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7 May 2012

Mr Geoffrey Gleeson
Director, Operations 3
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Dear Mr Gleeson

Public File

ATM Correspondence 2012/13 - HSS exported from China, Korea, Malaysia, Taiwan and Thailand – Investigation No. 177 – Market Situation for HSS in Thailand

OneSteel ATM observes that it is not in dispute that a price ceiling on HRC sold in Thailand has been in operation throughout the investigation period. However, in its preliminary findings Customs concluded that on the evidence available it did not believe the price ceiling had a material effect on domestic HRC prices.

The Government of Thailand and the industry participants acknowledge the operation of the price ceiling mechanism, with the industry participants confirming the mechanism has an impact on the industry's financial performance. It is therefore reasonable to question what is the worth of such a mechanism if it is not having the desired affect? If no effect, why would industry participants seek to have it removed?

The available public information indicates that the Government of Thailand influences the domestic price level of HRC sold in Thailand and that this substantially impacts the selling prices for HSS in Thailand. OneSteel ATM disagrees with Customs and Border Protection's preliminary assessment that there was not a market situation in the Thai HSS market during the investigation period[1] and welcomes the comments that "*publicly available information recently observed by Customs and Border Protection is considered to provide some further support to ATM's allegations of a market situation in Thailand*"[2].

The information referred to by Customs and Border Protection relates to news articles in which the President of Thailand's largest HRC manufacturer SaraViriyha Steel Industry ("SSI") is quoted as stating that sales revenues were down because of the "cap" on the steel price, despite "*escalating costs of raw material*". Further, SSI attributed the loss in the second quarter of 2011 to three factors including the HRC Steel ceiling cap[3] (see Non-Confidential Attachment 1).

The SSI President was further quoted in MetalBulletin on 15 August 2011 (refer Non-Confidential Attachment 2):

[1] Statement of Essential Facts No. 177, P.29.
[2] SEF 177, P.29.
[3] www.thailand4/com.fin/2011-08-15/813fbded5c98f8623e230a7c927fc0f4/

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"However, the domestic price of commercial-grade HRC did not keep pace with the cost increases, as the suggested HRC ceiling price set by the department of internal trade from the ministry of commerce in Thailand had been kept at 24,500 baht per tonne."

It has also been observed in the Finance Analysts' Report of Kim Eng Research Pte Ltd (refer copy at Non-Confidential Attachment 3):

"The only SSI hit was a loss of around -Bt391mn on high slab costs with the HRC price not keeping pace with the cost increase due to the ceiling price set by the Department of Internal Trade and from dumping by Chinese producers".

It is evident from the comments attributed to SSI and its President that the HRC ceiling price in Thailand was actively enforced by the Thai Government's Ministry of Commerce and that Thai domestic HRC prices were suppressed by the Government and not determined according to competitive market forces throughout the investigation period of the HSS investigation.

The subsequent impact of the suppressed domestic HRC price in Thailand was a flow-on to domestically-traded HSS (of which HRC accounts for up to 90 per cent of the HSS production cost).

SSI's comments and concerns that it traded at a loss in Q2, 2011 as it could not raise HRC prices to recover increased raw material costs supports OneSteel ATM's position that a market situation for HSS sold in Thailand throughout the investigation period is supported. It is further noted that SSI considered that it would achieve relief in Quarters 3 and 4 from anti-dumping measures to be applied to imported HRC, and **not** from the review or removal of the HRC ceiling price administered by the Ministry of Commerce.

Further to SSI's comments, a second Thai HRC producer – G-Steel Public Company Limited ("G-Steel") highlights in its 2011 Annual Report (See Non-Confidential Attachment 4) that:

"In Thailand, the pricing regulations deployed by the Department of Internal Trade on hot rolled steel sheet are being eased up. Resulted from the producers' good cooperation for a very long period of time holding the prices at a reasonable level that caused no trouble to consumers, the producers can decide with customers the selling prices based on market mechanism or normal business conditions[4]."

G-Steel's comments support the statements of SSI and its president that the Government of Thailand has suppressed the HRC price in Thailand *"for a very long period of time holding the prices at a reasonable level."* It therefore can only be concluded that the Government of Thailand has influenced the level of HRC prices in Thailand throughout the investigation period (and for lengthy periods prior to this) and that subsequently Thai HSS prices have also been influenced by the Government of Thailand's intervention of suppressing domestic raw material HRC prices.

OneSteel ATM also notes Customs and Border Protection's comment at P.143 of SEF No. 177 that it has been unable to verify OneSteel ATM's claim that imported HRC that is subsequently further-worked and re-exported is exempted from dumping duties. OneSteel ATM draws to Customs and Border Protection's attention the attached extract from SBB (of 16 August 2011 – See Non-Confidential Attachment 5):

"Some importers and users will be exempt from the duty. These include those who process the targeted HRC imports into finished products for re-export ay premises within recognized Thai Industrial Zones and those operating plants with a license issued by the Board of Investment".

[4] G-Steel Public Company Limited, 2011 Annual Report, P.9

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OneSteel ATM notes the recent USDOC Administrative Review Decision[5] where Pacific Pipe Co. Ltd and Saha Pipe Public Co. Ltd qualify for exemptions from dumping duties under the blue corner rebate scheme. This being the case, it is evident that a two-tier pricing system for HRC sold in Thailand applies.

Conclusion

The existence of the price ceiling on HRC sold in Thailand is not under challenge by the Government of Thailand. On the question of impact of the ceiling, information available in the public domain that is attributed to Thai HRC producers – SSI and G-Steel – confirms that Government of Thailand has imposed a price ceiling for the domestic price of HRC that has materially prevented Thai HRC producers from raising prices to recover increasing raw material costs. The impact of this government influence has been to similarly influence the domestic selling prices for HSS sold in Thailand such that the domestic HSS prices are not determined on a competitive basis and may be described as artificially low.

Further, SBB confirms that Thai exporters of goods that utilize imported HRC to which dumping duties apply, and the companies either operate from licensed premises or are located within industrial zones, qualify for exemption from the payment of dumping duties on imported HRC. It is therefore evident that a two-tier pricing system for HRC in Thailand applies.

The Thai HRC industry confirms OneSteel ATM's position as contained in its application for dumping measures against Thai HSS exports that there was a market situation for Thai HSS during the investigation period. OneSteel ATM respectfully requested Customs and Border Protection withdraw its preliminary view as to the absence of market situation for HSS in Thailand during the investigation period and substitute a positive finding that a market situation did exist over this period.

If you have any questions concerning this submission please do not hesitate to contact me on (07) 3342 1921.

Yours sincerely

John O'Connor
Director

Cc **Stephen Porter, General Manager Sales – OneSteel Manufacturing**

[5] USDOC Administrative Review, A549-502, 6 April 2012.

thailand press release news

SSI reports a net loss of 1,072 million Baht in Q2/11

Stocks and Financial Services Press Releases Monday August 15 2011

Bangkok--15 Aug--Sahaviriya Steel Industries

- Affected by natural disasters and external factors, and pre-operating costs of SSI UK. Expects the second half sales volume to recover and grow by 40%.
- Decides to invest more in UK for longer blast furnace life.

SSI posted a net loss of Bt. 1.072 billion in Q2/2011 with Bt. 9.511 billion total revenue from sales and services, down 20% y-o-y, as a result of sales price being capped despite escalating costs of raw material. In addition, large volume of boron-added hot-rolled coils were imported from China to exploit tax loopholes and avoid anti-dumping duty, while demand from automobile group was deteriorated since the earthquake in Japan. 2011 second half sale is expected to grow by 40% because of anti-dumping measures enforced by the government and rapid recovery of automobile group. It plans to issue convertible unsecured subordinated debentures of maximum Bt. 2.25 billion for long-term financial stability and additional investment to improve the blast furnace at Sahaviriya Steel Teesside Plant in UK, which will be ready for operation by year end.

Mr. Win Viriyaprapaikit, President of Sahaviriya Steel Industries PLC ("SSI") reveals that in Q2/2011 the Company and its subsidiaries realized total revenue from sales and services at Bt. 9.511 billion, 20% down from the same period last year. SSI's HRC business in Thailand posted a net loss of Bt. 391 million due to 3 external factors, whilst SSI UK posted a net loss of Bt. 662 million as anticipated due to pre-operating costs and expenses. In the first half of this year, SSI and subsidiaries recorded revenue from sales and services of Bt. 21.528 billion, of which Bt. 19.680 billion was SSI's from sales revenue, Bt. 5.920 billion or 23% down from the same period of last year.

"This was a challenging quarter for all Thai steel manufacturers as we experienced extraordinarily negative factors such as 1) rapidly and continuously increasing cost of raw materials due to major flood and hurricane in Australia while the government still capped the sales price ceiling of hot-rolled coil, 2) large import of boron-added hot-rolled coil from China to exploit tax loopholes and avoid anti-dumping duty, 3) 11 March 2011 earthquake and tsunami in Japan severely impacted the automobile and electronic industries' supply chain and high-grade steel demand. These natural disasters and external factors impacted our business and resulted in a loss in Q2/2011. As a matter of fact, SSI achieved 329,963 tons shipment of which majority is domestic market, 39% down from the same quarter of last year. Sales of Premium Value Products achieved 32% ratio of total sales and 6 new customers were added.

As for results from investment in jointly-controlled entity and subsidiaries in Q2/2011, SSI realized net loss of Bt. 21.3 million from investment in Thai Cold Rolled Steel Sheet PLC ("TCRSS"), a jointly-controlled entity, net profit of Bt 9.0 million from investment in West Coast Engineering Co., Ltd. ("WCE"), which is expanding its Engineering & Maintenance Service Business to external customers both domestic and overseas, and net profit of Bt. 11.1 million from Prachuap Port Co., Ltd ("PPC"), a Deep Sea Port Business,. Apart from this, SSI realized net loss of Bt. 691 million from investment in Sahaviriya Steel UK Ltd ("SSI UK").

Mr. Win said that SSI set the second half sales target to grow by 40% from first half, at 1.2 million tons equal to the second half of 2010, under the positive business outlook attributing from the new government's pro-growth policy, the government's definitive measures against dumping of hot -rolled coil from China and prompt response on investigation of boron-added hot-rolled coils dumping from China, and rapid recovery of auto industry which was previously affected by tsunami disaster. Also the Company is confident that rolling spread in Q3/2011 will return to normal because market situation has stabilized.

"Q2/2011 was a truly difficult business environment for all Thai steel manufacturers and SSI managed to pass it with minimum impact. Now, the second half of this year looks very positive considering: 1) the new government will drive pro-growth economic policies and launch several major infrastructure projects, 2) the Ministry of Commerce's definitive measures against HRC dumping from China have been enacted on August 11, 2011 to enforce 30.19% anti-dumping duty, and prompt response on investigation of boron added hot-rolled coil, which is likely to result in an emergency measure soon to be enacted, 3) demand from downstream industries such as automobiles and electronics after earthquake disaster has already recovered to near-peak levels" Mr. Win said.

Mr. Win further revealed about Sahaviriya Steel Teesside plant in United Kingdom, the integrated iron and steel making facility which SSI acquired from Tata Steel Group on March 24 and now operates under its 100%-owned subsidiary Sahaviriya Steel Industry UK Ltd ("SSI UK"). In Q2/2011, SSI UK had revenue of Bt. 1.677 billion from coke sales and coke toll manufacturing service. The company's coke production is running as normal while iron & steel production is yet to start, therefore there are pre-operating fixed cost and selling & administration expense burden which the company had already anticipated. Preparation works for production restart have progressed substantially and the steel slab production is slated to commence in December 2011. The company decided to bring forward the blast furnace reline activity, which originally was scheduled for 2017. The reline activity will instead be implemented now to take advantage of the current shutdown status, rather than to shut down again in the future. In so doing, the blast furnace will start with a new campaign and can operate continuously with a 15-20 years' life, running at lower production cost and stable production rate at 3.6 million tons per year, higher than the original plan of 3.2 million ton per year. This will lower the business risk and enhance SSI competitiveness, particularly in premium-grade steel to support the growing economy and key industries. The business integration between SSI and SSI UK will provide a platform for further growth and higher capability to respond to the market and customers' requirements, and create the largest integrated steel producer and the first global steel company in ASEAN.

To invest in the blast furnace improvement as mentioned above, SSI UK has to raise additional investment amount of US$ 140 million, comprising of US$ 90 million financial institution loan and around US$ 50 million capital injection from SSI.

In order to strengthen its financial stability and raise capital to invest in SSI UK, SSI plans to issue convertible unsecured subordinated debentures at not above 5-year term, bearing interest not above 5% per annum, and with conversion premium around 10 - 30% at a maximum amount of Bt. 2.25 billion. It plans to do a right offering of these debentures to the existing shareholders, at the ratio of 11,000 existing shares to 1 debenture, and may offer any remaining debentures to institutional investors through a private placement.

Sahaviriya Steel Industries posts $35.8 million loss in Q2

August 15, 2011 - 09:47 GMT **Location:** Singapore
Thailand's Sahaviriya Steel Industries (SSI) recorded a net loss of 1.07 billion baht ($35.8 million) in the second quarter of this year on higher raw materials costs. The figure was down by 20% year-on-year. The company made a profit of 267 million baht in the first quarter
The figure was down by 20% year-on-year. The company made a profit of 267 million baht in the first quarter.

"This was a challenging quarter for all Thai steel manufacturers as we experienced extraordinarily negative factors," SSI president Win Viriyaprapaikit said.

He blamed the losses on the flood and hurricane in Australia, which resulted in rises in costs; the earthquake and tsunami in Japan, for their effect on demand for high-grade steel; and significant imports of cheaper boron-added HRC from China.

Slab costs in the June quarter were $729 per tonne, up by 30% from the first quarter, due to the events in Australia, the company said.

"However, the domestic price of commercial-grade HRC did not keep pace with the cost increases, as the suggested HRC ceiling price set by the department of internal trade from the ministry of commerce in Thailand had been kept at 24,500 baht per tonne," SSI said.

The natural disaster in Japan badly affected the supply chain to the automotive industry, resulting in a 36% year-on-year drop in domestic consumption of pickled and oiled hot rolled coil, SSI added.

"At the same time, the domestic steel market was affected by imports of boron-added HRC from China causing some domestic customers to remain wary and defer their purchases," it said.

SSI also alleged that dumping by producers in China and Vietnam had caused the company's domestic HRC sales to cold rolling mills to drop by 77% year-on-year.

Total HRC revenues for the second quarter were 11.9 billion baht, down by 35% quarter-on-quarter, and down by 34% from the corresponding period last year.

SSI expects sales in the second half of the year to grow by 40% because of anti-dumping measures enforced by the government and the rapid recovery of the automobile sector.

On July 8, Thailand's ministry of commerce initiated a one-month investigation into alleged dumping of boron-added HRC from China, based on a petition from SSI.

A decision on whether to impose anti-dumping measures is expected by end of this month.

Thailand has already imposed a 30.19% preliminary anti-dumping duty on all HRC from China and a 38.5% preliminary anti-dumping duty on HRC from Malaysia. These measures have been in place since February, after an investigation discovered dumping by producers at the end of last year.

KIM ENG

KELIVE RESEARCH

THAILAND	STEEL	ANALYST'S MEETING	16 AUGUST 2011

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Sahaviriya Steel Industries (SSI)

A 2Q11 loss of Bt1bn with more 2H11 losses

SSI posted another disappointing quarter for 2Q11 with a loss of -Bt1bn hurt by SSI-UK with the 3Q and 4Q seeing more normalised losses of around Bt500mn per quarter as SSI books costs of the SSI UK purchase. Accounting gains from the TCP acquisition will fall to $100-150mn from the previous forecast of $320mn. We maintain our recommendation of HOLD with a fair value of Bt1.50.

♦ Poor 2Q11 loss of Bt1bn hurt by SSI-UK

Sahaviriya Steel (SSI) announced a disappointing 2Q11 loss of -Bt1bn (loss per share -Bt0.06), down from previous quarterly profit of Bt254mn and last year's Bt918mn hurt by losses at SSI-UK of -Bt662mn in pre-operations for the re-start of slab production with no slab sales in the period while incurring high SG&A and interest costs. The SG&A jumped to Bt583mn (+55% qoq, +151% yoy) and interest was Bt519mn (+24% qoq, +163% yoy). The only SSI hit was a loss of around -Bt391mn on high slab costs with the HRC price not keeping pace with the cost increase due to the ceiling price set by the Department of Internal Trade and from dumping by Chinese producers. The total sales were down to just Bt9,511mn (-21% qoq, -20% yoy).

♦ 2H11 will continue to see losses hurt by SSI-UK

In the third quarter, there will still be some additional translation costs for SSI UK to be booked at $5mn or Bt150mn. In addition, SSI will book S.G.& A. in the second quarter at $15-20mn or around Bt450-600mn per quarter and interest for the TCP purchase. We have forecast 2H11 earnings for SSI-UK to continue to loose around -Bt800-1,000mn per quarter, while SSI will see some improvement in prices by around 5-8% and slightly lower new slab costs. We have forecast the SSI only profit will be around Bt300-500mn. The consolidation will remain in a net loss of around -Bt500mn per quarter.

♦ SSI-UK postponed for another 2 months

SSI-UK has rescheduled the re-start date from Oct 1 to Dec 8, 2011 and plans to improve production efficiency and increase output from 3.2mn tonnes to 3.6mn tonnes p.a.

♦ A lower revision on earnings and maintain our HOLD

The SSI-UK delayed the re-start and gain from SSI-UK will likely be down to around $100-150mn from our previous forecast of $320mn. We have revised downward our earnings forecast based on a 2012 PER of 10x for our estimated fair value of Bt1.50 or equal the book value per share. The current share price is trading at a high discount to book value. Overall, we maintain our recommendation of HOLD.

Earnings summary

Year End Dec 31	2008	2009	2010	2011F	2012F
Sales (Btmn)	27,757	33,416	48,090	47,335	76,878
EBITDA (Btmn)	1,816	(2,124)	3,777	1,718	6,535
Normalised earnings (Btmn)	180	(4,258)	2,247	(1,667)	2,705
Earnings (Btmn)	(5,166)	1,273	2,446	2,336	2,705
Norm EPS (Bt)	0.01	(0.32)	0.17	(0.09)	0.15
EPS (Bt)	(0.39)	0.10	0.19	0.13	0.15
PER (x)	N.A.	10.4	5.4	7.9	6.8
EV/EBITDA (x)	20.4	(16.0)	8.5	34.8	9.1
BVPS (Bt)	1.2	1.3	1.5	1.5	1.7
P/BV (x)	0.8	0.8	0.7	0.7	0.6
Net debt/equity (x)	1.5	1.2	1.0	1.5	1.4
ROA (%)	-13.2%	3.0%	5.7%	4.0%	3.6%
ROE (%)	-26.7%	7.7%	13.6%	10.1%	9.4%

Source : Company reports and KELIVE Research estimates.

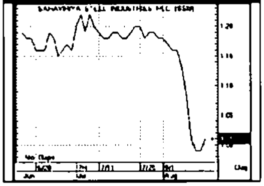
HOLD

Price (Bt)	1.01
Target (Bt)	1.50
Set Index	1,086.32

SAA Consensus

Rating	N.A.
Avg. fair value (Bt)	N.A.
High (Bt)	N.A.
Low (Bt)	N.A.

Historical Chart



Stock Information

Paid up shares (mn)	18,184.10
Par value (Bt)	1.00
Free Float (%)	27.08
Market Capitalisation (Btmn)	18,365.84
Foreign Limit (%)	49.00

Major Shareholders

Sahaviriya Group Ltd. (%)	32.74
Sahaviriya Inter Steel Holding Ltd. (%)	12.02

Analyst:
Surachai Pramualcharoenkit
http://kelive.kimeng.co.th

SEE APPENDIX I FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

SSI quarterly earnings

Btmn	2Q11	1Q11	% qoq	2Q10	% yoy	1H11	%yoy	1H/11F
Sales	9,511	12,016	-21%	11,886	-20%	21,528	-16%	45%
Other income	12	16	-24%	6	94%	29	64%	70%
COGS	9,307	10,564	-12%	9,893	-6%	19,871	-9%	46%
Depreciation & amortisation	203	190	7%	197	3%	393	-5%	31%
Gross profit	2	1,262	-100%	1,796	-100%	1,264	-65%	42%
Gross margin (%)	0%	11%	-	15%	-	6%	-	-
SG&A	583	377	55%	232	151%	960	93%	37%
SG&A/Sales (%)	6%	3%	-	2%	-	4%	-	-
EBITDA	(366)	1,092	nm	1,767	nm	725	-79%	42%
EBITDA margin (%)	-4%	9%	-	15%	-	3%	-	-
Interest expenses	519	418	24%	198	163%	937	121%	43%
Equity from subsidiary	0	18	-98%	69	-99%	18	-87%	26%
Net profit before extra item	(1,101)	481	nm	1,413	nm	(621)	nm	nm.
Extraordinary gain (loss)	29	(226)	nm	(496)	nm	(197)	nm	nm.
Net profit	(1,072)	254	nm	918	nm	(818)	nm	nm.
EPS (Bt) before extra item	(0.07)	0.03	nm	0.11	nm	(0.03)	nm	nm.
EPS (Bt)	(0.06)	0.02	nm	0.07	nm	(0.05)	nm	nm.

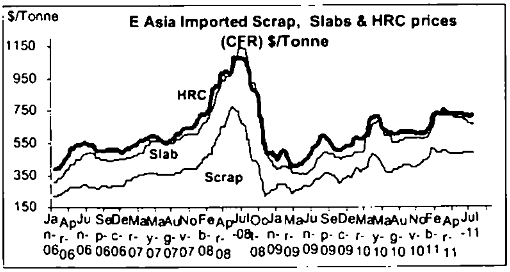
Source : Company reports and KELIVE Research estimates.. COGS does not include depreciation and amortisation.

SSI quarterly operational performance

	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Total sales (1,000 tonnes)	490	476	684	545	533	479	524	330
Sales prices (US$ /tonne)	555	590	610	665	675	730	735	760
Total sales (Btmn)	9,246	9,441	13,795	11,808	11,524	10,665	11,946	9,415
Slab imports (1,000 tonnes)	370	860	600	610	470	620	430	370
Slab CIF costs (US$/tonne)	355	465	445	540	625	590	560	730
Slab COGS (US$ /tonne)	433	437	470	505	621	621	581	654
Metal spread (US$ /tonne)	122	153	140	160	54	110	154	106
Gross margin	9.9%	15.8%	12.9%	15.1%	-0.7%	4.5%	10.5%	0.0%
Norm Profit	628	1,103	1,333	1,413	(484)	(16)	481	(1,101)
Norm EPS	0.05	0.08	0.10	0.11	(0.04)	(0.00)	0.03	(0.07)
Inventory provisioning	(659)	(13)	(23)	463	(338)	(98)	152	-
Net Profit	1,313	1,152	1,456	918	18	55	267	(1,072)
EPS	0.10	0.09	0.11	0.07	0.00	0.00	0.01	(0.06)

Source : Company reports and KELIVE Research estimates

Apr HRC steel prices stable



Source : Bloomberg / Steel Business Briefing

Revised earnings forecast

	Revision		Original		%Change	
	2010F	2011F	2010F	2011F	2010F	2011F
Sales (Btmn)	47,335	76,878	55,373	76,878	-15%	0%
Net profit (Btmn)	2,336	2,705	9,311	2,705	-75%	0%
EPS (Bt)	(0.09)	0.15	0.51	0.15	-75%	0%

Source : KELIVE Research estimates.

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Income Statement

Btmn	2008	2009	2010	2011F	2012F
Sales	27,757	33,416	48,090	47,335	76,878
Other income	33	51	38	41	57
Total revenues	**27,790**	**33,468**	**48,127**	**47,376**	**76,935**
Cost of Goods sold	25,044	35,015	43,322	43,084	67,039
Depreciation and Amortisation	567	712	785	1,251	1,751
SG&A and Others Expenses	930	576	1,028	2,575	3,360
EBIT	**1,249**	**-2,836**	**2,992**	**467**	**4,784**
Interest expenses	711	1,020	848	2,176	1,950
EBT	**538**	**-3,856**	**2,144**	**-1,709**	**2,834**
Equity Acc. + Extraordinary Gains	-5,346	5,531	199	4,003	-
Net profit	**-5,166**	**1,273**	**2,446**	**2,336**	**2,705**

Source : Company reports and KELIVE Research estimates.

Balance Sheet

Btmn	2008	2009	2010	2011F	2012F
ASSETS					
Cash & Deposits	47	51	169	50	50
Accounts receivable	3,391	2,871	2,962	3,003	3,105
Inventory	11,450	14,169	14,205	20,026	21,851
Other current assets	470	528	443	443	443
Total current assets	15,358	17,619	17,779	23,522	25,448
Investments	4,179	3,839	4,045	4,113	4,363
Property, Plant and Equipment	22,180	21,252	20,293	45,891	46,890
Other assets	69	63	375	375	375
Total Assets	**41,786**	**42,773**	**42,493**	**73,902**	**77,077**
LIABILITIES					
OD + Current portion of L-T debt	15,949	14,757	14,499	31,783	31,616
Account payable + Trust Receipt	917	3,760	3,157	3,618	4,280
Other current liabilities	228	402	523	523	523
Total current liabilities	17,094	18,919	18,180	35,924	36,419
Long term debts	7,909	6,099	4,437	9,726	9,675
Debentures + CDs	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	**25,003**	**25,018**	**22,617**	**45,650**	**46,095**
Minority Interest	769	796	842	867	892
SHAREHOLDERS' EQUITY					
Shares + Warrants	13,101	13,101	13,101	18,184	18,184
Premium on shares	(2,171)	(2,171)	(2,171)	(1,238)	(1,238)
Retained earnings + Revaluation	5,084	6,030	8,103	10,440	13,144
Total shareholders' equity	**16,014**	**16,960**	**19,033**	**27,385**	**30,090**
Total liabilities and equity	**41,786**	**42,773**	**42,493**	**73,902**	**77,077**

Source : Company reports and KELIVE Research estimates.

Statement of Cash Flow

Btmn	2008	2009	2010	2011F	2012F
Net profit	(5,166)	1,273	2,446	2,336	2,705
+ Depreciation & Amortisation	567	712	785	1,251	1,751
- Sales of fixed assets	-	-	-	-	-
+ Decrease in working capital	(3,375)	760	(522)	(5,402)	(1,264)
+ Others	5,669	(5,190)	(406)	(4,071)	(250)
Operating cash flows	**(2,305)**	**(2,445)**	**2,303**	**(5,885)**	**2,942**
Purchase of fixed assets	1	221	(138)	(26,850)	(2,750)
Investment in affiliated	(2,893)	0	-	0	-
Other investing activities	-	-	-	-	-
Investing cash flows	**(2,892)**	**221**	**(138)**	**(26,850)**	**(2,750)**
Payment of dividend	(655)	-	-	-	-
Equity Increase	10	27	46	6,041	25
Other debt financing	(6,129)	5,199	(291)	4,122	-
Internal financing cash flows	**(6,773)**	**5,226**	**(245)**	**10,163**	**25**

Source : Company reports and KELIVE Research estimates.

Definition of ratings

BUY	Share price expected to outperform the market, while earnings momentum should beat market and peers in the next 12 months.
BUY ON WEAKNESS	Share price expected to underperform the market, but earnings momentum may beat market and peers in the next 12 months.
SELL	The share price expected to underperform the market, while earnings should be below market and peers in the next 12 months.
HOLD	The share price and earnings momentum are expected to perform on par with the market and peers in the next 12 months.
FULLY VALUED	The share price will equal or underperform the market, while earnings momentum in the next 12 months may equal or be below the market and peers.
SPECULATIVE BUY	The share price is expected to be volatile on news flows that may affect the fundamentals and investors should be cautious and aware of risk in this investment.

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THAI INSTITUTE OF DIRECTORS ASSOCIATION (IOD) CORPORATE GOVERNANCE REPORT RATING 2010

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ADVANC	BMCL	ICC	NCH	RS	SIS	
AMATA	CPF	IFEC	NKI	SAMART	SITHAI	
AOT	CPN	IRPC	NMG	SAMTEL	SNC	
ASIMAR	CSL	KBANK	NOBLE	SAT	SSI	
BAFS	DRT	KEST	PSL	SC	SVI	
BANPU	EGCO	KK	PTT	SCB	TCAP	
BAY	ERAWAN	KSL	PTTAR	SCC	THCOM	
BCP	FORTH	KTB	PTTCH	SCIB	TIP	TNITY
BECL	GBX	L&E	PTTEP	SCSMG	TIPCO	TOG
BKI	GC	LPN	RATCH	SE-ED	TISCO	TOP
BLS	HEMRAJ	MCOT	ROBINS	SIM	TMB	TTA

Score Range	Number of Logo	Description
90-100	△△△△△	Excellent
80-89	△△△△	Very Good
70-79	△△△	Good
60-69	△△	Satisfactory
50-59	△	Pass
Lower than 50	No logo given	N/A

△△△△

ACAP	BROOK	DTC	KDH	NSI	PYLON	SKR	TEAM	TSC
AEONTS	BTNC	EASTW	KGI	OCC	QH	SMIT	TF	TSTE
AHC	BWG	EIC	KTC	OGC	RASA	SMK	TFD	TSTH
AJ	CCET	ESSO	KYE	OISHI	RCI	SPALI	THAI	TTI
AKR	CENTEL	FE	LANNA	PAP	RCL	SPC	THRE	TTW
AP	CFRESH	GENCO	LH	PB	RICH	SPI	TIC	TUF
AS	CGS	GFPT	LOXLEY	PDI	ROJNA	SSEC	TICON	TVO
ASK	CHUO	GL	LST	PG	RPC	SSF	TIW	TWFP
ASP	CIMBT	GLOW	MACO	PHATRA	S&J	SSSC	TK	TYM
AYUD	CITY	GOLD	MAJOR	PL	S&P	STANLY	TKT	UMI
BBL	CK	GRAMMY	MAKRO	PM	SALEE	STEC	TLUXE	UMS
BEC	CM	HANA	MATCH	POST	SAMCO	STEEL	TMT	UP
BFIT	CNS	HMPRO	MATI	PPM	SCCC	SUC	TNL	UPOIC
BGH	CPALL	IAM	MBK	PR	SCG	SUSCO	TOPP	UV
BH	CSC	INET	MFC	PRANDA	SEAFCO	SVOA	TPC	VNT
BIGC	CSR	IRC	MFEC	PREB	SHIN	SWC	TPCORP	WACOAL
BJC	DCC	IRCP	MINT	PRIN	SICCC	SYNTEC	TRC	WAVE
BNC	DELTA	ITD	MK	PS	SIMAT	TASCO	TRT	YUASA
BOL	DM	KASET	MSC	PT	SINGER	TBSP	TRU	ZMICO
BROCK	DTAC	KCE	MTI	PTL	SIRI	TCP	TRUE	

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A	CI	ETG	KC	MJD	Q-CON	STA	TNH	UST
AFC	CMO	F&D	KCAR	MLINK	RAIMON	STAR	TNPC	UT
AH	CMR	FANCY	KH	MPIC	ROCK	SVH	TONHUA	UTP
AI	CNT	FNS	KKC	NC	SAM	SYNEX	TPA	UVAN
AIT	CPI	FOCUS	KMC	NEP	SAUCE	TAPAC	TPAC	VARO
ALUCON	CRL	FSS	KWC	NEW	SCNYL	TC	TPP	VIBHA
AMC	CRANE	GFM	KWH	NNCL	SCP	TCB	TR	VNG
APRINT	CSP	GLAND	LALIN	NTV	SF	TCC	TSF	WG
ASCON	CTW	GYT	LEE	NWR	SFP	TCJ	TWZ	WIN
BAT-3K	CWT	HFT	LHK	OHTL	SHANG	TFI	TYCN	WORK
BGT	DEMCO	HTC	LRH	PAE	SIAM	TGCI	UBIS	
BLAND	DIMET	ILINK	MBAX	PATO	SMM	THANI	UEC	
BSBM	DRACO	IT	M-CHAI	PERM	SPACK	THIP	UKEM	
BSM	EASON	JCT	MCS	PICO	SPG	TKS	UNIQ	
BTS	ECL	JTS	MDX	PRECHA	SPPT	TMD	UPF	
CHARAN	ESTAR	JUTHA	METCO	PRG	SST	TNDT	US	

Source: IOD

For additional information see : http://www.thai-iod.com/en/index.asp

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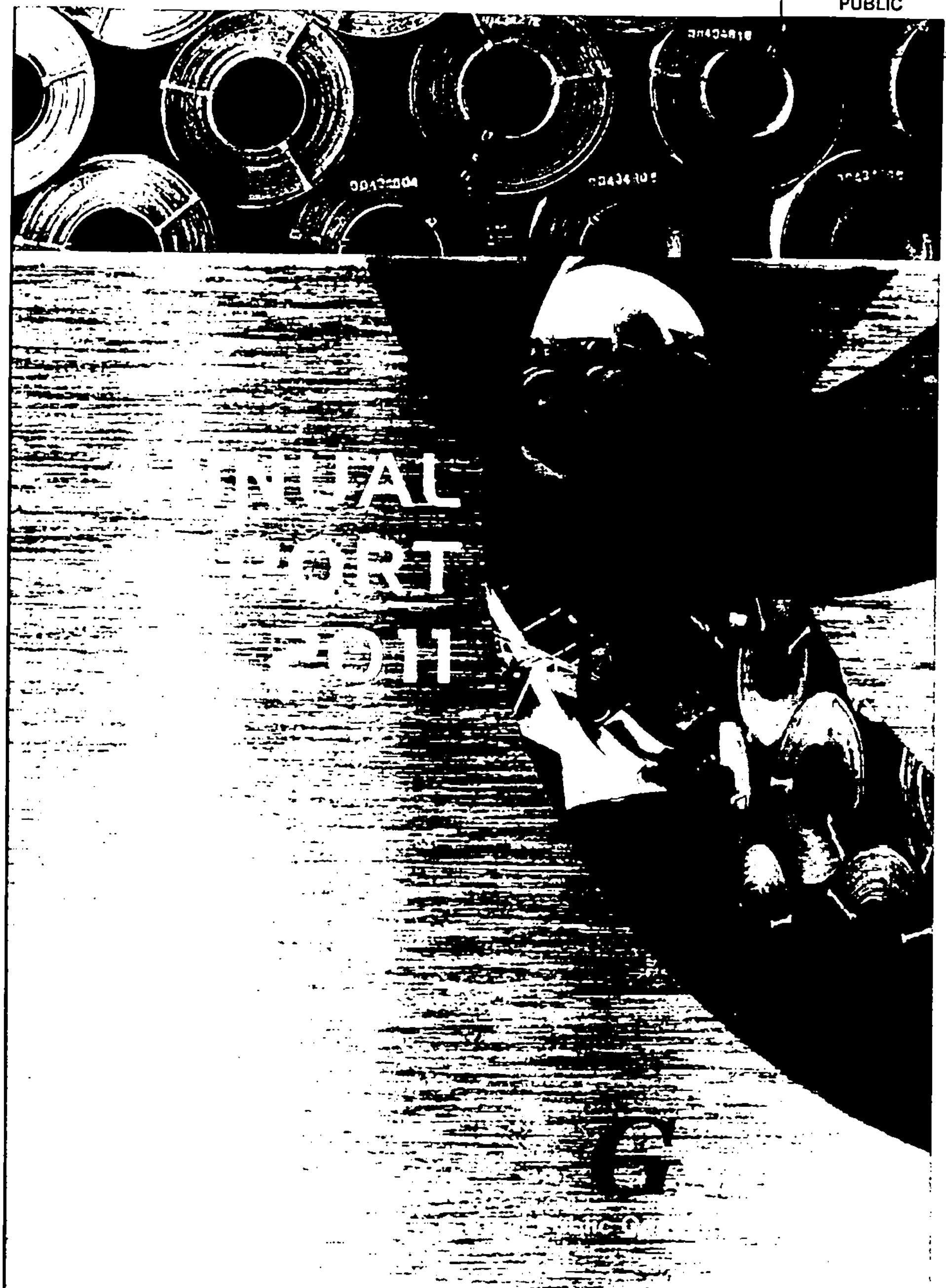
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(Unit : Million Baht)

Income	Distribution Channel	2011		2010		2009 (Restated)	
		Income	%	Income	%	Income	%
Sales form	Domestic	30,346	95.0	22,152	74.6	20,271	74.9
Hot Rolled Coil	Overseas	179	1.0	752	2.5	1,681	6.2
Less : Trade Discount		-	-	-	-	-	-
	Total	30,525	96.0	22,904	77.1	21,952	81.1
Other Income		1,305	4.0	6,802	22.9	5,111	18.9
Total Income		31,830	100	29,706	100	27,063	100

Note : The Company's other income includes sales of various scrap from production process, interest income, foreign exchange gain and consultancy fee paid by affiliates.

Future Projects

In 2011, there was progress in the expanded projects as follows :

1. For Skinpass Mill Production Line as well as tailor-made Slitting and Shearing, the Company installed machineries with readiness for operation to benefit the expanded projects of Skinpass Mill, Slitting and Shearing. Also, the Company has been already granted an approval from the Board of Investment to use the machines.

2. For Pickling and Oiling Line, and Cold Rolling of Flat Products projects, the complete machineries of approximately 90% have been installed.

According to the statistics from Iron and Steel Institute of Thailand, the total aggregated demand for hot rolled steel, including other types of steel that consume hot rolled steel as raw material, was 9.89 million tons in 2011, a growth rate of 5.3% over the previous year. The composition of hot rolled steel (carbon steel and alloy steel, excluding stainless steel) for direct use was 6.38 million tons, growing 0.8% from the previous year which was 6.33 million tons. Such growth rate was not as high as it should be due to the severe floods that impacted the downstream industries in the last quarter of 2011, and also due to a significant portion of market share taken by the unfair imported boron-added hot rolled steel from China aforementioned.

Trend of Hot Rolled Steel Sheet in 2012

Considering the economic analysis made by several specialists in Thailand and abroad, it has been identically said that the world economy in 2012 would not be fruitful. Hence the effect on demand for hot rolled steel in foreign markets tends to maintain at the previous year level. No indicators are showing growth significantly, especially in China and Japan where economies have still been slower than in the past. While in those superpowers in the Western World, the economies have fallen into stagnant to recessed states. Anyhow, many Asian countries are still the main driving force of the world economic growth due to the increasing consumption and investment, as well as Thailand's reconstruction and rehabilitation after the floods, including the government's infrastructure development projects kicked off since the beginning of the year, altogether with more plans ahead to go for. However, the difficulties due to Thai politics would tend to arise. The monetary and financial risks of the government may hamper the country's economy and development from moving forward at full speed. The Company, though, expects Thailand's economy not to be weakened as those huge troublesome economies as aforementioned.

* In Thailand, the pricing regulations deployed by the Department of Internal Trade on hot rolled steel sheet are being eased up. Resulted from the producers' good cooperation for a very long period of time holding the prices at a reasonable level that caused no troubles to consumers, the producers can decide with customers the selling prices based on market mechanism or normal business conditions.

The problems resulted from boron or other substance added steel unfairly imported to Thailand with duty and tax evasion, in the near future will be administered by the government through a new related law as in developed countries, especially in the US that have enforced for some long time such a law to prevent and punish those intentionally evading the duty and tax.

The troubles caused by dumping imported goods tend to diminish since the antidumping measures have already been enforced in those countries of high capital potential and excess production capacity. The possibility, therefore, is extremely scarce that any other countries will unfairly export hot rolled steel at a dumping price in the year 2012 and beyond. The Company is certain that the Thai government will naturally administer the interest and the economy of the country.

Steel Business Briefing
Quality News First

Thailand slaps preliminary AD duties on coil, plate imports

Wednesday, 16 February 2011
Thailand's Ministry of Commerce has levied preliminary anti-dumping duties of 30.91% against hot rolled coil, pickled coil and hot rolled plate imports from China.

In the same suit, the ministry also imposed an antidumping duty of 38.92% on imports from Malaysia's Megasteel and a 42.51% duty on shipments from all other Malaysian steel producers. The duties will take effect from 17 February, three days after the announcement was made on 14 February, a commerce ministry official tells **Steel Business Briefing**.

Some importers and users will be exempt from the duty however, the official confirms. Excused the penalties will be those who process the targeted HRC imports for re-export at premises within recognised Thai Industrial Zones, those operating plants with a licence issued by the Board of Investment, and those who import for re-export under Customs rules and regulations such as bonded warehouses.

The duties will be effective for a four-month period. The ministry is expected to issue the results of its final determination "around" that time, the official says. Anti-dumping duties on HRC imports from 14 other countries already in place, he adds.

Domestic hot rolled coil prices have been rising in anticipation ever since the duties were decided at a meeting held on 4 February, as SBB reported.