

GSTEEL/ELCID-20/2015

14 August 2015

Subject : Explanation of operational results for the 2<sup>nd</sup> quarter of 2015

To : The President  
Stock Exchange of Thailand

Reference : 2<sup>nd</sup> quarter of 2015 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 913 million and THB 448 million for the 2<sup>nd</sup> quarter of 2015 and 2014, respectively. The Company (separate) reports a net loss of THB 731 million and THB 369 million for the 2<sup>nd</sup> quarter of 2015 and 2014, 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 2<sup>nd</sup> quarter of 2015 and 2014 amounting to THB 7,158 million and THB 6,800 million, respectively, (Separate: THB 3,705 million and THB 2,697 million for the 2<sup>nd</sup> quarter of 2015 and 2014, respectively), and consolidated gross loss for the 2<sup>nd</sup> quarter of 2015 amounting to THB 10 million and consolidated gross profit for the 2<sup>nd</sup> quarter of 2014 amounting to THB 134 million, (Separate: gross loss THB 39 million and THB 3 million for the 2<sup>nd</sup> quarter of 2015 and 2014, respectively). The major factors contributing to gross loss of the 2<sup>nd</sup> quarter of 2015 is the decrease in average selling price greater than the decrease in average cost of sales and the also higher in sales volume compared to the 2<sup>nd</sup> quarter of 2014.

**- Net foreign exchange loss**

The Company recorded consolidated net loss on foreign exchange for the 2<sup>nd</sup> quarter of 2015 amounting to THB 352 million (Separate: THB 266 million). The loss is attributed to the devaluation of the Thai Baht versus the US dollar.

**- Selling expenses**

Consolidated selling expenses for the 2<sup>nd</sup> quarter of 2015 and 2014 amounting to THB 157 million and THB 118 million, respectively, (Separate: THB 114 million and THB 76 million, respectively). The increase in selling expenses for the 2<sup>nd</sup> quarter of 2015 is primarily attributed to the increase in sales volume.

**- Administrative expenses**

Consolidated administrative expenses for the 2<sup>nd</sup> quarter of 2015 and 2014 amounting to THB 405 million and THB 255 million, respectively, (Separate: THB 214 million and THB 135 million, respectively). The increase of THB 150 million (Consolidated) and THB 79 million (Separate) is primarily attributed to the increase in provision for guarantee subsidiary.

**- Other expenses**

Consolidated other expense for the 2<sup>nd</sup> quarter of 2015 and 2014 amounting to THB 410 million and THB 77 million, respectively. The increase of THB 333 million is due to the increase in the provision for court case claim and net foreign exchange loss.

**- Financial costs**

Consolidated financial costs for the 2<sup>nd</sup> quarter of 2015 and 2014 amounting to THB 174 million and THB 194 million, respectively. The decrease of THB 21 million is due to some debts are settled.

Please be informed and distribute accordingly.

Respectfully Yours,

*-Signature-*

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