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Ref. GSTEEL/ELCID-48/2010

November 15, 2010

Subject : Additional Explanation Concerning Auditor's Opinion

To : President,  
The Stock Exchange of Thailand

G Steel Public Company Limited (the "Company") has submitted its separated and consolidated financial statements for the three-month and nine-month periods ended 30 September 2010. The auditor, KPMG Phoomchai Audit Limited ("KPMG" or the "Auditor") has not expressed an opinion concerning the consolidated and separate financial statements of the Company as at 30 September 2010 due to the concern regarding the Company's ability to continue as a going concern. Therefore, the Company would like to provide explanations in response to the Auditor's report as follows:

The Company has suffered as a result of its highly constrained working capital position. However, the Company is currently taking steps to (a) solve its liquidity problem, (b) increase access to sources of working capital and (c) restructure and recapitalize its balance sheet. Such measures include seeking new strategic and/or financial investors, seeking new working capital sources from both domestic and foreign financial institutions, seeking sources of loan refinancing with both domestic and foreign financial institutions, negotiating with suppliers, expediting debt collection processes and increasing cash-on-delivery-based sales.

The Company is in the process of taking steps to address the Auditor's one remaining concern and hopes to do so during the year-end audit process.

Please be informed and distribute accordingly.

Respectfully Yours,

*-Signature-*

( Mr. Ryuzo Ogino )

Director

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