

29 February, 2016

Subject : Clarification of Management Discussion and Analysis for the periods
from 1 July 2015 to 31 December 2015, the changed performance was over 20%

Attn : President,
The Stock Exchange of Thailand

With reference to Siam Steel International Public Company Limited (“the Company”) has changed the fiscal year of the Company from 1 July to 30 June to be 1 January to 31 December, audited yearly statements from the period of 1 July to 31 December 2015 (present financial statement), compared with the accounting period from 1 July 2014 to 30 June 2015 (previous year of financial statement), the comparison for 6-month period and 1-year period. Therefore, for the benefit to users in comparing of the financial statement, the Company would like to compare at the same period by separate into 2 periods of 6-month period from 1 July 2015 to 31 December 2015 to be compared with 1 July 2014 to 31 December 2014, and 1-year period from 1 January 2015 to 31 December 2015 to be compared with 1 January 2014 to 31 December 2014.

The Company has submitted the consolidated financial statements for the period from 1 July 2015 to 31 December 2015, the Company’s operation has got net profit by Baht 57 million, compared with the consolidated at the same period of last year. The Company has got net loss Baht 15 million. As the net profit has been changed over 20 percent, and the Company's operation for 1 year period, from 1 January 2015 to 31 December 2015, the consolidated financial statements of the Company has got net profit Baht 13 million, compared with the consolidated financial statement at the same period of last year. The Company has got net loss by Baht 53 million. Net profit has been changed over 20 percent. The Company would like to clarify the management discussion and analysis for the period from 1 July 2015 to 31 December 2015, and from 1 January 2015 to 31 December 2015, as the following :-

1. Operating Results

Statements of Comprehensive Income for the periods from 1 July 2015 to 31 December 2015

Consolidated F/S	Six-month period 1 Jul - 31 Dec 2015		Six-month period 1 Jul - 31 Dec 2014		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
	Domestic Sales and Services - Net	916	92%	807	93%	109
Export Sales and Services - Net	75	8%	57	7%	18	32%
Total Revenues	991	100%	864	100%	127	15%
Domestic Costs of Sales and Services	690		629		61	10%
Export Costs of Sales and Services	69		54		15	28%
Total Costs of Sales and Services	759	77%	683	79%	76	11%
Domestic Gross Income	226		178		48	27%
Export Gross Income	6		3		3	100%
Total Gross Income	232	23%	181	21%	51	28%
Other Income	45	5%	2	0%	43	2,150%
Selling and Administrative Expenses	(241)	(24%)	(220)	(25%)	(21)	(10%)
Income from Operations	36	4%	(37)	(4%)	73	197%
Equity in Net Income of Associated Companies	28	3%	32	4%	(6)	(13%)
Financial Costs	(1)	(0%)	(1)	0%	0	0%
Income before Income Tax	63	6%	(6)	(1%)	69	1,150%
Income Tax	(3)	(0%)	(3)	(0%)	0	0%
Non - Controlling Interests in Subsidiaries	(3)	(0%)	(6)	(1%)	3	50%
Net Profit of the Company's Shareholders	57	6%	(15)	(2%)	72	480%
Net Profit of the Company's per Share (Baht)	0.10		(0.03)		0.12	480%

Statements of Comprehensive Income for the one-year period ending 31 December 2015 and 2014

Consolidated F/S	One-year period 1 Jan - 31 Dec 2015		One-year period 1 Jan - 31 Dec 2014		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic Sales and Services - Net	1,655	93%	1,678	90%	(23)	(1%)
Export Sales and Services - Net	129	7%	177	10%	(48)	(27%)
Total Revenues	1,784	100%	1,855	100%	(71)	(4%)
Domestic Costs of Sales and Services	1,297		1,333		(36)	(3%)
Export Costs of Sales and Services	121		157		(36)	(23%)
Total Costs of Sales and Services	1,418	79%	1,490	80%	(72)	(5%)
Domestic Gross Income	358		345		13	4%
Export Gross Income	8		20		(12)	(60%)
Total Gross Income	366	21%	365	20%	1	0%
Other Income	62	3%	47	3%	15	32%
Selling and Administrative Expenses	(458)	(26%)	(496)	(27%)	38	8%
Income from Operations	(30)	(2%)	(84)	(5%)	54	64%
Equity in Net Income of Associated Companies	48	3%	71	4%	(23)	(32%)
Financial Costs	(1)	(0%)	(4)	(0%)	3	75%
Income before Income Tax	17	1%	(17)	(1%)	34	200%
Income Tax	(3)	(0%)	(18)	(1%)	15	83%
Non - Controlling Interests in Subsidiaries	(1)	(0%)	(18)	(1%)	17	94%
Net Profit of the Company's Shareholders	13	1%	(53)	(3%)	66	125%
Net Profit of the Company's per Share (Baht)	0.02		(0.09)		0.11	125%

1.1 Analysis of Operating Results

For the periods from 1 July 2015 to 31 December 2015, the consolidated financial statements of the Company's total revenues amounted to Baht 991 million, increased by Baht 127 million or 15 percent from previous year. This was due to the increase of local sales of furniture, "Lucky" Hi-Tech building system, flood protection wall, construction services, and to increase the export sales of "Lucky" Hi-Tech building system. Mostly, increased from the local sales of furniture from sales project and flood protection wall. However, the Company still has the action plans of human resources development in marketing and production, as well as the increase of new products to response the customer's needs and to increase the sales, as well as to expand development of new products to response the customer's needs and to increase sales volume, and to expand the investment of renewable energy business to generate the stable income for the future, thus the revenues should be increased.

For the fiscal year ending 31 December 2015, the consolidated financial statement of the Company's total revenues was Baht 1,784 million, decreased by Baht 71 million or 4% from last year. This was resulted from the decrease of export sales of "Lucky" Hi-Tech building system from special project, and the decrease of sales of furniture from one subsidiary.

Total Revenues

The consolidated financial statements of the Company's total revenues for the periods from 1 July 2015 to 31 December 2015, total revenue was Baht 991 million, increased by Baht 127 million or 15 percent from last year. This was mainly resulted from the increase of domestic sales from sales project and flood protection wall. Total revenues for the periods from 1 July 2015 to 31 December 2015 was as the followings;

- Domestic sales and services of furniture, "Lucky" Hi-tech Building System, and flood protection wall amounted to Baht 863 million, increased by Baht 58 million or 7 percent from last year. This was due from the domestic sales and services of furniture, and project sales and sales of flood protection wall.

- Export sales and services of furniture, and "Lucky" Hi-tech Building System amounted to Baht 75 million, increased by Baht 18 million or 32 percent from last year. This was resulted from the export sales of "Lucky" Hi-tech Building System.

- Revenue from domestic construction services, there were 3 construction-services, total amounted Baht 53 million, increased by Baht 51 million from last year, while there was 1 construction service at the same period of last year.

The fiscal year ending 31 December 2015, the consolidated financial statement of the Company's total revenues was Baht 1,784 million, decreased by Baht 71 million or 4% from last year. This was resulted from the decrease of export sales of "Lucky" Hi-Tech building system from special project, and the decrease of domestic sales of furniture from one subsidiary of the Company. Total revenue of the year ending 31 December 2015 was as the following;

- Revenue from domestic sales and services of furniture, "Lucky" Hi-tech Building System, and flood protection wall amounted Baht 1,581 million, decreased by Baht 96 million or 6 percent from last year. This was resulted from the decrease from one subsidiary of domestic sales and services of furniture.

-Revenue from export sales and services of furniture, and “Lucky” Hi-tech Building System, amounted Baht 129 million, decreased by Baht 48 million or 27 percent from last year. This was resulted from the decrease of export sales of “Lucky” Hi-Tech Building System from special project.

- Revenue from 3 domestic construction services amounted Baht 74 million, increased by Baht 73 million at the same period of last year. While there was 1 domestic construction at the same period last year.

Other Income

The consolidated financial statements of the Company’s other income for the periods from 1 July 2015 to 31 December 2015, the other income was Baht 45 million, increased by Baht 43 million or 2,150 percent from last year. Mostly, resulted from loss of foreign currency exchange rate, while there was profit from foreign currency exchange rate in this year. Thus, the profit and loss from foreign currency exchange rate was mainly resulted from the adjustment of trade account receivable of Australian trade receivable due from the foreign exchange rate of Bank of Thailand.

For the fiscal year ending 31 December 2015, the consolidated financial statements of the Company’s other income amounted Baht 62 million, increased by Baht 15 million or 32 percent from last year. Mostly resulted from loss of foreign currency exchange rates, while there was profit from foreign currency exchange rate. The profit and loss of foreign currency exchange rate was mainly caused from the adjustment of trade account receivable from Australia in accordance with the currency exchange rate, Bank of Thailand.

Cost and Expenses

The consolidated financial statements of the Company’s total cost for the periods from 1 July 2015 to 31 December, 2015 was Baht 759 million, increased by Baht 76 million or 11 percent from last year. This was resulted from the increase of total revenues. The total cost rate of total revenues for the periods from 1 July 2015 to 31 December 2015 and at the same period of last year were 77 and 79 respectively. The ratio of total cost of sales was decreased, resulted from the increase of total revenue. This was caused to some fix cost rate decreased, and cost control was getting more effectively.

- The fiscal year ending 31 December 2015, the consolidated financial statement of the Company’s total cost of sales was Baht 1,418 million, decreased by Baht 72 million or 5 percent. This was resulted from total revenue decreased. The ratio of total cost of sales to total revenue for the year ending 31 December 2015 and as at the same period of last year were 79 and 80 respectively. Although, total revenue was decreased, but the ratio of cost of sales decreased. This was resulted from the cost control was getting more effective.

- The consolidated financial statements for the periods from 1 July 2015 to 31 December 2015, the consolidated financial statements of the Company’s selling and administrative expenses amounted Baht 241 million, increased by Baht 21 million or 10 percent from last year. This was resulted from the increase of total revenue. The ratio of selling and administrative expenses rate of total revenues for the consolidated financial statement from 1 July 2015 to 31 December 2015, and as at the same period of last year were 24 percent and 25 percent respectively. The ratio of sales and administrative expenses was decreased, resulted from the increase of total revenue, affected to some amount of fixed expenses rate decreased, and cost control was getting more effective.

- The fiscal year ending 31 December 2015, the consolidated financial statement of the Company's selling and administrative expense amounted Baht 458 million, decreased by Baht 38 million or 8 percent from last year. This was partly resulted from the decrease of total revenue and some doubtful debt of account receivable from 3 Australian trade accounts for the products of "Lucky" Hi-tech Building Systems" from special project last year. The ratio of sales and administrative expenses per total revenue of one year period ending 31 December 2015 and the same period of last year were 26% and 27% respectively. Although, total revenue was decreased, but the ratio of selling and administrative expense were decreased, resulted from the cost control was getting more effective.

- The consolidated financial statements of the Company for the periods from 1 July 2015 to 31 December 2015, the consolidated financial statements of the Company's corporate income tax, including current income tax expenses by Baht 2 million, deferred income tax was recognized as expenses by Baht 1 million, total income tax expenses by Baht 3 million. As at the same period of last year, the corporate income tax, including deferred income tax was recognized as income by Baht 1 million, and current income tax expenses by Baht 4 million, net income tax expenses by Baht 3 million.

- The fiscal year ending 31 December 2015, the consolidated financial statement of the Company's corporate income tax, including deferred income tax was recognized as expenses by Baht 1 million and current income tax expenses by Baht 2 million, total income tax expenses by Baht 3 million. As at the same period of last year, the corporate income tax, including current income tax expenses by Baht 10 million, deferred income tax was recognized as expenses by Baht 8 million, total income tax expenses by Baht 18 million.

Gross Profit

The consolidated financial statements of the Company's gross profit for the periods from 1 July 2015 to 31 December 2015 was Baht 232 million, increased by Baht 51 million or 28 percent from the last year. The gross profit ratio for the periods from 1 July 2015 to 31 December 2015 and at the same periods of last year represented 23 and 21 respectively, as the increase of gross profit from revenues increased and decreased in ratio of selling and administrative expense, resulted from the cost control was getting more effective.

The fiscal year ending 31 December 2015, the consolidated financial statement of the Company's gross profit was Baht 366 million, increased by Baht 1 million or 0.3 percent from the last year. The gross profit ratio for the fiscal year ending 31 December 2015 and at the same periods of last year represented 21 and 20 respectively. Although, total revenue was decreased, but the ratio of gross profit increased, caused from the decrease of cost control was getting more effective.

Net Profit (Loss)

The consolidated financial statements of the Company's net profit for the periods from 1 July 2015 to 31 December 2015, amounted Baht 57 million, while there was net loss amounted Baht 15 million from last year. Net profit was increased by Baht 72 million or 480 percent from last year, resulted from the Company has got profit from operation by Baht 36 million. While there was loss from operating amounted by Baht 37 million. This was resulted to the company has got profit from the operation increased amounted Baht 73 million, resulted from the increase of total revenue this year. The ratio of cost of sales to administrative expenses rate was decrease, resulted from cost control and cost management was getting more efficient. The ratio of net profit rate for the periods from 1 July 2015 to 31 December 2015, net profit rate was 6 percent, and the same periods of last year was net loss rate 2 percent.

The fiscal year ending 31 December 2015, the consolidated financial statement of the Company's net profit was Baht 14 million. As at the same periods of last year, there was net loss by Baht 53 million. This year the Company has got net profit, increased by Baht 66 million or 125 percent from last year. This was resulted from the management of cost control and expenses were getting more effectively, resulted to the cost of goods sold and administrative expenses decreased. The net profit rate for the year ending 31 December 2015, there was net profit rate 1 percent, as at the same periods of last year, there was net loss rate 3 percent.

2. Financial Positions

Statements of Financial positions as at 31 December 2015 and 30 June 2015

Consolidated F/S	31 December 2015		30 June 2015		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalents	379	12%	269	10%	110	44%
Trade accounts receivable - net	492	17%	415	15%	77	18%
Inventories - net	324	10%	365	13%	(41)	(11%)
Other current assets	40	1%	52	2%	(13)	(25%)
Total Current Assets	1,235	40%	1,101	40%	133	24%
Investments	766	25%	739	27%	27	4%
Property, plant and equipment - net	748	24%	710	25%	38	5%
Other non - current assets	339	11%	231	8%	109	47%
Total Non - Current Asset	1,853	60%	1,680	60%	174	10%
Total Assets	3,088	100%	2,781	100%	307	11%
Liabilities and Shareholders' Equity						
Short – term loans from financial institution	24	1%	-	-	24	100%
Trade accounts payable	161	5%	163	6%	(2)	(1%)
Other current liabilities	154	5%	127	5%	27	21%
Total Current Liabilities	339	11%	290	10%	49	17%
Long – term loans from financial institution	200	6%	-	-	200	100%
Liabilities under employee benefits obligation	24	1%	23	1%	1	4%
Other non - current liabilities	2	0%	2	0%	0	0%
Total Non – Current Liabilities	226	7%	25	1%	201	804%
Total Liabilities	565	18%	315	11%	250	79%
Shareholders' equity to the Company's	2,335	76%	2,279	82%	56	3%
Shareholders' equity non-controlling interests' equity	188	6%	187	7%	1	1%
Total Shareholders' equity	2,523	82%	2,466	89%	57	2%
Total Liabilities and Shareholders' Equity	3,088	100%	2,781	100%	307	11%

2.1 Analysis of the Financial Position of the Company and subsidiaries

As at 31 December 2015 and 30 June 2015

Total Assets

As at December 31, 2015 the consolidated financial statements of the Company's total assets was Baht 3,088 million, increased by Baht 307 million or 11 percent. This was mainly due from the increase in cash and cash equivalent by Baht 110 million, and increased from non-current asset, that was long-term loan to the affiliated company, amounted by Baht 100 million.

As at December 31, 2015 and June 30, 2015 the total assets of the consolidated financial statement of the Company were comprised of the following items;

- Cash and cash equivalents were 12 percent and 10 percent respectively.
- Trade accounts receivable were 17 percent and 15 percent respectively.
- Inventories were 10 percent and 13 percent respectively.
- Other current assets were 1 percent and 2 percent respectively.
- Investment in the associated companies and other companies were 25 percent and 27 percent respectively.
- Property, plant and equipment were 24 percent and 25 percent respectively.
- Other non-current assets were 11 percent and 8 percent respectively.

- Cash and cash equivalents as at December 31, 2015, amounted by Baht 379 million, increased by Baht 110 million. This was due from the end of accounting period has got net cash provided for operating activities amounted by Baht 26 million. Mostly resulted from profit before income tax, cash from financing activity from short-term loan from financial institution amounted Baht 24 million, used for the installation of Solar Cell at the Company. Long-term loan from financial institute amounted Baht 200 million used for the expansion of renewable energy investment. There was net cash used for the long-term loan investment activity which was long-term loan to the related companies by Baht 100 million. Also, cash used for the purchase of the investment in equipment by Baht 59 million. As the long-term loan has provided to the related companies that was the loan to Bangphra Green Energy Ltd. which is indirect subsidiary of the company. After the end date of the accounting period for the investment of Solar Power Energy in Japan, and the equipment investment was mostly used for the operation of installation Solar cell roof which was the equipment for changing the solar energy to electric energy for use in the company

- Trade accounts receivable as at December 31, 2015 was Baht 492 million, that was current trade account receivable 54 percent, trade account receivable less than or equivalent 3 months at 25 percent, and more than 3 months at 21 percent. However, those trade accounts and the Company and subsidiaries have been followed closely the collectors. Some debtors that have been in the process of debt collection would be considered allowance for doubtful accounts. Thus, as at December 31, 2015 the allowance for doubtful accounts was Baht 45 million, who is one of the account receivable from Australia for prefabricated buildings from special projects for Baht 44 million and other for Baht 1 million. The Company and subsidiaries considered that it was sufficient. For the receivable turnover times were 3.93 as at December 31, 2015 and 3.83 as at June 30, 2015 and account receivable days were 93 days as at December 31, 2015, and 95 days as at June 30, 2015. The account receivable days was decreased, trade accounts turnover was increased due to as at December 31, 2015, the revenues increased and outstanding accounts receivable not much increased.

- Inventories as at December 31, 2015 were Baht 324 million, decreased by Baht 41 million or 11 percent from last year. This was partly from the allowance of raw material value decreased due to non-movement over 1 year from last year, and some were decreased from domestic sales of furniture products from project sales. The inventory turnover was 4.11 as at December 31, 2015 and 3.55 as at June 30, 2015, increased from last year due from at the end of this year, cost of sales increased as revenues increased and inventory decreased.

- Investments as at December 31, 2015 were Baht 766 million, increased by Baht 27 million or 4 percent from June 30, 2015. This was mainly due to increase in equity in net income of one associated company, as the result increased in value investments.

- Property, plant and equipment - net as at December 31, 2015 was Baht 748 million, increased by Baht 38 million or 5 percent from June 30, 2015, which was mostly increased from the addition of equipment for the installation of solar cell which was the equipment for changing solar energy to electrical power for the company use, and some was decreased from reduction of depreciation for the period for plant and equipment.

- Non-Current Liabilities as at December 31, 2015 was Baht 339 million, increased by Baht 109 million or 47 percent from June 30, 2015. This was mainly long-term loan by Baht 100 million to Bangphra Green Energy Ltd. which is indirect subsidiary of the company. After the end date of the accounting period for the investment of Solar Power Energy in Japan.

Total liabilities

As at December 31, 2015, the consolidated financial statements of the Company had total liabilities of Baht 565 million, decreased by Baht 250 million or 79 percent from June 30, 2015. This was due to the short-term loans from financial institution and long-term loans from financial institution.

For the short-term loans from financial institution were Baht 24 million as at December 31, 2015, that was the operation of installation Solar cell roof which was the equipment for changing the solar energy to electric energy for use in the company, increased from the previous year.

For the long-term loans from financial institution were Baht 200 million as at December 31, 2015, that was to expand the investment of renewable energy business, increased from the previous year.

Shareholders' equity

As at December 31, 2015, the consolidated financial statements of the Company had the shareholders' equity of Baht 2,523 million while as at June 30, 2015 was Baht 2,466 million, increased by Baht 57 million or 2 percent. This was resulted from the periods Ended 31 December 31, 2015, the consolidated financial statements of the Company had net profit amounted Baht 57 million.

Book value as at December 31, 2015 was Baht 4.25 per share, while last year was Baht 4.16 per share, increased from last year by Baht 0.10 per share or 2 percent.

2.2 Liquidity and key financial ratios

Statements of Cash flows for the periods from 1 July 2015 to 31 December 2015

Consolidated F/S	Unit : Million Baht
Net cash provided for (used in) operating activities	26
Net cash provided for (used in) investing activities	(138)
Net cash provided for (used in) financing activities	222
Increase (decrease) in cash and cash equivalents - net	110
Cash and cash equivalents at beginning of period/year	269
Cash and cash equivalents at end of period/year	379

Liquidity of the consolidated financial statement of the Company as at December 31, 2015, there was balance cash and cash equivalents at the end of period was Baht 379 million while as at June 30, 2015 was Baht 269 million, cash flow increased by Baht 110 million, this was due to :-

- Cash flows from operating activities increased by Baht 26 million, due to income before income tax.
- Cash flows from investing activities decreased by Baht 138 million, which was mostly decreased from the long-term loan amounted Baht 100 million has provided to the related companies, that was the loan to Bangphra Green Energy Ltd. which is indirect subsidiary of the company. After the end date of the accounting period for the investment of Solar Power Energy in Japan, and cash used in the equipment investment amounted Baht 59 million was mostly for the operation of installation Solar cell roof which was the equipment for changing the solar energy to electric energy for use in the company, and increased from dividend of related company by Baht 24 million.

- Cash flows from financing activities increased by Baht 222 million, increased in short-term loans from financial institution were Baht 24 million, that was the operation of installation Solar cell roof which was the equipment for changing the solar energy to electric energy for use in the company, increased in long-term loans from financial institution were Baht 200 million, that was to expand the investment of renewable energy business and decreased from dividend paid to non-controlling interest from subsidiary by Baht 2 million.

For the current ratio as at December 31, 2015 and June 30, 2015 were 3.64 and 3.79 respectively, the quick ratio as at December 31, 2015 and June 30, 2015 were 2.57 and 2.35 respectively. It was showing that the Company and subsidiaries had good liquidity assets.

The Company and subsidiaries had good capacity to pay liabilities. The debt ratios as at December 31, 2015 and June 30, 2015 were 0.22 and 0.13 respectively. That was increased in long-term loans from financial institution amounted Baht 200 million, due to expand the investment of renewable energy business.

3. Main factors which may affect future operations and finance positions

The stability of local political

If local political is instable, it may lessen the government's spending to stimulate the economy. As a result, the industrial growth will be fallen and the order is also reduced.

Foreign market

If world economy has not been recovered, foreign market will have contraction. As a result, the industrial growth will be fallen and the order is also reduced.

Raw Material Pricing

Steel is the main raw material for production. If prices of steel are fluctuated, this may affect the orders and production costs.

Foreign Exchange Rate

If the Baht is appreciating against the USD dollar continuously, this may affect the Company's sales getting less. Also, the Company may lose their competitiveness compared to its competitors and may get loss from the exchange rate.

Please be informed accordingly.

Yours sincerely,

(Mr. Surasak Kunanantakul)

Vice President