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Ref. GSTEEL/ELCID-27/2011

August 15, 2011

Subject : Explanation of operational results for the second quarter of the year 2011

Attention : President
Stock Exchange of Thailand

Reference : Financial Statements of G Steel Public Company Limited (the "Company") for the three month period ended June 30, 2011

With reference to the aforementioned financial statements, the Company reported a consolidated net loss of THB 815 million and THB 2,128 million for the three month period end June 30, 2011 and 2010 respectively. The Company (separate) reported a net loss of THB 495 million and THB 1,216 million for the three month period end June 30, 2011 and 2010. To this extent, the Company would like to provide the following explanations.

- Revenue from sales and cost of goods sold:

Consolidated revenue from sales for the second quarter of year 2011 and 2010 amounted to THB 7,887 million and THB 5,853 million (separate results: THB 2,959 million for the second quarter of year 2011 and THB 1,995 million for the same period of year 2010, and consolidated gross profit (loss) for the second quarter year 2011 and 2010 amounted to THB (286) million and THB (9) million (separate results: THB (393) million for the second quarter of year 2011 and THB (93) million for the same period of year 2010). The major factor contributing to the second quarter of year 2011's deteriorated gross profit was the increases in average selling price as well as the increases in raw material price compare to the same period last year.

- Net foreign exchange loss:

Consolidated net loss on foreign exchange for the second quarter of year 2011 amounting to THB 230 million (Separate results: THB 162 million). The major contributor was the weakening of the Thai Baht versus the US dollar.

- Selling expenses:

Consolidated selling expenses for the second quarter of year 2011 and 2010 amounted to THB 68 million and THB 103 million, respectively (Separate results: THB 31 million and THB 45 million, respectively). The decreased THB 36 million is attributable to the decreases in domestic sales volume.

- Administrative expenses:

Consolidated administrative expenses for the second quarter of year 2011 and 2010 amounted to THB 342 million and THB 343 million, respectively (Separate results: THB 214 million and THB 203 million, respectively). The decrease THB 1 million is attributable to the decrease in consultant fee.

- Financial costs

Consolidated financial costs for the second quarter of year 2011 and 2010 amounted to THB 225 million and THB 386 million respectively (Separate results: THB 51 million and THB 319 million, respectively). The decrease of THB 161 million (Consolidated) and 268 million (Separate) is primarily attributable to the decrease in interest of bond due to the bond restructuring.

Please be informed.

Respectfully Yours,

-Signature-

(Mr. Ryuzo Ogino)
Director

Compliance
Tel. 0-2634-2222 Ext. 1175
Fax. 0-2634-4500
poonyaveec@gsteel.com