

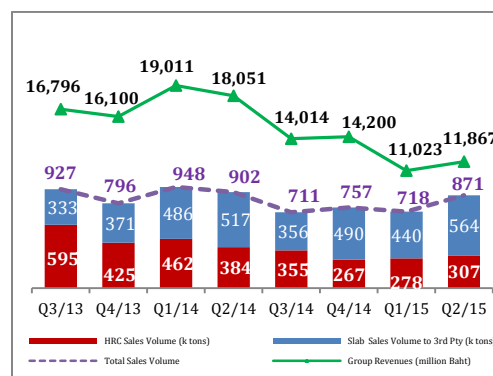
## 1. Highlights

	Unit: million Baht	Q2/2015	6M/2015
<b>GROUP</b>	Group LTIFR	1.61	1.88
	Group Revenues	11,867	22,890
	Group Sales Volume (k tons)	871	1,589
	Group EBITDA	(1,777)	(3,431)
	Group Net Profit (Loss)	(3,236)	(6,262)
	Net Debt <sup>1)</sup>	52,670	
	Interest-Bearing Debt/Equity Ratio (x)	N.A.	
<b>HRC</b>	HRC Sales (k tons)	307	585
	HRC Production Volume (k tons)	320	540
	HRC Average Selling Price (USD/ton)	532	568
	HRC Spread (USD/ton)	34	49
	HRC Rolling Margin (%) <sup>2)</sup>	6.5%	8.7%
HRC EBITDA (USD/ton)	32.4	(0.8)	
<b>Upstream</b>	Slab Sales Volume (k tons)	679	1,394
	Slab Production Volume (k tons)	696	1,417
	Slab Average Selling Price (USD/ton)	337	354
	Slab Sales Volume to 3 <sup>rd</sup> Parties	83%	72%
	Slab Spread (USD/ton)	103	111
Slab Margin (%) <sup>2)</sup>	30.6%	31.3%	

<sup>1)</sup> Net Debt = Interest-Bearing Debt - Cash and Cash Equivalents

<sup>2)</sup> HRC Rolling Margin = HRC Spread/HRC Average Selling Price;  
 Slab Margin = Slab Spread/Slab Average Selling Price.

<sup>3)</sup> HRC EBITDA includes the reversal of net stock loss provision USD 51.3 per/ton in Q2/2015 and USD 19.4 per/ton in 6M/2015.



### Highlights in Q2/2015

- Upstream Business recorded its highest quarterly Slab Sales Volume to 3rd Party Customers of 564k tons or 83% of total Slab Sales Volume.
- HRC Business achieved its highest quarterly Premium Value Products sales ratio 44% of total HRC Sales Volume.
- For the case of *Anti-dumping Measure on HRC whose origins are from 14 countries*, the Committee on Dumping and Subsidies announced the Notification on Sunset Review to extend the measure with the same duty rates for 5 years, effective from 23 May 15 to 22 May 20.

## 2. Business Outlook on Q3/2015

- Group Sales Volume expected to increase 8-10% QoQ.
- HRC Average Selling Price expected to decrease 6-8% QoQ, and HRC Rolling Margin expected to increase to the range of 24-26%.
- HRC Sales Volume expected to increase 30-40% QoQ; whilst HRC Apparent Steel Supply expected to decrease 1% QoQ to approx. 1.42 million tons.
- Slab Average Selling Price expected to decrease 10-12% QoQ; whilst Slab Margin expected to decrease to the range of 25-27%.
- Slab Sales Volume expected to increase 12-14% QoQ, with approx. 65-70% to 3<sup>rd</sup> party customers.

## 3. Group CEO's Message

"Though the EBITDA loss in Q2/2015 is similar to Q1/2015, the narrative is quite different. There was significant improvement in the *HRC Business* in Q2 - HRC Sales Volume grew 11% to 307k tons, Premium Value Products ratio reached 44% highest record, and HRC EBITDA turned around from negative \$38.6/ton to positive \$32.4/ton as we had consumed most of the high-cost raw materials (from the first quarter) and started to consume cheaper raw materials. In Q3, we expect to see this improving trend continue and a return to profitability then.

The market conditions for the *Upstream Business* continued to be extremely challenging. China's steel export is at all-time high, owing to its severe over-capacity problem, slowing economy, and also the distorting export tax rebate system. This is causing problems to the steel industry globally and depressing margins everywhere. The compressing margins are significantly bigger than the gains from our cost reduction effort, therefore we will unfortunately continue to struggle for the time being.

Though the steel industry is in turmoil, we are not disheartened. We believe that our focus on innovation to create value for our customers and better margins, and our focus on integration between our various businesses and production assets to achieve economy of scale and lower cost, will yield improving financial result. That is what we are here for and we remain committed to our vision."

## 4. Industry Overview and Outlook

### Steel Industry in Q2/2015

**World Steel Industry:** World crude steel production in Q2/2015 was approx. 410 million tons, up 2.8% QoQ, from production increase in most regions led by China, Europe, South America, Asia (Others), and other countries whose production increased 3.9%, 1.8%, 1.1%, 1.0% and 4.1% QoQ respectively. However, crude steel production in North America decreased 0.4% QoQ to 28 million tons, as shown in Figure 1.

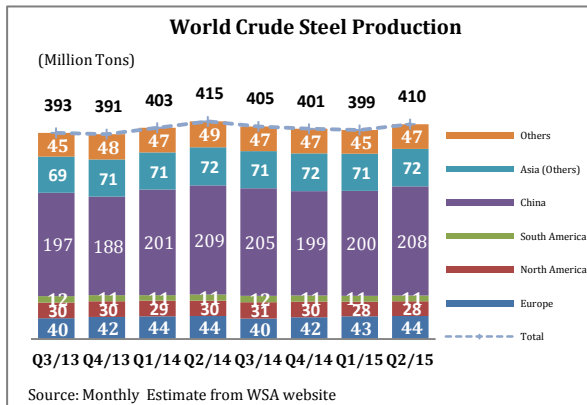


Figure 1: World Crude Steel Production

**Thailand Steel Industry:** In Q2/2015, Thailand's Apparent Steel Supply (ASS) was approx. 4,081k tons, down 3.4% QoQ due to slower-than-expected economic recovery from the slowdown in export sector and the fall in agricultural products price. Import volume decreased 9.7% QoQ, and export volume decreased 9.7% QoQ, whereas domestic production volume increased 7.5% QoQ, as shown in Figure 3.

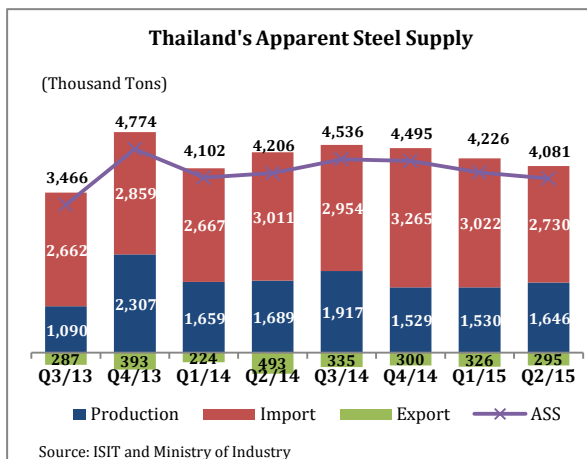


Figure 3: Domestic Apparent Steel Supply

Iron ore, slab, and HRC prices continued to decrease from the previous quarter. The average price of iron ore CFR China in Q2/2015 was USD 48-67/ton, down QoQ from USD 52-72/ton. The average price of Slab CFR East Asia Import was USD 310-330/ton, down QoQ from USD 323-385/ton. The average price of HRC FOB China was USD 339-375/ton, down QoQ from USD 368-458/ton, as shown in Figure 2 and Table 7.

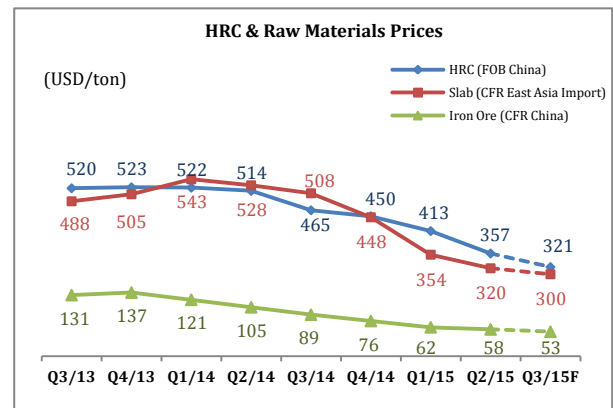


Figure 2: HRC, Slab and Iron Ore Prices (Price for Q2/2015 is an average up to 16 July 2014)

Output in the downstream industry such as auto sector and HA/EA sector dropped QoQ. Production volume of auto and A/C decreased 21.7% and 5.3% QoQ respectively, due to lower consumer's purchasing power as a result of slower-than-expected economy, as well as the fall in export as earlier explained. Nevertheless, fridge production volume increased 12.5% QoQ, as shown in Figure 4.

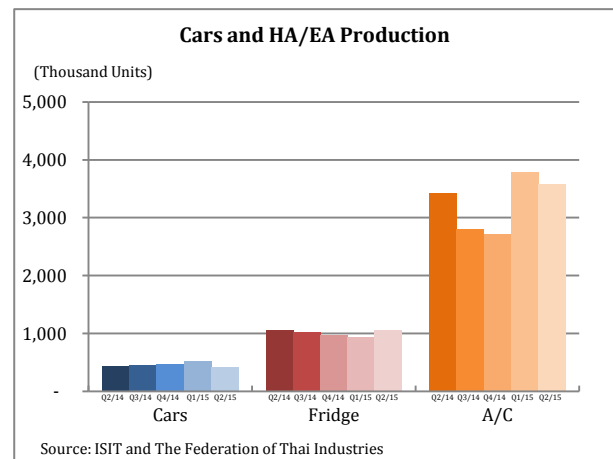
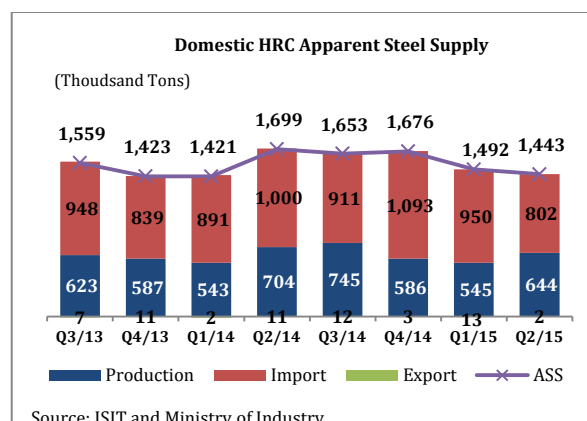


Figure 4: Domestic Production of Car, Fridge, and A/C

**Thailand HRC Industry:** In Q2/2015, domestic HRC Apparent Steel Supply (ASS) was approx. 1,443k tons, down 3.2% QoQ, as shown in Figure 5. Import volume was down 15.6% QoQ to 802k tons, and export volume was down 19.7% QoQ to 2k tons. HRC domestic production was up 18.3% QoQ to 644k tons.



Source: ISIT and Ministry of Industry

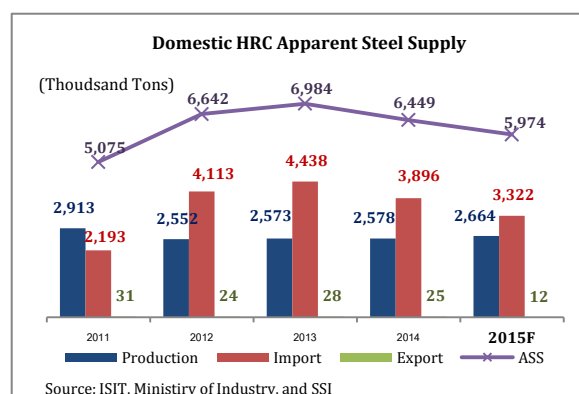
Figure 5: Domestic HRC Apparent Steel Supply

### Outlook on Steel Industry in Q3/2015

**World Steel Industry:** There are some positive signals showing that the world economy is improving. The Federal Reserve System or Fed gave signal to raise interest rate this year since household consumption is expanding, and the labor market is improving as well as the strong real estate market. For the EU economy, although, the situation in Greece is lingering, the overall EU economy tends to continue its recovery from Q2/2015 resulted from QE policy which gives positive boost to manufacturing sector. Therefore, EU steel production in Q3/2015 is expected to continue to increase. For China, steel consumption is expected to maintain its production level in Q3/2015.

As for prices in Q3/2015, steel prices tend to continue to decrease due to pressure from severe over capacity situation in China. In addition, the strengthening of U.S. dollar after Fed signaled to raise interest rate could result in lower price of commodity products.

**Thailand Steel Industry:** Domestic HRC Apparent Steel Supply is expected to slightly decrease from 1,443k tons in Q2/2015 to 1,422k tons in Q3/2015, as shown in Table 10. Meanwhile, HRC Apparent Steel Supply in 2015 is projected to be approx. 5,974k tons, adjusted from the previous projection of 6,433k tons, as shown in figure 6



Source: ISIT, Ministry of Industry, and SSI

Figure 6: Estimate for Domestic HRC Apparent Steel Supply

## 5. Performance of the Company, its Subsidiaries and Jointly-Controlled Entities

Table 1: Financial Highlights in Q2/2015 of the Company, its Subsidiaries and Jointly-Controlled Entities

Unit: million Baht	2015 Q2	2015 Q1	+/- QoQ	2014 Q3	+/- YoY	2015 Jan-Jun	2014 Jan-Jun	+/- YoY
Group Sales Volume <sup>1)</sup> (k tons)	871	718	+21%	902	-3%	1,589	1,850	-14%
Group Sales Revenue	11,867	11,023	+8%	18,051	-34%	22,890	37,062	-38%
Group Cost of Goods Sold	13,770	12,927	+7%	18,433	-25%	26,697	37,894	-30%
Group Gross Profit (Loss)	(1,903)	(1,904)	+0.1%	(382)	-398%	(3,807)	(832)	-357%
Group EBITDA <sup>2)</sup>	(1,777)	(1,654)	-7%	0.3	N.A.	(3,431)	76	N.A.
Group Net Profit (Loss)	(3,236)	(3,026)	-7%	(1,406)	-130%	(6,262)	(2,803)	-123%

<sup>1)</sup> Group Sales Volume = HRC Sales Volume + Slab Sales Volume Sold to 3<sup>rd</sup> Parties

<sup>2)</sup> EBITDA (Including the stock loss provision or the reversal thereof) = Net Profit + Interest + Tax + Depreciation and Amortisation

### Consolidated

**Q2/2015** Results, The Company and its subsidiaries recorded sales and service revenues Baht 11,867 million, up 8% QoQ, from a 19% QoQ increase in sales to 3rd party customers of Upstream Business. On the other hand, sales and service revenues decreased 34% YoY from lower sales in HRC Business of 39% YoY as well as a 30% YoY decrease in Upstream Business's sales to 3rd party customers. Total cost of sales and service was Baht 13,770 million; up 7% QoQ following higher Group Sales Volume of 21% QoQ, but down 25% YoY following lower Group Sales Volume of 3% YoY and reduced cost of raw materials. Sales ratio of HRC:Slab (after eliminating related transactions) was 45:55 in Q2/2015 (compared with 50:50 in Q1/2015).

The Company and its subsidiaries reported gross profit of Baht 1,903 million, EBITDA negative Baht 1,777 million (excluding the reversal of provision for loss on decline in value of inventories Baht 499 million and the provision for loss under onerous contracts Baht 18 million, Core EBITDA was negative Baht 2,259 million), and net loss Baht 3,236 million or negative EPS Baht 0.10 per share. Operating performance dropped QoQ and YoY due to both lower HRC Spread in HRC Business and Slab Spread in Upstream Business as steel prices in the world market continued to decline. Negative profitability ratios are as shown in a table below.

	Q2/2015	Q1/2015	Q2/2014
NP Margin (%)	(27.3)	(27.4)	(7.8)
ROA* (%)	(17.3)	(15.8)	(7.2)
ROE* (%)	N.A.	(386.7)	(74.4)
EPS (Baht)	(0.10)	(0.09)	(0.04)

Note: \* Annualised figures for comparison purpose

**6M/2015** The Company and its subsidiaries recorded sales and service revenues Baht 22,890 million, down 38% YoY following a decrease in Group Sales Volume of 14% YoY including a sharp drop in average selling price of steel in the world market. Sales of HRC Business and sales to 3rd party customers of Upstream Business dropped by 43% and 34% YoY respectively. Sales ratio of HRC:Slab (after eliminating related transactions) was 47:53 compared with 51:49 in the same period of the previous year. Total cost of sales and service was Baht 26,697 million, down 30% YoY following a decrease in Group Sales Volume and lower raw material costs in both HRC Business and Upstream Business.

The Company and its subsidiaries reported gross loss Baht 3,807 million, EBITDA negative Baht 3,431 million (excluding the reversal of provision for loss on decline in value of inventories Baht 55 million and the reversal of provision for loss under onerous contracts Baht 49 million, Core EBITDA was negative Baht 3,534 million), and net loss Baht 6,262 million or negative EPS Baht 0.19 per share with negative profitability ratios shown in a table below. Compared with the same period last year, the overall performance was weaker due to lower Group Sales Volume and a reduction in both HRC Spread and Slab Spread as earlier explained.

	Jan-Jun 2015	Jan-Jun 2014
NP Margin (%)	(27.4)	(7.6)
ROA* (%)	(16.6)	(6.9)
ROE* (%)	N.A.	(67.4)
EPS (Baht)	(0.19)	(0.09)

Note: \* Annualised figures for comparison purpose

### HRC Business (the Company)

Table 2: Performance Highlight of HRC Business

Unit: USD/ton	2015 Q2	2015 Q1	+/- QoQ	2014 Q2	+/- YoY	2015 Jan-Jun	2014 Jan-Jun	+/- YoY
Average Selling Price	532	607	-12%	682	-22%	568	674	-16%
Average Cost of Goods Sold	547	611	-11%	634	-14%	578	622	-7%
HRC Spread <sup>1)</sup>	34	65	-48%	117	-71%	49	122	-60%
HRC Rolling Margin <sup>2)</sup>	6.5%	10.8%		17.1%		8.7%	18.1%	
HRC EBITDA <sup>3)</sup>	32.4	(38.6)	+184%	46.2	-30%	(0.8)	56.1	-102%
Sales Volume (k tons)	307	278	+11%	384	-20%	585	846	-31%
Production Volume (k tons)	320	221	+45%	382	-16%	540	779	-31%

<sup>1)</sup> HRC Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

<sup>2)</sup> HRC Rolling Margin = HRC Spread/Average Selling Price

<sup>3)</sup> HRC EBITDA includes net stock loss provision (reversal) USD (51.3/ton) in Q2/2015, USD 15.9/ton in Q1/2015, USD (0.3/ton) in Q2/2014, (19.4/ton) in 6M/2015, and USD (1.1/ton) in 6M/2014.

**Revenues: Q2/2015.** The Company recorded sales and service revenues Baht 5,252 million, down 4% QoQ and 39% YoY. HRC Sales Volume was 307k tons, up 11% QoQ. However, HRC Sales Volume increased less than expected due to Thai economy is recovering at a slower pace than previously projected. On the other hand, HRC Sales Volume dropped 20% YoY due to a sharp drop in world steel prices resulted in customers prolonging their orders in a wait-and-see situation. HRC Average Selling Price in Q2/2015 was Baht 17,816/ton or approx. USD 532/ton, down 12% QoQ and 22% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 44% of total HRC Sales Volume, which is the highest quarterly PVPs Sales Volume proportion.

**Expenses: Q2/2015,** the Company recorded **Cost of sales and service** Baht 4,845 million, comprising total cost of sales and service Baht 5,371 million, and the reversal of provision for loss on decline in value of inventories Baht 526 million. Cost of sales and service decreased 15% QoQ, following a decrease in raw material prices despite higher HRC Sales Volume as well as lower unit conversion cost due to cost reduction projects. Compared with Q2/2014, cost of sales and service dropped 39% YoY from lower HRC Sales Volume and raw materials cost as well as a decrease in unit conversion cost. **SG&A** was Baht 382 million, up 46% QoQ due to demurrage charges; and up 65% YoY from the demurrage charges as earlier explained and from the reclassification on idle cost which is the fixed cost incurred from below normal production level to be part of SG&A expense. **Interest Expense** was Baht 430 million; up 4% QoQ and 2% YoY from an increase in consignment inventory.

**HRC Spread: Q2/2015,** recorded at USD 34/ton or HRC Rolling Margin of 6.5%, down from USD 65/ton in Q1/2015, and down from USD 117/ton in Q2/2014.

**Profits: Q2/2015,** the Company recorded gross profit Baht 407 million, HRC EBITDA Baht 334 million (excluding the reversal of provision for loss on decline in value of inventories Baht 526 million, Core EBITDA was negative Baht 192 million), and net loss Baht 222 million. Operating performance improved QoQ (where gross loss was Baht 261 million, EBITDA was negative Baht 350 million, and net loss was Baht 865 million) due to a reduction in unit conversion cost and the reversal of provision for loss on decline in value of inventories as earlier explained. Compared with Q2/2014, Operating performance dropped YoY (where gross profit was Baht 599 million, EBITDA was Baht 586 million, and net profit was Baht 27 million) due to significant adjustment in the world steel prices whilst raw material costs were still high resulting in lower HRC Sales Volume and HRC Spread including additional expense due to the demurrage charges as earlier explained. HRC EBITDA/ton in Q2/2015 was positive USD 32.4/ton (including the reversal of provision for loss on decline in value of inventories USD 51.3/ton); up from negative USD 38.6/ton in Q1/2015 but down from 46.2/ton in Q2/2014.

**6M/2015,** The Company recorded sales and service revenues Baht 10,698 million, down 43% YoY, with HRC Sales Volume of 585k tons, down 31% YoY. Low HRC Sales Volume was due to high import volume of downstream steel products such as steel pipes and steel purlin which affected HRC consumption. In addition, the world steel prices have been continually dropping sharply causing customers to prolong their orders in a wait-and-see situation. HRC Average Selling Price was Baht 18,757 ton or approx. USD 568/ton, down 16% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 43% of total HRC Sales Volume.

**6M/2015,** the Company recorded **Cost of sales and service** Baht 10,552 million, comprising total cost of sales Baht 10,850 million and the reversal of provision for loss on decline in value of inventories Baht 298 million. Cost of sales and service decreased 39% YoY following lower HRC Sales Volume and raw materials cost. **SG&A** was Baht 644 million; up 41% YoY resulted from the reclassification on idle cost which is the fixed cost incurred from below normal production level to be part of SG&A expense in the amount Baht 65 million and cost of the demurrage charges as earlier explained. There was reversal of provision for loss under onerous contracts Baht 83 million. **Interest Expense** was Baht 844 million; down 4% YoY resulted from lower raw material imports and inventory level, including no loss on interest rate swap as occurred in the same period of 2014.

**6M/2015,** recorded HRC Spread at USD 49/ton or HRC Rolling Margin of 8.7%, down from USD 122/ton in the same period of 2014.

**6M/2015,** the Company recorded gross profit Baht 146 million, negative HRC EBITDA Baht 17 million (excluding the reversal of provision for loss on decline in value of inventories Baht 298 million and the reversal of provision for loss under onerous contracts Baht 83 million, Core EBITDA was negative Baht 398 million), and net loss Baht 1,087 million. Operating performance dropped YoY (where gross profit was Baht 1,452 million, EBITDA was Baht 1,548 million, and net profit was Baht 374 million) due to lower HRC Sales Volume and HRC Spread as earlier explained. HRC EBITDA/ton was negative USD 0.8/ton (including the reversal of provision for loss on decline in value of inventories USD 15.1/ton and the reversal of provision of loss under onerous contracts USD 4.3/ton); down from USD 56.1/ton in the same period of 2014.

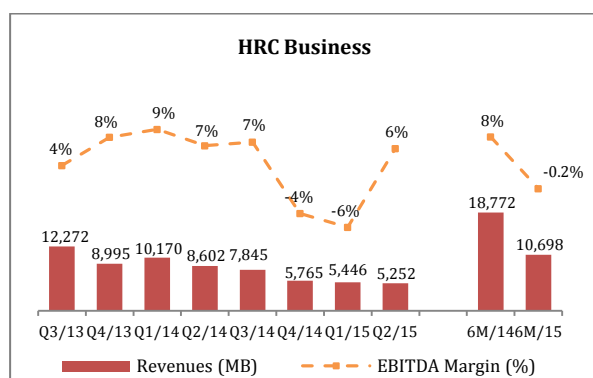


Figure 7: Revenues and EBITDA Margin of HRC Business

### Upstream Business (SSI UK)

**Table 3: Performance Highlight of Upstream Business**

Unit: USD/ton	2015 Q2	2015 Q1	+/- QoQ	2014 Q2	+/- YoY	2015 Jan-Jun	2014 Jan-Jun	+/- YoY
Average Selling Price	337	370	-9%	520	-35%	354	521	-32%
Average Cost of Goods Sold	444	440	+1%	553	-20%	442	567	-22%
Slab Spread <sup>1)</sup>	103	118	-13%	189	-46%	111	165	-33%
Slab Margin <sup>2)</sup> (%)	30.6%	32.0%		36.4%		31.3%	31.7%	
Slab Sales Volume (k tons)	679	715	-5%	646	+5%	1,394	1,362	+2%
Slab Sales Volume to 3 <sup>rd</sup> Party Customers (k tons)	564	440	+28%	517	+9%	1,004	1,003	+0.1%
Slab Sales Volume to 3 <sup>rd</sup> Party Customers	83%	62%		80%		72%	74%	
Production Volume (k tons)	696	721	-3%	670	+4%	1,417	1,366	+4%

<sup>1)</sup> Slab Spread excluded the provision for loss on decline in value of inventories or the reversal thereof.

<sup>2)</sup> Slab Margin = Slab Spread/Average Selling Price.

**Revenues: Q2/2015.** SSI UK recorded total sales and service revenues Baht 7,780 million, down 12% QoQ and 31% YoY following a 5% QoQ decrease in Slab Sales Volume to 679k tons, but an increase of 5% YoY. Slab Average Selling Price was down 9% QoQ and 35% YoY to USD 337/ton, following the world steel prices. Revenues after eliminating related parties transactions were Baht 6,465 million, achieving the highest quarterly Slab Sales Volume to 3<sup>rd</sup> Party Customers of 564k tons, or approx. 83% of total Slab Sales Volume, which increased from 440k tons in Q1/2015.

**Expenses: Q2/2015.** SSI UK recorded **Cost of sales and service** Baht 10,107 million, comprising total cost of sales of Baht 10,080 million and the provision for loss on decline in value of inventories Baht 27 million. Total cost of sales and service decreased 4% QoQ and 18% YoY as Slab Sales Volume decreased, and cost of raw material per ton declined following a decrease in raw material prices and blend optimization. Average PCI Injection Rate declined from 135 kg/thm in Q1/2015 to 99 kg/thm in Q2/2015 due to planned annual shutdown in May, resulting in lower-than-normal PCI Injection Rate. Unit Conversion cost increased QoQ due to lower production volume and cost of maintenance from the planned annual shutdown, but decreased YoY from higher production volume. **SG&A** was Baht 101 million, and the reversal of provision set up for loss under onerous contracts was Baht 1 million. **Interest Expense** was Baht 392 million, up 10% QoQ and 9% YoY as more short term loan was utilised.

**6M/2015.** SSI UK recorded total sales and service revenues Baht 16,596 million, down 30% YoY from Slab Sales Volume of 1,394k tons despite 2% YoY increase in Slab Sales Volume. Yet, Slab Average Selling Price decreased 32% YoY as a result of significant adjustment in steel prices in the world market, compared with the same period of the previous year. Revenues after elimination of related parties transactions were Baht 11,887 million from 1,004k tons of Slab Sales Volume to 3<sup>rd</sup> Party Customers, or approx. 72%.

**6M/2015.** SSI UK recorded **Cost of sales and service** Baht 20,616 million; comprising total cost of sales of Baht 20,372 million and the provision for loss on decline in value of inventories Baht 244 million. Total cost of sales and service decreased 21% YoY as cost of raw material per ton declined following a decrease in raw material prices and blend optimization. Unit conversion cost also decreased due to higher production volume. **SG&A** was Baht 201 million, and the provision for loss on decline in value of inventories was Baht 22 million. **Interest Expense** was Baht 748 million; up 3% YoY as more short term loan was utilized as earlier explained.

**Slab Spread:** Q2/2015, SSI UK recorded Slab Spread at USD 103/ton or Slab Margin of 30.6%, down from USD 118/ton in Q1/2015 and USD 189/ton in Q2/2014.

6M/2015, SSI UK recorded Slab Spread at USD 111/ton or Slab Margin of 31.3%, down from USD 165/ton in the same period of the previous year.

**Profits:** Q2/2015, SSI UK recorded gross loss Baht 2,327 million, negative EBITDA Baht 2,177 million (excluding the provision for loss on decline in value of inventories Baht 27 million and the reversal of provision set up for loss under onerous contracts was Baht 1 million, Core EBITDA was negative Baht 2,152 million), and net loss Baht 3,045 million. Compared with Q1/2015 where gross loss was Baht 1,693 million, EBITDA was negative Baht 1,252 million, and net loss was Baht 2,073 million; loss was higher QoQ due to a decrease in Slab Sales Volume and lower Slab Spread, following lower Slab Average Selling Price as well as additional maintenance cost from the planned annual shutdown as earlier explained. Compared with Q2/2014 where gross loss was Baht 1,025 million; EBITDA was negative Baht 531 million, and net loss Baht 1,347 million; loss was also higher YoY due to a sharp drop of Slab Spread by 46% YoY including the provision for loss on decline in value of inventories, whilst there was a reversal of the stock loss provision totaling Baht 183 million in Q2/2014.

6M/2015, SSI UK recorded gross loss Baht 4,020 million, negative EBITDA Baht 3,430 million (excluding the provision for loss on decline in value of inventories Baht 244 million and the provision of loss under onerous contracts Baht 22 million, Core EBITDA was negative Baht 3,164 million), and net loss Baht 5,118 million. Loss was higher YoY, where gross loss was Baht 2,388 million; EBITDA was negative Baht 1,413 million, and net loss was Baht 3,048 million; due to significant adjustment in steel prices in the world market resulting in lower Slab Spread by 33% YoY as well as the stock loss provision, whilst there was a reversal of the stock loss provision totaling Baht 340 million in the same period of the previous year.

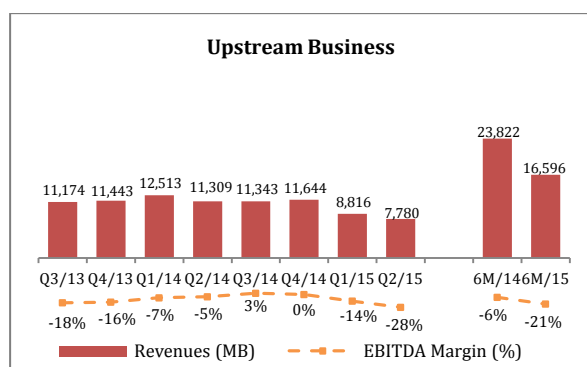


Figure 8: Revenues and EBITDA Margin of Upstream Business

**Port Business (PPC)**

**Revenues:** PPC recorded total service revenues Baht 67 million, up 9% QoQ, following higher throughput volume and higher revenues from PPC Shore Crane. Compared with Q2/2014, revenue increased 13% YoY resulted from higher revenues from PPC Shore Crane despite lower throughput volume following decreased throughput volume of external customers apart from the Company and its subsidiaries, especially from customers in the agricultural sector due to economic slowdown in countries that goods are being exported to as well as drought situation which caused lower agricultural production volume.

6M/2015, PPC recorded total service revenues Baht 128 million, up 1% YoY from higher revenues from PPC Shore Crane, despite lower throughput volume following decreased throughput volume of the Company and its subsidiaries in Q1/2015.

**Profits:** Q2/2015, PPC recorded gross profit Baht 31 million, EBITDA Baht 50 million, and net profit Baht 20 million. Compared with Q1/2015, gross profit, EBITDA, and net profit increased by 21%, 14%, and 106% QoQ respectively. Compared with Q2/2014, gross profit, EBITDA and net profit also increased by 59%, 37%, and 212% YoY respectively, mainly encouraged by higher revenues as earlier explained.

6M/2015, PPC recorded gross profit Baht 57 million, EBITDA Baht 94 million, and net profit Baht 30 million, or up 17%, 16%, and 51% respectively from higher revenues from PPC Shore Crane in Q2/2015 as earlier explained.

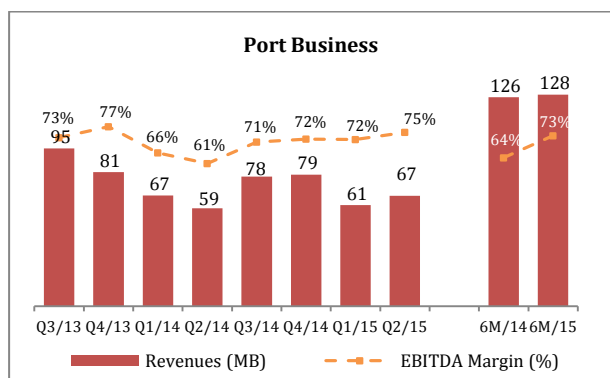


Figure 9: Revenues and EBITDA Margin of Port Business

**Engineering Business (WCE)**

**Revenues:** Q2/2015, WCE recorded total sales and service revenues Baht 167 million, up 5% QoQ with following details:

- 1) Maintenance Management Business Baht 58 million, up 12% QoQ due to an increase in revenues from revamping & overhaul segment and an increase in maintenance service contracts of the Company and its subsidiaries.
- 2) Machinery Engineering Business Baht 15 million, down 4% QoQ due to a reduction in revenues of the Company and its subsidiaries.
- 3) Steel Structure and Fabrication Business Baht 26 million, up 84% QoQ as there was 50% revenues recognition based on work completion of the project of State Railway of Thailand.
- 4) Engineering Procurement and Construction Business Baht 68 million, down 12% QoQ as the projects carried on since 2014 mostly was already delivered in Q1/2015 while new projects are mostly starting in the second half of this year.

Revenues from external customers apart from the Company and its subsidiaries accounted for 70% of total sales and service revenues.

**Profits:** Q2/2015, WCE recorded gross profit Baht 16 million, positive EBITDA Baht 7 million, and net profit Baht 1 million; improved 139%, 384% and 115% QoQ respectively due to an increase in sales and service revenues and no allowance for cost overrun on a loss-making project of Steel Structure and Fabrication as occurred in Q1/2015. Compared with Q2/2014, gross profit, EBITDA and net profit improved 67%, 127% and 102% YoY respectively as there was no expense adjustment on a loss-making delivered project as occurred in Q2/2014.

6M/2015, WCE recorded total sales and service revenues Baht 327 million, down 28% YoY. Revenues from external customers apart from the Company and its subsidiaries accounted for 72% of total sales and service revenues.

6M/2015, WCE recorded gross profit Baht 23 million; positive EBITDA 4 million; and net loss 4 million. Gross profit decreased 47%, but EBITDA and net loss improved 73% and 81% YoY respectively as there was no expense adjustment on a loss-making delivered project as occurred in Q2/2014 as earlier explained.

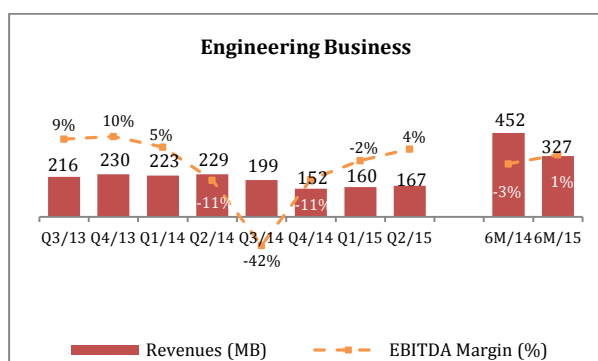


Figure 10: Revenues and EBITDA Margin of Engineering Business



### CRC Business (TCRSS)

**Revenues:** Q2/2015, TCRSS recorded total sales Baht 2,807 million, down 7% QoQ and 11% YoY; from a decrease in CRC Sales Volume to 122k tons, or down 1% QoQ and 2% YoY. Moreover, CRC Average Selling Price decreased by 6% QoQ and 9% YoY due to a competitive market especially CRC import from China, South Korea, Taiwan and India.

**Profits:** Q2/2015, TCRSS recorded gross profit Baht 172 million, EBITDA Baht 228 million; and net profit Baht 61 million, up by 252%, 126%, and 278% QoQ respectively. Compared with Q2/2014, gross profit, EBITDA, and net profit increased by 101%, 43%, and 966% respectively. Improved performance QoQ and YoY was due to a decrease in raw materials cost and unit conversion cost, a reduction in interest expenses from lower amount of short term loan and reduced average interest rate, as well as net foreign exchange gain.

6M/2015, TCRSS recorded total sales Baht 5,838 million, down 2% YoY despite an increase in CRC Sales Volume by 4% YoY to 245k tons. CRC Average Selling Price dropped by 6% YoY following the market's condition, while CRC imported from abroad still flooded in, although the Foreign Trade Department has already issued a warning to South Korea and India.

6M/2015, TCRSS recorded gross profit Baht 221 million, EBITDA Baht 329 million; and net profit Baht 27 million, up by 246%, 94%, and 126% QoQ respectively due to increased CRC Sales Volume, lower cost of raw materials and lower unit conversion cost, decreased interest expenses, as well as net foreign exchange gain as earlier explained.

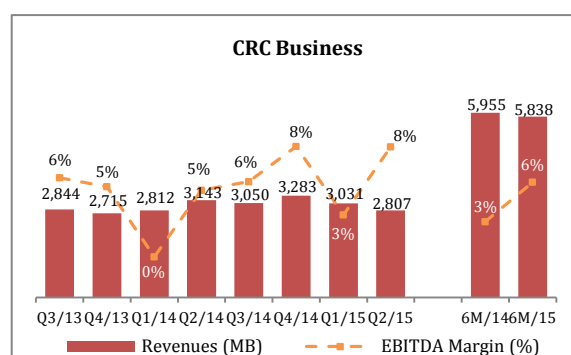


Figure 11: Revenues and EBITDA Margin of CRC Business

## 6. Consolidated Financial Status

### Consolidated Financial Position as at the End of Q2/2015

#### Trade and Notes Receivable- Net

As at 30 Jun 2015, trade and notes receivable netted Baht 4,496 million, down 15% from the end of 2014; following lower sales and service revenues in both Upstream Business and HRC Business.

#### Inventory

As at 30 June 2015, inventory netted Baht 10,093 million, down 26% from to the end of 2014, as a result of lower raw materials cost and purchase volume of raw materials.

Table 4: Inventories Classification as at the End of Quarter

Unit: million Baht	30 Jun 2015	31 Dec 2014	% Chg.
Raw Materials (Slab, iron ore, coking coal, & coke)	2,806	4,330	-35%
Raw Materials in Transit (Slab)	3,887	4,628	-16%
Finished Goods and Work-in-process (HRC & HRC-P/O)	1,848	3,161	-42%
Tools and Spare Parts	2,446	2,446	+0%
Less: Provision for loss on decline in value of inventories	(894)	(937)	-5%
<b>Net Inventories</b>	<b>10,093</b>	<b>13,629</b>	<b>-26%</b>

### Current Ratio

As at 30 June 2015, current ratio was 0.27x; decreased from 0.33x at the end of 2014 mainly from lower trade accounts receivable and falling inventories.

### Liabilities and Liquidity Management

As at 30 June 2015, the Company and its subsidiaries had total liabilities Baht 74,312 million, up 3% from 31 December 2014, mainly due to an increase in accrued expenses in Upstream Business.

The Company and its subsidiaries had total interest-bearing debts Baht 52,810 million whilst net debt was Baht 52,670 million. These debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 52,660 million and long-term interest-bearing debts Baht 151 million.

### Cash Flow

As at 30 June 2015, the Company and its subsidiaries' ending cash was Baht 140 million; a decrease from net cash and cash equivalents of Baht 351 million at the end of 2014, as detailed in Table 14, consisting of:

- Net cash received from operating activities of Baht 1,373 million consisting of (1) cash outflows from operation Baht 3,232 million, and (2) cash inflows from net change in working capital of Baht 4,606 million mainly resulted from a reduction in inventories.
- Net cash used from investing activities of Baht 614 million was mainly from (1) cash outflows from additional investments in fixed assets and intangible assets of Baht 258 million (2) cash inflows from dividends received from jointly-controlled entity in the amount of Baht 165 million (3) cash outflows from currency translation differences of Baht 512 million, and (4) cash outflows from other activities of Baht 10 million.
- Net cash used in financing activities was Baht 975 million; mainly consisting of cash paid for finance costs, repayment on long-term loans, and repayment on short-term loans from related parties.

**Table 5: Financial Ratios**

Financial Ratios	30 Jun 2015	31 Dec 2014
Current Ratio (x)	0.27	0.33
Interest-Bearing Debt to Equity Ratio (x)	N.A.	9.62

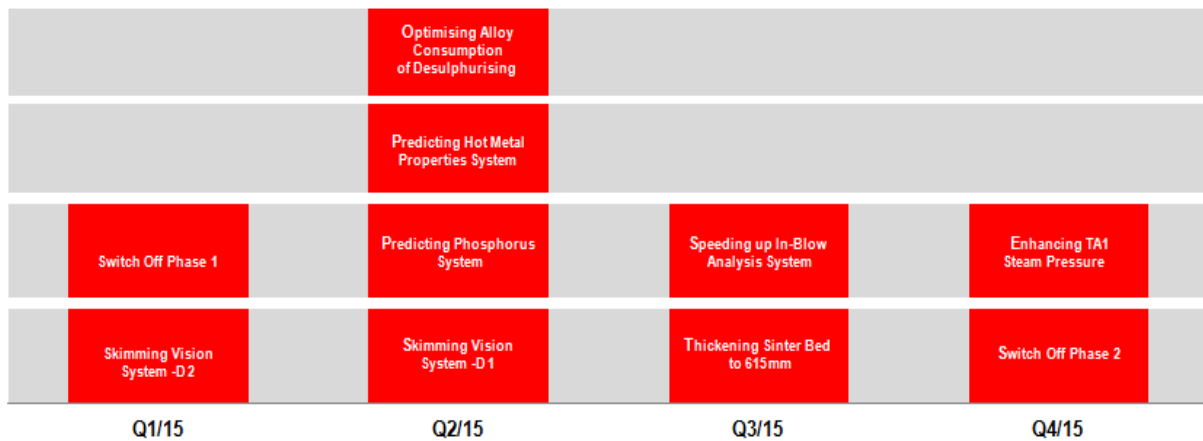
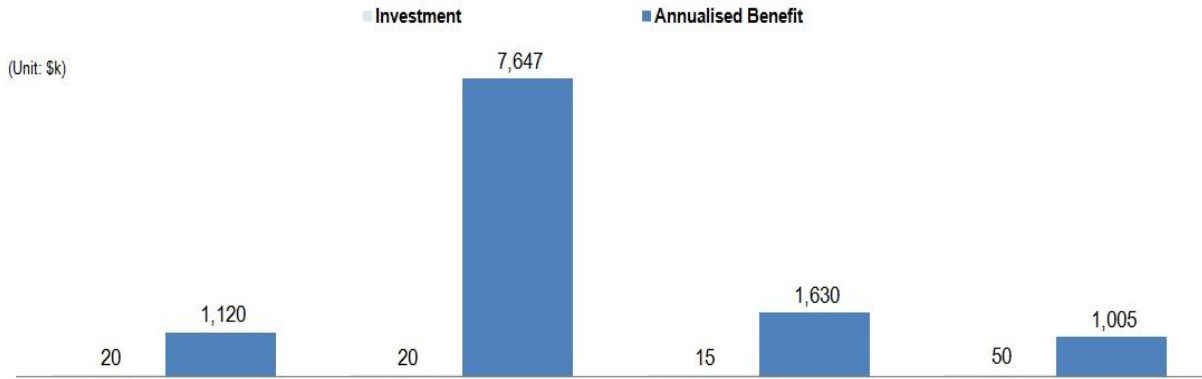
As at 30 June 2015, long-term loan granted from financial institution to the Group in the amount of Baht 20,595 million was classified as a current liability. The stated loan will be classified back from current liability to long-term liability in Q3/2015 as the Group has obtained the waivers of breaches of loan rescheduling and covenant ratios from financial institutions in August 2015.

As at 30 June 2015, total shareholders' equity decreased to negative Baht 990 million as a result of the Group's operating loss.

7. Ongoing Projects

Upstream Business’s Quick-win Projects

SSI UK has an investment plan in Quick-win projects, a series of small projects which require small amount or zero capital expenditure with short delivery, but contribute high return and quick payback. These investment projects aim to improve the business’s competitiveness and profitability. There are 10 near-term Quick-win projects planned in 2015 requiring capital expenditure approximately USD 0.11 million. Expected benefits are approx. USD 11.40 million per annum, as detailed below:



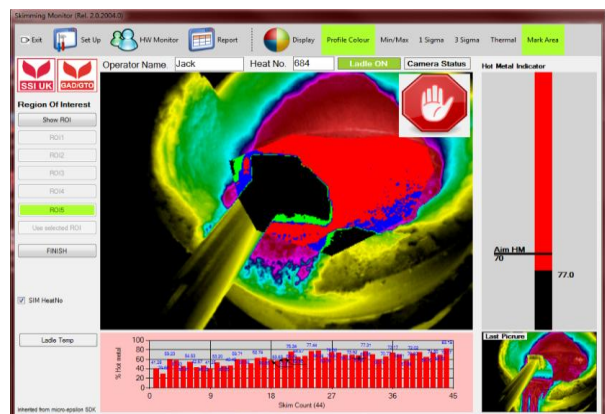
Note: Project’s titles have been changed for pertinent meaning.

Examples of the Quick-win Projects delivered in Q2/2015:

Skimming Vision System - D1

Skimming Vision System - D1 was undertaken following the excellent benefits achieved from Skimming Vision System - D2, which was completed in Q1/2015. The installation of the thermal image camera will enhance operator’s visualization and accuracy of skimming process or removal of sulphur bearing slag from the hot metal ladle, and reduce iron lost during skimming which will lead to the yield improvement.

The investment is USD 0.02 million. The system was fully installed and commissioned at the end of April 2015, and the project has paid back within 2 months.



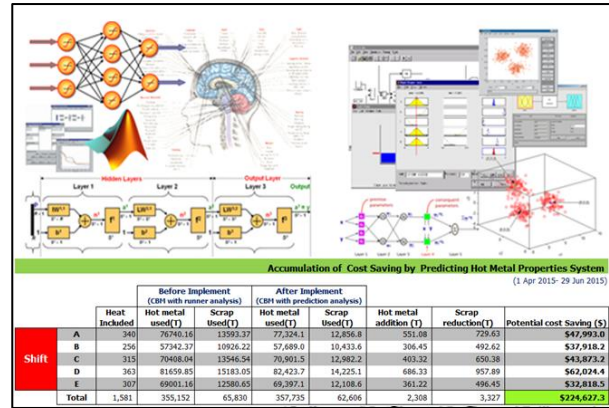
This picture shows the view on screen during skimming.

**Predicting Hot Metal Properties System**

The project is creating software using a Neural Model to forecast chemistry and temperature of the hot metal. This is in order to increase the accuracy in scrap preparation at Steelmaking whilst reducing the total amount of scrap used.

With in-house development, there is no capital investment required for this project.

The project was completed April 2015. The accumulated benefit since since commissioning until the end of June 2015 was USD 0.22 million.



This picture shows the guide line of Neural Model.

**8. Recent Development**

**Key Development in Manufacturing in Q2/2015**

**An Automatic Acid Valve Switch System Project**

To reduce the danger of chemical contact to human from the leak of gasket or broken acid pipe when manually switching on the valve during draining acid from one tank to another tank after Fe concentration is over standard limit in Pickling and Oiling process. Automatic acid valve switch was designed resulting in no manual to switch on-off the acid valve and the reduction in danger from direct chemical contact. Moreover, chances of employees' forgetting to switch off the acid valve which may lead to production problem are also lower.

**Yield Loss Reduction from De-coiling Scratch Defect Project**

In Skinpass process of HRC Pickled and Oiled (HRC PO) at Skinpass Mill No.1 before Pickled and Oiled process, de-coiling scratch defect losses were continuously found in high level, especially less than 3.6 mm thickness HRC PO. One of major causes of de-coiling scratch defect is the loose coil from HSM coiler and the improper entry tension of Skinpass Mill. New entry tension of Skinpass Mill No. 1 was designed by minimizing the tension level without or the least effect on production and strip quality. After the new design entry tension, de-coiling scratch defect losses were reduced from 2.52% to 1.95% which could save cost approx. Baht 2.8 million per year.

**Recent Development of WCE**

At the end of Q2/2015, WCE had a backlog order for all businesses of Baht 134 million to be delivered within the second half of this year, including 1) Maintenance Management Business Baht 27 million; 2) Machinery Engineering Business Baht 15 million; 3) Steel Structure and Fabrication Business Baht 58 million, and 4) Engineering Procurement and Construction Business Baht 34 million.

During Q2/2015, WCE received new orders amounting Baht 163 million, including 1) Maintenance Management Business Baht 63 million; 2) Machinery Engineering Business Baht 6 million; 3) Steel Structure and Fabrication Business Baht 53 million; and 4) Engineering Procurement and Construction Business Baht 41 million.

### Good Corporate Governance and Corporate Social Responsibility

- 1) On 1 April 2015, group members of Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute (TEI) arranged activities to learn and exchange ideas on social and community development, environmental management, as well as visited hot-rolled coil production process at SSI Bangsaphan Steelworks.
- 2) On 7 April 2015, SSI's Community Relations team brought Ban Don Sa-nga Youth Council, from Kamnerd Noppakhun Subdistrict, to receive Baht 67,300 fund for "Community Strengthening to Prevent and Resolve Drug Problem by Youth Project" from the Fund Administration Ministry of Social Development and Human Security of Prachuap Khiri Khan Province. The handover ceremony was held at Singhakorn Conference Room, Prachuap Khiri Khan City Hall.
- 3) On 10 April 2015, SSI's executives and staff joined activities on Mae Ramphueng Subdistrict's Elderly Day 2015 at Mae Ramphueng Subdistrict Administration Office, Bangsaphan District, Prachuap Khiri Khan. The event aimed at preserving cultural traditions and expressing gratitude to the elderly. The activities included sprinkling water on the Buddha image, pouring water onto the elders' hands, arranging recreation and exercise activities for the elderly, with 729 elderly people joining the event. Moreover, SSI supported gifts for elderly people who participated in the event.
- 4) On 20 April 2015, SSI held the 26<sup>th</sup> Annual General Meeting of Shareholders at Crystal Ballroom, Tawanna Hotel, Bangkok. The meeting was attended by SSI's Board of Directors, management team, shareholders and proxies. In addition, SSI has supported the feminine occupational group, Bangsaphan District, Prachuap Khiri Khan, by purchasing their liquid hand wash product as souvenirs for the shareholders, with an aim to continuously support local product.
- 5) On 24 April 2015, SSI received Certificate of ESG100 Company from Thaipat Institute, as a listed company in the category of Industrials with outstanding Environmental, Social and Governance (ESG) performance, which assesses the business sustainability development of 567 listed companies. ESG100 also provides baseline data for investors looking for listed companies with outstanding ESG achievements.
- 6) On 30 April 2015, Sahaviriya Steel Industries Plc. (SSI), Thai Cold Rolled Steel Sheet Plc.(TCRSS), NS Blue Scope (Thailand) Ltd. (NS Blue Scope), Siam United Steel (1995) Co., Ltd (SUS) and Nippon Steel & Sumikin Galvanizing (Thailand) Co., Ltd (NSGT), handed over Baht 100,000 fund raised from "the 7<sup>th</sup> Thailand Iron Man Mini Marathon" to the Universal Foundation for Persons with Disabilities. The fund aimed to support "Turning Burden into Strength Project," launched by the foundation on the occasion of the 11<sup>th</sup> Love for Disabilities Day, at the National Broadcasting Services of Thailand (NBT) Office.
- 7) On 16 May 2015, Arsa Bangsaphan Youth Group, supported by Sahaviriya Group, handed over funds raised from selling PRAY FOR NEPAL T-shirts, to the United Nations International Children's Emergency Fund Thailand (UNICEF Thailand) to help Nepal earthquake victims. This activity was held under "Youth Volunteering Project for Society" which aims to support the youth in Bangsaphan to cultivate public mind among children, make good use of their free time, and stay away from drugs.
- 8) On 3 June 2015, SSI together with Thailand Business Council for Sustainable Development (TBCSD), and Thailand Environment Institute (TEI), joined forces in a press conference to announce the Company's intention to launch Green Meetings, at Vibhavadi Ballroom A, Centara Grand, Central Plaza Ladprao, Bangkok. The event was held by TBCSD to promote efficient use of natural resources consumption and reduce environmental impact which will lead to sustainable development.
- 9) On 5 June 2015, SSI's executives and staff collaborated with Mae Ramphueng Subdistrict Administration Organization, local entrepreneurs and residents in Bangsaphan District, totaling 558 people, to join "SSI Beach Clean-Up". The activities included cleaning and improving the appearance along 3 kilometers of Mae Ramphueng beach, Bangsaphan District, Prachuap Khiri Khan, on the occasion of the World Environment Day 2015, with an aim to support environmental conservation and reduce global warming.
- 10) On 18 June 2015, the Committee of Sahaviriya Fund for Bangsaphan Educational Development Project, consisting of academic advisors from Office of the Basic Education Commission of Thailand (OBEC), Ministry of Education, Director of the Office of Prachuap Khiri Khan Primary Educational Service Area Zone 1 and Sahaviriya Group's executives, together attended a presentation, regarding the launch of "Sahaviriya Fund for Bangsaphan Educational Development Project 2015" (4th generation), to inform school executives in Bangsaphan District about the project and recruit schools which are interested in joining the project and submitting a 3-year educational development plan to win Baht 1.2 million fund. The purpose of this project is to promote and develop education in Bangsaphan District in 3 dimensions including schools, teachers and students, by focusing on sustainable development.
- 11) On 23 June 2015, SSI collaborated with the Natural Resources and Environmental of Prachuab Khiri Khan to arrange Super Smart & Intelligent Kids (SSI Kids) Project 2015, with an aim to support the youth to realize the importance of water, environment and water pollution issue. The youth were encouraged to learn to take water samples, test water quality and set up SSI Kids Network to take care of water sources in their communities. There were 140 students from Mattayom 5 in Mae Ramphueng Subdistrict joining the event.

- 12) On 26 June 2015, SSI collaborated with Ban Don Sa-gna Youth Council, Kamnerd Noppakhun Subdistrict, to arrange a workshop on "How to sustainably overcome drug problem." SSI invited a guest speaker from Bangsaphan Police Station, Border Patrol Police Company 147, and Security Affairs of Bangsaphan District, to provide a workshop for 130 young people. After this event, Ban Don Sa-gna Youth Council aims to launch a plan and create guidelines to protect their community from drug problem in a sustainable way. The workshop is an activity under "The Strengthening Community Program to Prevent and Resolve Drug Problem by Youth Project," supported by the Fund Administration Ministry of Social Development and Human Security of Prachuap Khiri Khan Province.
- 13) SSI staff arranged SSI Volunteering Project under "25th Anniversary of SSI, 250 Goodness, A Thousand Hearts of SSI Arsa". In Q2/2015, total of 3 activities were arranged with the participation of 76 SSI staff members, 9 residents, in total of 85 people with 680 volunteering service hours in the following areas:
- During 27 - 28 April 2015, painting a school building at Mattayom Noppakhun School.
  - During 27 - 30 April 2015, building a rain gutter for an auditorium at Bangsaphan School.
  - During 12 - 26 May 2015, fixing a crematorium at Tung Kratai Thong Temple in Phongprasas Subdistrict.

## Current Status of Trade Remedy Measures against Imported Hot-rolled Flat Steel and Cold-rolled Flat Steel

### Safeguard Measure

#### *Safeguard Measure*

- For the case of *Safeguard Measure on HRC with other elements added in coils and not in coils*, Department of Foreign Trade announced the Notification on initiation of a review regarding the extension of a safeguard measure, effective date on 18 July 2015 (existing measure is effective until 26 February 2016).

#### *Anti - dumping Measure*

- For the case of *Anti-dumping Measure on HRC whose origins are from 14 countries*, the Committee on Dumping and Subsidies announced the Notification on Sunset Review to extend the measure with the same duty rates for 5 years, effective from 23 May 2015 to 22 May 2020.
- For the case of *Anti-dumping Measure on HRC whose origins are from Brazil, Iran, and Turkey*, The Company has filed a petition for Anti-Dumping Measure to Department of Foreign Trade on 22 May 2015. The Investigation is expected to initiate in October 2015

### Development on Capital Structure

- On 22 May 2015, one of the Company's Convertible Debentures No. 1/2012 ("Convertible Debentures") holders exercised conversion rights to convert the convertible debentures of 4 units in an aggregate principal amount of Baht 4,000 into 4,000 ordinary shares of the Company's, at the par value of Baht 1 per share. The Company has registered its paid-up capital increase from Baht 32,166,258,124 to Baht 32,166,262,124 accordingly. The Company also has completed the last interest payment, together with the principal repayment of the remaining Convertible Debentures of 275 units amounting to Baht 275,000 to all holders of Convertible Debentures on 25 May 2015.

### Appendix

**Table 6: World Crude Steel Production**

Unit: million tons	2015	2015	+/-	2014	+/-	2015	2014	+/-
Region	Q2	Q1	QoQ	Q2	YoY	Jan-Jun	Jan-Jun	YoY
EU	44.16	43.38	+2%	43.85	+1%	87.54	87.65	-0.1%
North America	28.07	28.19	-0.4%	29.80	-6%	56.27	59.28	-5%
South America	11.21	11.08	+1%	11.18	+0.2%	22.29	21.99	+1%
China	207.81	200.02	+4%	208.56	-0.4%	407.82	409.61	-0.4%
Asia (ex. China)	71.69	71.01	+1%	72.39	-1%	142.70	143.26	-0.4%
Others	46.95	45.10	+4%	49.15	-4%	92.05	96.16	-4%
<b>Total</b>	<b>409.89</b>	<b>398.77</b>	<b>+3%</b>	<b>414.93</b>	<b>-1%</b>	<b>808.66</b>	<b>817.95</b>	<b>-1%</b>

Source: World Steel Association

**Table 7: Average Prices of Slab, HRC, and Other Raw Materials**

Unit: USD/ton	Q2/2014	Q3/2014	Q4/2014	Q1/2015	Q2/2015	Q3/2015
	Actual	Actual	Actual	Actual	Actual	Estimate
Coking Coal (FOB Australia)	108-113	108-113	107-112	95-110	81-93	80-88
Iron Ore (CFR China)	90-120	79-99	67-84	52-72	48-67	45-60
Slab (CFR East Asia import)	515-540	495-520	405-490	323-385	310-330	290-310
HRC (FOB China)	504-523	422-508	412-488	368-458	339-375	307-335
Scrap (FOB Netherland)	332-349	328-386	273-322	213-307	225-253	192-222

**Table 8: Car and Home Appliance Production in Thailand**

Unit: million units	2015	2015	%	2014	%	2015	2014	%
	Q2	Q1	QoQ	Q2	YoY	Jan-Jun	Jan-Jun	YoY
Car Production <sup>1)</sup>	0.41	0.52	-21%	0.43	-5%	0.94	0.95	-2%
Refrigerator Production <sup>1)</sup>	1.06	0.94	+12%	1.05	+0.4%	2.00	1.99	+0.1%
Air Conditioner Production <sup>2)</sup>	<b>3.58</b>	<b>3.78</b>	<b>-5%</b>	<b>3.42</b>	<b>+5%</b>	<b>7.36</b>	<b>7.26</b>	<b>+1%</b>

Sources: <sup>1)</sup> Car Production information published by Thailand Automotive Institute

<sup>2)</sup> Refrigerators and Air Conditioners Production information published by Bank of Thailand

**Table 9: HRC Apparent Steel Supply**

Unit: tons	2015	2015	%	2014	%	2015	2014	%
	Q2	Q1	QoQ	Q2	YoY	Jan-Jun	Jan-Jun	YoY
	644,062	544,661	+18%	704,175	-9%	1,188,723	1,247,571	-5%
Import	801,896	950,252	-16%	1,000,429	-20%	1,752,148	1,891,495	-7%
Export	2,484	3,094	-20%	5,722	-57%	5,578	19,208	-71%
<b>Total</b>	<b>1,443,474</b>	<b>1,491,819</b>	<b>-3%</b>	<b>1,698,882</b>	<b>-15%</b>	<b>2,935,293</b>	<b>3,119,858</b>	<b>-6%</b>

Source: Iron and Steel Institution of Thailand for actual data and the Company's estimate

**Table 10: HRC Apparent Steel Supply (Estimate for 2014)**

Unit: tons	2014	Q1/2015	Q2/2015	Q3/2015	Q4/2015	2015	% YoY
	Actual	Actual	Actual	Re-estimate	Re-estimate	Re-estimate	
Domestic Production	2,578,170	544,661	644,062	675,000	800,000	2,663,723	+3%
Import	3,895,809	950,252	801,896	750,000	820,000	3,322,148	-15%
Export	24,591	3,094	2,484	3,000	3,000	11,578	-53%
<b>Total</b>	<b>6,449,388</b>	<b>1,491,819</b>	<b>1,443,474</b>	<b>1,422,000</b>	<b>1,617,000</b>	<b>5,974,293</b>	<b>-7%</b>

Source: Iron and Steel Institution of Thailand for actual data, and the Company's estimate

**Table 11: Summary of Consolidated Financial Results**

<b>Consolidated</b>								
Unit: million Baht	2015 Q2	2015 Q1	+/- QoQ	2014 Q2	+/- YoY	2015 Jan-Jun	2014 Jan-Jun	+/- YoY
Sales and service revenues	11,867	11,023	+8%	18,051	-34%	22,890	37,062	-38%
Cost of sales and service	13,770	12,927	+7%	18,433	-25%	26,697	37,894	-30%
Gross profit (loss)	(1,903)	(1,904)	+0.1%	(382)	-398%	(3,807)	(832)	-357%
SG&A	509	384	+32%	369	+38%	893	726	+23%
Provision for loss under onerous contracts (reversal)	18	(66)	+127%	(129)	+114%	(49)	(218)	+78%
Gain on sales of investments in jointly-controlled entity	-	-		-		-	-	
EBITDA <sup>1)</sup>	(1,777)	(1,654)	-7%	0.3	N.A.	(3,431)	76	N.A.
Interest expense	830	778	+7%	786	+6%	1,608	1,617	-1%
Depreciation and amortisation	633	593	+7%	628	+1%	1,227	1,267	-3%
Income tax (reversal)	(4)	1	-659%	(8)	+42%	(4)	(5)	+31%
Realised FX gain (loss)	(159)	(105)	-52%	(170)	+7%	(264)	(139)	-90%
Unrealised FX gain (loss)	205	32	+539%	24	+741%	237	35	+573%
Net profit (loss)	(3,236)	(3,026)	-7%	(1,406)	-130%	(6,262)	(2,803)	-123%
EPS (Baht)	(0.10)	(0.09)	-7%	(0.04)	-130%	(0.19)	(0.09)	-123%

**Table 12: Financial Results by Business**

Unit: million Baht	2015 Q2	2015 Q1	+/- QoQ	2014 Q2	+/- YoY	2015 Jan-Jun	2014 Jan-Jun	+/- YoY
<b>Sales and Service Revenues<sup>1)</sup></b>								
<b>Consolidated</b>	<b>11,867</b>	<b>11,023</b>	<b>+8%</b>	<b>18,051</b>	<b>-34%</b>	<b>22,890</b>	<b>37,062</b>	<b>-38%</b>
HRC Business	5,252	5,446	-4%	8,602	-39%	10,698	18,772	-43%
Upstream Business	6,465	5,422	+19%	9,233	-30%	11,887	17,921	-34%
Port Business	33	36	-8%	33	+1%	69	66	+4%
Engineering Business	118	119	-1%	172	-32%	237	300	-21%
<b>EBITDA<sup>1)</sup></b>								
<b>Consolidated<sup>2)</sup></b>	<b>(1,777)</b>	<b>(1,654)</b>	<b>-7%</b>	<b>0.3</b>	<b>N.A.</b>	<b>(3,431)</b>	<b>76</b>	<b>N.A.</b>
HRC Business <sup>3)</sup>	334	(350)	+195%	586	-43%	(17)	1,548	-101%
Upstream Business	(2,177)	(1,252)	-74%	(531)	-310%	(3,430)	(1,413)	-143%
Port Business	50	44	+14%	36	+37%	94	80	+16%
Engineering Business	7	(2)	+384%	(25)	+127%	4	(14)	+132%
Elimination of Related Parties Transaction	10	(93)		(66)		(83)	(125)	
<b>Net Profit (Loss)<sup>1)</sup></b>								
<b>Consolidated<sup>4)</sup></b>	<b>(3,236)</b>	<b>(3,026)</b>	<b>-7%</b>	<b>(1,406)</b>	<b>-130%</b>	<b>(6,262)</b>	<b>(2,803)</b>	<b>-123%</b>
HRC Business	(222)	(865)	+74%	27	-928%	(1,087)	374	-391%
Upstream Business	(3,045)	(2,073)	-47%	(1,347)	-126%	(5,118)	(3,048)	-68%
Port Business	20	10	+106%	6	+212%	30	20	+51%
Engineering Business	1	(5)	+115%	(32)	+102%	(4)	(30)	+86%
Elimination of Related Parties Transaction	(1)	(101)		(64)		(101)	(126)	
Non-controlling Interest	11	8		4		19	7	

<sup>1)</sup> Revenues of each business unit are shown as net revenues after elimination of related parties transactions while EBITDA and Net Profit (Loss) are shown as amount before elimination of related parties transactions.

<sup>2)</sup> TCRSS and Redcar Bulk Terminal Ltd transactions are recorded under equity method.



Table 13: Condensed Consolidated Statements of Financial Position

Unit: million Baht	As of 30 Jun 15	As of 31 Dec 14	+/-
<b>Assets</b>			
Accounts Receivable	4,496	5,312	-15%
Inventories	10,093	13,629	-26%
Other Current Assets	4,784	4,068	+18%
<b>Total Current Assets</b>	<b>19,374</b>	<b>23,009</b>	<b>-16%</b>
Property, Plant and Equipment	50,301	50,513	-0.4%
Investments in jointly-controlled entities	3,285	3,419	-4%
Other Non-Current Assets	363	353	+3%
<b>Total Assets</b>	<b>73,322</b>	<b>77,293</b>	<b>-5%</b>
<b>Liabilities and Equity</b>			
S/T Debt and Current Portion of L/T Interest-Bearing Debts	52,660	52,373	+1%
Accounts Payable	9,012	10,852	-17%
Other Current Liabilities	10,467	6,452	+62%
<b>Total Current Liabilities</b>	<b>72,139</b>	<b>69,677</b>	<b>+4%</b>
L/T Interest-Bearing Debts	151	143	+5%
Other Non Current Liabilities	2,023	2,013	+0.5%
<b>Total Liabilities</b>	<b>74,312</b>	<b>71,833</b>	<b>+3%</b>
Equity Attributable to Owners of the Company	(1,777)	4,660	-138%
Non-controlling Interests	786	800	-2%
<b>Total Equity</b>	<b>(990)</b>	<b>5,460</b>	<b>-118%</b>
<b>Total Liabilities and Equity</b>	<b>73,322</b>	<b>77,293</b>	<b>-5%</b>

Table 14: Condensed Statement of Cash Flow

Unit: million Baht	Jan-Jun 2015
<b>Net cash from in operating activities</b>	<b>1,373</b>
Dividends received from jointly-controlled entity	165
Purchases of property, plant and equipment	(258)
Currency translation differences	(512)
Other investments	(10)
<b>Net cash from investing activities</b>	<b>(614)</b>
Net Proceeds from issuance of ordinary shares	0
Finance cost paid	(838)
Proceeds from bank overdrafts and short-term loans from financial institutions	72
Repayment on short-term loan from related parties	(201)
Repayment on long-term loans	(6)
Cash received from (paid for) other financing activities	(2)
<b>Net cash from financing activities</b>	<b>(975)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(216)</b>
Cash and cash equivalents at 1 January 2015	351
Effect of exchange rate changes on balance held in foreign currency	5
<b>Cash and cash equivalents at 30 June 2015</b>	<b>140</b>

### About SSI

**Sahaviriya Steel Industries PLC.** or SSI is ASEAN's largest fully-integrated flat steel producer with 4 million tons annual capacity of hot rolled steel sheet in coils (HRC). SSI endeavors to supply premium-grade steel sheets to cater to the region's growing demand in various sectors such as automobile, energy, transportation and construction sectors. In the upstream business, SSI owns SSI Teesside, a 3.6 million tons per annum fully-integrated iron-steel making plant located in Redcar in the northeast of UK, through a wholly-owned subsidiary **Sahaviriya Steel Industries UK Limited** ("SSI UK"). SSI Teesside supplies premium-grade steel slabs to SSI to feed its growing demand, as well as to other rolling mills around the world. In the downstream business, SSI has investments in joint-venture downstream plants: namely **Thai Cold Rolled Steel Sheet PLC.** ("TCRSS") - Thailand's first and largest cold roll mill, and **Thai Coated Steel Sheet Co., Ltd.** ("TCS") - Southeast Asia's first and largest electro-galvanizing line. All SSI's plants in Thailand are located on a world-class coastal industrial site in Bang Saphan, Prachuap Khirikhan Province, 400km south of Bangkok on the western peninsula of Thailand, where they are efficiently integrated with its privately-owned deep-sea port (**Prachuap Port Co., Ltd.** or PPC), which allows import of raw materials and export of finished products in large economy of scale. SSI extends its engineering capabilities into its wholly-owned subsidiary, **West Coast Engineering Co., Ltd.** or WCE, which specialises in engineering, maintenance, spare parts production, fabrication, erection and commissioning service. Our people's passion and energy is captured in the Company's vision statement - "innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders."

For more information, please visit <http://www.ssi-steel.com>

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