

1. Highlights

	Unit: million Baht	3 rd Quarter 2017	3 rd Quarter 2016
Performance	Group Revenues	3,292	2,897
	Group Sales Volume (k tons)	182	187
	Group EBITDA	213	109
	Group Net Profit (Loss)	65	(30)
HRC	HRC Sales (k tons)	182	187
	HRC Production Volume (k tons)	190	189
	HRC Average Selling Price (Bht./ton)	18,097	15,491
	HRC Cash Margin (Bht./Ton)	1,423	1,175
	Unit: million Baht	3 rd Quarter 2017	Year-end 2016
Financial Status	Total Liabilities	3,371	5,871
	Total Asset	17,249	17,813
	Total Equity	13,878	11,942

- The Company posted net profit in 3rd quarter of year 2017 amounted to THB 65 million which was profit from the operation higher than last year quarter by THB 95 million due to;
 - Increasing of HRC price: the average selling price of HRC in Q3-2017 was THB 18,079/ton, increased by 3.9% as compared with Q2-2017 (THB 17,403/ton) according to HRC market price worldwide trend.
 - HRC cash margin (excluding depreciation) in Q3-2017 was achieved at THB 1,423/ton, higher by 21% from last year quarter.
 - Sale volumes (Coil tons) and production volumes in Q3-2017 were nearly to Q3-2016 by which in year 2017 there were the sale volumes and production volumes at

182,095 tons and 190,389 tons in accordingly (for year 2016: sale volumes and production volumes at 187,043 tons and 189,008 tons in accordingly)

- Gain from debt restructuring was achieved of THB 110 million resulting from debt-to-equity conversion scheme in according to the resolution approval from the Extra Ordinary Shareholders' meeting no. 1/2017 on 30th August 2017 by newly issuing ordinary shares of the Company to pay the net trade debts of THB 1,136 million.
- Gain on exchange rate was achieved of THB 82 million in Q3-2017, which higher than the last year quarter of THB 23 million due to the strengthen in THB as compared to US dollar.

2. Business Outlook on Q4/2017

The company has started to increase the production hours from 12 hours per day to 15 hours per day since September 2017. The output hence recorded at 70,000 tons per month in September (previously 60,000 - 65,000 tons per month) and the company continues to operate at minimum of 15 hours per day until December end. The Company gradually increases operation hours in order to test our production line and prepare to produce up to 100,000 tons per month in 1H/18. However, the Company requires major shutdown for maintenance for 15 days in January 2018 to make us ready to full production capacity at 100,000 tons per month.

HRC and scrap price is stable for this quarter comparing to Q3/17 while the market demand is also stable so far. We are positive to record the growth of production volume by 6%.

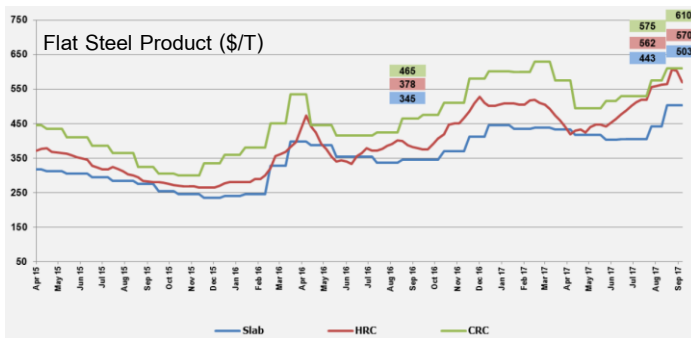
3. Management's Message

Executive Summary

In the third quarter of 2017, the company has HRC sales of 182,095 tons which is a little lower than in previous quarter. The production was accounted for 190,389 tons which is equivalent to 97.5% of total capacity during off-peak period in the third quarter. In September, the company started to produce during on-peak period, which resulted in the September production at 73,134

tons, higher than below 65,000 tons/month in the past. The average selling price in this quarter was at THB 18,079 per ton, increased 4% from the previous quarter, due to the increase in market price worldwide, especially in China and East Asia. Steel consumption in China had risen for 11.3% in the first 8 months of 2017 resulted in a drop in China's steel export.

Rising trend in prices of flat steel in East Asia in Q3/2017



Source: Steel Business Briefing

As a result, the company reported better performance in this quarter. There is a one-time profit from debt restructuring of THB 110 million. The company has an EBITDA of THB 213 million. In addition, as a result of the approved debt to equity conversion in the Extraordinary General Meeting number 1/2017, the company now has better financial status which can be seen from the lower D/E Ratio from 0.38 times in the second quarter to 0.24 times in this quarter. Moreover, the company has planned and started preparation to improve machineries in order to ramp up the production during the on-peak period to gain more market share and reduce production cost to economy of scale which will improve profitability of the company in the future.

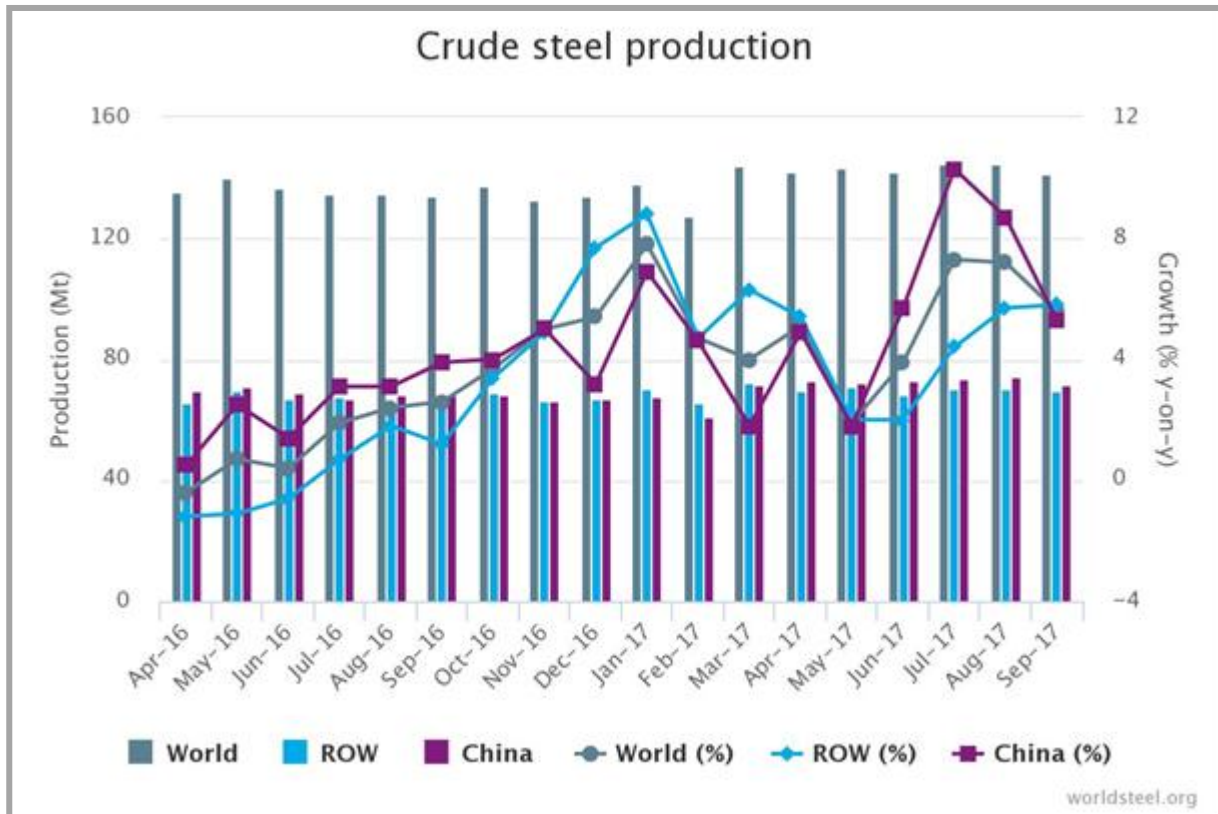
4. Industry Overview and Outlook

Overview of World Steel Industry

According to the World Steel Association's report on world crude steel production was 428.2 million tons in the Third-Quarter of 2017 and accumulated world crude steel production in the first nine months of 2017 was 1,266.9 million tons, significant increase by 5.6% compared to the same period in 2016. The region with most production was Asia (including China, but not including the Middle East) 876.3 million tons, an increase by 5.6% from the same period of previous year; where China alone had crude steel production for September 2017 was 71.8 million tons, as top rank of

the world, increase by 5.3% compared to September 2016. The second most producing region was the European Union (EU), with 126.4 million tons, equivalent to 4.1% increase compared to the same period of 2016.

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

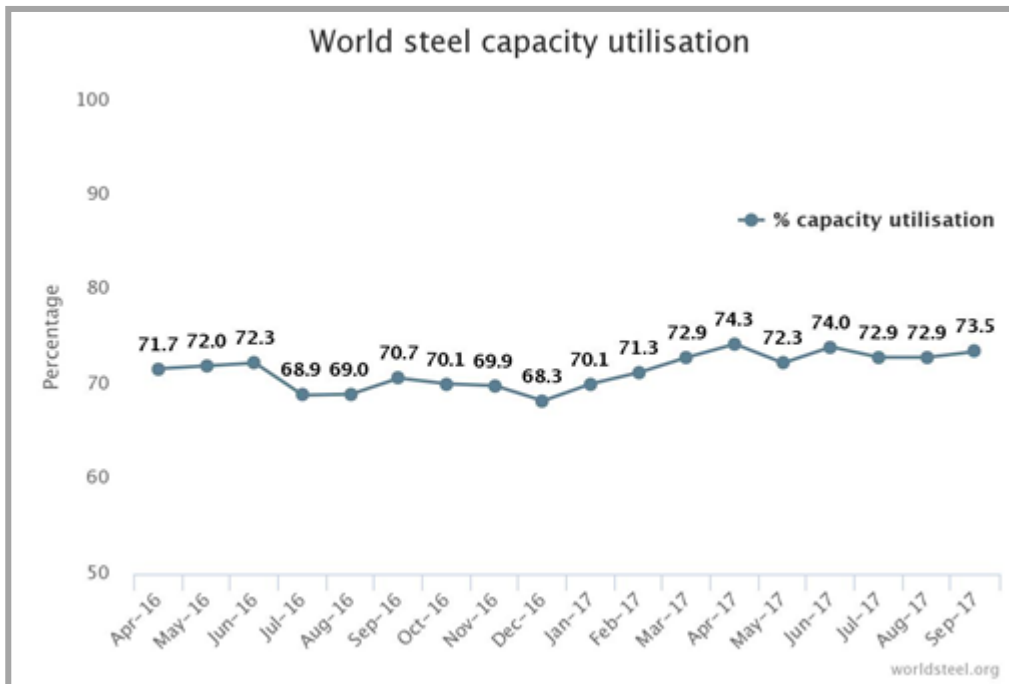


Source: World Steel Association

Such the situation showed that global crude steel production continues to increase and was moving in line with the world economy. Many countries trying to stimulate their economies by issuing trade promotion policies to support the export of steel together with encourage to use of local steel products instead of imports. However, the policy encouraged to increase production capacity and supply excess capacity to other countries. This will create problems for the steel market in other countries in the manner of price-dumping and unfair trade and finally will lead to the enforcement of Anti-Dumping or Safeguard measures.

The world steel production capacity utilization ratio of the 67 countries in September 2017 was 73.5%, increased by 2.8% compared to the same period of previous year at 70.7%, and increased from August 2017 by 0.6%. This shows that the world steel industry likely to grow up in Fourth-Quarter of 2017.

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

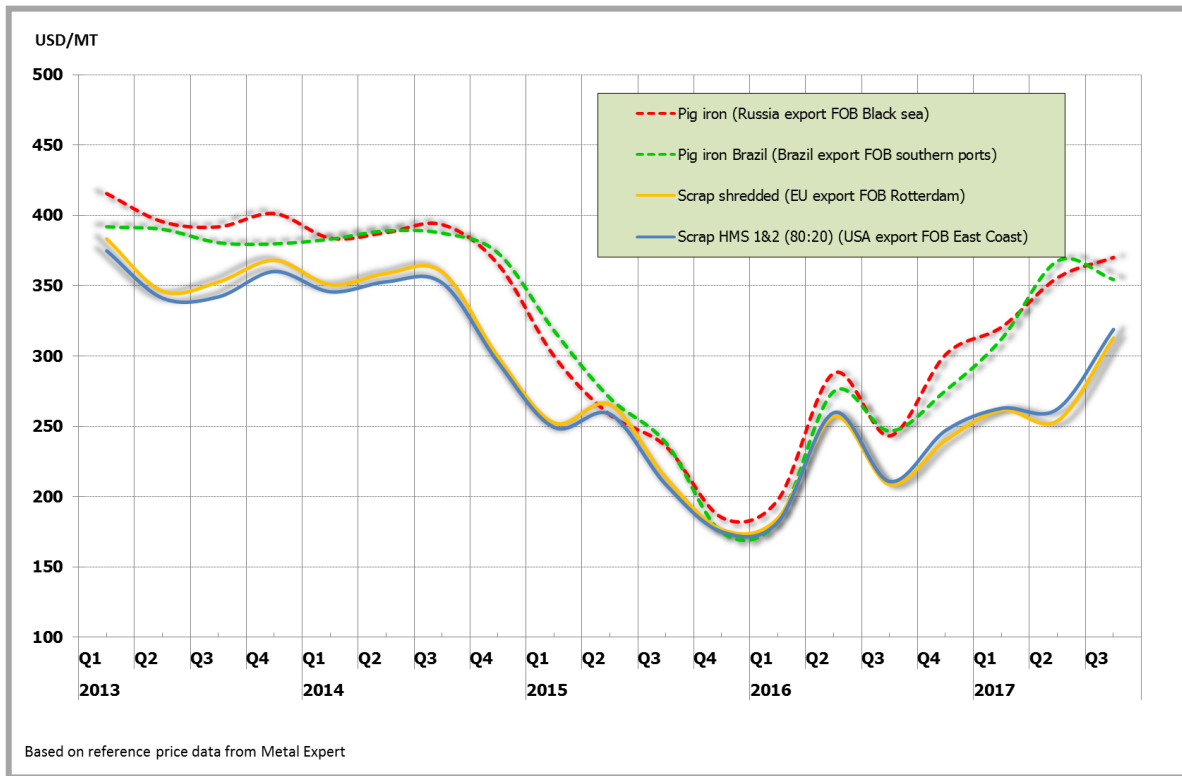


Source: World Steel Association

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 quarter of 2016 but then turn back increasing continuously until the third 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 third quarter of 2017 was averaged at USD 319/mt. FOB, increased from the previous quarter at USD 263/mt. FOB, and pig iron Russia export price of the third quarter of 2017 averaged at USD 370/mt. FOB, up from USD 356/mt. in the previous quarter.

Chart of raw material reference prices on world market for Q1/2013 – Q3/2017

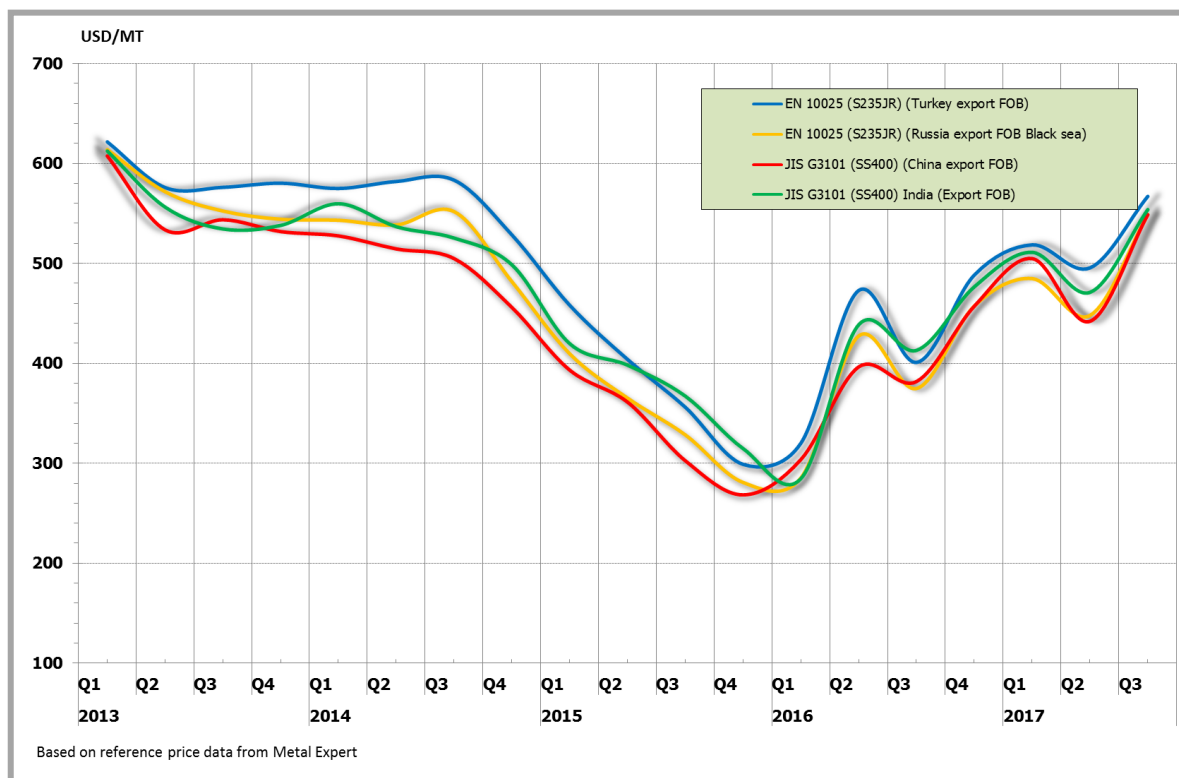


Processed price data from: Metal Expert

Hot Rolled the prices for hot-rolled coil on the world market during the first quarter of 2016 to the third 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 then rebounded in the third quarter of 2017.

The reference prices for hot-rolled coil on the world market are that China export price average for Q3/2017 was USD 549/mt. FOB, increasing from the previous quarter (Q2/2017) average price USD 443/mt., and Russia export price average was USD 549/mt, FOB, increasing from USD 448/mt in the previous quarter.

Chart of hot-rolled coil reference prices on world market for Q1/2013 – Q3/2017



Processed price data from: Metal Expert

Overview of Thai Steel Industry

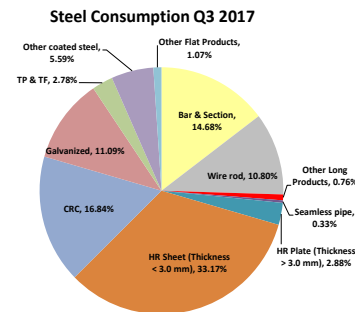
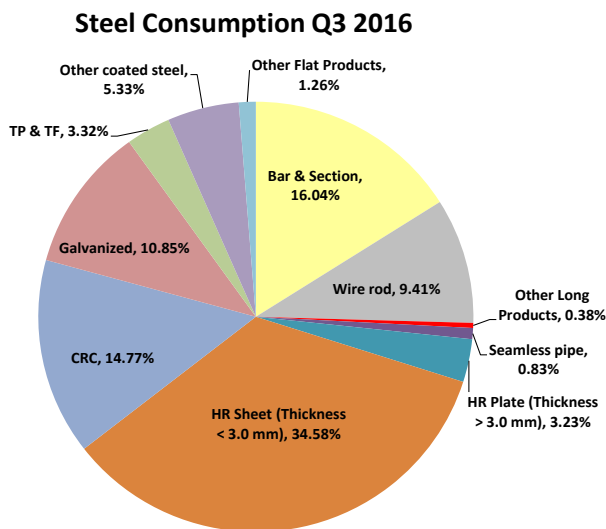
ISIT had reported the domestic steel-production Q3/2017 was at 1.70 million metric tons, increasing 10.81% compared to the same period of previous year consisting of the long finished steel production of 0.883 million metric tons, increasing 4.65% and the flat finished steel production of 0.814 million metric tons, increasing 18.36% compared to the same period of previous year.

The consumption of finished steel products in Thailand in Q3/2017 was at 4.16 million metric tons, decreasing 6.46% compared to the same period of previous year consisting of the long finished steel consumption at 1.33 million metric tons, decreasing 5.19% resulting from the less consumption of structural steel and the flat finished steel consumption at 2.83 million metric tons, decreasing 11.18% resulting from the demand of Hot Rolled Steel and Galvanize Steel which decreasing compared to the same period of previous year.

The production and the domestic demand of Finished Steel in Q3 2016 and 2017

Total Apparent Finished Steel (Unit : Tons)	Quarter 3/2016	Quarter 3/2017	% Change
Production	1,531,203	1,696,674	10.81%
Import	3,242,891	2,843,598	-12.31%
Export	329,192	382,456	16.18%
Consumption	4,444,902	4,157,817	-6.46%

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



The imported of finished steel in Thailand in Q3/2017 was at 2.84 million metric tons, decreasing 12.31% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 0.995 million metric tons, decreasing 23.90% compared to the same period of previous year. The second highest import quantity was Cold Rolled steel at 0.397 million metric tons and Galvanize steel at 0.370 million metric tons respectively.

The export of finished steel in Thailand in Q3/2017 was at 0.382 million metric tons, increasing 16.18% compared to the same period of previous year. The highest export quantity was structural steel at 86.7 thousand metric tons. The export of Cold Rolled steel in Q3/2017 was at 39.0 thousand metric tons respectively.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Q3/2017 was at 0.814 million metric tons, increasing 18.36% consisting of thin gauge at 0.786 million metric tons, increasing 21.94% and Thick gauge at 28.2 thousand metric tons, decreasing 34.95% compared to the same period of previous year.

The production and the domestic demand of the Hot Roll Flat Steel for Q3 2016 and 2017

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Quarter 3/2016	Quarter 3/2017	% Change
Production	687,732	814,012	18.36%
Import	1,232,485	925,955	-24.87%
Export	3,253	2,178	-33.06%
Consumption	1,916,964	1,737,789	-9.35%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Quarter 3/2016	Quarter 3/2017	% Change
Production	43,289	28,158	-34.95%
Import	122,002	110,508	-9.42%
Export	575	531	-7.65%
Consumption	164,716	138,135	-16.14%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Quarter 3/2016	Quarter 3/2017	% Change
Production	644,443	785,854	21.94%
Import	1,110,484	815,448	-26.57%
Export	2,678	1,647	-38.51%
Consumption	1,752,248	1,599,654	-8.71%

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

The Hot Rolled Steel consumption in Q3/2017 was at 1.74 million metric tons, decreasing 9.35% consisting of thin gauge at 1.60 million metric tons, decreasing 8.71% and thick gauge at 0.138 million metric tons, decreasing 16.14% compared to the same period of previous year.

The import of Hot Rolled Steel in Q3/2017 had decreased of 24.87% at 0.926 million metric tons consisting of thin gauge at 0.815 million metric tons, decreasing of 26.57% and at 0.111 million metric tons, decreasing 9.42% for the thick gauge compared to the same period of previous year.

The export of Hot Rolled Steel in Thailand in Q3/2017 was at 2.18 thousand metric tons, decreasing 33.06% consisting of thin gauge at 1.65 thousand metric tons, decreasing of 38.51% and at 5.31 hundred metric tons, decreasing 7.65% 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 65 million and a net loss of THB 30 million for Q3-2017 and Q3-2016 in respectively. The main results caused from:

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

The Company had total sales volumes and total production volumes were not so much differentiated as compared to the last year quarter. The Company had revenue from sale of goods for Q3-2017 and Q3-2016 of THB 3,292 million and THB 2,897 million in respectively and had profit margin of THB 48 million and THB 9 million for Q3-2017 and Q3-2016, in accordingly. The increase in profit margin was caused from the selling price increasing according to HRC market price worldwide trend increased.

- **Selling expenses**

Selling expenses for the Q3-2017 and Q3-2016 amounting to THB 41 million and THB 42 million in respectively, with the amount was recorded at the same level.

- **Administrative expenses**

Administrative expenses for the Q3-2017 and Q3-2016 amounted to THB 128 million and THB 104 million in respectively, whereby the increased in administrative expenses of THB 24 million mainly came from:

	THB million
- Financials & laws advisory fees in respect to debt-to-equity conversion scheme, extend to all related expenses for preparation of shareholders' meeting till to the completed process of newly issued shares registration	8
- Specialized business review & advisory fees	5
- Compensation under labor law	6
- Others	<u>5</u>
	<u>24</u>

- **Financial costs**

The Company had the financial costs for the Q3-2017 and Q3-2016 amounted to THB 63 million and THB 49 million in respectively. The increased of financial costs of THB 14 million resulted from the interest payable from long-term loan from other parties in Q3-2017.

- **Net foreign exchange gain**

The Company had a net gain on foreign exchange for the Q3-2017 amounted to THB 82 million which higher than last year quarter by THB 23 million, derived from the strengthen of the Thai Baht against the US dollar.

- **Reversal of loss on confirmed purchase orders for undelivered raw material**

The Company had recorded reversal of loss on confirmed purchase orders of undelivered raw material of THB 28 million due to the increase of average selling price.

- **Gain from debt restructuring**

The Company had recorded gain from debt restructuring in the Q3-2017 amounted to THB 110 million resulting from the creditor agreed to reduce some partial of the interest payable according to the debt-to-equity conversion scheme which receiving the resolution from the Extra Ordinary Shareholders' meeting no. 1/2017 on 30th August 2017.

6. Financial Status

Statement of financial positions

- **Total assets**

As of 30 September 2017, the Company has total assets amounted to THB 17,249 million which was 3% dropped as compared to the year ended 2016. From the total assets divided into the current assets amounted to THB 1,861 million, increased by 6% from year 2016 and total non-current assets amounted to THB 15,388 million, decreased by 4% from year 2016. The increased in current assets mainly derived from the increasing in inventories whereas the decreased in non-current assets mainly due to the depreciation for property, plant and equipment.

- **Total Liabilities**

As of 30 September 2017, the Company has total liabilities amounted to THB 3,371 million which decreased THB 2,500 million or 43% decreased from year ended 2016. This was a consequence of:

1. Long-term loan from other parties increased by THB 1,345 million in 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.
 2. Debt restructuring according to debt-to-equity conversion scheme which receiving resolution from the Extra Ordinary Shareholders' meeting no. 1/2017 on 30th August 2017 by newly issuing ordinary shares of the Company to pay the net trade debts of THB 1,136 million.
 3. Short-term loan from other party decreased by THB 19 million due to the Company repayment.
 4. Provisions for tax liabilities decreased by THB 72 million due to the Company repayment.
 5. Debenture decreased from year ended 2016 in amounted of THB 63 million due to the Company has redeemed the undue debenture.
- **Total equity**

As of 30 September 2017, the Company has total equity amounted to THB 13,878 million increased THB 1,936 million or 16% from year ended 2016 mainly due to the Company had newly issued ordinary shares in respect to debt-to-equity conversion scheme in amounted to THB 1,136 million and the net profit in first nine months of 2017 contributed.

Appendix

Table 4: Summary of Financial Results

Unit : Million Baht	3 rd Quarter 2017	3 rd Quarter 2016	% Increase (Decrease)
Income			
Revenue from sale of goods	3,292	2,897	14%
Gain for debt restructuring	110	-	100%
Net foreign exchange gains	82	59	40%
(Reversal of) loss on confirmed purchase orders of undelivered of raw material	28	89	(69%)
Other income	10	1	564%
Total income	3,522	3,047	16%
Expenses			
Cost of sale - Cost of goods sold	3,244	2,888	12%
- Loss on devaluation of inventories	(19)	(7)	193%
Total cost of sale	3,224	2,881	12%
Selling expenses	41	42	(2%)
Administrative expenses	128	104	22%
Finance costs	63	49	29%
Total expenses	3,457	3,077	12%
Loss for the year	65	(30)	(315%)
Basic loss per share (in Baht)	0.006	(0.003)	(311%)

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	30 September 2017	31 December 2016	% Increase (Decrease)
Assets			
Current assets			
Cash and cash equivalents	182	610	(70%)
Trade accounts receivable	257	196	31%
Inventories	1,163	855	36%
Short-term loan to related parties	94	-	100%
Other current assets	166	92	81%
Total current assets	1,861	1,752	6%
Non-current assets			
Advance payment for purchase of property, plant and equipment	210	210	0%
Property, plant and equipment	14,867	15,558	(4%)
Intangible assets	7	8	(14%)
Other non-current assets	305	284	7%
Total non-current assets	15,388	16,060	(4%)
Total assets	17,249	17,813	(3%)

Unit : Million Baht	30 September 2017	31 December 2016	% Increase (Decrease)
Liabilities and equity			
Current liabilities			
Trade accounts payable	606	2,039	(70%)
Other payables and accrued expenses	648	1,239	(48%)
Advance from customers	63	190	(67%)
Short-term loan from other parties	-	19	(100%)
Accrued interest expenses	126	1,478	(91%)
Current portion of liabilities under rehabilitation plan	207	226	(8%)
Provisions	-	72	100%
Other current liabilities	42	35	20%
Total current liabilities	1,692	5,298	(68%)
Non-current liabilities			
Trade accounts payable			
Other payables and accrued expenses	276	456	(40%)
Long-term loan from other parties	1,345	-	100%
Debentures	-	63	(100%)
Employee benefit obligations	58	54	7%
Total non-current liabilities	1,679	573	193%
Total liabilities	3,371	5,871	(43%)
Total equity	13,878	11,942	16%
Total liabilities and equity	17,249	17,813	(3%)

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht	Jan -Sep 2017
<i>Cash flows from operating activities</i>	
Net profit (Loss) for the period	799
Adjustments for	
Depreciation and amortization	693
Work roll amortisation	76
Interest income	(6)
Finance costs	192
Doubtful debts expense from advance to suppliers	3
(Reversal of) loss on impairment expense of property, plant and equipment	(0)
Gain from debt restructuring	(734)
Gain from the Creditor waived the debt	(79)
Gain from debt restructuring (Debt to Equity)	(64)
(Reversal of) loss on devaluation of inventories	1
Employee benefit expenses	5
Loss on write-off of assets	8
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	893
<i>Changes in operating assets and liabilities</i>	
Trade accounts receivable	(61)
Inventories	(308)
Advances to suppliers	(16)
Other current assets	(59)
Other non-current assets	(97)
Trade accounts payable	20
Advances received from customers	(127)
Other payables and accrued expenses	(319)
Other current liabilities	9
Paid employee benefit obligations	(1)
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Net cash from (used in) operating activities	(66)
<i>Cash flows from investing activities</i>	
Interest received	2
Short-term loan to related parties decrease (increase)	(94)
Purchase of property, plant and equipment	(8)
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Net cash from (used in) investing activities	(99)

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht	Jan -Sep 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	(12)
Repayment of liabilities under debt restructuring	(922)
Repayment of short-term loan from other party	(19)
Finance costs paid	
- Liabilities under debt restructuring	(516)
- Others	(162)
Net cash from (used in) financing activities	(263)
Net increase (decrease) in cash and cash equivalents	(428)
Cash and cash equivalents at 1 January 2017	610
Cash and cash equivalents at 30 September 2017	182

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	72
Transfer provisions for tax to others payable and accrued expenses	207
Reduction in trade account payable and accrued expenses, and accrued interests from conversion debt-to-equity	1,137