

1. Highlights

	Unit: million Baht	1 st Quarter 2017	1 st Quarter 2016
Performance	Group Revenues	3,526	2,829
	Group Sales Volume (k tons)	189	186
	Group EBITDA	939	315
	Group Net Profit (Loss)	967	125
HRC	HRC Sales (k tons)	189	186
	HRC Production Volume (k tons)	183	185
	HRC Average Selling Price (Bht./ton)	18,695	15,179
	HRC Cash Margin (Bht./Ton)	3,351	2,304
	Unit: million Baht	1 st Quarter 2017	Year-end 2016
Financial Status	Total Liabilities	5,000	5,871
	Total Asset	17,910	17,813
	Total Equity	12,910	11,942

- The Company posted net profit in 1st quarter of year 2017 amounted to THB 967 million which was improved performance as compared to last year quarter by THB 842 million due to;
 - Increasing of HRC price: the average selling price of HRC in Q1-2017 was THB 18,695/ton, increased by 13% as compared with Q4-2016 (THB 16,654/ton). The increasing of HRC was being in the same trend with world market price.

- HRC cash margin (excluding depreciation) in Q1-2017 was achieved at THB 3,351/ton, higher by 45% from last year quarter.
- Sale volumes (Coil tons) and production volumes in Q1-2017 were nearly to Q1-2016 by which there were the sale volumes at 188,611 tons and 186,395 tons in accordingly.
- In Q1-2017 the Company recognized gain from the creditor reduce the debts (from a major creditor) of THB 622 million in after the Company had repayment in a certain portion of debts.

2. Business Outlook on Q2/2017

- The local price of HRC has been 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 967 million baht, an increase from 125 million baht of the net profit of Q1/2016 due to the extraordinary gain from debt restructuring of 622 million baht and foreign exchange gains of 142 million baht. Excluding the above items, the company's normalized profit for Q1/2017 still was impressive at 203 million baht, an increase from 32 million baht in Q1/2016, representing the growth of 537% 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.

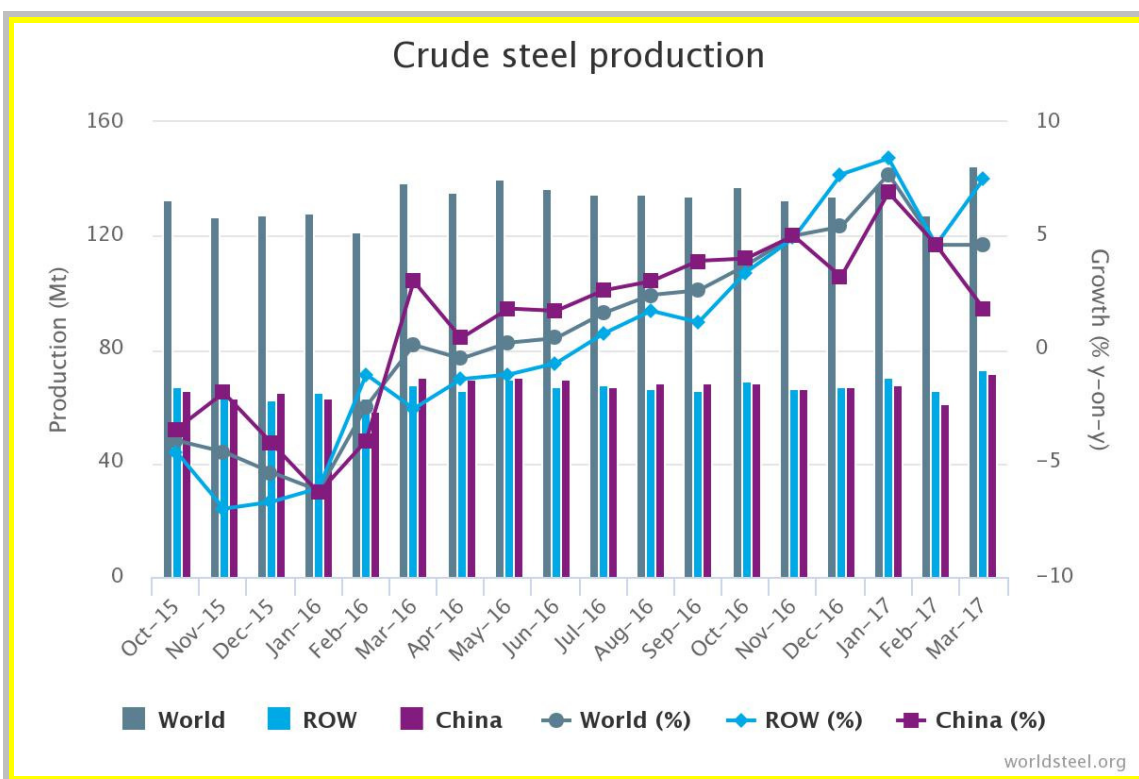
In addition to the improvement in operating results mentioned above, the Company continues to focus on improving its financial structure with the aim of enhancement the balance sheet to sustain the business in the long run.

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.

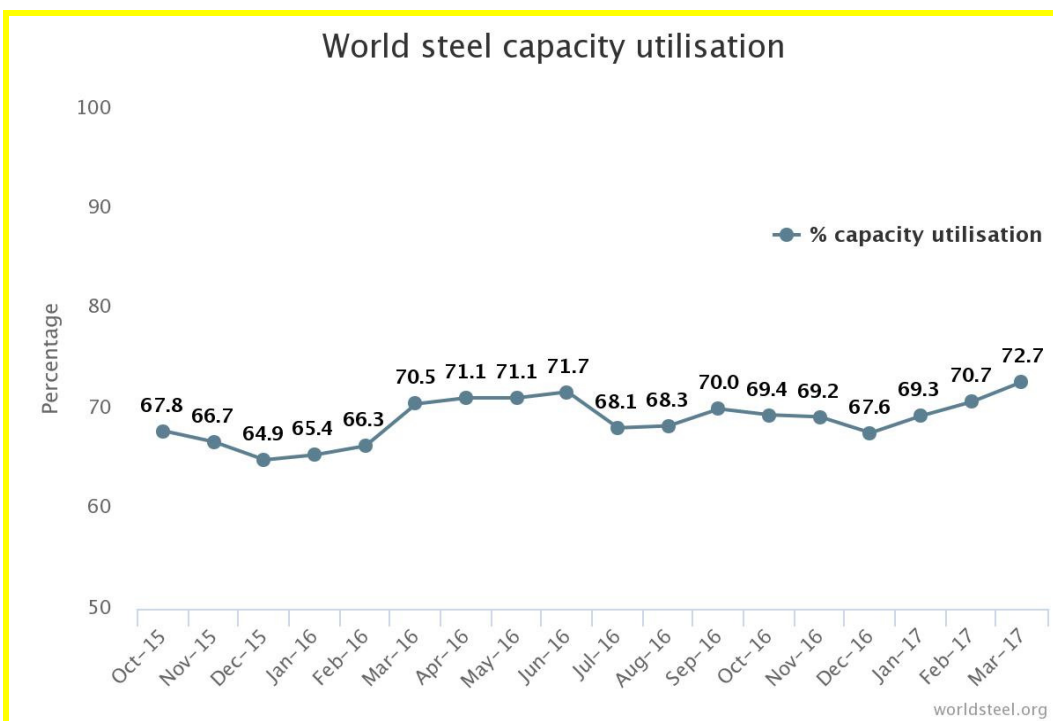
Chart of world crude steel production monthly, ending 31 March 2017



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

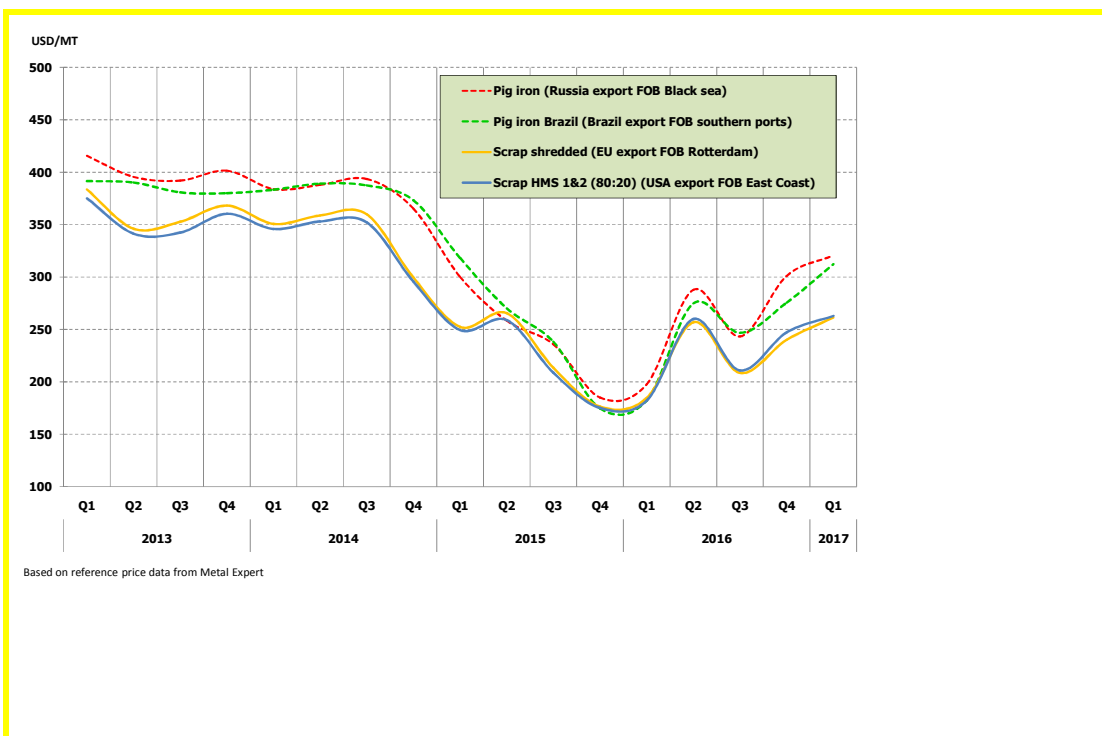


Source: World Steel Association

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

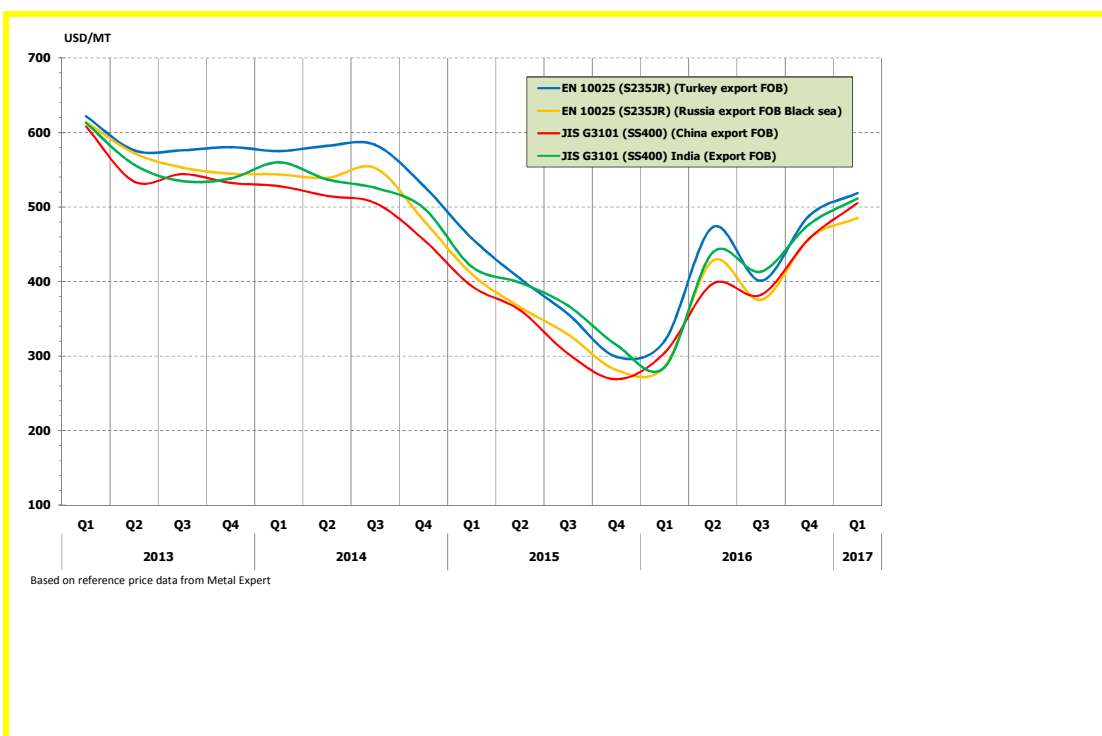


Processed price data from: Metal Expert

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

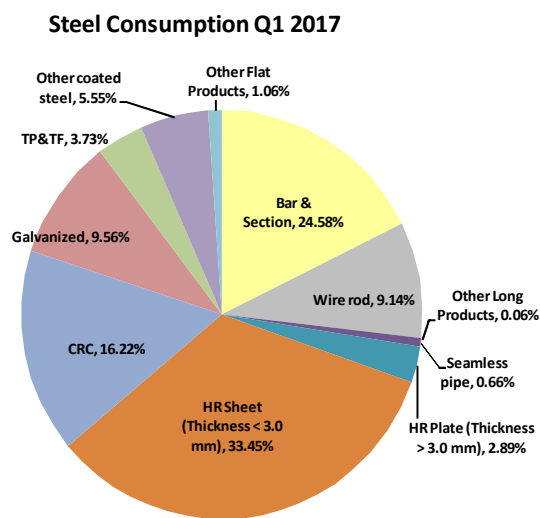
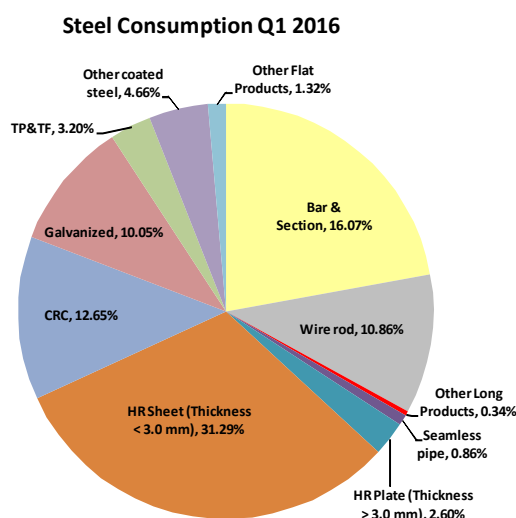
Overview of Thai Steel Industry

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

Operating results

The Company reported a net profit of THB 967 million and THB 125 million for Q1-2017 and Q1-2016 in respectively. The main results caused from:

- **Revenue from sales and cost of goods sold**

The Company had total sales volume increased from 186,395 tons in Q1-2016 to 188,611 tons in Q1-2017, or sale volume increased by 1.2%. At the meantime, the average selling price increased from THB 15,179 per ton in Q1-2016 to THB 18,695 per ton in Q1-2017 or selling price increased by 23.2%.

The Company had revenue from sales for Q1-2017 and Q1-2016 amounting to THB 3,526 million and THB 2,829 million in respectively, and had its gross profit amounted to THB 421 million and THB 217 million in respectively. The major factor contributing to the increase of gross profit was the increasing of HRC in the world market price.

- **Cost of goods sold - reversal of loss on devaluation of inventories**

In Q1-2016 the Company had recorded reversal of loss on devaluation of inventories of THB 9 million due to the increased average selling price.

- **Selling expenses**

Selling expenses for the Q1-2017 and Q1-2016 amounting to THB 43 million and THB 40 million in respectively, with the amount was recorded at the same level.

- **Administrative expenses**

Administrative expenses for the Q1-2017 and Q1-2016 amounted to THB 119 million and THB 106 million in respectively. The increased of administrative expenses of THB 13 million resulted from the consulting service fee and loss from write off the out off use machineries.

- **Financial costs**

The Company had the financial costs for the Q1-2017 and Q1-2016 amounted to THB 60 million and THB 51 million in respectively. The increased of financial costs of THB 9 million resulted from the interest payable from new long-term loan from other parties in Q1-2017.

- **Net foreign exchange gain**

The Company had a net gain on foreign exchange for the Q1-2017 amounted to THB 142 million which higher than last year quarter by THB 49 million, derived from the strengthen of the Thai Baht against the US dollar.

- **Gain from the creditor reduce the debts**

In Q1-2017 the Company had recognized gain from the creditor reduce the debts (from a major creditor) amounted to THB 622 in after the Company had repayment in a certain portion of debts.

6. Consolidated Financial Status

Statement of financial positions

- **Total assets**

As of 31 March 2017, the Company has total assets amounted to THB 17,910 million which was nearly to the year ended 2016. Total current assets amounted to THB 2,063 million, increased by 18% from year 2016 and total non current assets amounted to THB 15,847 million, decreased by 1% from year 2016. The increased in current assets mainly derived from the increasing in cash and cash equivalent, trade account receivable, inventories and other current assets due to the Company has a reserved for working capital and the increasing in selling price of HRC in the Q1-2017.

- **Total Liabilities**

As of 31 March 2017, the Company has total liabilities amounted to THB 5,000 million which decreased THB 870 million or 15% decreased from year ended 2016. This was a consequence of:

1. Long-term loan from other parties increased by THB 1,386 million in Q1-2017 for repayment the liabilities under debt restructuring regarding to the major 4 creditors has transferred all amount payable under the contracts to new creditor. In after the Company has repayment in a certain portion of debts (principal and accrued interests), the new creditor has forgiven the some portion of debts, as a results, the Company has recognized gain from the creditor reduce the debts in amounting to THB 622 million.

2. Accounts trade payable and others payable including accrued interest decreased from the year ended 2016 of THB 2,063 million, this was related to the increased in long-term loan from other parties as described in the preceding paragraph.
3. Debenture decreased from year ended 2016 in amounted of THB 63 million due to the Company has redeemed the undue debenture.
4. Others payable and accrued expenses reduction from year ended 2016 due to the repayment of tax installment payable.

- **Total equity**

As of 31 March 2017, the Company has total equity amounted to THB 12,910 million increased THB 967 million or 8% from year ended 2016 due to the net profit in Q1-2017 contributed.

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 Financial Results

Unit : Million Baht	1st Quarter 2017	1st Quarter 2016	% Increase (Decrease)
Income			
Revenue from sale of goods	3,526	2,829	25%
Gain from the creditor reduce the debts	622	-	100%
Net foreign exchange gains	142	93	52%
Other income	8	3	165%
Total income	4,298	2,925	47%
Expenses			
Cost of sale - Cost of goods sold	3,105	2,612	19%
- reversal of loss on devaluation of inventories	0	(9)	-100%
Total cost of sale	3,105	2,603	19%
Selling expenses	43	40	8%
Administrative expenses	119	106	12%
Bad and doubtful debts expense	3	-	100%
Finance costs	60	51	18%
Total expenses	3,330	2,800	19%
Loss for the year	967	125	674%
Basic loss per share (in Baht)	0.091	0.012	674%

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	31 March 2017	31 December 2016	% Increase (Decrease)
Assets			
Current assets			
Cash and cash equivalents	676	610	11%
Trade accounts receivable	246	196	25%
Inventories	945	855	11%
Short-term loan to related parties	13	-	100%
Other current assets	183	92	100%
Total current assets	2,063	1,752	18%
Non-current assets			
Advance payment for purchase of property, plant and equipment	210	210	0%
Property, plant and equipment	15,323	15,558	(2%)
Intangible assets	7	8	(5%)
Other non-current assets	307	284	8%
Total non-current assets	15,847	16,060	(1%)
Total assets	17,910	17,813	1%

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	31 March 2017	31 December 2016	% Increase (Decrease)
Liabilities and equity			
Current liabilities			
Trade accounts payable	624	2,039	(69%)
Other payables and accrued expenses	766	1,239	(38%)
Advance from customers	143	190	(25%)
Short-term loan from other parties	19	19	0%
Accrued interest expenses	123	1,478	(92%)
Liabilities under debt restructuring	1,269	-	100%
Current portion of liabilities under rehabilitation plan	218	226	(4%)
Provisions	-	72	100%
Other current liabilities	35	35	(1%)
Total current liabilities	3,196	5,298	(40%)
Non-current liabilities			
Trade accounts payable			
Other payables and accrued expenses	363	456	(20%)
Long-term loan from other parties	1,386	-	100%
Debentures	-	63	(100%)
Employee benefit obligations	56	54	3%
Total non-current liabilities	1,805	573	215%
Total liabilities	5,001	5,871	(15%)
Total equity	12,910	11,942	8%
Total liabilities and equity	17,910	17,813	1%

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht

Jan - Mar 2017

Cash flows from operating activities

Net profit (Loss) for the period	967
Adjustments for	
Depreciation and amortization	228
Work roll amortisation	25
Finance costs	60
Doubtful debts expense from advance to suppliers	3
Gain from the Creditor waived the debt	(622)
Unrealised loss (gain) on foreign exchange	(48)
Employee benefit expenses	2
Loss on write-off of assets	8
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	623

Changes in operating assets and liabilities

Trade accounts receivable	(50)
Inventories	(91)
Advances to suppliers	(19)
Other current assets	(75)
Other non-current assets	(48)
Trade accounts payable	41
Advances received from customers	(47)
Other payables and accrued expenses	(141)
Other current liabilities	1
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Net cash from (used in) operating activities	194

Cash flows from investing activities

Short-term loan to related parties	(13)
Purchase of property, plant and equipment	(1)
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Net cash from (used in) investing activities	(14)

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht

Jan - Mar 2017

Cash flows from financing activities

Cash received from long-term loan	1,431
Payment for redemption of debentures	(63)
Repayment of liabilities under rehabilitation plan	(4)
Repayment of liabilities under debt restructuring	(906)
Finance costs paid	
- Liabilities under debt restructuring	(517)
- Others	(56)
Net cash from (used in) financing activities	(115)
Net increase (decrease) in cash and cash equivalents	66
Cash and cash equivalents at 1 January 2017	610
Cash and cash equivalents at 31 March 2017	676

Non-cash transactions

Transfer trade accounts payable, others payable, accrued expenses and accrued interest to liabilities under the process of the debt restructuring	3,240
Transfer accrued interest expenses to others payable and accrued expenses	207
Transfer provisions for tax to others payable and accrued expenses	72