



MILL 019/2014

May 15 2014

Subject : Management's Discussion and Analysis for the operating results for Q1'2014

Attention : President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited would like to inform you the operating results of the Company and subsidiaries (collectively called the "Company") for 3 months period as of March 31, 2014 as follow

1. Analyst Statement of comprehensive Income for 3 months period as of March 31, 2014 (Compared to Last year's)

The Company's revenues from sales of goods and services in Q1'2014 was Baht 3,142.99 million, decreased Baht 911.53 million or by 22.48%, compared to Q1'2013. The sales volume decreased 24.66% from various factors. For example, temporary shut down for maintenance machine at rolling mill and test run of special grade steel product starting from Q4'2013 onward which is expected to be completed in Q2 of Year 2014. Effecting the Company's sale volume could not be growth at maximum level. While Steel Bar selling price decreased a bit compare with Q1'2013 or by 3.60%. Moreover, political crisis in Thailand effect to the economic situation in Thailand. From overall reasons, decreased revenues from sales of goods and services. However, the Company already received order backlogs from customers.

The Company's gross profit margin of Q1'2014 was 6.54%, decreased from Q1'2013 by 1.79%, due to temporary shutdown in order to improve and maintenance its machineries which increasing cost of production and decrease to the gross profit.

The Company's net profit of Q1' 2014 was Baht -48.06 million, decreased by 284.15% compared to Q1'2013 Baht 26.10 million. The causes were by decreasing in volume of sales, as explained above.

2. Analyst the statement of financial position of March 31, 2014 and compare to statement of financial position of December 31, 2013

The Company and its subsidiaries' statement of financial position of March 31, 2014 when compared to of December 31, 2013 explained as follows:



บริษัท มิลล์คอนสตีลจำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

The Company and its subsidiaries' Total Assets of March 31, 2014 and of December 31, 2013 was Baht 14,867.68 million and Baht 13,858.45 million, respectively, increased Baht 1,009.23 million or by 7.28%.

Considering between Current Ratio of the end of March 31, 2014 was 0.68 and of December 31, 2013 was 0.64, presented that the Company could maintain the pitch of ratio. And considering D/E ratio of March 31, 2014 and December 31, 2013 which was 2.73 and 2.95, respectively, presented that the ratio was improved because of the good controlling and managing debt.

Kindly be informed accordingly

Yours sincerely,

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(Phatnaree Thitiariyakul)

Director