
Current portion of long-term loan from financial institution	267	-	0%
Current portion of long-term loan from related party	99	106	-7%
Current portion of bonds	549	562	-2%
Short-term loan from related parties	30	30	0%
Short-term loan from other parties	144	120	20%
Loan from shareholder	4	4	0%
Advances received from customers	224	204	10%
Other payables and accrued expenses	3,370	3,177	6%
Accrued interest expenses	2,678	2,337	15%
Provisions	2,694	2,702	0%
Other current liabilities	340	349	-2%
Total current liabilities	18,759	18,485	1%

Non-current liabilities

Liabilities under rehabilitation plan - net of

current portion

250 250 0%

Trade accounts payable

9 518 -98%

Long-term loan from financial institution - net of

current portion

94 - 0%

Long-term loan from related party

291 264 10%

Other payables and accrued expenses

1,150 1,238 -7%

Accrued interest expenses

61 19 220%

Provision

253 648 -61%

Employee benefit obligations

99 96 3%

Total non-current liabilities

2,207 3,034 -27%

Total liabilities

20,966 21,519 -3%

Equity attributable to owners of the Company

3,157 3,192 -1%

Non-controlling interests

8,818 8,725 1%

Total equity

11,975 11,917 0.49%

Total liabilities and equity

32,941 33,436 -1%

Table 6 : Condensed Statement of Cash Flow

Unit : Million Baht

Jan - Mar 2016

Cash flows from operating activities

Profit (loss) for the period 58

Adjustments for

Depreciation and amortisation 477

Interest income (0)

Finance costs 154

Unrealized loss (gain) on exchange rate (303)

(Reversal of) bad and doubtful debts expense (3)

(Reversal of) Provision for a guarantee of subsidiary -

(Reversal of) loss on devaluation of inventories (67)

Gain from debt restructuring -

(Reversal of) loss on confirmed purchase orders of
undelivered raw material (26)

(Reversal of) loss on impairment in subsidiaries -

Loss from disposal of assets -

Provision for court case claim 64

Employee benefit obligations 3

Tax expense 7

366
Changes in operating assets and liabilities

Trade accounts receivable 6

Amount due from related parties -

Inventories 357

Other current assets (22)

Other non-current assets (90)

Trade accounts payable (627)

Advance received from customers 20

Other payables and accrued expenses 125

Other current liabilities	(13)
Cash received (paid) for Income tax	13
Net cash used in operating activities	137
 <i>Cash flows from investing activities</i>	
Interest received	0
Purchase of property, plant and equipment	(1)
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	13
Repayment of liabilities under rehabilitation plan	(8)
Proceeds (Repayment) from loans from financial institution	(4)
Proceeds (Repayment) from short-term loans from other parties	24
Proceeds (Repayment) from short-term loans from related party	-
Proceeds (Repayment) from long-term loans from related parties	20
Net cash from (used in) financing activities	46
 Net increase (decrease) in cash and cash equivalents	 182
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 31 March	341