



October 11, 2011

(F 53-4)

**Capital Increase Report Form**  
**Millcon Steel Industries Public Company Limited**  
**October 11, 2011**

We, Millcon Steel Industries Public Company Limited (“the Company” or “MILL”), Office 52 Thaniya Plaza Building 29<sup>th</sup> floor, Silom Road, Suriyawongse, Bangrak, Bangkok 10500, hereby report the resolutions of the Board of Directors Meeting No. 9/2011 held on October 11, 2011, in respect of a capital increase and shares allotment as follows:

### 1. Capital reduction and capital increase

The meeting of the board of directors passed a resolution approving the increase of a registered capital of the Company from Baht 875,325,436 to Baht 1,218,525,436 by means of the issuance of 858,000,000 ordinary shares with a par value of 0.40 baht each, totaling Baht 343,200,000

Capital Increase	Type of Share	No. of Share (Shares)	Par value (Baht / share)	Total (Baht)
<input checked="" type="checkbox"/> specifying the purpose of utilizing proceeds	Ordinary Shares	858,000,000	0.40	343,200,000
<input type="checkbox"/> General Mandate	-	-	-	-

### 2. Allotment of new shares

The Board of Directors' Meeting passed a resolution approving the allotment of not exceeding 858,000,000 ordinary shares with a par value of Baht 0.40 each, totaling Baht 343,200,000 the details are as follows:

#### 2.1 Details of allotment of ordinary shares

Allotted to	Type/Number (shares)	Ratio (Old : New)	Sale price per share (Baht)	Date and time of subscription and share payment	Remark
2.1.1 DEG – DEUTSHE INVESTITIONS – UND ENTWICKLUNGSGESELLSCHAFT MBH (“DEG”) or Specific persons (private placement)	Not exceeding 255,000,000 ordinary shares	N.A.	Not lower than Baht 2.70 Please see Remarks No. 1	Subject to Board of Directors' decision	Please see Remarks No. 2 and No. 3 below for further details

Allotted to	Type/Number (shares)	Ratio (Old : New)	Sale price per share (Baht)	Date and time of subscription and share payment	Remark
2.1.2 To support the conversion of convertible debentures of the Company (Details appear in the Attachment 2 )	Not exceeding 603,000,000 ordinary shares	N.A.	Baht 3.00	Subject to Board of Directors' decision	Please see Remarks No. 2 below for further details

### Remarks No. 1

Selling price at not lower than 2.70 baht, is the price that is not lower than 90 percent of the market price.

"Market Price" means the weighted average price of the shares of the Company in the Stock Exchange of Thailand for the past fifteen consecutive business days prior to the Board of Directors resolve to propose agenda to the Extraordinary General Meeting of Shareholders no. 01/2011 for approval the Company offering of shares between September 20, 2011 and October 10, 2011, which is equal to 2.04 baht (information from SETSMART in [www.setsmart.com](http://www.setsmart.com) of SET).

### Remarks No. 2

The Executive Committee, or the Managing Director or persons or a group of persons delegated by the Executive Committee, or the managing director, shall be authorized to consider and determine other details in relation to the shares allocation e.g., (1) each allocation of preferred shares or ordinary shares shall be made at one time or from time to time, offering period, offering price, payment of share price, conditions and other details in connection with the allocation of such preferred shares and ordinary shares, (2) to enter into negotiations, agreements, execution of relevant documents and contracts and take any action in connection with the allocation of such preferred shares and ordinary shares, (3) to file an application for approval or waiver and evidence which is necessary and relevant to the allocation of such preferred shares and ordinary shares, including to contact, submit such application, waiver, document and evidence to governmental authority or relevant authority, register such ordinary shares with the Stock Exchange of Thailand, and shall be authorized to take any other necessary and reasonable action in connection with such allocation of such preferred shares and ordinary shares.

### Remarks No.3

DEG information are as follows:

DEG, member of KfW Bankengruppe, is one of the largest European development finance institutions for long-term project and company financing. For more than 45 years, DEG has been financing and structuring the investments of private companies in developing and transition countries. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy, from agriculture to infrastructure and manufacturing to services.

Shareholder: KfW Bankengruppe, Frankfurt am Main which a sole shareholder with 100 percent shareholding

## Supervisory Board

Name	Title
1) Walter Scheel Honorary	Chairman
2) Gudrun Kopp	Chairwoman
3) Dr. Norbert Kloppenburg	First Deputy Chairman
4) Dr. Hans-Jorg Todt	Second Deputy Chairman

## Board of Management

Name	Title
1) Bruno Wenn	Chairman
2) Dr. Michael Bornmann	Director
3) Philipp Kreutz	Director

2.2 Action to be taken by the Company when there are fractions of shares

- None -

2.3 Remaining shares not yet allocated

- None -

### **3. Schedule for shareholders meeting to approve the capital increase and the allocation of shares**

The Extraordinary Shareholders Meeting No. 1/2011 will be held on November 11, 2011, at 10.00 a.m. at **S31 Sukhumvit Hotel** and arranged to specify the names of the shareholders entitled to attend the Extraordinary Shareholders' Meeting (Record Date) on October 25, 2011, as well as collecting the names of entitled shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by means of share register book closure and suspension of share transfer on October 26, 2011.

### **4. Approval of the capital increase/share allotment by relevant governmental agency and related conditions**

4.1 The Ministry of Commerce: to register the increase of registered capital and paid-up capital.

4.2 The Stock Exchange of Thailand: to request approval for the newly issued ordinary shares to be listed on the Stock Exchange of Thailand.

### **5. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase**

To support the exercise of convertible debentures of the Company for the total value not exceeding 1,809,000,000 baht. The Company will use the money received from issuance of convertible bonds to invest in shares of the Ocean Profit Company Limited (OP) in the amount not exceeding 1,500,000,000 baht, which is part of the financing plan for OP in the total amount not exceeding 3,065,000,000 baht and the rest will be used as general working capital of the Company, repayment of debt and to support the expansion of the

Company. This investment in the OP will affect the Company's shareholder proportion in OP up from 30 percent to 99.54 percent.

The OP will use the funds received under the financing plan to purchase the assets of the Thai Special Steel Industry Public Company Limited (TSSI). However, the purchase of assets of the TSSI is still uncertain and in process of negotiation between the partners of contract. After that if the negotiation is inconclusive, the Company will not issue the convertible bonds to use the money received from issuance of convertible debentures to invest in shares of the OP in the amount not exceeding 1,500,000,000 baht.

## **6. Benefits which the company will receive from the capital increase and share allotment:**

### **6.1 Benefits gained from investment in shares of the OP**

- The OP will become a subsidiary of the Company. This will result in the Company to fully control the OP and to recognize the outcome of OP in the consolidated financial statements of the Company.
- The Company will be able to acquire the assets of TSSI by the OP. This will increase the production and sale of steel wire. (Forward Integration)
- The OP, which will become a subsidiary of the Company, will purchase the assets of the TSSI (see 6.2). This will give the Company the opportunity to receive a dividend from the OP in the future.

### **6.2 Benefits from the acquisition of assets from Thai Special Steel Industry Public Company Limited "TSSI"**

- Create opportunities for business expansion and support the operations of the Group. The products of Green Mill Project of the Group such as special quality billets can be used as raw material for the production of special quality steel wires. The Group anticipates that the products will enable the Group to generate higher margin, and to be more variety to serve diversified needs of customers.
- Increase the production capacity of premium quality billets of the Group.
- Enhance the competitiveness of the Group to be the few specialty steel wire manufacturer in Southeast Asia who can produce its own raw material.
- Through improved only slightly, the assets will be ready for operations to produce special quality wire rod. This will be enable the Group to realize the operation outcome more quickly than establishing the new plant.
- This will be the choice of investment that is more appropriate and has lower cost than establishing the new plant.
- Expected cost advantage over than of imported special-grade wire rod. Import substitution, which is 750,000 tons / year in 2010(based on Iron and Steel Institute of Thailand).
- Relieve risks for overall operations of the group of companies as wire rod is normally less exposed to volatility than steel bar. This is a value-added products and broadening the base of the industry markets such as the automotive industry, Industrial machinery, and etc.

**7. Benefits which the shareholders will receive from the capital increase and share allotment:**

7.1 Dividend policy:

The policy of the Company and its subsidiary is pay a total dividend of not less than 40% of our net profit after tax and statutory reserve and various reserves as required by law. However, our board of directors may amend the dividend policy at any time to take into account the financial position and financial performance, capital investment, and any others necessary and appropriate for the operation of the company in the future.

7.2 Subscribers of new shares issued for this capital increase will be entitled to receive dividends from the Company's business operations starting from the year with the purchase of shares for the subscription of new shares and has been listed as shareholders of the Company.

7.3 Other

- None -

**8. Schedule of action where the Board of Directors of the Company passes a resolution approving the allocation of new shares**

- None -

**9. Schedule of action where the Board of Directors of the company passes a resolution approving the capital increase or allotment of new shares:**

Procedure	Date/Month/Year
Board of Directors' Meeting No. 9/2011	October 11, 2011
Record Date	October 25, 2011
Collecting names of entitled shareholders under Section 225	October 26, 2011
Extraordinary General Meeting no. 1/2011 being convened	November 11, 2011
Registration of capital increase with the Ministry of Commerce	Within 14 days from the day of shareholders meeting's resolution

The Company hereby certifies that the information contained in this report form is true and complete in all respects.

Please be informed accordingly.

Yours sincerely,

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(Mrs. Pirom Sawpayon)  
Director