

**(TRANSLATION)**

**REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Shareholders and Board of Directors of **RICH ASIA STEEL PUBLIC COMPANY LIMITED**

I have reviewed the balance sheets as of September 30, 2007 the related statements of income for the quarter and for the nine months period ended on September 30, 2007 the statements of changes in shareholders' equity and the statements of cash flow for the nine months period then ended of **RICH ASIA STEEL PUBLIC COMPANY LIMITED**. These financial statements are the responsibility of the company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my reviews.

I conduct my review in accordance with the standards on auditing applicable to review engagements. These standards require that I plan and perform the reviews to obtain moderate assurance about whether the financial statements are free of significant misstatement. A review is limited primarily to inquire to company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, I do not express an opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements for the year ended on December 31, 2006 of **RICH ASIA STEEL PUBLIC COMPANY LIMITED** were audited by another auditor, who gave an unqualified report thereon dated on February 26, 2007. The comparative balance sheets as of December 31, 2006 are an integral part of those financial statement.

Otherwise the comparative related statements of income for the quarter and for the nine months period ended on September 30, 2006, the statements of changes in shareholders' equity and the statements of cash flows for the nine months period then ended were reviewed by another auditor as report dated on November 9, 2006 who reported that nothing had come to her attention that caused her to believe that the financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

My report as per mentioned in the paragraph 3 still remains unchanged, I ask for your attention on the note to financial statements No. 2. The Company has restated the balance sheet as of December 31, 2006, the statements of income for the quarter and the nine months period ended on September 30, 2006 and the statements of changes in shareholders' equity and the statements of cash flow for the nine months period ended on September 30, 2006 is presented herein for reflect the change in accounting policy involve with inventories are valued at cost under FIFO method to valued at cost under MOVING AVERAGE method, In my opinion, the adjustments are appropriate and have been properly applied.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED

(Somchai Kurujitkosol)

Authorized Auditor No. 3277

Bangkok,

November 13, 2007

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

**As of September 30, 2007 and December 31, 2006**

		<b>2007</b>	<b>2006</b>
		<b><u>'000 Baht</u></b>	<b><u>'000 Baht</u></b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>Limited review only</b>	<b><u>(Restated)</u></b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents Items		64,710	28,516
Temporary Investment	(Note 4)	47,874	-
Accounts and Notes Receivable Other Companies-Net	(Note 5)	1,053,751	606,559
Accounts and Notes Receivable Related Companies-Net	(Note 3.2,6)	4,065	12,765
Inventories-Net	(Note 7)	184,380	475,019
Other Current Assets			
Advance Payment - Goods		2,946	131,223
Other		6,896	9,473
<b>TOTAL CURRENT ASSETS</b>		<b><u>1,364,622</u></b>	<b><u>1,263,555</u></b>
<b>NON-CURRENT ASSETS</b>			
Pledged Deposit at Financial Institution	(Note 8)	230,761	207,000
Investment in Property	(Note 9)	9,890	39,702
Property Plant and Equipment - Net	(Note 10)	211,845	177,207
Intangible Asset	(Note 11)	1,592	1,706
Other Non-Current Assets			
Deposit Paid for Land	(Note 12)	50,000	-
Other		11,889	402
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>515,977</u></b>	<b><u>426,017</u></b>
<b>TOTAL ASSETS</b>		<b><u>1,880,599</u></b>	<b><u>1,689,572</u></b>

Notes to the financial statements are an integral part of the above financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

**As of September 30, 2007 and December 31, 2006**

		<b>2007</b>	<b>2006</b>
		<b><u>'000 Baht</u></b>	<b><u>'000 Baht</u></b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>Limited review only</b>	<b><u>(Restated)</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-Term Loans from Financial Institutions	(Note 14)	1,089,371	728,191
Accounts and Notes Payable Other Companies		93,901	177,613
Accounts and Notes Payable Related Companies	(Note 3.2)	7,664	670
Current Portion of Liabilities Under Financial Lease Agreement	(Note 15)	1,976	2,782
Current Portion of Long Term Loans	(Note 16)	9,000	-
Other Current Liabilities			
Deposit Receipt for Land	(Note 9)	-	15,000
Accrued Corporate Income Tax		15,816	6,272
Accounts Payable Revenue Department		10,447	1,074
Other Account Payable		17,955	7,043
Advance Receipt for Goods		22,107	-
Others		8,570	5,454
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,276,807</b>	<b>944,099</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loans from Financial Institutions - Net	(Note 16)	31,500	-
Liabilities under Financial Lease Agreement - Net	(Note 15)	-	1,413
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>31,500</b>	<b>1,413</b>
<b>TOTAL LIABILITIES</b>		<b>1,308,307</b>	<b>945,512</b>

Notes to the financial statements are an integral part of the above financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

**As of September 30, 2007 and December 31, 2006**

	<b>2007</b>	<b>2006</b>
	<u><b>'000 Baht</b></u>	<u><b>'000 Baht</b></u>
	<b>Unaudited</b>	<b>Audited</b>
	<b>Limited review only</b>	<b>(Restated)</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 17)		
Authorized Share Capital		
500,000,000 Ordinary Share @ 1.00 Baht	500,000	500,000
Issued and Paid-up Share Capital		
500,000,000 Ordinary Share @ 1.00 Baht	500,000	500,000
Premiums on Share Capital	118,250	118,250
Retained Earnings(Deficit)		
Appropriated		
Legal Reserve	8,667	4,585
Unappropriated	-54,625	121,225
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>572,292</b>	<b>744,060</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,880,599</b>	<b>1,689,572</b>

Notes to the financial statements are an integral part of the above financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**  
**INCOME STATEMENTS**

		Unaudited			
		Limited review only			
		For the Quarter ended		For the nine months ended	
		on September 30		on September 30	
		2007	2006	2007	2006
		<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
			<u>(Restated)</u>		<u>(Restated)</u>
<b>REVENUES FROM OPERATION</b>					
Sales		1,207,834	834,091	3,563,469	3,109,384
Other Income					
Interest Revenue		6,888	2,013	11,640	4,342
Other revenue from debt repayment receipt from management instead of trading account receivable	(Note 5)	19,248	-	37,248	-
Others		10,533	1,172	19,887	6,253
<b>TOTAL REVENUES</b>		<b>1,244,503</b>	<b>837,276</b>	<b>3,632,244</b>	<b>3,119,979</b>
<b>EXPENSES FROM OPERATION</b>					
Cost of Goods Sold		1,165,127	802,616	3,436,091	2,927,247
Selling and Administrative Expenses		26,012	18,188	67,960	58,100
Doubtful Debt	(Note 5)	-	-	180,067	-
Directors' Remuneration	(Note 19)	160	-	520	380
<b>TOTAL EXPENSES</b>		<b>1,191,299</b>	<b>820,804</b>	<b>3,684,638</b>	<b>2,985,727</b>
<b>PROFIT(LOSS) BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX</b>					
		<b>53,204</b>	<b>16,472</b>	<b>-52,394</b>	<b>134,252</b>
INTEREST EXPENSES		(16,477)	(8,732)	(43,353)	(24,909)
CORPORATE INCOME TAX	(Note 20)	(16,498)	(2,506)	(26,021)	(28,970)
<b>NET PROFIT(LOSS)</b>		<b>20,229</b>	<b>5,234</b>	<b>-121,768</b>	<b>80,373</b>
<b>BASIC EARNINGS(LOSS) PER SHARE (BAHT)</b>					
		0.04	0.01	-0.24	0.19
<b>ORDINARY SHARES (THOUSAND SHARES)</b>					
		500,000	413,553	500,000	413,553

Notes to the financial statements are an integral part of the above financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the nine months period ended on September 30, 2007 and 2006**

					Unaudited	
					Limited review only	
		ISSUED AND	PREMIUMS	RETAINED EARNINGS(DEFICIT)		
		PAID-UP SHARE	ON SHARE	APPROPRIATED	UNAPPROPRIATED	TOTAL
		CAPITAL	CAPITAL	LEGAL RESERVE		
		'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
Balance as of December 31, 2006(Before Adjustment)		500,000	118,250	4,585	118,738	741,573
Adjustment from Changing in the Accounting Policy	(Note 2)	-	-	-	2,487	2,487
Balance as of December 31, 2006 (After Adjustment)		500,000	118,250	4,585	121,225	744,060
Dividend paid	(Note 18)	-	-	-	(50,000)	(50,000)
Legal reserves	(Note 18)	-	-	4,082	(4,082)	-
Net profit(loss) for the period		-	-	-	-121,768	-121,768
Balance as of September 30, 2007		500,000	118,250	8,667	-54,625	572,292
Balance as of December 31, 2005 (Before Adjustment)		400,000	-	-	91,702	491,702
Adjustment from Changing in the Accounting Policy	(Note 2)	-	-	-	(2,380)	(2,380)
Balance as of December 31, 2005 (After Adjustment)		400,000	-	-	89,322	489,322
Increase capital	(Note 17)	100,000	118,250	-	-	218,250
Dividend paid	(Note 18)	-	-	-	(50,000)	(50,000)
Legal reserves	(Note 18)	-	-	4,585	(4,585)	-
Net profit(loss) for the period (Restated)		-	-	-	80,373	80,373
Balance as of September 30, 2006		500,000	118,250	4,585	115,110	737,945

Notes to the financial statements are an integral part of the above financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**CASH FLOW STATEMENTS**

**For the nine months period ended on September 30, 2007 and 2006**

	<b>Unaudited</b>	
	<b>Limited review only</b>	
	<b>2007</b>	<b>2006</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>
		<b>(Restated)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit(Loss)	(121,768)	80,373
Adjustments to Net Profit(loss) for Cash Provided (Used) from Operation:		
Depreciation	16,166	16,115
Doubtful Debt	180,067	-
Interest Payment from Liabilities under Financial Lease Agreement	353	703
Deferred Expense	1,149	-
Amortisation of Intangible Asset	114	-
Gain from Sale Investment of Trading Security	1,515	-
Gain from Sale of Investment in Property	(3,735)	-
Gain from Sale of Property, Plant and Equipment	(9)	-
Loss from Declining in Value of Inventories (Reversal)	1,117	(11,011)
Profit from Operating Activities before Change in Operating Assets and Liabilities	74,969	86,180
(Increase) Decrease in Temporary Investment	(49,390)	-
(Increase) Decrease in Accounts and Notes Receivable-Other Companies	(627,259)	250,799
(Increase) Decrease in Accounts and Notes Receivable-Related Companies	8,700	17,855
(Increase) Decrease in Inventories	289,522	(9,646)
(Increase) Decrease in Advance Payment - Goods	128,277	-
(Increase) Decrease in Other Current Assets	1,469	(9,103)
Increase(Decrease) in Accounts and Notes Payable-Other Companies	(83,711)	(398,279)
Increase(Decrease) in Accounts and Notes Payable-Related Companies	6,994	(6,380)
Increase (Decrease) in Advance Receipt for Goods	22,107	(128,972)
Increase(Decrease) in Accrued Corporate Income Tax	9,544	(4,203)
Increase(Decrease) in Accounts Payable Revenue Department	9,372	-
Increase(Decrease) in Other Account Payable	8,262	-
Increase(Decrease) in Other Current Liabilities	3,117	(12,132)
<b>Cash Provided(Used) from Operating Activities - Net</b>	<b>(198,027)</b>	<b>(213,881)</b>

Notes to the financial statements are an integral part of the above financial statements.



**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**CASH FLOW STATEMENTS**

**For the nine months period ended on September 30, 2007 and 2006**

	<b>Unaudited</b>	
	<b>Limited review only</b>	
	<b>2007</b>	<b>2006</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>
		<b>(Restated)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) Decrease in Pledged Deposit at Financial Institution	(23,760)	(57,863)
(Increase) Decrease in Non Other Current Assets	(11,487)	(57)
(Increase) Decrease in Intangible Asset	-	(2,335)
Cash Received from Sale of Investment in Property	18,547	-
Cash Received from Sale of Property, Plant and Equipment	11	-
Cash Received from Deposit Receipt for Land	-	10,000
Cash Payment for Deposit for Purchased Land	(50,000)	-
Cash Payment for Purchased of Fixed Assets	(48,198)	(18,494)
<b>Cash Provided(Used) from Investing Activities - Net</b>	<b>(114,887)</b>	<b>(68,749)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Short-Term Loans from Financial Institution	361,180	104,478
Increase (Decrease) in Long -Term Loans from Financial Institution	40,500	-
Increase (Decrease) in Liabilities under Financial Lease Agreement	(2,572)	(3,984)
Increase in Share Capital	-	100,000
Increase in Premiums on Share Capital	-	118,250
Dividend Paid	(50,000)	(50,000)
<b>Cash Providend (Used) from Financing Activities - Net</b>	<b>349,108</b>	<b>268,744</b>
<b>CASH AND ITS EQUIVALENT INCREASE (DECREASE)-NET</b>	<b>36,194</b>	<b>(13,886)</b>
<b>CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD</b>	<b>28,516</b>	<b>35,304</b>
<b>CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD</b>	<b>64,710</b>	<b>21,418</b>
<b>Additional Disclosure of Cash Flow Data.</b>		
1. Cash Payment During the Period :		
- Interest Expenses	43,414	28,523
- Corporate Income Tax	16,477	43,396
2. Cash and Its Equivalent Item, Consist of :-		
- Cash	159	116
- Bank Deposit - Current Deposit	38,520	3,079
- Bank Deposit - Saving Deposit	23,214	18,223
- Bank Deposit - Fixed Deposit	2,817	-
Total	64,710	21,418
3. Non-cash items which are not shown in cash flows statement		
- For the nine months period ended on September 30, 2007 the Company purchased fixed assets from other accounts payable in amount of Baht 2.65 million.		

Notes to the financial statements are an integral part of the above financial statements.

**RICH ASIA PUBLIC COMPANY LIMITED****NOTES TO FINANCIAL STATEMENTS****September 30, 2007 (Unaudited / Limited Review Only)****And December 31, 2006 (Audited)****1. The Basis of Preparation of the Financial Statements****1.1 Basis of preparation of the interim financial statements.**

These interim financial statements of the Company were prepared according to local generally accepted accounting principles and presented in the set abbreviated format as stipulated under accounting standard No. 41 concerning Interim Financial Statement with additional items in the basic financial statements such as the Balance Sheet, Income Statement, the Changes in Shareholder's Equity Statement and the Cash Flow Statement and set out in the manner proscribed under the announcement of the Commercial Registration Department concerning "Compulsory Sub-Entries for Financial Statement" (2001) and in order to comply with the announcement of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand.

In order to prepare the financial statements to comply with generally accepted accounting standards, the company's management had to make some estimates and suppositions which may have an effect on the amount shown for revenue, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ the estimated amount.

These interim financial statements were prepared to provide additional information over the latest previous financial statements, therefore they emphasize the latest business information, new events and situations so as not to duplicate information already reported on and so they should be used in conjunction with the latest annual financial statements available.

For the convenience of the user, and English translation of the company financial statements has been prepared from the financial statements that are issued in the Thai language.

**1.2 Summary of Significant Accounting Policy**

These interim financial statements were prepared under the same accounting policy and calculation methods as used in the financial statements ending on December 31, 2006 except the change in the Accounting Policy involve with valuation of inventories according to note no.2. There is still additional accounting policy as follows:

- Temporary investment is investment in marketable security while the Company regards as trading security reflected by fair value. The Company recognizes the change of investment value as gain (loss) transaction in the statement of income, for the cost of investment disposed during the period computed according to the average method.

## **2. Changing in the Accounting Policy**

In 2007, the Company had changed the Accounting Policy involve with valuation of inventories from valued at cost under FIFO method to valued at cost under MOVING AVERAGE method. The Company was approved by the Revenue Department on April 18, 2007. However, the Company have retroactive to the financial statement that was compared as same as in used MOVING AVERAGE method. This change has effected the increasing of inventories and retained earning as of December 31, 2006 by Baht 2.49 million (effect to retained earning beginning in year 2006 decreased in amount of Baht 2.38 million, effect to net Profit for the quarter and the nine months period ended on September 30, 2006 increased in amount of Baht 0.18 million : Baht 0.0005 per share and increased in amount of Baht 3.57 million : Baht 0.01 per share respectively and effect to net profit for the year 2006 increased in amount of Baht 4.87 million : Baht 0.01 per share) The Cumulative effect of change in accounting policy has been presented under the heading of “Adjustment from changing in the Accounting Policy” in the statements of changes in shareholders’ equity.

### 3. Inter-Transactions

The significant inter-transactions between the company and the related companies were as follows:

#### 3.1 Inter – Sales and Expenses

		For the Quarter		For the Nine months period	
		Ended on September 30,		Ended on September 30,	
Pricing		2007	2006	2007	2006
policy		'000 Baht	'000 Baht	'000 Baht	'000 Baht
<u>Inter - Sales</u>					
GENIUS TECH TRADING CO., LTD.	(1)	46	-	157,345	151,541
P.A.P EXIM CO., LTD.	(1)	6,664	10,618	27,407	50,497
CHAISUPON CO., LTD.	(1)	2,247	1,595	8,655	5,156
MAHALAP METAL CO., LTD.	(1)	3,413	1,282	10,178	13,853
HARNSAWAT LTD. PART.	(1)	827	670	1,805	2,184
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	19	-
G.T. STEEL WORKS CO., LTD.	(1)	101	-	189	-
Total		13,298	14,165	205,598	223,231
<u>Inter – Transportation Revenue</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	1	-	1	-
G.T. STEEL WORKS CO., LTD.	(3)	2	-	6	-
Total		3	-	7	-
<u>Other Income</u>					
SIAM FERRO INDUSTRY CO., LTD.	(4)	5	-	6	-
Total		5	-	6	-
<u>Inter – Purchases</u>					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	28	546
G.T. STEEL WORKS CO., LTD.	(1)	-	-	-	17
GENIUS TECH TRADING CO., LTD.	(1)	17,486	-	21,033	66
Total		17,486	-	21,061	629
<u>Inter – Assets Acquisition</u>					
TEAM VIS CONSTRUCTION CO., LTD.	(4)	792	1,195	792	4,927
SIAM FERRO INDUSTRY CO., LTD.	(4)	-	-	-	1
GENIUS TECH TRADING CO., LTD.	(4)	-	-	-	25
G.T. STEEL WORKS CO., LTD.	(4)	-	12	-	191
Total		792	1,207	792	5,144

		For the Quarter		For the Nine months period	
		Ended on September 30,		Ended on September 30,	
	Pricing	2007	2006	2007	2006
	policy	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<u>Inter – Other revenue from debt repayment receipt from management instead of trading account receivable</u>					
MISS ANGKAKARN TANTIVIROON	(6)	19,248	-	37,248	-
Total		19,248	-	37,248	-
<u>Inter – Interest Revenue</u>					
MISS ANGKAKARN TANTIVIROON	(5,6)	4,752	-	4,752	-
Total		4,752	-	4,752	-
<u>Inter – Subcontract</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	4,053	9,501	18,648	30,441
Total		4,053	9,501	18,648	30,441
<u>Inter – Directors’ Remuneration</u>					
DIRECTORS	(2)	160	-	520	380
Total		160	-	520	380
<u>Inter – Other Expenses</u>					
SIAM FERRO INDUSTRY CO., LTD.	(4)	1,513	1,733	4,095	7,769
A.T. STEEL CO., LTD.	(4)	298	294	888	879
G.T. STEEL WORKS CO., LTD.	(4)	569	142	716	604
GENIUS TECH TRADING CO., LTD.	(4)	17	-	17	-
Total		2,397	2,169	5,716	9,252

Pricing policy is determined in accordance with the criteria as follows:

- (1) Price is complied with the price mutually agreed upon which can be comparative against outside parties.
- (2) Annual general meeting of the shareholders
- (3) Price is complied with the prices in accordance with the contract.
- (4) Price is complied with the prices which are mutually agreed upon.
- (5) Interest rate 8.00% per annum.
- (6) Accordance with the minute of the board of directors meeting

## 3.2 Inter – Assets and Liabilities

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
<u>Inter – Accounts and Notes Receivable</u>		
P.A.P EXIM CO., LTD.	635	1,615
G.T. STEEL WORKS CO., LTD.	45	-
MAHALAP METAL CO., LTD.	1,294	-
HARNSAWAT LTD. PART.	74	-
CHAI SUPON CO., LTD.	1,991	392
GENIUS TECH TRADING CO., LTD.	26	10,758
THANASUB PAISARN CO., LTD.	9,904	9,904
Total	13,969	22,669
<u>Less</u> Allowance for Doubtful Debt - THANASUB PAISARN CO., LTD.	(9,904)	(9,904)
Net	4,065	12,765
<u>Inter – Accounts and Notes Payable</u>		
SIAM FERRO INDUSTRY CO., LTD.	42	438
GENIUS TECH TRADING CO., LTD.	7,498	133
G.T. STEEL WORKS CO., LTD.	124	99
Total	7,664	670
<u>Inter - Accrued Expenses</u>		
SIAM FERRO INDUSTRY CO., LTD.	681	-
A.T. STEEL CO., LTD.	3	1
G.T. STEEL WORKS CO., LTD.	92	-
Total	776	1

### 3.3 The Company's Relationship

Consist of :

<u>Name</u>	<u>Activities</u>	<u>Relationship</u>
SIAM FERRO INDUSTRY CO., LTD.	Engagement of steel production and steel cut -off	Director of company is executive planner for restructure company.
TANTIVIRUN F.M. HOLDING CO., LTD.	Management of investment	Closed cousin of executive officer are director and shareholders.
G.T. STEEL WORKS CO., LTD.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders.
GENIUS TECH TRADING CO., LTD.	Production and distribution of steel	G.T. Steel Works Co., Ltd. and closed cousin are major shareholders.
TEAM VIS CONSTRUCTION CO., LTD.	Construction contractor	Director of company is director and shareholder.
SAHAKOLNLOHAKIJ LTD. PART	Engagement, production of machinery and line steel plates	Joint shareholders.
CHAI SUPON CO., LTD.	Distribution of PVC pipes, water, and steel	Closed cousin of executive officer are director and shareholders.
MAHALAP METAL CO., LTD.	Distribution of PVC pipes, water, and steel	Closed cousin of executive officer are director and shareholders.
HARNSAWAT LTD. PART.	Distribution of PVC pipes, water, and steel	Closed cousin of executive officer are director and shareholders.
P.A.P EXIM CO., LTD.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders.
THANASUB PAISARN CO., LTD.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders.
A.T. STEEL CO., LTD.	Distribution of line steel	Closed cousin of executive officer are director and shareholders.
MISS ANGKAKARN TANTIVIROON		Chief Executive Officer

### 4. Temporary Investment

Consist of :

	As of
	September 30, 2007
	<u>'000 Baht</u>
Investment of Trading Security – Cost Value	49,389
<u>Less</u> Unrealized Loss in Investment of Trading Security	(1,515)
Investment of Trading Security – Fair Value	<u>47,874</u>

## 5. Accounts and Notes Receivable Other Companies - Net

An aging analysis of accounts receivable other companies as of September 30, 2007 and December 31, 2006 are as follows :

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
Notes Receivable	528,625	175,823
Account Receivable		
Within credit term	418,183	258,717
Over due 1 to 30 days	61,826	162,856
Over due 31 to 60 days	44,628	9,163
Over due 61 to 91 days	489	-
Over due over 91 days	180,067	-
Total	1,233,818	606,559
<u>Less</u> Allowance of Doubtful – Account Receivable	(180,067)	-
Total	1,053,751	606,559

As of September 30, 2007 trade account receivable over due over 91 days in amount of Baht 180.07 million, was trade account receivable with inability to call for debt repayment in February 2007. The Company has recorded of allowance of doubtful debt in whole amount. However, The Chief Executive Officer has expressed responsibility to compensate damage to the Company because of the board of directors approved the credit line of selling to such trade account receivable, while there is the term of installment to the Company as installment until the Company will receive repayment in full amount plus interest in the rate of 8% per annum which is equivalent to interest receivable throughout the period of installment in total amount of Baht 17.76 millions. It is repayable in number of 28 installment for the first installment in amount of Baht 18.0 millions, for the 2<sup>nd</sup> – 27<sup>th</sup> installment in amount of Baht 6.0 millions per installment, for the 28<sup>th</sup> installment, the whole remaining balance is repayable. However, if during the period of installment, the Company can follow-up debt returned from account receivable by any amount, the followed up amount is taken to deduct from the final installment balance. The Company still holds the right in the follow-up procedure and proceeds with the prosecution against such trading account receivable until it will completely receive the money. When the Company completely received debt repayment, the claimant right in the whole debt value which the trading account receivable due to the Company is further transferred to be the right of the Chief Executive Officer that is complied with the minute of the board of directors meeting no. 3/2007 held on April 24, 2007. The Company will record to recognize the



amount received in each installment debt repayment from the Chief Executive Officer as other revenue under the caption of “other revenue from debt repayment receipt from management instead of trading account receivable.” For the nine months period ended on September 30, 2007. The Company received principal debt repayment and interest in amount of Baht 37.25 millions and in amount of Baht 4.75 millions respectively.

As of September 30, 2007, the Company factored some posted dates cheques receivable in amount of Baht10.00 millions to discount with one finance institutes according to the note no. 14. The Company still has to take responsibility in the posted dates cheques receivable if the finance institutes cannot collect debt repayment in accordance with such posted dates cheques receivable.

As of December 31, 2006, the Company took post dated cheque in amount of Baht 87.69 million to pledge against loan due to merchant bank.

#### 6. Accounts and Notes Receivable Related Companies - Net

An aging analysis of accounts receivable related companies as of September 30, 2007 and December 31, 2006 are as follows :

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
Notes Receivable	3,195	4,452
Account Receivable		
Within credit term	553	8,145
Over due 1 to 30 days	317	168
Over due over 91 days	9,904	9,904
Total	<u>13,969</u>	<u>22,669</u>
<u>Less</u> Allowance for Doubtful Debt	<u>(9,904)</u>	<u>(9,904)</u>
Net	<u><u>4,065</u></u>	<u><u>12,765</u></u>

## 7. Inventories - Net

Consist of :

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
Finished Goods	147,285	217,087
Raw Materials	37,889	108,577
Goods-in-Transit	-	149,950
Spare Part	948	30
Total	186,122	475,644
<u>Less</u> Allowance from Declining in Value of Goods	(1,742)	(625)
Net	184,380	475,019

## 8. Pledged Deposit at Financial Institution

As of September 30, 2007 and December 31, 2006, the whole amount is bank deposit in type of saving account which is taken to pledge against trust receipt payable and loan in form of promissory note at the merchant bank according to note no.14.

## 9. Investment in Property

As of September 30, 2007 and December 31, 2006, Investment in the land apart of one piece of land in cost price of Baht 6.74 millions. The Company has been taken to pledge so as to be collateral of loan due to the bank in the pledged amount of Baht 10.0 millions.

As of September 5, 2005, the Company performed the contract of purchase and sell partly in number of 6 pieces in cost price of Baht 29.81 millions. There is price according to the contract of land purchase and sell in amount of Baht 35.0 millions, the purchaser has repaid deposit in amount of Baht 5.0 millions while the rest of Baht 30.0 millions is agreed to be posted date cheques in 5 versions to the Company with the detail as follows:

- Version no. 1 In amount of Bath 5.0 million is cheque date on March 5, 2006.
- Version no. 2 In amount of Bath 5.0 million is cheque date on August 5, 2006.
- Version no. 3 In amount of Bath 5.0 million is cheque date on January 5, 2007.
- Version no. 4 In amount of Bath 5.0 million is cheque date on June 5, 2007.
- Version no. 5 In amount of Bath 10.0 million is cheque date on December 30, 2007.

However, on July 10, 2007, the Company received repayment for the outstanding cheques in amount of Baht 10.0 millions and the Company has transferred land ownership to purchaser since August 31, 2007.

#### 10. Property, Plant and Equipment – Net

For the nine months period ended on September 30, 2007 as follows :

	<u>'000 Baht</u>
Beginning Book Value - Net	177,207
Purchases	50,848
Transfer in	56,891
Sales	(69)
Transfer out	(56,933)
Accumulated Depreciation for Sales Assets	66
Depreciation for portion shown in Statement of Income	(16,165)
Ending Book Value - Net	<u>211,845</u>

As of September 30, 2007 and December 31, 2006, the Company mortgaged land plus property as to be collateral of short – term loans from the financial institute according to note no. 14.

As of September 30, 2007 and December 31, 2006, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 14.47 million and Baht 1.08 million respectively. The net book value of which was now Baht 57.0 and Baht 16.0 respectively.

#### 11. Intangible Asset - Net

For the nine months period ended on September 30, 2007 as follows :

	As of September 30, 2007 <u>'000 Baht</u>
Beginning Book Value - Net	1,706
Amortization for portion shown in Statement of Income	(114)
Ending Book Value - Net	<u>1,592</u>

As of September 30, 2007 and December 31, 2006, the whole amount is computer software which is valued at cost on the transaction date deducted accumulated amortization; amortization is calculated by reference to its cost on a straight line method over the 5 years useful lives.

## 12. Deposit Paid for Land

As of September 30, 2007, the whole amount is deposit of land according to the contract of purchase and sale of land plus property. There is the price according to the contract of Baht 55.0 millions in estimated area of 15 Rais. Moreover, if the measurement of the land is completed, the deficit or exceeded area from the above specified, the counter party agrees to the land price on behalf of deficit or exceeded area in Baht 7,000.- per Square War. The remaining balance will be repayable to the seller on the date of land ownership transfer. Presently, the seller is being measuring and file the petition to separate the land title deeds.

## 13. Credit Facilities and Guarantee

The Company has credit line from commercial bank and financial institution in form overdraft, trust receipts, short-term loan, note receivable discount by granted the total credit line as of September 30, 2007 in amount of Baht 1,133.79 million, US Dollars 2.57 million and as of December 31, 2006 in amount of Baht 866.80 million. It is pledged by the Company's mortgage register of land plus property in Note 9 and 10 land plus property of a director and deposit bank.

## 14. Short-Term Loans from Financial Institutions

Consists of :

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
Trust Receipts	538,818	497,191
Promissory Note	540,553	231,000
Discount Post Dates Cheque	10,000	-
Total	<u>1,089,371</u>	<u>728,191</u>

As of September 30, 2007 and December 31, 2006, trust receipt payable is carried by interest rates of 5.50% per annum and 4.75 – 7.50% per annum respectively. The ownership of merchandise

purchased from the contract performance of trust receipt is still belonged to the merchant bank until there will be repayment of trust receipt account payable to the merchant bank.

As of September 30, 2007 and December 31, 2006, the whole amount of short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 5.30 – 6.87% and 4.75 – 7.50% per annum respectively.

As of September 30, 2007, short term loan from discount post date cheques is carried by interest rates of 6.87% per annum.

Loan due to above finance institute is guaranteed by mortgaging the Company's land plus property, machinery and equipment according to note no. 9 and 10, the director's land plus property and the Company bank deposit.

#### 15. Liabilities under Financial Lease Agreement – Net

Consist of :

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
Liabilities under Financial Lease Agreement	2,085	4,656
<u>Less</u> Interest Payment from Financial Lease Agreement	(109)	(461)
Current Portion of Financial Lease Agreement	(1,976)	(2,782)
Net	<u>-</u>	<u>1,413</u>

As of September 30, 2007 and December 31, 2006, the Company comprises asset under the financial leased contract in type of vehicle and machinery. There is net book value by amount of Baht 3.85 millions and Baht 9.05 millions respectively. The Company will receive ownership in such asset when the Company completely repays debt to creditors in accordance with the financial leased contract.

#### 16. Long Term Loans from Financial Institutions – Net

Consist of :

	As of September 30, 2007 <u>'000 Baht</u>	As of December 31, 2006 <u>'000 Baht</u>
Long Term Loans from Financial Institutions	40,500	-
<u>Less</u> Current Portion	(9,000)	-

Net

31,500

-

As of September 30, 2007, the loan credit line of Baht 45.0 millions is loan due to one finance institute which the principle is monthly repayable in number 60 installments each of which is Baht 0.75 millions. The first installment is repayable on May 31, 2007. Interest is monthly repayable. Interest is carried in the rate of MLR which during this contract performance, interest rate is 7.00% per annum.

The Company mortgaged land plus property of the Company according to note no. 10 and the Company director is guarantor.

## 17. Capital Stock

In accordance with the minute of the Annual General Shareholders' Meeting for the year 2006 which held on March 14, 2006, it is unanimously resolved that the Company approved to increase its registered capital to Baht 100 million to Baht 500.0 million, by issuing 100,000,000 new Common Shares at 1 Baht par value to be offered to the public. In addition, the par value of its Common Shares was also changed from 100 to 1 Baht per share. The capital increase was already registered at The Ministry Of Commerce on March 27, 2006.

As of August 30, 2006, the Company sold increase Common Shares to the public by issuing 100,000,000 new Common Shares at Baht 2.25 per share totaling amount Baht 225.0 million. There are premium on share capital amount Baht 118.25 million (Net from underwriting expense amount Baht 6.75 million)

## 18. Dividend Payment and Legal Reserve

In accordance with the minute of Annual General Shareholders' Meeting for the year 2007 which held on April 3, 2007, it is unanimously resolved that the Company appropriates net profit for 2006 as dividend to shareholders in number of 500.0 million shares in the rate of Baht 0.10 per share aggregating to amount of Baht 50.0 million and resolved to appropriate legal reserved amount of Baht 4.08 million while it is repayable on April 24, 2007, whereby the Company has already paid dividend.

In accordance with the minute of Annual General Shareholders' Meeting for the year 2006 which held on March 14, 2006, it is unanimously resolved that the Company appropriates net profit for 2005 as dividend to shareholders in number of 4.0 million shares in the rate of Baht 12.50 per share aggregating to amount of Baht 50.0 million and resolved to appropriate legal reserved amount of Baht

4.58 million while it is repayable on March 15, 2006, whereby the Company has already paid dividend.

## **19. Directors' Remuneration**

Directors' Remuneration was paid to the company's directors under Section 90 of Public Company Limited Act which did not include salaries and related benefits paid to the company's management directors.

## **20. Corporate Income Tax**

For the nine months period ended on September 30, 2007 and 2006, the company calculated the income tax at the rate of 30% of net profit after making adjustment transactions in accordance with the Revenue Code which is mainly allowance for doubtful accounts transaction and allowance for declining in value of inventories .

## **21. Provident Fund**

The Company has been established the provident fund which is managed by external fund manager, that staff and the company has to contribute to the fund at the rate of 2 percent of basic salary according with the funds regulation. This fund is managed by a Financial Institution as a fund manager. The company has payment the provident fund for the nine months period ended on September 30, 2007 in amount of Baht 0.13 million.

## **22. Presentation of Financial Data Segregated by Business Sector**

The Company is operate in only one business sector, i.e. distribution of steel pipe and steel products and operate in one geographical area only in Thailand. Thus all income, profit and entire assets shown in the financial statements are related to the said business sector and geographical area.

## **23. Obligations and Contingent Liabilities**

23.1 Apart from liabilities shown on the balance sheets as of September 30, 2007 and December 31, 2006 the Company still remains other obligations and contingent liabilities with commercial banks as follows :

As of	As of
September 30, 2007	December 31, 2006

- Letters of Credit

Credit Line 830.0 Million, Credit Unused	-	207.23
- Letters of Guarantee	2.79	0.80

23.2 As of September 30, 2007 and December 31, 2006, the Company holds the purchase forward contract remained in amount of USD 1.0 millions and USD 3.09 millions, respectively, while the value according to the purchase forward contract equal to Baht 36.06 millions and Baht 111.85 millions respectively. Moreover, there is fair value of the purchase forward contract in amount of Baht 34.26 millions and Baht 111.30 millions, respectively. This purchase forward contract holds the period of maturity within December, 2007 and April, 2007, respectively, while there is merchant bank is counter party.

23.3 The Company holds obligation commitment according to the leased contract as follows:

- The contract of land lease with other persons. The contract is carried the life of 3 years ended on May 31, 2008. The leased fee is in the rate of Baht 100,000.- per month.
- The contract of land, plant and equipment lease with one related company. The contract is carried the life of 3 years ended on November 30, 2007. The leased fee is in the rate of Baht 100,000.- per month.
- The contract of sublet of building area with one other company. The contract is carried the life of 3 years ended on May 31, 2009. The leased fee and service fee is in the rate of Baht 112,200.- per month.
- The contract of sublet of building area with one other company. The contract holds the life of 3 years ended on March 31, 2009. The leased fee and service fee are in the rate of Baht 54,400.- per month.
- The contract of truck lease of 4 vehicles with one other company. The contract holds the life of one year. The leased fee is in the rate of Baht 104,000.- per month.

As of September 30, 2007 and December 31, 2006, the Company holds the total leased fee amount which has to completely repay in amount of Baht 5.07 millions and Baht 8.87 millions respectively.

23.4 The Company comprises obligation commitment according to the contract of labour engagement to produce steel with one related company. The contract holds the life of one year ended on August 31, 2008. It is determined that the life is automatically renewed for the period of 1 year. The engagement fee is in the rate of Baht 350,000.- per month. As of September 30, 2007 and December 31, 2006, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 3.85 millions and Baht 2.40 millions respectively.



23.5 As of September 30, 2007 and December 31, 2006, the Company constitutes obligation commitment from the engagement contract performance of merchandise warehouse construction, the contract of outsourcing machinery and installation, engagement contract of factory electricity system installation with several counter party companies. The Company constitutes obligation commitment which has to repay according to such contract in amount of Baht 55.05 millions and Baht 1.29 millions respectively.

## **24 Subsequent Events**

24.1 In accordance with the minute of the board of directors meeting no. 7/2007 held on October 1, 2007, it is resolved to consent with the offset of legal capital reserve in amount of Baht 8.67 millions and premium on share capital in amount of Baht 66.19 millions against accumulated loss result of the Company as of June 30, 2007. It is noted that the Company presents to the extra-ordinary shareholders meeting no. 1/2007 so as to consider for approval on November 2, 2007.

24.2 In accordance with the board of directors meeting no. 8/2007 held on October 24, 2007, it is unanimously resolved to increase shares registered capital for another 500.- millions shares into 1,000.- millions shares by issuing new ordinary shares in number of 500 millions shares in par value of Baht 1.00 per share so as to offer to the former shareholders in the proportion of 1 former share over 1 new share in the price of Baht 2.- per share. There is the purpose for the repayment of short term loan to the finance institute in approximate amount of Baht 300 millions. The remaining amount is used as Company working capital so as to reserve for the business growth in the future. The Company will close the registered book to suspend shares transfer for rights in the additional shares capital subscription on February 14, 2008. It will be further presented to the extra-ordinary shareholders meeting no. 1/2007. The meeting unanimously resolves to change extra-ordinary shareholders meeting date no. 1/2007 from former on November 2, 2007 to December 14, 2007.

## **25. Approval of the Interim Financial Statement**

These interim financial statements have been approved by authorized directors of the Company on November 13, 2007.

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