

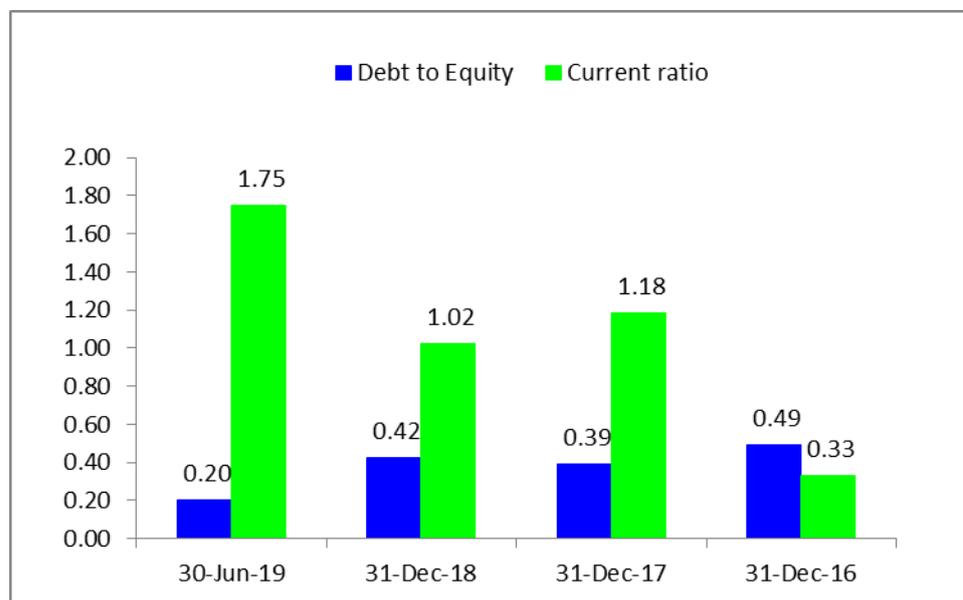
1. Highlights

	Unit: million Baht	2 nd Quarter 2019	2 nd Quarter 2018
Performance	Revenues	3,928	7,815
	Sales Volume (k tons)	197	377
	EBITDA	155	132
	Net Profit (Loss)	(72)	(451)
HRC	HRC Sales (k tons)	197	377
	HRC Production Volume (k tons)	204	363
	HRC Average Selling Price (THB./ton)	19,891	20,709
	HRC Cash Margin (THB./Ton)	1,378	897
	Unit: million Baht	30 June 2019	31 December 2018
Financial Status	Total Liabilities	2,854	5,607
	Total Asset	16,997	18,824
	Total Equity	14,143	13,218

The Company continued to stride forward on its Balance Sheet Strengthening Strategy and achieved a major milestone during the quarter by successfully issuing Rights Offering for THB 1,503 Million to its shareholders, which was oversubscribed by 22.65% of total number of shares allotted. The Cash from Rights Offering and generation from Operations enabled the Company to reduce its liabilities by THB 1,505 Million during the last quarter and THB 2,752 Million during the last 6 months.

Apart from debt reduction, the cash injection from rights issue is enabling the Company to take up several critical Capex for operational improvements and upgrading equipment health.

This has significantly improved the Debt to Equity Ratio from 0.49 in 2016 to 0.20 in Q2-2019 and the Current Ratio from 0.33 in 2016 to 1.75 in Q2-2019.



The Company posted an EBITDA of THB 155 Million during the current Quarter compared to THB 132 Million last year quarter mainly due to reduction in input costs and improvement in Operational parameters through several Strategic Management Initiatives. The Current quarter EBITDA also includes one off expense on account of additional provision of THB 20 Million due to increase in the benefit of employees who have past service of 20 years or more from 300 days to 400 days according to the announcement of Labour Protection Act.

With an overall improvement in the Operation of the business of the Company and Financial prudence, Net Loss for the quarter reduced to THB 72 Million against THB 451 Million last year quarter mainly due to:

- Decrease in financial cost of THB 17 Million consequent to debt reduction programme.
- Net gain from exchange rate of THB 71 Million resulting from the strengthen in Thai Baht, whilst last year quarter the Company recorded net loss from exchange rate of THB 184 Million.
- Reversal of loss on devaluation of inventories during the current Quarter of THB 50 Million, while in the last year quarter the Company had loss on devaluation of inventories in amount of THB 36 Million.

	2 nd Quarter 2019			2 nd Quarter 2018		
	Own production	Tolling	Total	Own production	Tolling	Total
HRC production volume (Ton)	204,494	-	204,494	205,380	157,869	363,250
HRC sale volume (Ton)	197,456	-	197,456	204,047	173,340	377,386

The Operations of the Company, improved during the Quarter and maintained the production at similar levels like last year. The Production volume was reduced by 158,756 MT compared to Q2-2018 mainly due to termination of Tolling activities.

2. Business Outlook

Overall Domestic HRC market conditions remained subdued with downward pressure on HRC prices due to global trade tensions, high levels of imports and slowdown in Thai economy.

While various representations are being made to the relevant Authorities to provide necessary safeguards against the Imports of HRC, there has been sharp increase in the imports especially of Hot Dip Galvanized and Alloy Steel grades. during the current period.

These factors are likely to impact the results of Q3 2019 but with the completion of Government formation process and discussions on providing stimulus to revive the economy, we are expecting improvement in the sentiments from Q4 onwards.

3. Statement of financial positions

- **Total assets**

As of 30 June 2019, the Company has total assets amounting to THB 16,997 million which decreased from the year ended 2018 by THB 1,828 million. The current assets amounted to THB 2,956 million, decreased by 33% from the year ended 2018 mainly derived from the decrease in inventory of THB 1,680 million partial offset with the increased in cash & cash in banks of THB 330 million and total non-current assets decreased by 2% from the year ended 2018.

- **Total Liabilities**

As of 30 June 2019, the Company has total liability amounting to THB 2,854 million. Total current liabilities amounted to THB 1,690 million and total non-current liabilities amounted to THB 1,164 million. As compared with the year ended 2018, the total liability decreased by THB 2,753 million or 49%, on account of decrease in:

1. Trade accounts payable decreased by THB 1,333 million.
2. Short-term loan from related parties decreased by THB 1,116 million.
3. Other payables and accrued expenses decreased by THB 231 million.
4. Long-term loan from other parties decreased by THB 56 million.
5. Other liabilities & provisions decreased by THB 32 million.

- **Total equity**

As of 30 June 2019, the Company has total equity amounted to THB 14,143 million increased by THB 925 million or 7% higher from year ended 2018 mainly due to:

1. From registered increased share capital and received cash (net of discounted on ordinary shares) amounting to THB 1,429 million resulting to increasing in equity.
2. The Company had the net loss for the six months period contributed of THB 504 million.

Appendix

Table 4: Summary of Financial Results

Unit : Million Baht	2nd Quarter 2019	2nd Quarter 2018	% Variance
Income			
Revenue from sale of goods	3,928	7,815	(50%)
Net foreign exchange gains	71	0	100%
(Reversal of) loss on confirmed purchase orders for undelivered raw material	3	0	100%
Other income	19	12	56%
Total income	4,022	7,828	(49%)
Expenses			
Cost of sale - Cost of goods sold	3,855	7,639	50%
- idle costs	0	58	100%
- (Reverse of) loss on devaluation of inventories	(50)	36	241%
Total cost of sale	3,805	7,733	51%
Selling expenses	48	94	50%
Administrative expenses	141	126	(12%)
Loss on confirmed purchase orders for undelivered raw material	0	24	100%
Net foreign exchange loss	0	184	100%
Finance costs	100	117	15%
Total expenses	4,094	8,278	51%
Profit (loss) for the year	(72)	(451)	(84%)
Basic profit (loss) per share (in Baht)	(0.0034)	(0.032)	(89%)

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	30 June 2019	31 December 2018	% Variance
Assets			
Current assets			
Cash and cash equivalents	531	201	164%
Trade accounts receivable	73	14	426%
Inventories	2,159	3,861	(44%)
Short-term loan to related parties	0	94	(100%)
Other current assets	193	268	(28%)
Total current assets	2,956	4,438	(33%)
Non-current assets			
Advance payment for purchase of property, plant and equipment	210	210	0%
Property, plant and equipment	13,430	13,839	(3%)
Intangible assets	8	7	6%
Other non-current assets	394	330	19%
Total non-current assets	14,041	14,386	(2%)
Total assets	16,997	18,824	(10%)

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	30 June 2019	31 December 2018	% Increase (Decrease)
Liabilities and equity			
Current liabilities			
Trade accounts payable	700	2,033	66%
Other payables and accrued expenses	487	661	26%
Advance from customers	49	33	(51%)
Short-term loan from related parties	124	1,239	90%
Accrued interest expenses	137	132	(4%)
Current portion of liabilities under rehabilitation plan	173	180	4%
Provision	0	41	100%
Other current liabilities	19	31	39%
Total current liabilities	1,690	4,350	61%
Non-current liabilities			
Trade accounts payable			
Other payables and accrued expenses	0	58	100%
Long-term loan from related parties	1,062	1,118	5%
Liabilities under financial lease	1	1	16%
Employee benefit obligations	101	80	(26%)
Total non-current liabilities	1,164	1,257	7%
Total liabilities	2,854	5,607	(49%)
Total equity	14,143	13,218	7%
Total liabilities and equity	16,997	18,824	(10%)

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht	Jan - Jun 2019
<i>Cash flows from operating activities</i>	
Net profit (Loss) for the period	(504)
Adjustments for	
Depreciation and amortization	439
Work roll amortisation	36
Interest income	(19)
Finance costs	228
Unrealised gain on foreign exchange	(76)
(Reversal of) loss on devaluation of inventories	(135)
(Reversal of) loss on confirmed purchase orders of undelivered of raw material	(41)
Employee benefit expenses	24
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	(47)
<i>Changes in operating assets and liabilities</i>	
Trade accounts receivable	(59)
Inventories	1,837
Advances to suppliers	(38)
Other current assets	107
Other non-current assets	(100)
Trade accounts payable	(1,331)
Advances received from customers	17
Other payables and accrued expenses	(231)
Other current liabilities	(11)
Paid employee benefit obligations	(4)
Interest received	1
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Net cash from (used in) operating activities	143
<i>Cash flows from investing activities</i>	
Interest received	23
Short-term loan to related parties decrease (increase)	94
Purchase of property, plant and equipment	(29)
Purchase of intangible assets	(1)
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Net cash from (used in) investing activities	86

Table 6: Condensed Statement of Cash Flow

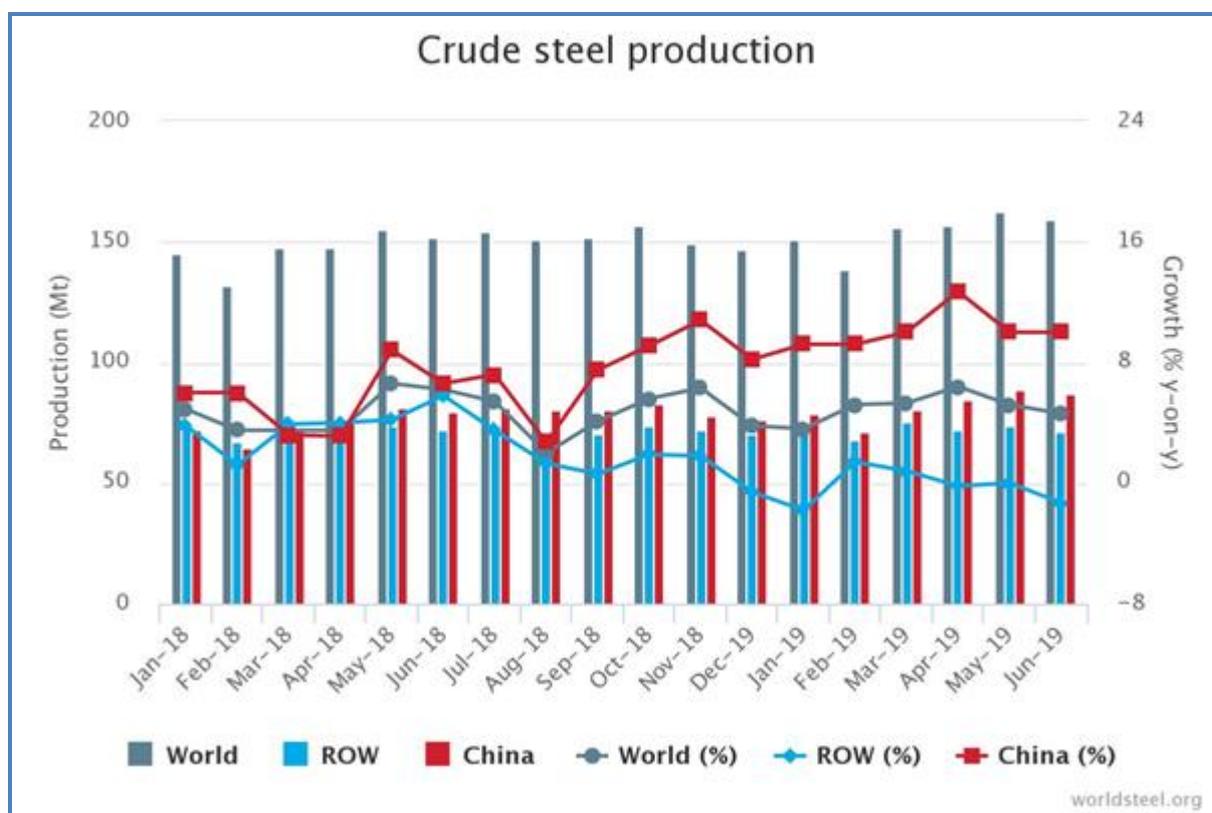
Unit : Million Baht	Jan - Jun 2019
Cash flows from financing activities	
Receive short-term loan from related party	624
Repayment of liabilities under rehabilitation plan	(1)
Repayment of short-term loan from related party	(1,733)
Repayment of long-term loan from related party	0
Cash receipt from raise up share capital	1,429
Finance costs paid	(218)
Net cash from (used in) financing activities	101
Net increase (decrease) in cash and cash equivalents	330
Cash and cash equivalents at 1 January 2019	201
Cash and cash equivalents at 30 June 2019	531

4. Industry overview and outlook

Overview of World Steel Industry

According to the World Steel Association's report on world crude steel production was 481million tons in the second-quarter of 2019 and accumulated world crude steel production in the first half of 2019 was 925.1 million tons, up by 4.9% compared to the same period in 2018. The region with most production was Asia (including China, but not including the Middle East) 660.2 million tons, an increase by 7.4%, The second most producing region was the European Union (EU), with 84.7 million tons, decreased by 2.5% and North America's crude steel production was 60.1 million tons, an increase of 1.4% compared to the first half of 2018.

Chart of world crude steel production monthly, ending 30 June 2019



Source: World Steel Association

Remarks:

1. For antitrust reasons, worldsteel no longer produces a monthly global capacity utilisation ratio. Information on capacity can be found on the OECD website.
2. ROW : Rest of the world (Exclude China).

In June 2019, China produced crude steel at 87.5 million tons up by 10.0%, India produced crude steel at 9.3 Mt increased by 4.0%, Japan at 8.8 Mt slightly decreased 0.4% and South Korea at 6.0 Mt down by 2.6% compared to June 2018.

Meanwhile, in the EU, Germany produced crude steel at 3.4 million tons down by 5.8%, Italy's crude steel production was 2.1 million tons, down by 2.5%, France produced 1.3 million tons of crude steel, an increase of 3.4% and Spain produced crude steel at 1.2 million tons, an increase of 2.3% compared to June 2018.

The US produced 7.3 million tons of crude steel for June 2019, an increase of 3.1% on June 2018.

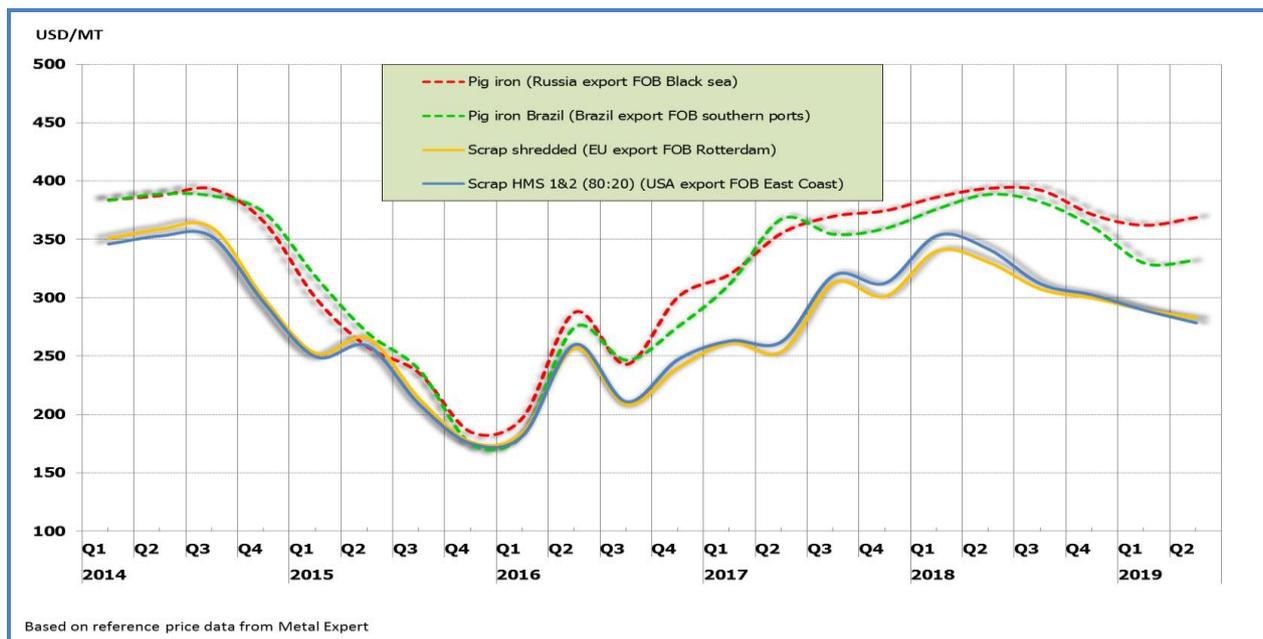
Brazil’s crude steel production for June 2019 was 2.8 million tons, down by 3.1% on June 2018.

Turkey’s crude steel production for June 2019 was 2.7 million tons, a decrease of 11.0% compared to June 2018.

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 quarter to second quarters of 2016 and then decreased in the third quarter of 2016 but then turn back increasing continuously until the first quarter of 2018 and then decreased again in second quarter of 2018 to first quarter of 2019. For second quarter of 2019, the price of pig iron tends to increase while scrap price continue to decrease from the previous quarter. 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 2019 was averaged at USD 279/mt. FOB, decreased from the previous quarter at USD 289/mt. FOB, and pig iron Russia export price of the second quarter of 2019 averaged at USD 369/mt. FOB, increased from USD 363/mt. from the previous quarter.

Chart of raw material reference prices on world market for Q1/2014 – Q2/2019

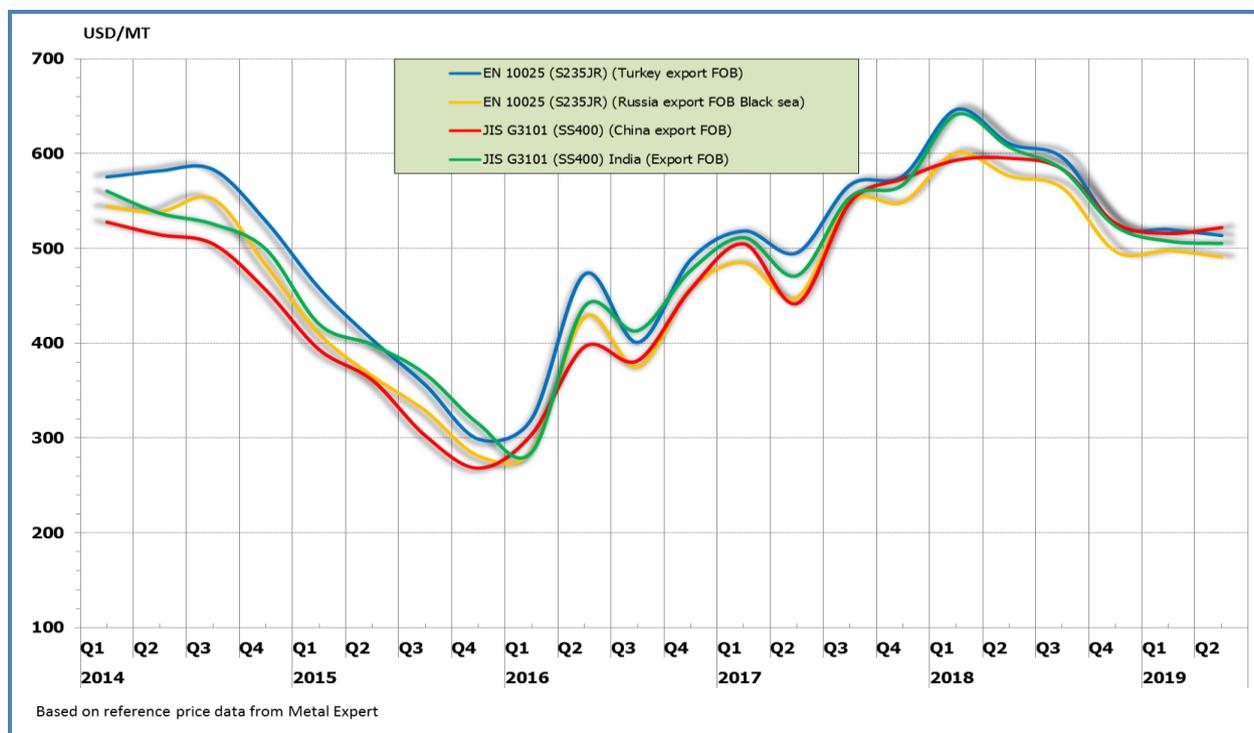


Processed price data from: Metal Expert

Hot Rolled the prices for hot-rolled coil on the world market during the first quarter of 2016 to fourth quarter of 2018 had more fluctuated by moving from the lowest point at price level below USD 300/mt 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 from fourth quarter of 2016 to first quarter of 2017 and decreased again in the second quarter then rebounded quickly until first quarter of 2018 and dropped again in second quarter to fourth quarter of 2018. Then maintain the price level at USD 500/mt until second quarter of 2019 respectively.

The reference prices for hot-rolled coil on the world market are that China export price average for second quarter of 2019 was USD 523/mt, FOB, increased from the previous quarter at USD 516/mt. FOB. Meanwhile, Russia export price average was decreased from USD 498/mt. FOB, to 491/mt. FOB, Turkey export price average was dropped from USD 520/mt, FOB, to 514/mt. FOB and India export price average was also slightly decreased from USD 508/mt. FOB, to 505/mt. FOB in second quarter of 2019.

Chart of hot-rolled coil reference prices on world market for Q1/2014 – Q2/2019



Processed price data from: Metal Expert

Overview of Thai Steel Industry

ISIT had reported the domestic steel-production in Jan. – Jun. 2019 was at 3.93 million metric tons, decreasing 13.34% compared to the same period of previous year consisting of the long finished steel production of 2.57 million metric tons, decreasing 9.08% and the flat finished steel production of 1.37 million metric tons, decreasing 20.37% compared to the same period of previous year.

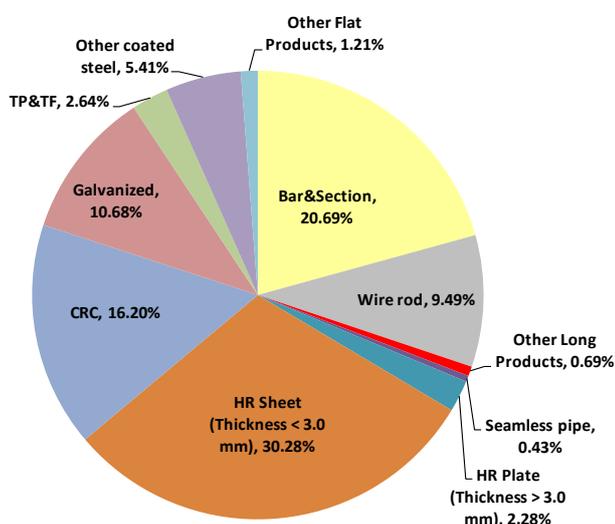
The consumption of finished steel products in Thailand in Jan. – Jun. 2019 was at 9.39 million metric tons, decreasing 2.73% compared to the same period of previous year consisting of the long finished steel consumption at 3.49 million metric tons, decreasing 5.38% resulting from the less consumption of bar and structural steel and the flat finished steel consumption at 5.90 million metric tons, decreasing 1.09% resulting from the demand of Hot Rolled Steel and Cold Rolled Steel which decreasing compared to the same period of previous year.

Table: The production and the domestic demand of Finished Steel in Jan - Jun 2018 and 2019

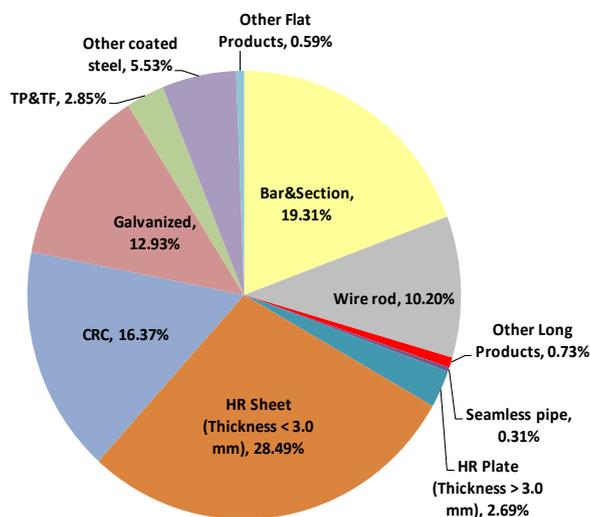
Total Apparent Finished Steel (Unit : Tons)	Jan - Jun 2018	Jan - Jun 2019	% Change
Production	4,540,482	3,934,644	-13.34%
Import	5,998,173	6,237,383	3.99%
Export	889,551	786,547	-11.58%
Consumption	9,649,104	9,385,480	-2.73%

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

Steel Consumption Jan - Jun 2018



Steel Consumption Jan - Jun 2019



The imported of finished steel in Thailand in Jan. – Jun. 2019 was at 6.24 million metric tons, increasing 3.99% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 2.20 million metric tons, increasing 1.47% compared to the same period of previous year. The second highest import quantity was Galvanize steel at 0.913 million metric tons and Cold Rolled steel at 0.856 million metric tons respectively.

The export of finished steel in Thailand in Jan. – Jun. 2019 was at 0.787 million metric tons, decreasing 11.58% compared to the same period of previous year. The highest export quantity was structural steel at 0.173 million metric tons. The export of deformed bars for construction was at 0.159 million metric tons.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Jan. – Jun. 2019 was at 1.37 million metric tons, decreasing 20.37% consisting of thin gauge at 1.29 million metric tons, decreasing 20.33% and Thick gauge at 70.3 thousand metric tons, decreasing 21.11% compared to the same period of previous year.

Table: The production and the domestic demand of the Hot Roll Flat Steel for Jan - Jun 2018 and 2019

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Jan - Jun 2018	Jan - Jun 2019	% Change
Production	1,714,282	1,365,140	-20.37%
Import	2,011,751	2,044,028	1.60%
Export	45,606	4,012	-91.20%
Consumption	3,680,427	3,405,156	-7.48%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Jan - Jun 2018	Jan - Jun 2019	% Change
Production	89,106	70,297	-21.11%
Import	190,320	229,666	20.67%
Export	16,833	1,215	-92.78%
Consumption	262,593	298,748	13.77%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Jan - Jun 2018	Jan - Jun 2019	% Change
Production	1,625,175	1,294,843	-20.33%
Import	1,821,431	1,814,362	-0.39%
Export	28,773	2,797	-90.28%
Consumption	3,417,833	3,106,408	-9.11%

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

The Hot Rolled Steel consumption in Jan. – Jun. 2019 was at 3.41 million metric tons, decreasing 7.48% consisting of thin gauge at 3.11 million metric tons, decreasing 9.11% and thick gauge at 0.299 million metric tons, increasing 13.77% compared to the same period of previous year.

The import of Hot Rolled Steel in Jan. – Jun. 2019 had increased of 1.60% at 2.04 million metric tons consisting of thin gauge at 1.81 million metric tons, decreasing of 0.39% and at 0.23 million metric tons, increasing 20.67% for the thick gauge compared to the same period of previous year.

The export of Hot Rolled Steel in Thailand in Jan. – Jun. 2019 was at 4.01 thousand metric tons, decreasing 91.20% consisting of thin gauge at 2.80 thousand metric tons, decreasing of 90.28% and at 1.22 thousand metric tons, decreasing 92.78% for the thick gauge compared to the same period of previous year.