

(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 June 30, 2008 the related statements of income for the quarter and for the six months period ended on June 30, 2008 and 2007, the statements of changes in shareholders' equity and the statements of cash flow for the six 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.

I have previously audited, in accordance with the generally accepted auditing standards, the financial statements for the year ended on December 31, 2007 of **RICH ASIA STEEL PUBLIC COMPANY LIMITED** and expressed an unqualified opinion in my report dated February 28, 2008. The balance sheets as of December 31, 2007, presented herein for comparison, have been derived from such financial statement which I have audited and reported on. I have not performed any other audit procedures subsequent to such report date.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED

(Somchai Kurujitkosol)

Authorized Auditor No. 3277

Bangkok,

August 14, 2008

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2008 and December 31, 2007

		2008	2007
		'000 Baht	'000 Baht
		Unaudited	Audited
		Limited review only	
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents Items	(Note 5)	223,403	32,373
Temporary Investment	(Note 6)	3,367	37,886
Accounts and Notes Receivable Other Companies-Net	(Note 7)	531,925	881,407
Accounts and Notes Receivable Related Companies-Net	(Note 4.2,8)	157	153
Inventories-Net	(Note 9)	617,198	441,113
Other Current Assets			
Advance Payment - Goods	(Note 10)	1,015,887	91,378
Account Receivable - Revenue Department		37,727	12,705
Other		5,187	7,427
TOTAL CURRENT ASSETS		2,434,851	1,504,442
NON-CURRENT ASSETS			
Pledged Deposit at Financial Institution	(Note 11)	207,000	230,769
Investment in Property	(Note 12)	9,890	9,890
Property Plant and Equipment - Net	(Note 13)	321,857	277,703
Deposit Payment for Investment	(Note 14)	200,000	-
Other Non-Current Assets			
Deposit Paid for Land	(Note 15)	-	50,000
Other		1,792	2,333
TOTAL NON-CURRENT ASSETS		740,539	570,695
TOTAL ASSETS		3,175,390	2,075,137

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2008 and December 31, 2007

		2008	2007
		'000 Baht	'000 Baht
		Unaudited	Audited
		Limited review only	
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-Term Loans from Financial Institutions	(Note 16,17)	1,122,964	1,187,127
Short-Term Loans from Security Company	(Note 18)	1	24,768
Accounts and Notes Payable Other Companies		44,497	179,442
Accounts and Notes Payable Related Companies	(Note 4.2)	37,911	962
Current Portion of Long Term Loans	(Note 19)	9,000	9,000
Other Current Liabilities			
Accrued Corporate Income Tax		34,466	8,186
Advance Receipt for Goods		104,706	150
Others		45,495	34,334
TOTAL CURRENT LIABILITIES		1,399,040	1,443,969
NON-CURRENT LIABILITIES			
Long Term Loans from Financial Institutions - Net	(Note 19)	24,750	29,250
TOTAL NON-CURRENT LIABILITIES		24,750	29,250
TOTAL LIABILITIES		1,423,790	1,473,219

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2008 and December 31, 2007

	2008	2007
	<u>'000 Baht</u>	<u>'000 Baht</u>
	Unaudited	Audited
	Limited review only	
SHAREHOLDERS' EQUITY		
Share Capital		
Authorized Share Capital		
10,000,000,000 Ordinary Share @ 0.10 Baht (Note 20,27)	1,000,000	-
1,000,000,000 Ordinary Share @ 1.00 Baht	-	1,000,000
Issued and Paid-up Share Capital		
10,000,000,000 Ordinary Share @ 0.10 Baht	1,000,000	-
500,000,000 Ordinary Share @ 1.00 Baht	-	500,000
Premiums on Share Capital	571,792	72,292
Retained Earnings		
Unappropriated	179,808	29,626
TOTAL SHAREHOLDERS' EQUITY	1,751,600	601,918
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,175,390	2,075,137

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

INCOME STATEMENTS

For the Quarter and the six months period ended on June 30, 2008 and 2007

		Unaudited			
		Limited review only			
		For the Quarter ended on June 30		For the six months ended on June 30	
		2008	2007	2008	2007
		'000 Baht	'000 Baht	'000 Baht	'000 Baht
Sales		1,177,964	1,071,696	2,792,673	2,355,635
Cost of Sales		1,010,859	1,022,280	2,508,042	2,269,868
Gross Profit		167,105	49,416	284,631	85,767
Other Revenue from Debt Repayment Receipt from					
Management instead of Trading Account Receivable	(Note 7)	15,870	18,000	36,527	18,000
Others Income		7,184	6,929	15,385	12,801
Selling and Administrative Expenses		(30,639)	(20,005)	(58,800)	(41,401)
Gain(Loss) on Exchange Rate		(17,039)	-	(6,506)	1,304
Doubtful Debt	(Note 7)	-	-	-	(180,067)
Loss from Investment of Trading Security		(15,691)	-	(33,919)	-
Interest and Financial Expenses		(17,755)	(14,115)	(49,013)	(28,879)
PROFIT(LOSS) BEFORE CORPORATE INCOME TAX		109,035	40,225	188,305	(132,475)
CORPORATE INCOME TAX	(Note 23)	(23,068)	(6,868)	(38,123)	(9,523)
NET PROFIT(LOSS)		85,967	33,357	150,182	(141,998)
BASIC EARNINGS(LOSS) PER SHARE (BAHT)		0.01	0.01	0.02	(0.03)
ORDINARY SHARES (THOUSAND SHARES)	(Note 22)	10,000,000	5,000,000	7,774,725	5,000,000

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 six months period ended on June 30, 2008 and 2007

Unaudited
Limited review only

		ISSUED AND PAID-UP SHARE CAPITAL	PREMIUMS ON SHARE CAPITAL	RETAINED EARNINGS(DEFICIT)		TOTAL
				APPROPRIATED LEGAL RESERVE	UNAPPROPRIATED	
		'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
Balance as of December 31, 2007		500,000	72,292	-	29,626	601,918
Increase capital	(Note 20)	500,000	499,500	-	-	999,500
Net profit(loss) for the period		-	-	-	150,182	150,182
Balance as of June 30, 2008		1,000,000	571,792	-	179,808	1,751,600
Balance as of December 31, 2006		500,000	118,250	4,585	121,225	744,060
Dividend paid	(Note 21)	-	-	-	(50,000)	(50,000)
Legal Reserve	(Note 21)	-	-	4,082	(4,082)	-
Net profit(loss) for the period		-	-	-	(141,998)	(141,998)
Balance as of June 30, 2007		500,000	118,250	8,667	(74,855)	552,062

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 six months period ended on June 30, 2008 and 2007

	Unaudited	
	Limited review only	
	2008	2007
	'000 Baht	'000 Baht
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit(Loss)	150,182	(141,998)
Adjustments to Net Profit(loss) for Cash Provided (Used) from Operation:		
Depreciation	16,909	10,331
Doubtful Debt	-	180,067
Deferred Expense	1,215	251
Amortisation of Intangible Asset	170	-
(Gain)Loss from Sale of Investment in Trading Security	35,667	(1,478)
Gain from Unrealized of Investment in Trading Security	(1,748)	-
Gain from Sale of Property, Plant and Equipment	(204)	(9)
Unrealized Gain on Exchange Rate	23,184	-
Loss from Declining in Value of Inventories (Reversal)	(1,485)	1,315
Interest Revenue	(8,623)	(4,752)
Interest Expenses	33,352	26,584
Interest Expenses under Financial Lease Agreement	42	292
Corporate Income Tax	38,123	9,523
Profit from Operating Activities before Change in Operating Assets and Liabilities	286,784	80,126
Cash Received from Sale of Temporary Investment	65,216	-
Cash Payment for Purchase of Temporary Investment	(64,616)	-
(Increase) Decrease in Accounts and Notes Receivable-Other Companies	349,482	(348,910)
(Increase) Decrease in Accounts and Notes Receivable-Related Companies	(4)	(72,160)
(Increase) Decrease in Inventories	(174,600)	99,136
(Increase) Decrease in Deposit Receipt for Goods	-	84,477
(Increase) Decrease in Other Account Receivable - Security Company	-	(25,000)
(Increase)Decrease in Advance Payment for Goods	(924,509)	-
(Increase) Decrease in Accounts Receivable - Revenue Department	(25,022)	-
(Increase) Decrease in Other Current Assets	(2,071)	(4,556)
Increase(Decrease) in Accounts and Notes Payable-Other Companies	(135,094)	(17,121)
Increase(Decrease) in Accounts and Notes Payable-Related Companies	36,948	4,423
Increase (Decrease) in Advance Receipt for Goods	104,556	-
Increase(Decrease) in Other Current Liabilities	11,385	(3,926)
Cash Payment Corporate Income Tax and Withholding Tax	(11,842)	(6,418)
Cash Received in Interest Revenue	11,717	7,407
Cash Provided(Used) from Operating Activities - Net	(471,670)	(202,522)

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 six months period ended on June 30, 2008 and 2007

	Unaudited	
	Limited review only	
	2008	2007
	'000 Baht	'000 Baht
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) Decrease in Pledged Deposit at Financial Institution	23,769	(6,000)
(Increase) Decrease in Non Other Current Assets	(4)	(263)
(Increase) Decrease in Intangible Asset	-	(7)
Cash Payment for Deposit Payment for Investment	(200,000)	-
Cash Received from Deposit Receipt for Land	-	10,000
Cash Received from Sale of Property, Plant and Equipment	544	11
Cash Payment for Deposit for Purchased Land	-	(50,000)
Cash Payment for Purchased of Property, Plant and Equipment	(10,287)	(24,215)
Cash Provided(Used) from Investing Activities - Net	(185,978)	(70,474)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Short-Term Loans from Financial Institution	(87,198)	307,572
Increase (Decrease) in Short-Term Loans from Security Company	(24,766)	-
Increase (Decrease) in Long -Term Loans from Financial Institution	(4,500)	42,750
Increase (Decrease) in Liabilities under Financial Lease Agreement	(498)	(1,950)
Cash Payment in Interest Expenses	(33,860)	(26,756)
Cash Received from Premiums on Share Capital	499,500	-
Cash Received from Increasing Capital	500,000	-
Dividend paid	-	(50,000)
Cash Providend (Used) from Financing Activities - Net	848,678	271,616
CASH AND ITS EQUIVALENT INCREASE (DECREASE)-NET	191,030	(1,380)
CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD	32,373	28,516
CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD	223,403	27,136
Non-cash items which are not shown in cash flows		
- Fixed Asset Increases from Transfer Deposit for Purchase Land plus Property	50,000	-
- Fixed Asset Increases from Transfer Advance Payment for Purchase Fixed Asset	376	-
- Purchases Assets in Credit	741	4,860
- Purchases Intangible Assets in Credit	-	1,080

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 (Unaudited / Limited Review Only)

And December 31, 2007 (Audited)

1. 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 Mounsamuthsakorn, 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 Mounsamuthsakorn, Changwat Samuthsakorn.

The Company operated the distribution of steel pipe and steel products.

2. The Basis of Preparation of the Financial Statements

2.1 This interim financial statements are prepared according to generally accepted accounting principle. The Company selects to present the condensed interim financial statements in accordance with that determined in the accounting standard no. 41 (revised in 2007) on the subject of interim financial statements. However, the Company reflects transactions in the balance sheet, statement of income and statement of change in shareholders equity and statement of cash flow according to format in the accounting standard no. 35 (revised in 2007) on the subject of presentation of financial statements.

2.2 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.

2.3 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.

2.4 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.

2.5 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, 2007.

2.6 The financial statements for the six months period ended on June 30, 2007, have been reclassified in order to facilitate comparative with the financial statements for this period, which previously have no effect on the net profit (loss) or shareholders' equity of the report, as follows:

		Amount
		<u>'000 Baht</u>
Interest and Financial Expenses	Increase	2,003
Selling and Administrative Expenses	Decrease	(2,003)

3. Adoption of Accounting Standards and New Accounting Standards which are effective for the year 2008.

Adoption of Accounting Standards and New Accounting Standards were announced to apply by the Federation of Accounting Professions, which are effective for the accounting periods beginning on or after January 1, 2008.

Adoption of Accounting Standards

TAS 25 (revised in 2007)	Cash Flow Statements
TAS 29 (revised in 2007)	Leases
TAS 31(revised in 2007)	Inventories
TAS 33 (revised in 2007)	Borrowing Costs

TAS 35 (revised in 2007)	Presentation of Financial Statements
TAS 39 (revised in 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41(revised in 2007)	Interim Financial Statements
TAS 43 (revised in 2007)	Business Combination
TAS 49 (revised in 2007)	Construction Contracts
<u>New Accounting Standards</u>	
TAS 51	Intangible Asset

Applying for the new released and revised accounting standards shall not impact significantly to the financial statements of the Company.

4. 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:

4.1 Inter – Sales and Expenses

		For the Quarter		For the Six months period	
		Ended on June 30,		Ended on June 30,	
	Pricing policy	2008 '000 Baht	2007 '000 Baht	2008 '000 Baht	2007 '000 Baht
<u>Inter - Sales</u>					
GENIUS TECH TRADING CO., LTD.	(1)	-	-	-	157,299
P.A.P EXIM CO., LTD.	(1)	34,610	8,615	38,781	20,744
CHAI SUPON CO., LTD.	(1)	9,574	2,415	10,610	6,408
MAHALAP METAL CO., LTD.	(1)	18,589	2,177	39,452	6,764
HARNSAWAT LTD. PART.	(1)	2,489	370	2,733	978
SIAM FERRO INDUSTRY CO., LTD.	(1)	12	-	28	19
G.T. STEEL WORKS CO., LTD.	(1)	110	88	110	88
Total		<u>65,384</u>	<u>13,665</u>	<u>91,714</u>	<u>192,300</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)	15,870	18,000	36,527	18,000
Total		<u>15,870</u>	<u>18,000</u>	<u>36,527</u>	<u>18,000</u>

		For the Quarter		For the Six months period	
		Ended on June 30,		Ended on June 30,	
		2008	2007	2008	2007
	<u>Pricing</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
<u>Inter – Interest Revenue</u>					
MISS ANGKAKARN TANTIVIROON	(2,3)	2,130	-	5,473	-
Total		2,130	-	5,473	-
<u>Inter – Transportation Revenue</u>					
G.T. STEEL WORKS CO., LTD.	(4)	-	-	3	4
Total		-	-	3	4
<u>Inter – Purchases</u>					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	-	28
GENIUS TECH TRADING CO., LTD.	(1)	34,580	3,547	34,580	3,547
Total		34,580	3,547	34,580	3,575
<u>Inter – Subcontract</u>					
SIAM FERRO INDUSTRY CO., LTD.	(4)	5,550	5,011	11,785	14,595
GENIUS TECH TRADING CO., LTD.	(4)	-	-	6	-
		5,550	5,011	11,791	14,595
<u>Inter – Directors' Remuneration</u>					
DIRECTORS	(6)	240	260	480	360
Total		240	260	480	360
<u>Inter – Other Expenses</u>					
SIAM FERRO INDUSTRY CO., LTD.	(5)	1,023	1,676	2,990	2,582
A.T. STEEL CO., LTD.	(5)	294	297	591	590
G.T. STEEL WORKS CO., LTD.	(5)	-	65	279	147
GENIUS TECH TRADING CO., LTD.	(5)	168	-	293	-
Total		1,485	2,038	4,153	3,319

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) Accordance with the annual general meeting of the shareholders.

4.2 Inter – Assets and Liabilities

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
<u>Inter – Accounts and Notes Receivable</u>		
G.T. STEEL WORKS CO., LTD.	118	24
MAHALAP METAL CO., LTD.	-	88
SIAM FERRO INDUSTRY CO., LTD.	-	1
HARNSAWAT LTD. PART.	39	40
THANASUB PAISARN CO., LTD.	9,905	9,905
Total	10,062	10,058
<u>Less</u> Allowance for Doubtful Debt - THANASUB PAISARN CO., LTD.	(9,905)	(9,905)
Net	157	153
<u>Inter – Accounts and Notes Payable</u>		
SIAM FERRO INDUSTRY CO., LTD.	911	926
GENIUS TECH TRADING CO., LTD.	37,000	36
Total	37,911	962
<u>Inter – Accrued and Note Expenses</u>		
SIAM FERRO INDUSTRY CO., LTD.	146	186
GENIUS TECH TRADING CO., LTD.	-	97
G.T. STEEL WORKS CO., LTD.	-	162
MISS ANGKAKARN TANTIVIROON	15	-
Total	161	445

4.3 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.
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

5. Cash and Cash Equivalents Items

Consist of:

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Cash	178	76
Bank Deposit – Saving Deposit	45,971	22,989
Bank Deposit – Current Deposit	177,254	9,308
Total	<u>223,403</u>	<u>32,373</u>

6. Temporary Investment

Consist of:

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Investment of Trading Security – Cost Value	1,619	49,390
Unrealized Loss in Investment of Trading Security	1,748	(11,504)
Investment of Trading Security – Fair Value	<u>3,367</u>	<u>37,886</u>

7. Accounts and Notes Receivable Other Companies - Net

An aging analysis of accounts receivable other companies as of June 30, 2008 and December 31, 2007 are as follows:

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Notes Receivable	203,588	539,953
Account Receivable		
Within credit term	136,954	239,728
Over due 1 to 30 days	154,085	95,641
Over due 31 to 60 days	31,243	6,086
Over due 61 to 90 days	6,056	-
Over due over 91 days	180,066	180,066
Total	711,992	1,061,474
<u>Less</u> Allowance of Doubtful – Account Receivable	(180,067)	(180,067)
Net	531,925	881,407

As of June 30, 2008 and 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 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 six months period ended on June 30, 2008, the Company received principal debt repayment and interest in amount of Baht 36.53 millions and in amount of Baht 5.47 millions respectively includes the cumulative effect received principal debt repayment and interest amount of Baht 83.90 millions and Baht 12.10 millions respectively.

As of June 30, 2008, the Company factored some posted dates cheques receivable in amount of Baht 5.70 millions to discount with one finance institutes according to the note no. 17. 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, 2007, the Company took posted dates cheques in amount of Baht 77.73 million to pledge against loan due to merchant bank.

8. Accounts and Notes Receivable Related Companies - Net

An aging analysis of accounts receivable related companies as of June 30, 2008 and December 31, 2007 are as follows:

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Notes Receivable	113	40
Account Receivable		
Within credit term	44	113
Over due 1 to 30 days	-	-
Over due over 91 days	9,905	9,905
Total	10,062	10,058
<u>Less</u> Allowance for Doubtful Debt	(9,905)	(9,905)
Net	157	153

9. Inventories - Net

Consist of:

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Finished Goods	390,083	251,442
Raw Materials	161,830	103,617
Goods-in-Transit	62,615	86,587
Spare Part	2,670	951
Total	617,198	442,597
<u>Less</u> Allowance for Declining in Value of Goods	-	(1,484)
Net	617,198	441,113

10. Advance Payment - Goods

As of June 30, 2008 and As of December 31, 2007, The advance payable in part of merchandise in amount of Baht 205.50 millions and in amount of Baht 21.20 millions is advance payable of merchandise to oversea merchandise distributor company. Moreover, in another part of amount of Baht 810.37 millions and in amount of Baht 70.18 millions are advance payable to domestic merchandise distributors for being guarantee to confirm purchasing orders and determinate forward merchandise purchasing prices as per agreed in the contract. It is determined that merchandise is delivered during the period of July 2008 to January 2009 and June 2008 respectively.

11. Pledged Deposit at Financial Institution

As of June 30, 2008 and December 31, 2007, the whole amount is bank deposit in type of saving account by interest rates of 2.25% per annum and 2.00 – 3.75% per annum 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 June 30, 2008 and December 31, 2007, Investment in the land apart of one piece of land in cost price and book value 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 10.00 millions.

13. Property, Plant and Equipment – Net

For the six months period ended on June 30, 2008 as follows

	<u>'000 Baht</u>
Beginning Book Value - Net	277,703
Purchases	11,027
Transfer in	132,799
Sales	(474)
Transfer out	(82,423)
Accumulated Depreciation for Sales Assets	134
Depreciation for portion shown in Statement of Income	(16,909)
Ending Book Value - Net	<u><u>321,857</u></u>

As of June 30, 2008 and December 31, 2007, the Company mortgaged land plus property in book value of Baht 136.12 million and Baht 133.59 million respectively is collateral of short – term loans from the financial institute.

As of June 30, 2008 and December 31, 2007, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 14.87 million and Baht 14.52 million respectively. The net book value of which was now Baht 75.00 and Baht 66.00 respectively.

As of June 30, 2008 and December 31, 2007, the Company had apart of vehicle book value of Baht 2.05 million and Baht 3.25 million respectively is asset under the financial leased contract. The Company will receive ownership in such asset when the Company completely repays debt to creditors in accordance with the financial leased contract.

14. Deposit Payment for Investment

In accordance with the board of directors meeting no. 4/2008 held on March 21, 2008, it is unanimously resolved that the board of directors approved the payment of deposit for the study of feasibility to invest in a company which the company and the seller had signed the memorandum of understanding on March 25, 2008. However, the completeness of investing is dependent on (1) The auditing result of Due Diligence in both legal and in financing and accounting which shall satisfy the Company (2) The performance of the investment contract and (3) the shareholders of the Company will have to approve to invested. The Company agrees to repay deposit in amount of Baht 200.- millions to the seller. Moreover, the seller agree to pledge machinery of the seller as collateral to the Company while there is appraised price according to the report of the price appraisal of independent appraiser in amount of Baht 337 Millions. In case that the Company exercises its right to cancel this

memorandum, the seller will fully return deposit within 30 days commenced from the date the Company acknowledges cancellation of this memorandum including interest of such deposit at the average rate of MLR interest rate of Bangkok Bank Public Co., Ltd. And Krung Thai Bank Public Co., Ltd. commenced from the date the seller received deposit until the date the deposit is repayable to return. In addition, in case that the seller cannot repay deposit to the Company within the period determined, the Company can enforce the pledge and take machinery guaranteed to sell. The pledge of such machinery, the Company and seller constitute only the pledged contract while the seller did not bring machine to pledge to the registrar of machinery at the Ministry of Industry. However the Company constitutes the period to proceed with memorandum from March 25, 2008 to September 30, 2008. Presently, the Company is proceeding to study feasibility with memorandum that mutually agreed.

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 Rase. 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 plus property 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 and note receivable discount by granted the total credit line as of June 30, 2008 in amount of Baht 1,666.00 million and US Dollars 69.82 million and as of December 31, 2007 in amount of Baht 1,361.00 million and US Dollars 5.37 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 June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Discount Post Date Cheques	5,700	-
Trust Receipts	747,863	741,127
Promissory Note	426,000	446,000
<u>Less</u> Deferred Service Fee in Borrowing	(56,599)	-
Total	<u>1,122,964</u>	<u>1,187,127</u>

Service fee of loan finding is service fee derived from short term loan finding so as to use as working capital for the period of one year in amount of Baht600.00 millions and in amount of USD 64.0 millions while there is amortization as financial expense according to straight line method throughout the period of loan for the period of one year.

As of June 30, 2008, the Company took posted dates cheques receivable to discount with merchant bank is carried by interest rates of 6.875% per annum

As of June 30, 2008 and December 31, 2007, trust receipt payable is carried by interest rates of 3.81 – 7.50% per annum and 5.25 – 5.50% 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 June 30, 2008 and December 31, 2007, the whole amount of short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 5.00 – 6.87% and 5.10 – 6.86% per annum respectively.

Such above loan from financial institutions constitutes collateral according to note No. 16

18. Short – Term Loans from Security Company

As of June 30, 2008 and 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. Long Term Loans from Financial Institutions – Net

Consist of:

	As of June 30, 2008 <u>'000 Baht</u>	As of December 31, 2007 <u>'000 Baht</u>
Long Term Loans from Financial Institutions	33,750	38,250
<u>Less</u> Current Portion	(9,000)	(9,000)
Net	<u>24,750</u>	<u>29,250</u>

As of June 30, 2008 and 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 6.85 – 7.25% per annum and 7.00% per annum respectively.

Such above long term loan constitutes collateral by mortgaged land plus property of the Company.

20. Share Capital

Authorized share capital, issued and paid-up share capital have movement as follows:

	Par Value	As of June 30, 2008		As of December 31, 2007	
		Share	Value	Share	Value
	(Baht)	('000 Share)	('000 Baht)	('000 Share)	('000 Baht)
Authorized Share Capital					
Beginning Ordinary Share	1.00	1,000,000	1,000,000	500,000	500,000
<u>Less</u> Decrease Ordinary Share		-	-	-	-
<u>Add</u> Increase Ordinary Shares	1.00	-	-	500,000	500,000
Amendment of Par Value of Share	0.10	9,000,000	-	-	-
Ending ordinary Shares	0.10	10,000,000	1,000,000	1,000,000	1,000,000
Issued and Paid-up					
Share Capital					
Beginning Ordinary Share	1.00	500,000	500,000	500,000	500,000
<u>Less</u> Decrease Ordinary Share		-	-	-	-
<u>Add</u> Increase Ordinary Shares	1.00	500,000	500,000	-	-
Amendment of Par Value of Share	0.10	9,000,000	-	-	-
Ending ordinary Shares	0.10	10,000,000	1,000,000	500,000	500,000

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 Baht 1.00 per share so as to offer to former shareholders in the ratio of one former share over one new share in the price of Baht 2 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 has already registered the increased share capital at the Ministry of Commerce on December 27, 2007.

As of March 21, 2008, the Company sold increase common shares to older shareholder's by issuing another number of 500.0 millions shares in par value of Baht 2.0 totaling amount Baht 1,000.0 million. There are premium on share capital amount Baht 499.50 million (Net from underwriting expense amount Baht 0.5 million)

In accordance with the minute of general shareholders meeting for the year 2008 held on April 30, 2008, it is unanimously resolved to change par value of ordinary shares of the Company from the former shares value of Baht 1.00 per share to value of Baht 0.10 per share. As a result, the ordinary shares of the company are increased from former 1,000.00 million shares to be 10,000.0 million shares. The company has completed registered the change of par value and number of ordinary shares of the Company including change in Memorandum of Association with Department of Business Development, Ministry of Commerce on May 2, 2008.

21. 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.

22. Basic Earning (Loss) Per Share

For the six months period ended of June 30, 2008, the Company calculated the weighted average number of ordinary share as follows:

<u>Date</u>	<u>Share Capital Issued and Paid-Up Share Capital</u> (^{'000} Shares)	<u>Amount Date</u>	<u>Weighted average number</u> (^{'000} Shares)
	For the six months period ended of June 30, 2008	For the six months period ended of June 30, 2008	For the six months period ended of June 30, 2008
Jan 1, 2008 – March 21, 2008	5,000,000	81	405,000,000
March 22, 2008 – June 30, 2008	10,000,000	101	1,010,000,000
		182	1,415,000,000
Weighted average number of ordinary share (^{'000} Shares)			7,774,725

For the quarter and the six months period ended of June 30, 2008 and 2007 calculated the basic earnings(loss) per share as follows:

	For the quarter period ended of June 30, 2008	For the quarter period ended of June 30, 2007	For the six months period ended of June 30, 2008	For the six months period ended of June 30, 2007
Net Profit (Loss) ('000 Baht)	85,967	33,357	150,182	(141,998)
Weighted average number of ordinary shares ('000 Shares)	10,000,000	-	7,774,725	-
number of ordinary share after to decrease shares value from 1.0 to 0.10 ('000 Shares)	-	5,000,000	-	5,000,000
Basic earnings per share	0.01	0.01	0.02	(0.03)

23. Corporate Income Tax

For the quarter and the six months period ended of June 30, 2008, the Company calculates corporate income tax at 25%, which complies with royal decree No.475 to reduce corporate income tax from 30% to 25% of net profit not over Baht 300 million for the 3 consecutively accounting periods commenced from the first accounting period which commenced within or after January 1, 2008, for the listed companies according to the law of securities and securities market. For the quarter and the six months period ended of June 30, 2007, the Company calculates corporate income tax at 30%. The Company computed corporate income tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which is mainly doubtful debt, estimation of debt reduction, estimation of return goods and loss from declining in value of inventories, etc.

24. 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 six months period ended on June 30, 2008 and 2007 in amount of Baht 0.13 million and Baht 0.11 million respectively.

25. 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.

26. Obligations and Contingent Liabilities

26.1 Apart from liabilities shown on the balance sheets as of June 30, 2008 and December 31, 2007, the Company still remains other obligations and contingent liabilities with commercial banks as follows :

	As of June 30, 2008	As of December 31, 2007
- Letters of Credit		
Credit Line Bath 600.0 Million, Credit Unused	0.58 Million Baht	64.31 Million Baht
Credit Line US Dollars 14.0 Million, Credit Unused	6.12 Million US Dollars	-
- Letters of Guarantee	2.79 Million Baht	2.79 Million Baht

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

26.2.1 The Company comprises obligation commitment according to the contract of land lease, contract of sublet of building area, contract of truck lease, contract of automobile lease with other persons, other company and related company. The most contract holds the life of 1 – 3 year. The leased fee and service fee each contract are in the rate of Baht 38,080.00 – Baht 250,000.00 per month. As of June 30, 2008 and December 31, 2007, there is total leased fee value that has to repay until contract is completed in the period within one year in amount of Baht 1.33 millions and in amount of Baht 1.07 million respectively and for the period exceeding one year in amount of Baht 25.84 millions and Baht 5.43 millions respectively.

26.2.2 The Company constitutes obligation commitment from the contract performance of merchandise maintenance service for the imported merchandise so as to distribute to one other company. The contract carries the life of one year. There are service fee in two credit lines, i.e. monthly, in USD 5,000.0 per month and weekly service fee in USD 1,500.0 per week. If in case that the merchandise is imported and carried the keeping period exceeding 7 days, the Company will have to repay monthly service fee of USD 3,500.0 per month.

26.3 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 350,000.00 per month. As of June 30, 2008 and December 31, 2007, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 0.70 million and Baht 2.80 million respectively.

27. Other Information

In accordance with the minute of extra-ordinary shareholders meeting no. 1/2008 held on June 26, 2008, there is unanimous resolution to approve the capital increment and consider issuance and offer warrants to purchase ordinary shares as follows:

27.1 It is unanimously resolved that registered capital is increased from the former of 10,000.0 millions shares to 15,000.0 millions shares by issuing new ordinary shares in number of 5,000.0 millions shares in par value of Baht 0.10 per share. There is purpose for reserve of warrants issuance which able to purchase ordinary shares of 5,000.0 millions units. The Company registered the capital increment at the Minister of Commerce on July 10, 2008.

27.2 It is unanimously resolved to issue and offer warrants which will purchase ordinary shares of the Company in number of 5,000.0 millions units so as to offer to ordinary shareholders of the Company according to proportion of shareholding in the ratio of 2 ordinary shares to one warrant while the value is not carried. Moreover, it is determined that the right exercise price of warrants is equivalent to Baht 0.40 per share. There is purpose to bring the fund received from right exercise after warrants to purchase ordinary shares of capital increment of the Company are matured which will hold the approximate amount of Baht 2,000.0 millions to repay loan of finance institutes in amount of Baht 1,500.0 millions and remaining amount of Baht 500.0 millions is used as working capital of the Company. Warrants to purchase ordinary shares constitute detail which can be summarized as follows:

- It is the kind of specifying the names of holders and the holders can be changed.
- The age of warrant is 3 years.
- Rights can be exercised on the final business day of May and November of each year throughout the warrants lives. Rights can be firstly exercised in 2009.
- Rights exercised ratio is one unit of warrant is eligible to purchase one ordinary shares.
- The exercised price is Baht 0.40 per share.

Presently, it is under the process to file for approval to issue warrants to purchase ordinary shares.

28. Approval of the Interim Financial Statement

These interim financial statements have been approved by authorized directors of the Company on August 14, 2008.
