

1. Highlights

	Unit: million Baht	2 nd Quarter 2017	2 nd Quarter 2016
Performance	Group Revenues	5,445	5,212
	Group Sales Volume (k tons)	(27)	660
	Group EBITDA	(735)	(14)
HRC	HRC Sales (k tons)	302	340
	HRC Production Volume (k tons)	17,252	17,753
	HRC Average Selling Price (Bht./ton)	834	4,225
	HRC Cash Margin (Bht./Ton)	5,445	5,212
	Unit: million Baht	2 nd Quarter 2017	Year-end 2016
Financial Status	Total Liabilities	32,293	32,615
	Total Asset	20,186	21,747
	Total Equity	12,107	10,868

- The Company posted net loss in 2nd quarter of year 2017 amounted to THB 735 million which was loss from the operation higher than last year quarter by THB 721 million due to;
 - Decreased HRC price: the average selling price of HRC in Q2-2017 was THB 17,252/ton, decreased by 9% as compared with Q1-2017 (THB 18,907/ton) due to the decrease in HRC market price worldwide and a stagnant of Thai economy in the first half of 2017 causes a lower demand of steel consumption.

- HRC cash margin (excluding depreciation) in Q2-2017 was achieved at THB 834/ton, lower by 80% from last year quarter.
- Sale volumes (Coil tons) in Q2-2017 achieved at 315,610 tons which were a slightly increased from last year quarter by 22,038 tons or 8% higher, whereas production volumes (Coil tons) in Q2-2017 achieved at 302,428 tons which were lower than last year quarter by 37,429 tons or 11% lower. The latter decreased in production due to the adjustment stock management to suitable with the decrease in HRC market price worldwide.
- Gain on exchange rate was achieved of THB 193 million in Q2-2017, which higher than the last year quarter of THB 165 million due to the strengthen in THB as compared to US dollar.

2. Business Outlook on Q3/2017

There would be the material change in Q3 for the Balance Sheet structure of which expecting to see the improvement of DE and Current ratio. However, the Balance Sheet restructuring is subject to the coming EGM which will be held on 30 August 2017. Apart from the improvement of Balance Sheet, the Company expects to receive new fresh funds as CAPEX and Working Capital.

With the support from the new Shareholder, we are positive to be more competitive in term of cost resulting the positive bottom line is achievable.

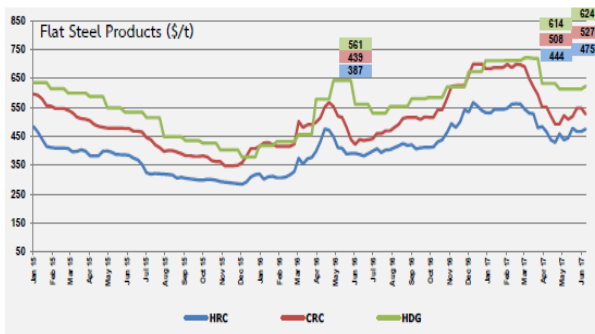
Refer to the HRC price in Q3/17, we have seen the improvement of HRC price and demand comparing with Q2/17. Up to August, average HRC price in Q3 is higher than average HRC price in Q2/17 by 7-8 %. As such, the bottom line of Q3/17 is expected to be improved because the cost of production is manageable while we can improve the selling price.

3. Group CEO's Message

Executive Summary

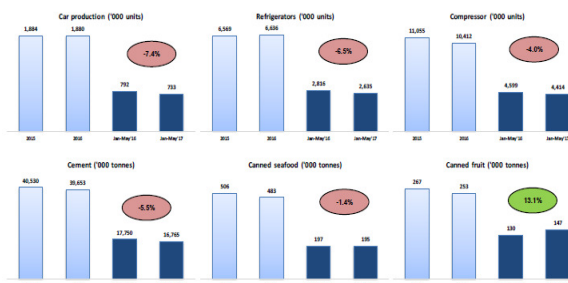
In the second quarter of 2017, the company has HRC sales of 127,385 tons which is the same level as previous quarter. The production was accounted for 114,178 tons which is equivalent to 58.55% of total capacity during off-peak period which has lower electricity cost. The average selling price in this quarter was at THB 17,030 per ton, dropped 11.2% from the previous quarter, due to the decrease in market price worldwide. Moreover, a stagnant of Thai economy in the first half of 2017 causes a lower demand of steel consumption. According to ISIT's data, total apparent finished steel consumption of Thailand for the first 6 months of 2017 was at 8.3 million tons, decreased by 16.4% compared to the same period of last year, while flat product finished steel consumption in the first 6 months of 2017 was at 5.4 million tons, dropped by 5.6% as well.

Declining prices of flat steel in China in Q2/2017



Source: Steel Business Briefing

Overview of continuous industry of steel shows a downtrend compared with the same period last year



Source : ISIT & OIE

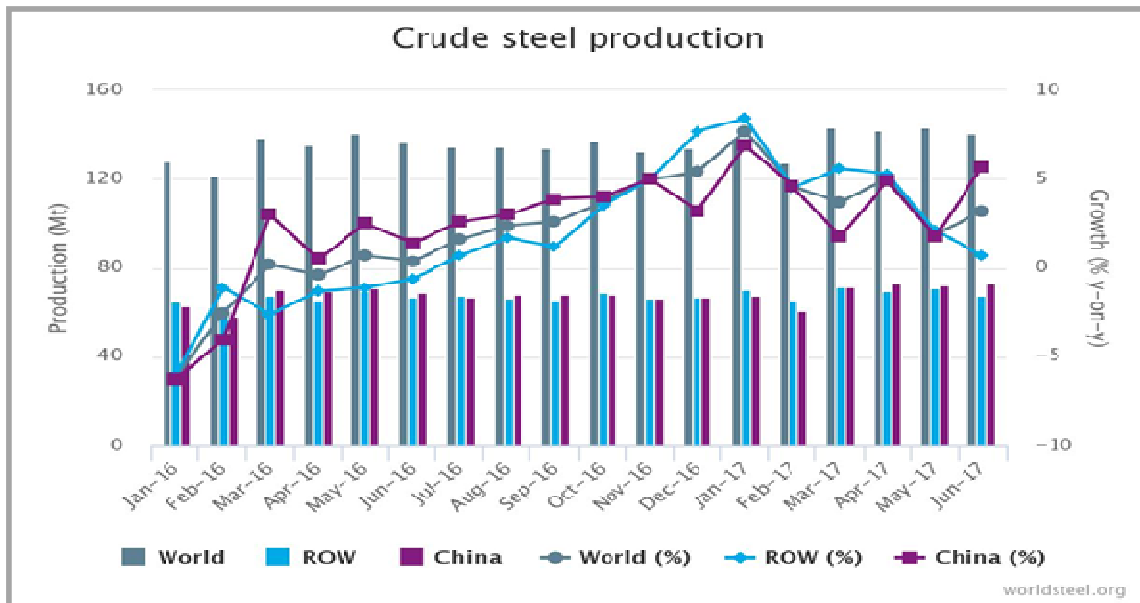
As a result, the company reported net loss in this quarter of THB 575 million, with loss in EBITDA of THB 154 million. In addition, the company has continued its plan to proceed on the debts restructuring with aim to strengthen the financial status, reduce the burden of interest payment and improve financial ratios. The total debt amount that will be restructured is USD 242.53 million which part of the debt, USD 123.90 million will be converted into equity while the remaining will be recorded as gain from debt restructuring. This debt restructuring shall be proposed to seek an approval from the extraordinary general meeting on 30 August 2017 before entering the transaction.

4. Industry Overview and Outlook

Overview of World Steel Industry

According to the World Steel Association's report on world crude steel production was 425.5 million tons in the Second-Quarter of 2017 and accumulated world crude steel production in the first half of 2017 was 836 million tons, significant increase by 4.5% compared to the same period in 2016. The region with most production was Asia (including China, but not including the Middle East) 576.8 million tons, an increase by 4.8% from the same period of previous year; where China alone had crude steel production for June 2017 was 73.2 million tons, as top rank of the world, increase by 5.7% compared to June 2016. The second most producing region was the European Union (EU), with 86.1 million tons, equivalent to 4.1% increase compared to the same period of 2016.

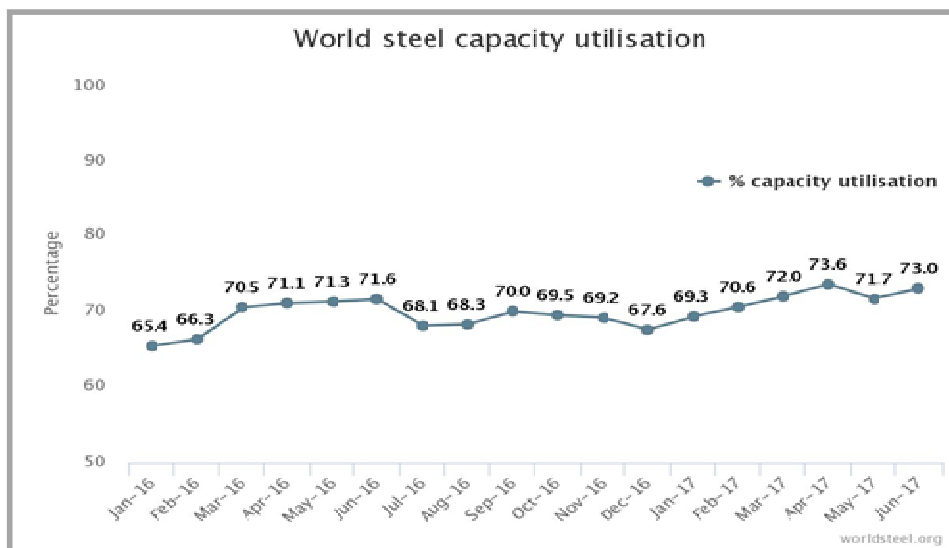
Chart of world crude steel production monthly, ending 30 June 2017



Source: World Steel Association

The world steel production capacity utilization ratio of the 67 countries in June 2017 was 73%, increased by 1.4% compared to the same period of previous year, and increased from May 2017 by 1.3%. This shows that the world steel industry remained stable and likely to grow up in Third-Quarter of 2017.

Chart of world steel production capacity utilization, ending 30 June 2017

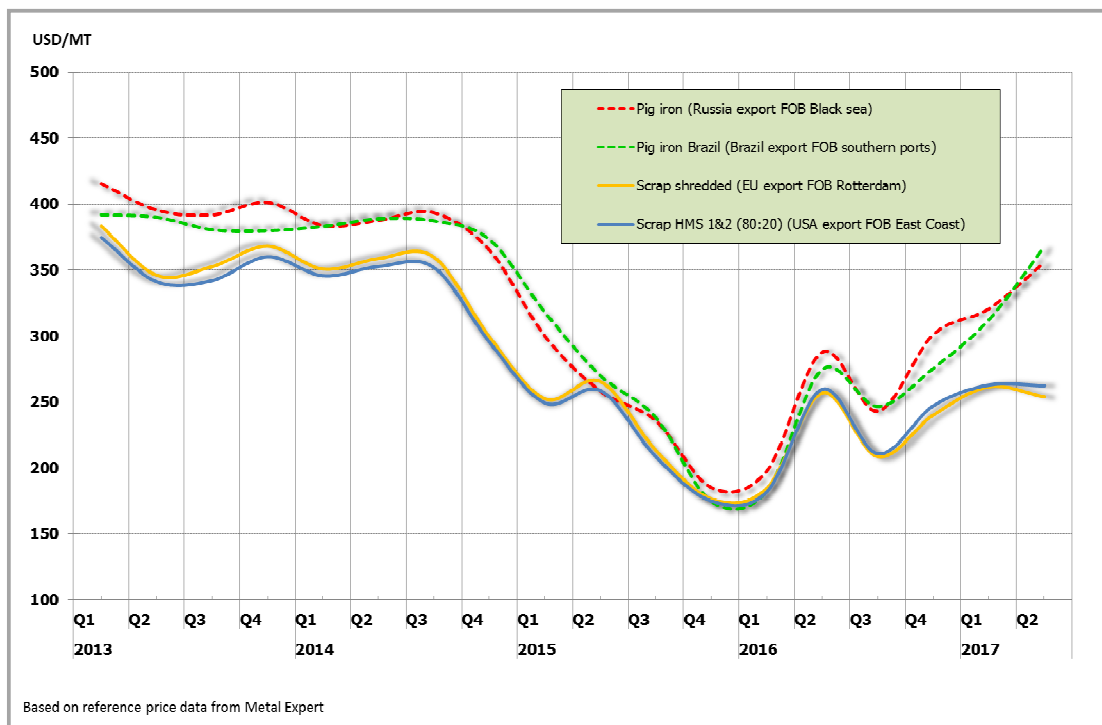


Source: World Steel Association

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 second 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 second quarter of 2017 was averaged at USD 263/mt. FOB, still remained the same level as previous quarter, and pig iron Russia export price of the second quarter of 2017 averaged at USD 356/mt. FOB, up from USD 321/mt. in the previous quarter.

Chart of raw material reference prices on world market for Q1/2013 – Q2/2017



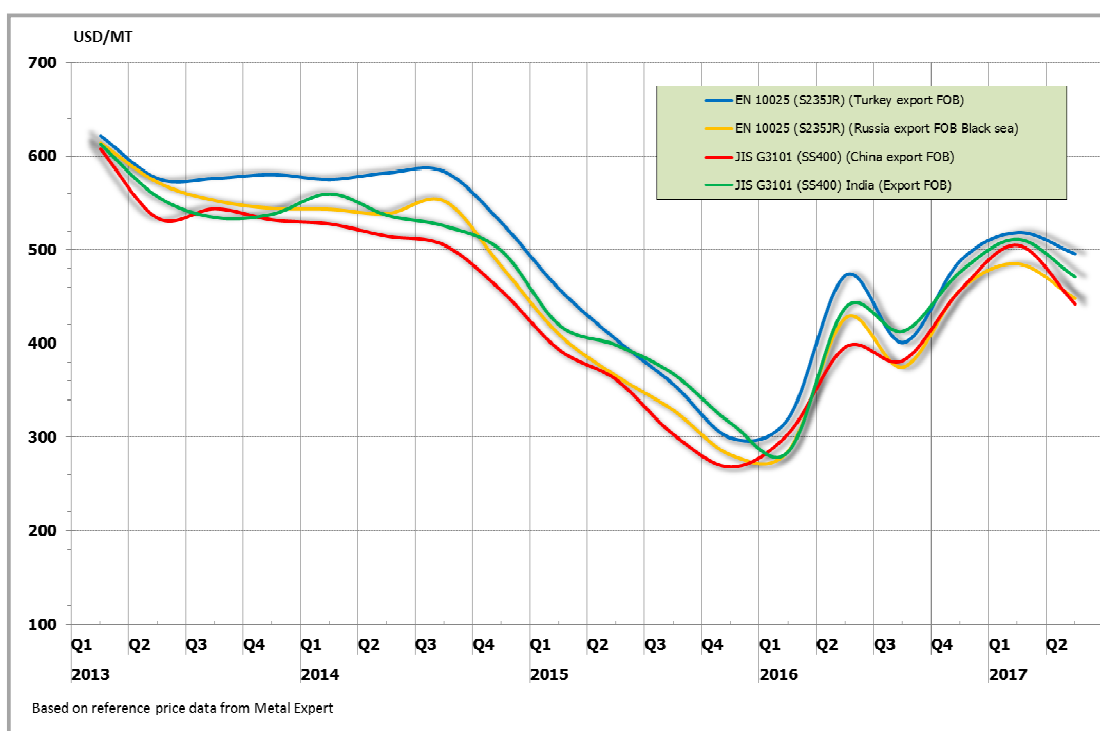
Processed price data from: Metal Expert

Hot Rolled the prices for hot-rolled coil on the world market during the first quarter of 2016 to the second 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 and then decreased again in the second quarters of 2017.

The reference prices for hot-rolled coil on the world market are that China export price average for Q2/2017 was USD 443/mt. FOB, decreasing from the previous quarter (1/2017) average price USD 505/mt., and Russia export price average was USD 448/mt, FOB, decreasing from USD 485/mt in the previous quarter.

Chart of hot-rolled coil reference prices on world market for Q1/2013 – Q2/2017



Processed price data from: Metal Expert

Overview of Thai Steel Industry

ISIT had reported the domestic steel-production Q2/2017 was at 1.71 million metric tons, decreasing 29.07% compared to the same period of previous year consisting of the long finished steel production of 1.09 million metric tons, decreasing 39.47% and the flat finished steel production of 0.622 million metric tons, increasing 1.31% compared to the same period of previous year.

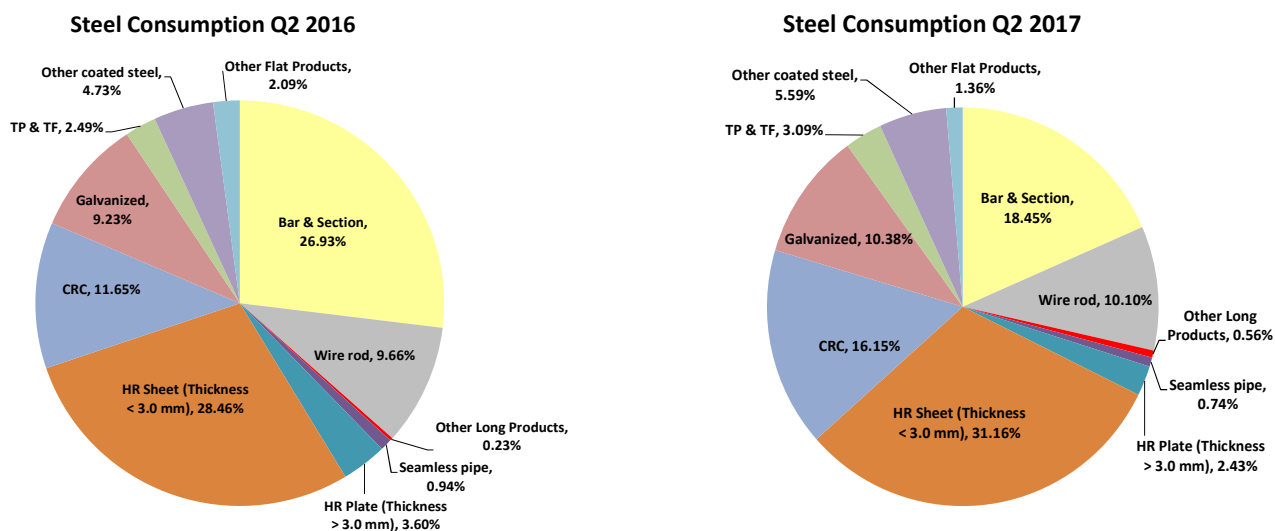
The consumption of finished steel products in Thailand in Q2/2017 was at 4.23 million metric tons, decreasing 24.92% compared to the same period of previous year consisting of the long finished steel

consumption at 1.53 million metric tons, decreasing 37.50% resulting from the less consumption of structural steel and wire rods and the flat finished steel consumption at 2.70 million metric tons, decreasing 15.25% resulting from the demand of Hot Rolled Steel and Galvanize Steel which decreasing compared to the same period of previous year.

Table : The production and the domestic demand of Finished Steel in Q2 2016 and 2017

Total Apparent Finished Steel (Unit : Tons)	Quarter 2/2016	Quarter 2/2017	% Change
Production	2,407,293	1,707,444	-29.07%
Import	3,526,841	2,919,975	-17.21%
Export	305,541	401,355	31.36%
Consumption	5,628,593	4,226,064	-24.92%

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



The imported of finished steel in Thailand in Q2/2017 was at 2.92 million metric tons, decreasing 17.21% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 1.10 million metric tons, decreasing 24.89% compared to the same period of previous year. The second highest import quantity was Cold Rolled steel at 0.388 million metric tons and Galvanize steel at 0.353 million metric tons respectively.

The export of finished steel in Thailand in Q2/2017 was at 0.401 million metric tons, increasing 31.36% compared to the same period of previous year. The highest export quantity was structural steel at

97.5 thousand metric tons. The export of Cold Rolled steel in Q2/2017 was at 59.0 thousand metric tons respectively.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Q2/2017 was at 0.621 million metric tons, increasing 1.31% consisting of thin gauge at 0.592 million metric tons, increasing 8.70% and Thick gauge at 29.8 thousand metric tons, decreasing 56.86% compared to the same period of previous year.

Table : The production and the domestic demand of the Hot Roll Flat Steel for Q2 2016 and 2017

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Quarter 2/2016	Quarter 2/2017	% Change
Production	613,778	621,810	1.31%
Import	1,389,468	1,025,905	-26.17%
Export	3,820	2,431	-36.37%
Consumption	1,999,426	1,645,284	-17.71%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Quarter 2/2016	Quarter 2/2017	% Change
Production	69,181	29,848	-56.86%
Import	160,002	90,904	-43.19%
Export	437	683	56.35%
Consumption	228,746	120,069	-47.51%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Quarter 2/2016	Quarter 2/2017	% Change
Production	544,597	591,962	8.70%
Import	1,229,466	935,001	-23.95%
Export	3,383	1,748	-48.34%
Consumption	1,770,680	1,525,215	-13.86%

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

The Hot Rolled Steel consumption in Q2/2017 was at 1.65 million metric tons, decreasing 17.71% consisting of thin gauge at 1.53 million metric tons, decreasing 13.86% and thick gauge at 0.120 million metric tons, decreasing 47.51% compared to the same period of previous year.

The import of Hot Rolled Steel in Q2/2017 had decreased of 26.17% at 1.03 million metric tons consisting of thin gauge at 0.935 million metric tons, decreasing of 23.95% and at 90.90 thousand metric tons, decreasing 43.19% for the thick gauge compared to the same period of previous year.

The export of Hot Rolled Steel in Thailand in Q2/2017 was at 2.43 thousand metric tons, decreasing 36.37% consisting of thin gauge at 1.75 thousand metric tons, decreasing of 48.34% and at 6.83 hundred metric tons, increasing 56.35% 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 consolidated net loss of THB 735 million and THB 14 million for Q2-2017 and Q2-2016, in respectively, and reported a separated net loss of THB 575 million and THB 186 million for Q2-2017 and Q2-2016, in respectively. The main results caused from:

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

The Company reported total sales volumes (consolidated) in Q2-2017 of 315,610 tons which higher than last year quarter of 22,038 tons or 8% higher, and reported total sales volumes (separated) in Q2-2017 of 127,385 tons which higher than last year quarter of 21,463 tons or 20% higher.

The Company achieved consolidated revenue from sale of goods in Q2-2017 and Q2-2016 in amount of THB 5,445 million and THB 5,212 million, in respectively (Separated revenue from sale of goods: THB 2,169 million and THB 1,934 million for Q2-2017 and Q2-2016, in respectively.). And reported a consolidated gross loss in Q2-2017 in amount of THB 182 million and consolidated gross profit in Q2-2016 in amount of THB 806 million. (Separated gross loss of THB 167 million for Q2-2017 and separated gross profit of THB 330 million for Q2-2016). The main reason of the reduction in gross profit due to the decrease in HRC market price worldwide and a stagnant of Thai economy in the first half of 2017 cause a lower demand of steel consumption.

- **Selling expenses**

Consolidated selling expenses for the Q2-2017 and Q2-2016 amounting to THB 107 million and THB 97 million in respectively, which THB 11 million higher or 11% higher (separated selling expenses: THB 66 million and THB 55 million for Q2-2017 and Q2-2016, in respectively, which THB 10 million higher or 18% higher). The main reason resulted from the increased in sale volumes (consolidated sale volumes were 8% higher and separated sale volumes were 20% higher).

- **Administrative expenses**

Consolidated administrative expenses for the Q2-2017 and Q2-2016 amounted to THB 197 million and THB 250 million in respectively, which THB 53 million lower (separated administrative expenses: THB 72 million and THB 119 million for Q2-2017 and Q2-2016, in accordingly). Mainly caused from in last year, it recorded the additional expense claims from creditor in regarding to the Company breached some condition in the agreement.

- **Financial costs**

Consolidated financial costs for the Q2-2017 and Q2-2016 amounted to THB 260 million and THB 234 million in respectively, which THB 26 million higher due to GJS had a new long-term loan from other party for repayment some portion of trade payable and partial of its interest payable to new creditor who received the assigned debts from the 4 major creditors (old debts in the past, which GJS defaulted from the contracts), which is as a measure to resolve and debt restructure from GJS, the interest rate of long-term loan at 12% p.a. (Separated financial costs: THB 207 million and THB 213 million in according which were THB 6 million lower due to the Company had repayment some portion of short-term loan resulting to the reduction in financial costs).

- **Net foreign exchange gain**

The Company recorded a consolidated net gain on foreign exchange for the Q2-2017 amounted to THB 193 million which higher than last year quarter by THB 165 million, derived from the strengthen of the Thai Baht against the US dollar (Separated net gain on foreign exchange: in Q2-2017 of THB 127 million higher than last year quarter by THB 119 million).

6. Consolidated Financial Status

Statement of financial positions

- **Total assets**

As of 30 June 2017, the Company and its subsidiaries has total assets amounted to THB 32,293 million which was 1% dropped as compared to the year ended 2016. From the total assets divided into the current assets amounted to THB 3,591 million, increased by 16% from year 2016 and total non-current assets amounted to THB 28,702 million, decreased by 3% from year 2016. The

increased in current assets mainly derived from the increasing in inventory due to the Company has the higher stock of HRC coils from THB 1,991 million in the year ended 2016 to THB 2,273 million on 30 June 2017.

- **Total Liabilities**

As of 30 June 2017, the Company and its subsidiaries has total liabilities amounted to THB 20,186 million which decreased THB 1,560 million or 7% decreased from year ended 2016. It causes from the reduction in total current liabilities amounting to THB 3,131 million, which in Q1-2017 there was recognition of reversal of provision from deferred difference debt restructure and recognition of gain from debt reduction by creditor after partially repayment of debts. Whilst the non-current liabilities increased of THB 1,570 million due to a new long-term loan from other party and a debt repayment extension period from other creditors.

- **Total equity**

As of 30 June 2017, the Company and its subsidiaries has total equity amounted to THB 12,107 million increased THB 1,239 million or 11% higher from year ended 2016 due to the net profit in first half year 2017 contributed.

Appendix

Table 4: Summary of Consolidated Financial Results

Unit : Million Baht	2 nd Quarter 2017	2 nd Quarter 2016	% Increase (Decrease)
Income			
Revenue from sale of goods	5,445	5,212	4%
Reversal of bad and doubtful debts	115	1	17380%
Gain from the Creditor waived the debt	2	-	100%
Net foreign exchange gains	193	28	594%
Gain for debt restructuring	0	59	(100%)
Other income	28	33	(14%)
Total income	5,784	5,332	8%
Expenses			
Cost of sale - Cost of goods sold	5,627	4,405	28%
- idle costs	134	69	94%
- Loss on devaluation of inventories (Reversal)	77	67	15%
Total cost of sale	5,838	4,542	29%
Selling expenses	107	97	11%
Administrative expenses	197	250	(21%)
Loss on confirmed purchase orders for undelivered raw materials	110	214	100%
Other expenses	3	3	(1%)
Finance costs	260	234	11%
Total expenses	6,515	5,340	22%
Profit (loss) before tax	(732)	(8)	9340%
Income tax	3	6	(50%)
Loss for the year	(735)	(14)	5184%
Profit (loss) attributable to :			
Owners of the Company	(561)	(150)	274%
Non-controlling interests	(174)	136	(228%)
Loss for the period	(735)	(14)	5184%
Comprehensive income (loss) attributable to :			
Owners of the Company	(561)	(150)	274%
Non - controlling interests	(174)	136	(228%)
Total comprehensive loss for the period	(735)	(14)	5184%
Earnings (loss) per share			
Basic earnings (loss) per share	(0.08)	(0.02)	274%

Table 5: Condensed Consolidated Statement of Financial Position

Unit : Million Baht	30 June 2017	31 December 2016	% Increase (Decrease)
Assets			
Current assets			
Cash and cash equivalents	621	623	(0%)
Temporary investment - trading security	94	-	100%
Trade accounts receivable	332	272	22%
Inventories	2,273	1,992	14%
Other current assets	271	200	36%
Total current assets	3,591	3,087	16%
Non-current assets			
Advance payment for purchase of property, plant and equipment	210	210	0%
Property, plant and equipment	27,873	28,739	(3%)
Intangible assets	14	15	(11%)
Other non-current assets	605	564	7%
Total non-current assets	28,702	29,528	(3%)
Total assets	32,293	32,615	(1%)

Table 5: Condensed Consolidated Statement of Financial Position

Unit : Million Baht	30 June 2017	31 December 2016	% Increase (Decrease)
Liabilities and equity			
Current liabilities			
Short-term loan from financial institution	289	316	(9%)
Trade accounts payable	1,876	7,479	(75%)
Current portion of liabilities under rehabilitation plan	692	464	49%
Current portion of long-term loan from other party	90	108	(17%)
Current portion of bonds	530	558	(5%)
Short-term loan from related party	30	30	0%
Short-term loan from other parties	125	137	(9%)
Loan from shareholders	4	4	0%
Advance from customers	223	204	9%
Other payables and accrued expenses	6,653	3,506	100%
Accrued interest expenses	4,771	3,969	20%
Liabilities under debt restructuring	1,249	-	100%
Provisions	266	3,156	(92%)
Other current liabilities	351	346	1%
Total current liabilities	17,148	20,279	(15%)
Non-current liabilities			
Liabilities under rehabilitation plan - net of current portion	-	245	(100%)
Long-term loan from related parties	224	242	(7%)
Long-term loan from other parties	1,369	-	100%
Other payables and accrued expenses	1,127	875	29%
Accrued interest expenses	206	-	100%
Employee benefit obligations	111	105	6%
Total non-current liabilities	3,038	1,467	107%
Total liabilities	20,186	21,746	(7%)
Equity attributable to owners of the Company	2,818	2,148	100%
Non-controlling interests	9,289	8,720	7%
Total equity	12,107	10,868	11%
Total liabilities and equity	32,293	32,615	(1%)

Table 6: Condensed Consolidated Statement of Cash Flow

Unit : Million Baht

Jan - Jun 2017

Cash flows from operating activities

Net profit (Loss) for the period	1,228
Adjustments for	
Depreciation and amortization	943
Interest income	(2)
Finance costs	497
Unrealised loss (gain) on foreign exchange	(594)
Unrealized loss (gain) from trading security	(4)
Reversal of bad and doubtful debts	(137)
Loss on devaluation of inventories (Reversal of)	123
Gain from debt restructuring	(16)
Gain from debt restructuring	(765)
Gain from the Creditor waived the debt	(624)
Loss on confirmed purchase orders of undelivered raw material (Reversal of)	178
Loss from disposal of assets	8
Employee benefit obligations	6
Tax expense	7
	847
<i>Changes in operating assets and liabilities</i>	
Trade accounts receivable	(60)
Inventories	(404)
Other current assets	(49)
Other non-current assets	(118)
Trade accounts payable	335
Advances received from customers	19
Other payables and accrued expenses	(358)
Other current liabilities	6
Cash received (paid) for Income tax	(5)
Net cash from (used in) operating activities	213

Table 6: Condensed Consolidated Statement of Cash Flow

Unit : Million Baht	Jan - Jun 2017
Cash flows from investing activities	
Interest received	2
Purchase of property, plant and equipment	(6)
Purchase of intangible assets	(0)
Proceeds from disposal of investment in subsidiary	10
Net cash from (used in) investing activities	6
Cash flows from financing activities	
Finance costs paid	(611)
Repayment of liabilities under rehabilitation plan	(13)
Repayment of liabilities under the process of debt restructuring	(922)
Proceeds (Repayment) from loans from financial institution	(27)
Proceeds (Repayment) from short-term loans from other parties	1,387
Proceeds (Repayment) from long-term loans from related parties	(36)
Net cash from (used in) financing activities	(221)
Net increase (decrease) in cash and cash equivalents	(2)
Cash and cash equivalents at 1 January 2017	623
Effect of exchange rate changes on balances held in foreign currencies	(0)
Cash and cash equivalents at 30 June 2017	621
Non-cash transactions	
Transfer provisions to other payables and accrued expenses	72
Transfer provisions to accrued interest	2,231
Transfer trade accounts payable to accrued expenses	4,442
Transfer trade accounts payable to liabilities under the process of debt restructuring	1,454
Transfer accrued expenses to liabilities under the process of debt restructuring	613
Transfer accrued interest expenses to liabilities under the process of debt restructuring	1,173
Transfer accrued interest expenses to accrued expenses	207