

(TRANSLATION)

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

I have audited the balance sheets as of December 31, 2007 the statements of income, the statements of changes in shareholders' equity and the statements of cash flow for the year 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 the completeness of the presentation. My responsibility is to report on these financial statements based on my audit. 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.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of December 31, 2007, the operations and cash flows for the year then ended of **RICH ASIA STEEL PUBLIC COMPANY LIMITED**, respectively in accordance with generally accepted accounting principles.

My opinion is still as unqualified. I draw attention on the note to financial statements No. 4. The Company has restated the balance sheet, the statements of income, the statements of changes in shareholder's equity and the statements of cash flow for the year ended on December 31, 2006 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,

February 28, 2008

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2007 and 2006

| | | 2007 | 2006 |
|---|--------------|-------------------------|-------------------------|
| | | Baht | Baht |
| | | | (Restated) |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents Items | | 32,372,609.68 | 28,516,067.81 |
| Temporary Investment | (Note 7) | 37,886,200.00 | - |
| Accounts and Notes Receivable Other Companies-Net | (Note 8) | 881,407,176.91 | 606,558,621.54 |
| Accounts and Notes Receivable Related Companies-Net | (Note 6.2,9) | 153,251.69 | 12,764,570.56 |
| Inventories-Net | (Note 10) | 441,112,826.92 | 475,019,131.59 |
| Other Current Assets | | | |
| Advance Payment - Goods | | 91,378,135.87 | 131,223,434.16 |
| Account Receivable - Revenue Department | | 12,704,772.60 | - |
| Other | | 7,426,652.30 | 9,472,492.44 |
| TOTAL CURRENT ASSETS | | 1,504,441,625.97 | 1,263,554,318.10 |
| NON-CURRENT ASSETS | | | |
| Pledged Deposit at Financial Institution | (Note 11) | 230,769,566.67 | 207,000,000.00 |
| Investment in Property | (Note 12) | 9,890,000.00 | 39,702,435.60 |
| Property Plant and Equipment - Net | (Note 13) | 277,702,893.98 | 177,207,303.73 |
| Intangible Asset | (Note 14) | 1,505,606.61 | 1,705,606.50 |
| Other Non-Current Assets | | | |
| Deposit Paid for Land | (Note 15) | 50,000,000.00 | - |
| Other | | 827,373.83 | 402,442.99 |
| TOTAL NON-CURRENT ASSETS | | 570,695,441.09 | 426,017,788.82 |
| TOTAL ASSETS | | 2,075,137,067.06 | 1,689,572,106.92 |

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2007 and 2006

| | | 2007 | 2006 |
|--|--------------|-------------------------|-----------------------|
| | | Baht | Baht |
| | | | (Restated) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Short-Term Loans from Financial Institutions | (Note 16,17) | 1,187,127,287.11 | 728,191,025.07 |
| Short-Term Loans from Security Company | (Note 18) | 24,768,189.89 | - |
| Accounts and Notes Payable Other Companies | | 179,441,710.54 | 177,612,631.31 |
| Accounts and Notes Payable Related Companies | (Note 6.2) | 962,481.40 | 670,255.71 |
| Current Portion of Liabilities Under Financial Lease Agreement | (Note 19) | 1,413,026.07 | 2,781,617.00 |
| Current Portion of Long Term Loans | (Note 20) | 9,000,000.00 | - |
| Other Current Liabilities | | | |
| Deposit Receipt for Land | (Note 12) | - | 15,000,000.00 |
| Accrued Corporate Income Tax | | 8,185,614.50 | 6,271,873.07 |
| Other Account Payable | | 24,243,412.43 | 7,069,045.99 |
| Others | | 8,827,732.93 | 6,502,461.07 |
| TOTAL CURRENT LIABILITIES | | 1,443,969,454.87 | 944,098,909.22 |
| NON-CURRENT LIABILITIES | | | |
| Long Term Loans from Financial Institutions - Net | (Note 20) | 29,250,000.00 | - |
| Liabilities under Financial Lease Agreement - Net | (Note 19) | - | 1,413,026.07 |
| TOTAL NON-CURRENT LIABILITIES | | 29,250,000.00 | 1,413,026.07 |
| TOTAL LIABILITIES | | 1,473,219,454.87 | 945,511,935.29 |

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2007 and 2006

| | | 2007 | 2006 |
|---|-----------|-------------------------|--------------------------|
| | | Baht | Baht |
| | | | <u>(Restated)</u> |
| SHAREHOLDERS' EQUITY | | | |
| Share Capital | (Note 21) | | |
| Authorized Share Capital | | | |
| 1,000,000,000 Ordinary Share @ 1.00 Baht | | 1,000,000,000.00 | - |
| 500,000,000 Ordinary Share @ 1.00 Baht | | - | 500,000,000.00 |
| Issued and Paid-up Share Capital | | | |
| 500,000,000 Ordinary Share @ 1.00 Baht | | 500,000,000.00 | 500,000,000.00 |
| Premiums on Share Capital | (Note 23) | 72,291,672.96 | 118,250,000.00 |
| Retained Earnings(Deficit) | | | |
| Appropriated | | | |
| Legal Reserve | (Note 23) | - | 4,585,125.00 |
| Unappropriated | | 29,625,939.23 | 121,225,046.63 |
| TOTAL SHAREHOLDERS' EQUITY | | 601,917,612.19 | 744,060,171.63 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 2,075,137,067.06 | 1,689,572,106.92 |

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

INCOME STATEMENTS

For the Years ended on December 31, 2007 and 2006

| | 2007 | 2006 |
|---|-------------------------|-------------------------|
| | Baht | Baht |
| | | (Restated) |
| REVENUES FROM OPERATION | | |
| Sales | 4,551,432,435.12 | 4,332,508,063.21 |
| Other Income | | |
| Interest Revenue | 15,483,281.14 | 6,932,490.67 |
| Other Revenue from Debt Repayment Receipt from | | |
| Management instead of Trading Account Receivable (Note 8) | 47,371,959.50 | - |
| Others | 22,087,839.53 | 7,494,955.28 |
| TOTAL REVENUES | 4,636,375,515.29 | 4,346,935,509.16 |
| EXPENSES FROM OPERATION | | |
| Cost of Goods Sold | 4,366,717,978.08 | 4,109,246,283.96 |
| Selling and Administrative Expenses | 102,388,365.11 | 81,632,672.37 |
| Doubtful Debt (Note 8) | 180,066,769.11 | - |
| Directors' Remuneration (Note 24) | 760,000.00 | 3,970,000.00 |
| TOTAL EXPENSES | 4,649,933,112.30 | 4,194,848,956.33 |
| PROFIT(LOSS) BEFORE INTEREST EXPENSES | | |
| AND CORPORATE INCOME TAX | -13,557,597.01 | 152,086,552.83 |
| INTEREST EXPENSES | -60,098,650.15 | -36,728,172.10 |
| CORPORATE INCOME TAX (Note 25) | -18,486,312.28 | -28,870,160.49 |
| NET PROFIT(LOSS) | -92,142,559.44 | 86,488,220.24 |
| BASIC EARNINGS(LOSS) PER SHARE (BAHT) | -0.18 | 0.20 |
| ORDINARY SHARES (THOUSAND SHARES) | 500,000,000 | 435,342,465 |

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 Years ended on December 31, 2007 and 2006

| | | ISSUED AND | PREMIUMS | RETAINED EARNINGS(DEFICIT) | | TOTAL |
|--|-----------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|
| | | PAID-UP SHARE | ON SHARE | APPROPRIATED | UNAPPROPRIATED | |
| | | CAPITAL | CAPITAL | LEGAL RESERVE | | |
| | | Baht | Baht | Baht | Baht | Baht |
| Balance as of December 31, 2006(Before Adjustment) | | 500,000,000.00 | 118,250,000.00 | 4,585,125.00 | 118,738,122.10 | 741,573,247.10 |
| Adjustment from Changing in the Accounting Policy | (Note 4) | - | - | - | 2,486,924.53 | 2,486,924.53 |
| Balance as of December 31, 2006 (After Adjustment) | | 500,000,000.00 | 118,250,000.00 | 4,585,125.00 | 121,225,046.63 | 744,060,171.63 |
| Dividend paid | (Note 22) | - | - | - | -50,000,000.00 | -50,000,000.00 |
| Legal reserves | (Note 22) | - | - | 4,082,000.00 | -4,082,000.00 | - |
| Transfer Premiums on Share Capital to Compensate | | | | | | |
| Accumulated loss | (Note 23) | - | -45,958,327.04 | - | 45,958,327.04 | - |
| Transfer Legal reserves to Compensate Accumulated loss | (Note 23) | - | - | -8,667,125.00 | 8,667,125.00 | - |
| Net profit(loss) for the period | | - | - | - | -92,142,559.44 | -92,142,559.44 |
| Balance as of December 31, 2007 | | 500,000,000.00 | 72,291,672.96 | - | 29,625,939.23 | 601,917,612.19 |
| | | | | | | |
| Balance as of December 31, 2005 (Before Adjustment) | | 400,000,000.00 | - | - | 91,702,497.77 | 491,702,497.77 |
| Adjustment from Changing in the Accounting Policy | (Note 4) | - | - | - | -2,380,546.38 | -2,380,546.38 |
| Balance as of December 31, 2005 (After Adjustment) | | 400,000,000.00 | - | - | 89,321,951.39 | 489,321,951.39 |
| Increase capital | (Note 21) | 100,000,000.00 | 118,250,000.00 | - | - | 218,250,000.00 |
| Dividend paid | (Note 22) | - | - | - | -50,000,000.00 | -50,000,000.00 |
| Legal reserves | (Note 22) | - | - | 4,585,125.00 | -4,585,125.00 | - |
| Net profit(loss) for the period (Restated) | | - | - | - | 86,488,220.24 | 86,488,220.24 |
| Balance as of December 31, 2006 | | 500,000,000.00 | 118,250,000.00 | 4,585,125.00 | 121,225,046.63 | 744,060,171.63 |

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 Years ended on December 31, 2007 and 2006

| | 2007 | 2006 |
|--|------------------------|------------------------|
| | Baht | Baht |
| | | (Restated) |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit(Loss) | -92,142,559.44 | 86,488,220.24 |
| Adjustments to Net Profit(loss) for Cash Provided (Used) from Operation: | | |
| Depreciation | 22,615,201.75 | 21,757,239.45 |
| Doubtful Debt | 180,066,769.11 | - |
| Interest Payment from Liabilities under Financial Lease Agreement | 411,919.00 | 935,285.69 |
| Loss from Fixed Assets Written Off | 74,333.73 | - |
| Amortisation of Intangible Asset | 199,999.89 | - |
| Loss from Unrealized of Investment in Trading Security | 11,503,628.00 | - |
| Gain from Sale of Investment in Property | -3,734,812.40 | - |
| Gain from Sale of Property, Plant and Equipment | -8,574.73 | - |
| Unrealized Loss on Exchange Rate | 262,971.78 | 1,381,498.21 |
| Loss from Declining in Value of Inventories (Reversal) | 860,109.25 | -11,415,864.65 |
| Profit from Operating Activities before Change in Operating Assets and Liabilities | 120,108,985.94 | 99,146,378.94 |
| (Increase) Decrease in Temporary Investment | -49,389,828.00 | - |
| (Increase) Decrease in Accounts and Notes Receivable-Other Companies | -454,915,324.48 | 142,750,331.69 |
| (Increase) Decrease in Accounts and Notes Receivable-Related Companies | 12,611,318.87 | 11,728,350.56 |
| (Increase) Decrease in Inventories | 33,046,195.42 | -122,874,903.98 |
| (Increase) Decrease in Advance Payment - Goods | 39,845,298.29 | -131,223,434.16 |
| (Increase) Decrease in Accounts Receivable - Revenue Department | -12,704,772.60 | - |
| (Increase) Decrease in Other Current Assets | 2,045,840.14 | -8,769,020.19 |
| Increase(Decrease) in Accounts and Notes Payable-Other Companies | 1,566,107.45 | -290,112,367.00 |
| Increase(Decrease) in Accounts and Notes Payable-Related Companies | 292,225.69 | -7,283,245.36 |
| Increase (Decrease) in Advance Receipt for Goods | - | -128,971,962.62 |
| Increase(Decrease) in Accrued Corporate Income Tax | 1,913,741.43 | -4,361,312.91 |
| Increase(Decrease) in Accounts Payable Revenue Department | -1,074,092.33 | -2,611,563.16 |
| Increase(Decrease) in Other Account Payable | 8,941,533.61 | 7,043,258.87 |
| Increase(Decrease) in Other Current Liabilities | 3,399,364.19 | -5,739,955.04 |
| Cash Provided(Used) from Operating Activities - Net | -294,313,406.38 | -441,279,444.36 |

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 Years ended on December 31, 2007 and 2006

| | 2007 | 2006 |
|---|------------------------|-----------------------|
| | Baht | Baht |
| | | (Restated) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Increase) Decrease in Pledged Deposit at Financial Institution | -23,769,566.67 | -57,862,650.17 |
| (Increase) Decrease in Non Other Current Assets | -424,930.84 | -86,869.16 |
| (Increase) Decrease in Intangible Asset | - | -1,705,606.50 |
| Cash Received from Sale of Investment in Property | 18,547,248.00 | - |
| Cash Received from Sale of Property, Plant and Equipment | 11,401.87 | - |
| Cash Received from Deposit Receipt for Land | - | 10,000,000.00 |
| Cash Payment for Deposit for Purchased Land plus Property | -50,000,000.00 | - |
| Cash Payment for Purchased of Fixed Assets | -114,955,120.04 | -29,592,123.54 |
| Cash Provided(Used) from Investing Activities - Net | -170,590,967.68 | -79,247,249.37 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in Short-Term Loans from Financial Institution | 458,936,262.04 | 350,800,980.73 |
| Increase (Decrease) in Short-Term Loans from Security Company | 24,768,189.89 | - |
| Increase (Decrease) in Long -Term Loans from Financial Institution | 38,250,000.00 | - |
| Increase (Decrease) in Liabilities under Financial Lease Agreement | -3,193,536.00 | -5,312,820.00 |
| Increase in Share Capital | - | 100,000,000.00 |
| Increase in Premiums on Share Capital | - | 118,250,000.00 |
| Dividend Paid | -50,000,000.00 | -50,000,000.00 |
| Cash Providend (Used) from Financing Activities - Net | 468,760,915.93 | 513,738,160.73 |
| CASH AND ITS EQUIVALENT INCREASE (DECREASE)-NET | 3,856,541.87 | -6,788,533.00 |
| CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD | 28,516,067.81 | 35,304,600.81 |
| CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD | 32,372,609.68 | 28,516,067.81 |
| Additional Disclosure of Cash Flow Data. | | |
| 1. Cash Payment During the Period : | | |
| - Interest Expenses | 59,807,412.69 | 39,911,050.06 |
| - Corporate Income Tax | 16,572,570.85 | 43,454,713.42 |
| 2. Cash and Its Equivalent Item, Consist of :- | | |
| - Cash | 75,454.66 | 136,693.75 |
| - Bank Deposit - Current Deposit | 22,988,706.20 | 19,655,817.21 |
| - Bank Deposit - Saving Deposit | 9,308,448.82 | 8,722,556.85 |
| - Bank Deposit - Fixed Deposit | - | 1,000.00 |
| Total | 32,372,609.68 | 28,516,067.81 |
| 3. Non-cash items which are not shown in cash flows statement | | |
| - For the year ended on December 31, 2007 the Company purchased fixed assets from other accounts payable in amount of Baht 8,232,832.83 | | |

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****December 31, 2007 and 2006****1. Basis of Financial Statements**

- 1.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543, and in accordance with the determination of the office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.
- 1.2 The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 1.3 In order to prepare the financial statement 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.
- 1.4 For the convenience of the user, and English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

2. Adoption of New Accounting Standards

During 2007, the Federation of Accounting Professions announced to apply the Thai Accounting Standards no. 51 "Intangible Assets" and to apply the following accounting standards instead of the former Thai Accounting Standards which have been revoked

TAS 25 (Revised 2007) "Cash flow statements"

TAS 29 (Revised 2007) "Leases"

TAS 31 (Revised 2007) "Inventories"

TAS 33 (Revised 2007) "Borrowing costs"

TAS 35 (Revised 2007) "Presentation of financial statements"

TAS 39 (Revised 2007) "Accounting policies, changes in accounting estimates and errors"

TAS 41 (Revised 2007) "Interim financial reporting"

TAS 43 (Revised 2007) "Business Combinations"

TAS 44 (Revised 2007) “Consolidated financial statements and separate financial statements”

TAS 45 (Revised 2007) “Investments in associates”

TAS 46 (Revised 2007) “Interests in joint ventures”

TAS 49 (Revised 2007) “Construction contracts”

The effective date for the revised TAS 44 “Consolidated and separate financial statements”, TAS 45 “Investments in associates” and TAS 46 “Interests in joint ventures” is for the accounting periods beginning on or after January 1, 2007 onward, For the remaining Thai Accounting Standards will be effective for the accounting periods beginning on or after January 1, 2008. However, the Management assessed that the revised standards shall not impact significantly to the financial statements being presented.

3. General Information

The Company has registered in accordance with the Civil and Commercial Law Code that is juristic person in type of Company Limited since May 10, 1999, registered number 0107549000050 and registered as public company on March 27, 2006

- Head office 272 Watchannog Lane, Phraram 3 Road, Kwaeng Bangkoleam, Khet Bangkoleam, Bangkok.
- Branch1 64/7 Moo 1 Phraram 2 Road, Thambon Khogkrabuo, Amphur Moungsamuthsakorn, Changwat Samuthsakorn.
- Branch2 33/8 Moo 5 Tepharak Road, Thambon Bangpleeyai, Amphur Bangplee, Changwat Samuthprakarn.
- Branch3 207/1 Moo 3 Thambon Lumsai, Amphur Wangnoi, Changwat Pranakornsriyudhaya.
- Branch4 116/7 Moo 5 Thambon Pantainorasing, Amphur Moungsamuthsakorn, Changwat Samuthsakorn.

The Company operated the distribution of steel pipe and steel products. The Company constitutes data in respect of staff as follows:

| | <u>2007</u> | <u>2006</u> |
|---------------------------------------|-------------|-------------|
| Average Number of Employees (Persons) | 149 | 122 |
| Employee Expenses (Million Baht) | | |
| For the year ended on December 31, | 29.48 | 28.45 |

4. 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 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.

5. Summary of Significant Accounting Policies

5.1 Recognition of revenues

- Revenue from sales is recognized when goods are delivered to customers.
- Service incomes is recognized when service are provided to customer.
- Revenue of rental is recognized in accordance with the period of rent contract.
- Revenue of interest receivable is recognized in accordance with the period of receipt which is computed from outstanding principle.

5.2 Recognition of expenses

- Expenses are recognized on accrual basis.

5.3 Cash and cash equivalents

Cash and cash equivalents include bank deposit in saving account, current account and not over 3 months fixed account with not obligations.

5.4 Accounts receivable, other accounts receivable and allowance for doubtful debt

Accounts receivable and other accounts receivable are valued at net realizable value. For allowance for doubtful debt accounts, estimated from those accounts which are likely to be uncollectible.

5.5 Temporary investment

Temporary investment is investment in marketable security which the Company holds as trading security is reflected by fair value. The fair value of registered security is computed as of the date in the balance sheet from the latest price offered of The Stock Exchange of Thailand. 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.

5.6 Inventories

Inventories are valued at cost price under MOVING AVERAGE method or net realizable value, whichever is lower.

5.7 Investment in property

Investments in property are stated at the lower of cost or fair value.

5.8 Property, plant and equipment

Property, plant and equipment are recorded at cost on the transaction date less accumulated depreciation. Depreciation is calculated on a straight-line basis over the approximate useful life as follows:

| | |
|-------------------------------|----------|
| - Building & Construction | 20 years |
| - Machine | 5 years |
| - Improvement office building | 5 years |
| - Office Equipment | 5 years |
| - Furniture and Equipment | 5 years |
| - Vehicles | 5 years |

The Company did not carry depreciation for asset being construction.

Expenditure in respect of extension, life renewal or asset improvement which causes the present replacement price increased materially. It will combine as cost of asset. Regarding repairing fee and maintenance, it is recognized as expense in the incurred accounting period.

Gain or loss from disposal of property, plant and equipment is computed from discrepancy between net cash received and book value and recognized as other revenue or other expense in the statement of income.

5.9 Intangible asset

Intangible Asset, type of computer software 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.

5.10 Impairment

Impairment of outstanding book value of asset is revised as of the balance sheet date as to whether there is indication of impairment or not. If there is indication, realizable asset value will be estimated. Loss from impairment will be recognized when book value of asset or book value of asset unit which generates cash higher than net realizable value. Loss from impairment is recorded in the statement of income.

Calculation of recoverable amount

- The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. All reversals of impairment losses are recognized as revenue in the statement of income.

5.11 Leased contract

The asset leased contract which holds the risk and remuneration of the major owner has been transferred to asset lesser will be regarded as financial leased contract. The financial leased contract is recorded as capital expenditure by fair value of leased asset or present value of the minimum amount that has to repay according to the leased contract whichever amount is lower. The amount which has to repay in each time will be divided as liability portion and financial expense so that fixed interest rate over outstanding accrued liability of obligation commitment according to the financial leased contract will be recorded as long term liability. Interest repayable will be recorded in the statement of income throughout the life of leased contract. Asset acquired by the financial leased contract will be depreciated according to the useful life by estimation of those assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lease are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

5.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

5.13 Employees benefit

The Company is recognized salary, wage, bonus, social security fund, staff provident fund and provident fund are expense on date the transaction occur.

5.14 Foreign currencies

Items denominated in foreign currencies are recorded in Baht at the prevailing exchange rate when the transactions occur, and their balances of assets and liabilities at the ended of period are converted into Baht by closing rate which is the prevailing exchange rate on that date. Profit or loss arising from such conversion is shown as revenues or expenses in the income statements.

5.15 Financial instruments

Financial instruments; financial assets carried on the balance sheets include cash and bank deposit, investment, and accounts receivable, financial liabilities carried on the balance sheets include accounts payable, loan. The particular accounting policies adopted for each items are disclosed in each individual section.

The Company performed the forward foreign currencies contract so as to hedge against risk from fluctuation of exchange rates. The forward foreign currencies contract will determine exchange rates in the future that foreign currencies asset and liability will receive or has to be repayable. The forward foreign currencies contract as of period end will be computed by fair value and disclosed in the note to the financial statements. In addition, realized gain (loss) incurred from the forward foreign exchange contract will be recorded in the statement of income.

5.16 Earnings(loss) per share

Basic earnings per share is calculated by dividing net profit with the weighted averaged number of issued and paid-up shares. The Company did not calculate the fully-diluted earnings per share since it has no equivalent ordinary shares equivalents.

5.17 The appropriation of retained earnings

The appropriation of retained earnings is attributable to the Public Company Act 2535 (1992). The Company will appropriate retained earnings when it is approved at the shareholders' meeting.

6 Inter-Transactions

The Company constitutes important business transaction with the Company and related companies. Such business transactions are complied with trading term and criteria as per mutually agreed between the Company and related companies which is complied with the normal course of business whereby it can be summarized as follows:

6.1 Inter – Sales and Expenses

| | | For the Year | |
|---|---------|-----------------------|-----------------------|
| | | Ended on December 31, | |
| | Pricing | 2007 | 2006 |
| | policy | Baht | Baht |
| <u>Inter - Sales</u> | | | |
| GENIUS TECH TRADING CO., LTD. | (1) | 157,345,302.80 | 167,943,111.79 |
| P.A.P EXIM CO., LTD. | (1) | 27,406,605.16 | 60,480,753.70 |
| CHAIUPON CO., LTD. | (1) | 8,655,063.91 | 6,677,396.36 |
| MAHALAP METAL CO., LTD. | (1) | 13,457,797.14 | 16,187,205.54 |
| HARNSAWAT LTD. PART. | (1) | 2,055,318.52 | 2,665,158.59 |
| SIAM FERRO INDUSTRY CO., LTD. | (1) | 25,625.75 | - |
| G.T. STEEL WORKS CO., LTD. | (1) | 216,597.20 | - |
| Total | | <u>209,162,310.48</u> | <u>253,953,625.98</u> |
| <u>Inter – Other revenue from debt repayment</u> | | | |
| <u>Receipt from management instead of trading</u> | | | |
| <u>Account receivable</u> | | | |
| MISS ANGKAKARN TANTIVIROON | (2) | 47,371,959.50 | - |
| Total | | <u>47,371,959.50</u> | <u>-</u> |
| <u>Inter – Interest Revenue</u> | | | |
| MISS ANGKAKARN TANTIVIROON | (2,3) | 6,628,040.50 | - |
| Total | | <u>6,628,040.50</u> | <u>-</u> |

| | | For the Year | |
|--|---------|-----------------------|---------------|
| | | Ended on December 31, | |
| | Pricing | 2007 | 2006 |
| | policy | Baht | Baht |
| <u>Inter – Transportation Revenue</u> | | | |
| SIAM FERRO INDUSTRY CO., LTD. | (4) | 1,000.00 | - |
| G.T. STEEL WORKS CO., LTD. | (4) | 8,000.00 | - |
| Total | | 9,000.00 | - |
| <u>Other Income</u> | | | |
| SIAM FERRO INDUSTRY CO., LTD. | (5) | 6,975.89 | 6,048.23 |
| Total | | 6,975.89 | 6,048.23 |
| <u>Inter – Purchases</u> | | | |
| SIAM FERRO INDUSTRY CO., LTD. | (1) | 27,880.00 | 546,220.00 |
| G.T. STEEL WORKS CO., LTD. | (1) | - | 65,250.00 |
| GENIUS TECH TRADING CO., LTD. | (1) | 21,033,294.40 | 53,084.11 |
| Total | | 21,061,174.40 | 664,554.11 |
| <u>Inter – Subcontract</u> | | | |
| SIAM FERRO INDUSTRY CO., LTD. | (4) | 22,389,155.90 | 37,615,597.25 |
| Total | | 22,389,155.90 | 37,615,597.25 |
| <u>Inter – Directors' Remuneration</u> | | | |
| DIRECTORS | (6) | 760,000.00 | 3,970,000.00 |
| Total | | 760,000.00 | 3,970,000.00 |
| <u>Inter – Other Expenses</u> | | | |
| SIAM FERRO INDUSTRY CO., LTD. | (5) | 5,034,670.55 | 10,412,260.09 |
| A.T. STEEL CO., LTD. | (5) | 1,187,315.29 | 1,170,763.04 |
| G.T. STEEL WORKS CO., LTD. | (5) | 981,043.46 | 715,001.53 |
| GENIUS TECH TRADING CO., LTD. | (5) | 362,347.87 | 12,757.01 |
| Total | | 7,565,377.17 | 12,310,781.67 |
| <u>Inter – Assets Acquisition</u> | | | |
| TEAM VIS CONSTRUCTION CO., LTD. | (5) | 791,586.00 | 6,270,440.96 |
| SIAM FERRO INDUSTRY CO., LTD. | (5) | - | 1,000.00 |
| GENIUS TECH TRADING CO., LTD. | (5) | - | 150,074.77 |
| G.T. STEEL WORKS CO., LTD. | (5) | - | 281,761.68 |
| Total | | 791,586.00 | 6,703,277.41 |

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

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

6.2 Inter – Assets and Liabilities

| | As of December 31, 2007 Baht | As of December 31, 2006 Baht |
|--|------------------------------------|------------------------------------|
| <u>Inter – Accounts and Notes Receivable</u> | | |
| P.A.P EXIM CO., LTD. | - | 1,614,963.64 |
| G.T. STEEL WORKS CO., LTD. | 24,375.00 | - |
| MAHALAP METAL CO., LTD. | 88,140.69 | - |
| SIAM FERRO INDUSTRY CO., LTD. | 1,140.00 | - |
| HARNSAWAT LTD. PART. | 39,632.00 | - |
| CHAI SUPON CO., LTD. | - | 391,608.06 |
| GENIUS TECH TRADING CO., LTD. | - | 10,757,998.86 |
| THANASUB PAISARN CO., LTD. | 9,904,647.18 | 9,904,647.18 |
| Total | 10,057,898.87 | 22,669,217.74 |
| <u>Less</u> Allowance for Doubtful Debt - THANASUB PAISARN CO., LTD. | (9,904,647.18) | (9,904,647.18) |
| Net | 153,251.69 | 12,764,570.56 |
| <u>Inter – Accounts and Notes Payable</u> | | |
| SIAM FERRO INDUSTRY CO., LTD. | 926,590.40 | 437,766.71 |
| GENIUS TECH TRADING CO., LTD. | 35,891.00 | 133,300.00 |
| G.T. STEEL WORKS CO., LTD. | - | 99,189.00 |
| Total | 962,481.40 | 670,255.71 |
| <u>Inter - Accrued Expenses</u> | | |
| SIAM FERRO INDUSTRY CO., LTD. | 185,705.74 | - |
| A.T. STEEL CO., LTD. | - | 655.71 |
| GENIUS TECH TRADING CO., LTD. | 97,156.00 | - |
| G.T. STEEL WORKS CO., LTD. | 161,998.00 | - |
| Total | 444,859.74 | 655.71 |

6.3 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. |
| 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. |
| 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 |

7 Temporary Investment

| | As of December 31, 2007 Baht | As of December 31, 2006 Baht |
|---|------------------------------------|------------------------------------|
| Investment of Trading Security – Cost Value | 49,389,828.00 | - |
| <u>Less</u> Unrealized Loss in Investment of Trading Security | (11,503,628.00) | - |
| Investment of Trading Security – Fair Value | <u>37,886,200.00</u> | <u>-</u> |

8 Accounts and Notes Receivable Other Companies - Net

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

| | As of December 31, 2007 Baht | As of December 31, 2006 Baht |
|--|------------------------------------|------------------------------------|
| Notes Receivable | 539,952,579.47 | 175,822,799.60 |
| Account Receivable | | |
| Within credit term | 239,727,887.23 | 258,716,502.80 |
| Over due 1 to 30 days | 95,641,505.16 | 162,856,496.51 |
| Over due 31 to 60 days | 6,086,060.05 | 9,162,822.63 |
| Over due over 91 days | 180,065,914.11 | - |
| Total | 1,061,473,946.02 | 606,558,621.54 |
| <u>Less</u> Allowance of Doubtful – Account Receivable | (180,066,769.11) | - |
| Net | 881,407,176.91 | 606,558,621.54 |

As of December 31, 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 2nd – 27th installment in amount of Baht 6.0 millions per installment, for the 28th 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 which comply 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 year ended on December 31, 2007. The Company received principal debt repayment and interest in amount of Baht 47.37 millions and in amount of Baht 6.63 millions respectively.

As of December 31, 2007 and 2006, the Company factored some posted dates cheques receivable in amount of Baht 77.73 millions and Baht 87.69 millions to pledge against loan due to merchant bank.

9 Accounts and Notes Receivable Related Companies - Net

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

| | As of December 31, 2007 Baht | As of December 31, 2006 Baht |
|---|------------------------------------|------------------------------------|
| Notes Receivable | 39,632.00 | 4,452,312.75 |
| Account Receivable | | |
| Within credit term | 113,619.69 | 8,145,139.81 |
| Over due 1 to 30 days | - | 167,118.00 |
| Over due over 91 days | 9,904,647.18 | 9,904,647.18 |
| Total | 10,057,898.87 | 22,669,217.74 |
| <u>Less</u> Allowance for Doubtful Debt | (9,904,647.18) | (9,904,647.18) |
| Net | 153,251.69 | 12,764,570.56 |

10 Inventories - Net

Consist of:

| | As of December 31, 2007 | As of December 31, 2006 |
|--|----------------------------|----------------------------|
| | Baht | Baht |
| Finished Goods | 251,442,434.82 | 217,086,675.87 |
| Raw Materials | 103,617,290.20 | 108,576,589.09 |
| Goods-in-Transit | 86,586,919.81 | 149,950,406.78 |
| Spare Part | 950,839.48 | 30,007.99 |
| Total | 442,597,484.31 | 475,643,679.73 |
| <u>Less</u> Allowance from Declining in Value of Goods | (1,484,657.39) | (624,548.14) |
| Net | 441,112,826.92 | 475,019,131.59 |

11 Pledged Deposit at Financial Institution

As of December 31, 2007 and 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.

12 Investment in Property

As of December 31, 2007 and 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.

13 Property, Plant and Equipment – Net

Consist of:

| | Balance As of December 31, 2006 Baht | Increase/ Transfer in Baht | Sale/ Transfer out Baht | Balance As of December 31, 2007 Baht |
|---------------------------------|--|----------------------------------|-------------------------------|--|
| Cost : | | | | |
| Land | 48,580,440.00 | 17,423,000.00 | - | 66,003,440.00 |
| Building | 31,873,063.10 | 75,615,743.92 | - | 107,488,807.02 |
| Building & Construction | 1,884,141.98 | - | - | 1,884,141.98 |
| Improvement office building | 579,020.85 | - | - | 579,020.85 |
| Machinery | 67,991,097.45 | 2,008,075.16 | - | 69,999,172.61 |
| Furniture and Equipment | 5,165,274.77 | 4,984,550.24 | (74,333.73) | 10,075,491.28 |
| Equipment | 7,283,418.67 | 1,811,872.58 | - | 9,095,291.25 |
| Vehicle | 24,409,613.21 | 1,991,168.21 | (68,785.05) | 26,331,996.37 |
| Building in progress | 58,327,765.37 | 21,603,489.21 | (75,413,382.95) | 4,517,871.63 |
| Machinery in progress | 1,742,400.00 | 75,330,886.50 | (2,167,450.00) | 74,905,836.50 |
| Total | 247,836,235.40 | 200,768,785.82 | (77,723,951.73) | 370,881,069.49 |
| Accumulated Depreciation: | | | | |
| Building | (7,139,212.08) | (2,951,629.81) | - | (10,090,841.89) |
| Building & Construction | (207,234.42) | (94,206.82) | - | (301,441.24) |
| Improvement office building | (58,695.26) | (115,803.35) | - | (174,498.61) |
| Machinery | (28,853,556.59) | (11,714,934.90) | - | (40,568,491.49) |
| Furniture and Equipment | (1,577,524.93) | (1,458,013.67) | - | (3,035,538.60) |
| Equipment | (2,025,620.56) | (1,594,455.93) | - | (3,620,076.49) |
| Vehicle | (15,094,272.83) | (4,686,157.27) | 65,957.91 | (19,714,472.19) |
| Total | (54,956,116.67) | (22,615,201.75) | 65,957.91 | (77,505,360.51) |
| Allowance for Impairment - Land | (15,672,815.00) | - | - | (15,672,815.00) |
| Net | 177,207,303.73 | | | 277,702,893.98 |
| Depreciation for the year | | | | |
| Ended on December 31, 2007 | | | | 22,615,201.75 |
| Ended on December 31, 2006 | | | | 21,757,239.45 |

As of December 31, 2007 and 2006, the Company mortgaged land plus property as to be collateral of short – term loans from the financial institute.

As of December 31, 2007 and 2006, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 14.52 million and Baht 1.08 million respectively. The net book value of which was now Baht 66.00 and Baht 16.00 respectively.

14 Intangible Asset - Net

Consist of:

| | Balance As of December 31, 2006 Baht | Increase/ Transfer in Baht | Sale/ Transfer out Baht | Balance As of December 31, 2007 Baht |
|---|--|----------------------------------|-------------------------------|--|
| Cost : | | | | |
| Computer Software | 1,705,606.50 | - | - | 1,705,606.50 |
| Total | 1,705,606.50 | - | - | 1,705,606.50 |
| Accumulated Amortization | | | | |
| Computer Software | - | (199,999.89) | - | (199,999.89) |
| Total | - | (199,999.89) | - | (199,999.89) |
| Net | 1,705,606.50 | | | 1,505,606.61 |
| Amortization expense for the year Ended on December 31, 2007 | | | | 199,999.89 |

15 Deposit Paid for Land

As of December 31, 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 Raise. 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 company is already received the ownership in such land on February 15, 2008.

16 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 December 31, 2007 in amount of Baht 1,361.00 million, US Dollars 5.37 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 12 and 13 land plus property of a director, the Company bank deposit, post dated cheque of a company and guaranteed director.

17 Short-Term Loans from Financial Institutions

Consists of:

| | As of December 31, 2007 Baht | As of December 31, 2006 Baht |
|-----------------|------------------------------------|------------------------------------|
| Trust Receipts | 741,127,287.11 | 497,191,025.07 |
| Promissory Note | 446,000,000.00 | 231,000,000.00 |
| Total | <u>1,187,127,287.11</u> | <u>728,191,025.07</u> |

As of December 31, 2007 and 2006, trust receipt payable is carried by interest rates of 5.25 – 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 December 31, 2007 and 2006, the whole amount of short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 5.10 – 6.86% and 4.75 – 7.50% per annum respectively.

Loan due to above finance institute is guaranteed by mortgaging the Company's land plus property, machinery and equipment. The director's land plus property and the Company bank deposit, post dated cheque and guaranteed by director.

18 Short – Term Loans from Security Company

As of December 31, 2007, the whole amount is loan according to the contract of representative appointment and loan borrowing for securities purchase and securities borrowing for short sale in the Credit Balance System with one securities company. There is loan credit line so as to purchase securities including commission in the securities purchase or securities borrowing from securities company for short sale including commission fee in the short sale in the loan value or securities value which are shortly sold at any time not exceeding Baht 25.00 millions. There is interest rates of 6.75% per annum.

19 Liabilities under Financial Lease Agreement – Net

Consist of:

| | As of December 31, 2007 | As of December 31, 2006 |
|---|----------------------------|----------------------------|
| | Baht | Baht |
| Liabilities under Financial Lease Agreement | 1,462,524.00 | 4,656,060.00 |
| <u>Less</u> Interest Payment from Financial Lease Agreement | (49,497.93) | (461,416.93) |
| Current Portion of Financial Lease Agreement | (1,413,026.07) | (2,781,617.00) |
| Net | - | 1,413,026.07 |

As of December 31, 2007 and 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 3.25 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.

20 Long Term Loans from Financial Institutions – Net

Consist of:

| | As of December 31, 2007 | As of December 31, 2006 |
|---|----------------------------|----------------------------|
| | Baht | Baht |
| Long Term Loans from Financial Institutions | 38,250,000.00 | - |
| <u>Less</u> Current Portion | (9,000,000.00) | - |
| Net | 29,250,000.00 | - |

As of December 31, 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. 13 and the Company director is guarantor.

21 Share Capital

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 100.0 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)

In accordance with the minute of the board of directors meeting no. 8/2007 held on October 24, 2007 and minute of extra-ordinary shareholders meeting no. 1/2007 held on December 14, 2007, they are unanimously resolved that registered capital is increased by another 500 millions shares to 1,000 millions shares. New ordinary shares are issued by number of 500 millions shares in par value of Baht1.00 per share so as to offer to former shareholders in the ratio of one former share over one new share in the price of Baht2 per share. There is the purpose in order to repay short term loan to the finance institute approximately Baht 300 millions. The remaining balance is used as working capital of the Company so as to reserve for business growth in the future. The Company will close the registered book to hold the shares transfer for rights in the increased capital shares subscription on February 14, 2008. The Company has already registered the increased share capital at the Ministry of Commerce on December 27, 2007.

22 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.

23 The Compensation of Accumulated Loss

In accordance with the resolution of the board of directors meeting no. 9/2007 held on November 13, 2007 and the resolution of the extra-ordinary shareholders meeting no. 1/2007 held on December 14, 2007, they are unanimously resolved that compensation of accumulated loss is approved as of September 30, 2007 in amount of Baht 54.63 millions. The legal reserve in amount of Baht 8.67 millions and premium on share capital in amount of Baht 45.96 millions are taken to compensate against accumulated loss.

24 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.

25 Corporate Income Tax

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.

26 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 year ended on December 31, 2007 and 2006 in amount of Baht 0.22 million and Baht 0.13 million.

27 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.

28 Obligations and Contingent Liabilities

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

| | As of December 31, 2007 <u>Million Baht</u> | As of December 31, 2006 <u>Million Baht</u> |
|--|---|---|
| - Letters of Credit | | |
| Credit Line 600.0 Million, Credit Unused | 64.31 | 207.23 |
| - Letters of Guarantee | 2.79 | 0.80 |

28.2 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 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 5 vehicles with one other company. The contract holds the life of one year. The leased fee is in the rate of Baht 126,000.- per month.

As of December 31, 2007 and 2006, the Company holds the total leased fee amount which has to completely repay in amount of Baht 7.30 millions and Baht 8.87 millions respectively.

- 28.3 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 December 31, 2007 and 2006, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 2.80 millions and Baht 2.40 millions respectively.

29 Financial Instruments

29.1 Policy to manage financial risks

The Company obtains risk on the fluctuation of the interest and foreign currency exchange rate in the market. The Company has no policy to hold financial instruments for the purpose of speculation or trade.

29.2 Risk on interest rates

Risk on interest rates is derived from fluctuation of interest rates in the future which affects upon operation result and the cash flow. The Company risks from rate of interest in deposits at financial institutions, bank overdrafts and loan from banks and the financial institutions.

The Company had assets and liabilities instruments to hedge against this risk as follow :

| | Amount | | interest rate per annum | |
|------------------------|---------------------|---------------------|-------------------------|-------------------|
| | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 |
| | <u>Million Baht</u> | <u>Million Baht</u> | <u>%</u> | <u>%</u> |
| Cash in Bank | 9.31 | 8.72 | 0.50 | 0.50 |
| Saving | 230.77 | 207.00 | 2.25-3.75 | 4.50-5.50 |
| Current | 741.13 | 497.19 | 5.25-5.50 | 4.75-7.50 |
| Trust Receipts Payable | | | | |
| Short-Term Loans from | 446.00 | 231.00 | 5.10-6.86 | 4.75-7.50 |
| Financial Institution | | | | |
| Short-Term Loans from | | | | |
| Security Company | 24.77 | - | 6.75 | - |
| Long-Term Loans from | 38.25 | - | 6.85-7.50 | - |
| Financial Institution | | | | |

29.3 Risk on exchange rates

Risk on exchange rate is risk which is derived from raw material purchased and imported from overseas; as a result, the Company constitutes risk with respect to the change of exchange rate. However, the Company will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend.

As of December 31, 2007 and 2006, the Company has foreign currency liabilities that were not hedged by derivative financial instruments were as follows:

| Currencies | Financial Liabilities | |
|------------|-----------------------|-------------------|
| | As of | As of |
| | December 31, 2007 | December 31, 2006 |
| US Dollars | 2,563,077.81 | 3,088,000.00 |

29.4 Credit risk

The Company obtains credit risk to trade debts. However, the mainly customers of the Company were capability repayment. As result, the Company does not anticipate any indemnity arising from uncollectability beyond allowance for doubtful accounts receivable.

29.5 Fair value

Owing to mainly financial assets and financial liabilities were classified under short-term type and interest of loan are close to the rate of market, thus management of the company believe that the book values of such financial assets and liabilities do not materially differ from fair value.

30 Approval of the Financial Statement

These financial statements have been approved by the Company's Board of directors on
February 28, 2008
