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Ref. GSTEEL/ELCID-49/2010

November 15, 2010

Subject : Explanation on operational results of third quarter of the year 2010

To : President,
The Stock Exchange of Thailand

Reference: Financial Statements of G Steel Public Company Limited (the "Company") for the three-month period ended 30 September 2010 (the "Financial Statements")

With reference to the Financial Statements, the Company reported a consolidated net loss of THB 16 million compared to the three-month period ended 30 September 2009 (restated) net loss of THB 2,007 million. The Company (separate) reported a net profit of THB 19 million compared to the three-month period ended 30 September 2009 (restated) net loss of THB 3,097 million. With respect to these results, the Company would like to provide the following explanation as follows:

- Revenue from sales and cost of goods sold:

Consolidated revenue from sales for the three-month period ended 30 September 2010 and 2009 (restated) amounted to THB 5,669 million and THB 4,584 million. (Separate results: THB 1,696 million during the three-month period ended 30 September 2010 and THB 2,749 million for the comparable period in 2009 (restated), respectively, and consolidated gross profit (loss) amounted to THB (230) million and THB (800) million. (Separate results: gross profit (loss) THB (172) million during the three-month period ended 30 September 2010 and THB (263) million for the comparable period in 2009 (restated), respectively.) During the three-month period ended 30 September 2010, the Company's average sales price realizations were significantly higher than during the same period in 2009 (restated). Meanwhile, the cost of goods sold was higher during the three-month period ended 30 September 2009 (restated) as a result of the overhang of higher-priced raw materials. The Company's average sales price realizations increased and the cost of goods sold decreased due to inventory procurement that reflected the prevailing prices for raw materials as opposed to the same period in 2009 when the Company was still plagued by the overhang of higher-priced raw materials. Consolidated other income in the three-month period ended 30 September 2010 was lower than the comparative period in 2009 (restated) by THB 193 million (Separate results: the three-month period ended 30 September 2010 was lower than the comparative period in 2009 (restated) by THB 147 million) due to the reduction of the sale of nonconforming products.

- Net foreign exchange gain:

Consolidated net foreign exchange gain for the three-month period ended 30 September 2010 and 2009 (restated) amounted to THB 1,144 million and THB 235 million, respectively. The THB 909 million increase was a result of the strengthening of the Thai Baht relative to the US dollar. (Separate results: THB 745 million during the three-month period ended 30 September 2010 and THB 150 million for the comparable period in 2009 (restated)).

- Selling expenses:

Consolidated selling expenses for the three-month period ended 30 September 2010 and 2009 (restated) amounted to THB 56 million and THB 65 million, respectively. The THB 9 million decrease was primarily a result of a decrease in domestic sales volume. (Separate results: THB 1 million during the three-month period ended 30 September 2010 and THB 42 million for the comparable period in 2009 (restated)).

- Administrative expenses :

Consolidated administrative expenses for the three-month period ended 30 September 2010 and 2009 (restated) amounted to THB 438 million and THB 557 million, respectively. The THB 119 million reduction was primarily a result of decrease in idled facility expenses. (Separate results: THB 223 million during the three-month period ended 30 September 2010 and THB 254 million for the comparable period in 2009 (restated)).

- Provision for losses related to performance guarantees:

During the three-month period ended 30 September 2010, the Company recorded a provisional charge of THB 48 million with respect to interest on the provisional performance guarantee claim. There was no such charge during the comparable period in 2009 (restated) (Separate results: No charge in the separate results; this charge only applies to the consolidated results).

- Loss on impairment of assets:

During the three-month period ended 30 September 2010 the Company recorded loss on impairment of assets amounting to THB 12 million. The reason for this charge was the result of the Company's failure to pay an agreed upon advance to a supplier; however, the Company is currently negotiating with the supplier to extend the payment period. There was no such charge during the comparable period in 2009 (restated) (Separate results: No charge in the separate results; this charge only applies to the consolidated results).

- Loss on sale of scrap:

Loss on sale of scrap for the three-month period ended 30 September 2010 and 2009 (restated) amounted to THB 209 million and THB 76 million, respectively. The THB 133 million increase was primarily a result of an increase in inferior raw material sales volume (Separate results: Same charges apply to the separate).

- General note concerning the Company's restatement of 2009 accounts:

As reported in the notes to the Company financial statements, during the three-month period ended 30 June 2010, the Company decided to restate the Company's financial statements for prior periods as a result of (a) the Company's and its subsidiary's (G J Steel Public Company Limited's) previously under-recorded historical supplier liabilities, (b) G J Steel Company Limited's provisions for losses related to performance guarantees and (c) the Company's and its subsidiaries (including Oriental Access Company Limited's) under-recorded tax obligations and (d) the Company's decision to adjust an unusable scrap charge originally taken in the three-month period ended 31 March 2009 to the three-month period ended 31 December 2008. As a result of these restatements, the Company has decided to reissue its financial statements for the year ended 31 December 2009. Such reissuance took place on 23 September 2010. Please refer to Note 18 of the Company's Financial Statements for further information.

Please be informed and distribute accordingly.

Respectfully Yours,

-Signature-
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