

**(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 March 31, 2009 the related statements of income, the statements of changes in shareholders' equity and the statements of cash flow for the quarter ended on March 31, 2009 and 2008 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, 2008 of **RICH ASIA STEEL PUBLIC COMPANY LIMITED** and expressed an unqualified opinion in my report dated February 27, 2009. The balance sheets as of December 31, 2008, 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,

May 14, 2009

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

**As of March 31, 2009 and December 31, 2008**

		<b>2009</b>	<b>2008</b>
		<b>'000 Baht</b>	<b>'000 Baht</b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>Limited review only</b>	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents Items		29,335	15,635
Temporary Investment	(Note 6)	1,926	1,554
Accounts and Notes Receivable Other Companies-Net	(Note 7)	775,076	778,325
Accounts and Notes Receivable Related Companies-Net	(Note 4.2,8)	-	1,615
Inventories-Net	(Note 9)	838,188	960,342
Other Current Assets			
Advance Payment - Goods	(Note 10)	310,770	543,312
Other Account Receivable from Refund of Advance Payment - Goods	(Note 11)	190,000	-
Account Receivable - Revenue Department		47,566	67,128
Other		16,408	24,094
<b>TOTAL CURRENT ASSETS</b>		<b>2,209,269</b>	<b>2,392,005</b>
<b>NON-CURRENT ASSETS</b>			
Pledged Deposit at Financial Institution	(Note 12)	207,000	207,000
Property Plant and Equipment - Net	(Note 13)	281,507	287,562
Land not used for operation-Net	(Note 14)	21,811	21,811
Deposit Payment for Investment	(Note 15)	200,000	200,000
Other Non-Current Assets			
Guarantee Against the Merchandise Order	(Note 16)	100,000	100,000
Over Paid Corporate Income Tax Wait for Revoke		34,936	34,936
Other		2,674	2,883
<b>TOTAL NON-CURRENT ASSETS</b>		<b>847,928</b>	<b>854,192</b>
<b>TOTAL ASSETS</b>		<b>3,057,197</b>	<b>3,246,197</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

**As of March 31, 2009 and December 31, 2008**

		<b>2009</b>	<b>2008</b>
		<b>'000 Baht</b>	<b>'000 Baht</b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>Limited review only</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-Term Loans from Financial Institutions	(Note 17,18)	1,399,343	1,590,810
Accounts and Notes Payable		239,984	170,120
Current Portion of Long Term Loans	(Note 20)	9,000	9,000
Other Current Liabilities			
Advance Receipt for Goods		31,671	31,412
Others		26,007	27,752
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,706,005</b>	<b>1,829,094</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities under Financial Lease Agreement - Net	(Note 19)	1,380	-
Long Term Loans from Financial Institutions - Net	(Note 20)	18,000	20,250
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>19,380</b>	<b>20,250</b>
<b>TOTAL LIABILITIES</b>		<b>1,725,385</b>	<b>1,849,344</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

**As of March 31, 2009 and December 31, 2008**

	<b>2009</b>	<b>2008</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>Limited review only</b>	
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital		
Authorized Share Capital		
15,000,000,000 Ordinary Share @ 0.10 Baht (Note 30)	1,500,000	1,500,000
Issued and Paid-up Share Capital		
10,000,000,000 Ordinary Share @ 0.10 Baht	1,000,000	1,000,000
Premiums on Share Capital	571,792	571,792
Retained Earnings(Deficit)		
Unappropriated	(239,980)	(174,939)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,331,812</b>	<b>1,396,853</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,057,197</b>	<b>3,246,197</b>

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 ended on March 31, 2009 and 2008**

	<b>Unaudited</b>	
	<b>Limited review only</b>	
	<b>2009</b>	<b>2008</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>
Sales	549,973	1,614,813
Cost of Sales	(657,789)	(1,498,545)
Reversal Allowance of Loss from Declining in Value of Inventories	89,173	1,361
<b>Gross Profit (Loss)</b>	<b>(18,643)</b>	<b>117,629</b>
Other Revenue from Debt Repayment Receipt from		
Management instead of Trading Account Receivable (Note 23)	-	20,656
Others Income	4,935	8,097
Selling and Administrative Expenses	(16,327)	(46,389)
Gain(Loss) on Exchange Rate	(1,284)	10,534
Interest and Financial Expenses	(33,722)	(31,258)
<b>PROFIT(LOSS) BEFORE CORPORATE INCOME TAX</b>	<b>(65,041)</b>	<b>79,269</b>
CORPORATE INCOME TAX (Note 24)	-	(15,054)
<b>NET PROFIT(LOSS)</b>	<b>(65,041)</b>	<b>64,215</b>
 BASIC EARNINGS(LOSS) PER SHARE (BAHT)	 (0.01)	 0.01
ORDINARY SHARES (THOUSAND SHARES)	10,000,000	5,549,450

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 Quarter ended on March 31, 2009 and 2008**

**Unaudited**  
**Limited review only**

	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUMS ON SHARE CAPITAL	RETAINED EARNINGS (DEFICIT) UNAPPROPRIATED	TOTAL
	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<b>Balance as of December 31, 2008</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(174,939)</b>	<b>1,396,853</b>
Net profit(loss) for the period	-	-	(65,041)	(65,041)
<b>Balance as of March 31, 2009</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(239,980)</b>	<b>1,331,812</b>
<b>Balance as of December 31, 2007</b>	<b>500,000</b>	<b>72,292</b>	<b>29,626</b>	<b>601,918</b>
Increase capital (Note 21)	500,000	499,500	-	999,500
Net profit(loss) for the period	-	-	64,215	64,215
<b>Balance as of March 31, 2008</b>	<b>1,000,000</b>	<b>571,792</b>	<b>93,841</b>	<b>1,665,633</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**CASH FLOW STATEMENTS**

**For the Quarter ended on March 31, 2009 and 2008**

**Unaudited**  
**Limited review only**

	<b>2009</b>	<b>2008</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit(Loss)	(65,041)	64,215
Adjustments to Net Profit(loss) for Cash Provided (Used) from Operation:		
Depreciation	8,240	7,978
Reversal Allowance of Doubtful Debt	(6,000)	-
Interest Payment from Liabilities under Financial Lease Agreement	-	22
Amortisation of Prepaid Expenses	638	-
Amortisation of Intangible Asset	84	85
(Gain)Loss from Sale of Investment in Trading Security	-	18,064
(Gian)Loss from Unrealized of Investment in Trading Security	(372)	165
Gian from Sale of Property, Plant and Equipment	(1,075)	-
Unrealized (Gian)Loss on Exchange Rate	6,570	(12,468)
Reversal Allowance from Declining in Value of Inventories	(89,173)	(1,361)
Interest Revenue	(1,354)	(5,151)
Interest Expenses	19,918	18,143
Corporate Income Tax	-	15,054
Profit from Operating Activities before Change in Operating Assets and Liabilities	(127,565)	104,746
Cash Received from Sale of Temporary Investment	-	23,734
Cash Payment for Purchase of Temporary Investment	-	(27,864)
(Increase) Decrease in Accounts and Notes Receivable-Other Companies	9,249	(113,822)
(Increase) Decrease in Accounts and Notes Receivable-Related Companies	1,615	(3,721)
(Increase) Decrease in Inventories	164,254	129,246
(Increase) Decrease in Advance Payment - Goods	279,615	(426,900)
(Increase) Decrease in Other Account Receivable from Refund of Advance Payment - Goods	(190,000)	-
(Increase) Decrease in Accounts Receivable - Revenue Department	19,561	(20,667)
(Increase) Decrease in Other Current Assets	3,478	353
Increase(Decrease) in Accounts and Notes Payable	69,863	(107,132)
Increase(Decrease) in Advance Receipt for Goods	259	-
Increase(Decrease) in Other Current Liabilities	(1,815)	(9,184)
Cash Payment Corporate Income Tax and Withholding Tax	-	(133)
Cash Received in Interest Revenue	4,964	9,290
<b>Cash Provided(Used) from Operating Activities - Net</b>	<b>233,478</b>	<b>(442,054)</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED**

**CASH FLOW STATEMENTS**

**For the Quarter ended on March 31, 2009 and 2008**

	<b>Unaudited</b>	
	<b>Limited review only</b>	
	<b>2009</b>	<b>2008</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) Decrease in Pledged Deposit at Financial Institution	-	6,009
(Increase) Decrease in Other Non-Current Assets	125	(4)
Cash Payment for Deposit Payment for Investment	-	(200,000)
Cash Received from Sale of Property, Plant and Equipment	1,075	-
Cash Payment for Purchased of Property, Plant and Equipment	(508)	(8,832)
<b>Cash Provided(Used) from Investing Activities - Net</b>	<b>692</b>	<b>(202,827)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Short-Term Loans from Financial Institution	(197,960)	(8,393)
Increase (Decrease) in Short-Term Loans from Security Company	-	(10,776)
Increase (Decrease) in Long -Term Loans from Financial Institution	(2,250)	(2,250)
Increase (Decrease) in Liabilities under Financial Lease Agreement	-	(311)
Cash Payment in Interest Expenses	(20,183)	(18,574)
Cash Received from Exceed of Cash Reserve for Increasing Share Capital	-	54,050
Cash Received from Premiums on Share Capital	-	499,500
Cash Received from Increasing Capital	-	500,000
<b>Cash Providend (Used) from Financing Activities - Net</b>	<b>(220,393)</b>	<b>1,013,246</b>
<b>Effect from Changes in Exchange Rate of Cash and Cash Equivalent Items</b>	<b>(77)</b>	<b>-</b>
<b>CASH AND ITS EQUIVALENT INCREASE (DECREASE)-NET</b>	<b>13,700</b>	<b>368,365</b>
<b>CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD</b>	<b>15,635</b>	<b>32,373</b>
<b>CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD</b>	<b>29,335</b>	<b>400,738</b>
<b>Non-cash items which are not shown in cash flows</b>		
- Fixed Asset Increases from Transfer Deposit for Purchase Land plus Property	-	50,000
- Purchases Assets in Credit	1,677	279
- Received Debt from One Trade Account Receivable by the Receipt of the Transfer		
Investment in Trading Security	-	3,825

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



**RICH ASIA STEEL PUBLIC COMPANY LIMITED****NOTES TO FINANCIAL STATEMENTS****March 31, 2009 (Unaudited / Limited Review Only)****And December 31, 2008 (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 with its registered head office 272 Watchannog Lane, Phraram 3 Road, Kwaeng Bangkoleam, Khet Bangkoleam, Bangkok and have five branches constitution.

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 and in accordance with the determination of the office of the Securities and Exchange Committee on the subject of preparation and presentation of the financial reports.

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 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, 2008

### 3. Announced to Apply Adoption of Accounting Standards

TAS 36 (revised in 2007) Impairment of Asset

TAS 54 (revised in 2007) Non-Current Asset for Sale and Discontinuing Operations

Applying for the accounting standards in above are effective for the accounting periods beginning on or after January 1, 2009. Applying for the new released and revised accounting standards do 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 Ended on March 31,	
	<u>Pricing</u>	2009	2008
	<u>policy</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
<u>Inter - Sales</u>			
P.A.P EXIM CO., LTD.	(1)	4,901	4,171
CHAI SUPON CO., LTD.	(1)	2,114	1,037
MAHALAP METAL CO., LTD.	(1)	4,748	20,863
HARNSAWAT LTD. PART.	(1)	123	244
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	16
Total		<u>11,886</u>	<u>26,331</u>
<u>Inter – Income from the employment produces</u>			
MAHALAP METAL CO., LTD.	(5)	667	-
Total		<u>667</u>	<u>-</u>

		For the Quarter	
		Ended on March 31,	
	Pricing	2009	2008
	policy	'000 Baht	'000 Baht
<u>Inter – Other revenue from debt repayment</u>			
<u>Receipt from management instead of trading</u>			
<u>Account receivable</u>			
MISS ANGKAKARN TANTIVIROON	(2)	-	20,656
Total		-	20,656
<u>Inter – Interest Revenue</u>			
MISS ANGKAKARN TANTIVIROON	(2,3)	-	3,344
Total		-	3,344
<u>Inter – Transportation Revenue</u>			
G.T. STEEL WORKS CO., LTD.	(4)	1	3
Total		1	3
<u>Inter – Subcontract</u>			
SIAM FERRO INDUSTRY CO., LTD.	(4)	2,215	6,235
G.T. STEEL WORKS CO., LTD.	(4)	111	-
GENIUS TECH TRADING CO., LTD.	(4)	-	6
Total		2,326	6,241
<u>Inter – Directors' Remuneration</u>			
DIRECTORS	(6)	200	240
Total		200	240
<u>Inter – Other Expenses</u>			
SIAM FERRO INDUSTRY CO., LTD.	(5)	350	1,967
A.T. STEEL CO., LTD.	(5)	293	296
G.T. STEEL WORKS CO., LTD.	(5)	-	279
GENIUS TECH TRADING CO., LTD.	(5)	-	125
MISS ANGKAKARN TANTIVIROON	(5)	67	-
Total		710	2,667

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 March 31, 2009 '000 Baht	As of December 31, 2008 '000 Baht
<u>Inter – Accounts and Notes Receivable</u>		
MAHALAP METAL CO., LTD.	-	708
THANASUB PAISARN CO., LTD.	9,905	9,905
CHAIUPON CO., LTD.	-	614
P.A.P EXIM CO., LTD.	-	250
HARNSAWAT LTD. PART.	-	43
Total	9,905	11,520
<u>Less</u> Allowance for Doubtful Debt - THANASUB PAISARN CO., LTD.	(9,905)	(9,905)
Net	-	1,615
<u>Inter – Accounts and Notes Payable</u>		
SIAM FERRO INDUSTRY CO., LTD.	147	342
Total	147	342
<u>Inter – Other Accounts and Notes Payable</u>		
SIAM FERRO INDUSTRY CO., LTD.	7	-
A.T. STEEL CO., LTD.	96	-
SAHAKOLLOHAGIT. PART.	17	-
MISS ANGKAKARN TANTIVIROON	-	5
Total	120	5
<u>Inter – Accrued and Expenses Notes Payable</u>		
SIAM FERRO INDUSTRY CO., LTD.	10	64
MISS ANGKAKARN TANTIVIROON	7	9
Total	17	73

### 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 shape steel	Closed cousin of executive officer are director and shareholders.
HARNSAWAT LTD. PART.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders.
SAHAKOLLOHAGIT. PART.	Work for lathe the steel	Related Company by 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 March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Cash	166	179
Bank Deposit – Saving Deposit	7,681	13,679
Bank Deposit – Current Deposit	21,488	1,777
Total	<u>29,335</u>	<u>15,635</u>

### 6. Temporary Investment

Consist of:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Investment of Trading Security – Cost Value	1,554	1,861
Unrealized Gain(Loss) in Investment of Trading Security	372	(307)
Investment of Trading Security – Fair Value	<u>1,926</u>	<u>1,554</u>

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

Consist of:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Notes Receivable	507,396	163,021
Account Receivable	323,680	677,304
Total	831,076	840,325
<u>Less</u> Allowance of Doubtful Debt	(56,000)	(62,000)
Net	775,076	778,325

An aging analysis of accounts and notes receivable other companies as of March 31, 2009 and December 31, 2008 are as follows:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Within credit term	235,284	556,477
Over due 1 to 90 days	501,845	221,848
Over due 91 to 180 days	37,947	-
Over due 181 to 365 days	-	-
Over due over 1 years	56,000	62,000
Total	831,076	840,325
<u>Less</u> Allowance of Doubtful Debt	(56,000)	(62,000)
Net	775,076	778,325

As of March 31, 2009 accounts and notes receivable over due 91- 180 days. The Company has been repaid the whole amount debt. For allowance of doubtful debt is fully reduced from debt repayment receipt.

As of March 31, 2009 and December 31, 2008, the Company factored some posted dates cheques receivable in amount of Baht 26.54 millions and Baht 22.54 millions respectively to discount with one finance institutes according to the note no. 18. The Company still has to take responsibility in the posted date's cheques receivable if the finance institutes cannot collect debt repayment in accordance with such posted dates cheques receivable.

**8. Accounts and Notes Receivable Related Companies - Net**

Consist of:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Notes Receivable	-	907
Account Receivable	9,905	10,613
Total	9,905	11,520
<u>Less</u> Allowance of Doubtful Debt	(9,905)	(9,905)
Net	-	1,615

An aging analysis of accounts and notes receivable related companies as of March 31, 2009 and December 31, 2008 are as follows:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Within credit term	-	365
Over due 1 to 90 days	-	1,250
Over due over 1 years	9,905	9,905
Total	9,905	11,520
<u>Less</u> Allowance for Doubtful Debt	(9,905)	(9,905)
Net	-	1,615

**9. Inventories - Net**

Consist of:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Finished Goods	703,666	902,991
Raw Materials	302,606	267,311
Spare Part	1,369	1,593
Total	1,007,641	1,171,895
<u>Less</u> Allowance for Declining in Value of Goods	(169,453)	(211,553)
Net	838,188	960,342

As of March 31, 2009 and December 31, 2008, the Company pledges inventory in amount of Baht 799.80 Millions and Baht 987.08 millions respectively, to guarantee against loan from the merchant bank. The Company insures part of inventory comprising the insured capital of Baht 1,694.00 millions and provides the beneficiary from the insurance to one merchant bank in accordance with note no. 17.

As of March 31, 2009 and December 31, 2008 allowance from declining in value of inventories have movement as follows:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Allowance for Declining in Value of Inventories- Beginning	(211,553)	(1,485)
<u>Add</u> Increased within Period	(4,987)	(210,068)
<u>Less</u> Sale within Period/Reversal	47,087	-
Allowance for Declining in Value of Inventories- Ending	(169,453)	(211,553)



**10. Advance Payment – Goods**

	As of March 31, 2009	As of December 31, 2008
	<u>'000 Baht</u>	<u>'000 Baht</u>
Advance Payment – Goods – Oversea	250,000	250,000
Advance Payment – Goods – Domestic	60,770	340,385
<u>Less</u> Allowance from Declining in Value of Inventories	-	(47,073)
Total	<u>310,770</u>	<u>543,312</u>

As of March 31, 2009 and December 31, 2008, the advance payment-oversea in amount of Baht 250.00 millions, equally for two years are advance payment to the overseas inventory distributor for sub-distribution while there is agreed pre-selling prices for such inventory before ordering. Presently, the Company requests to postpone the merchandise handover receipt until the warehouse of the Company is ready to receive.

**11. Other Account Receivable from the Refund of Advance Payment - Goods**

As of March 31, 2009, the full amount is other account receivable from the refund claim of prepaid merchandise while the Company has received the refund in form of cheque. The distributor has postponed the repayment according to such cheque receivable for another 3 months and pleased to repay interest in the rate of 12% per annum. Presently, the Company has received money according to the cheque receivable in amount of Baht 19.00 Millions and received interest in amount of Baht 6.61 millions. However, the management believes that there is no risk in the debt collection according to such cheque receivable.

**12. Pledged Deposit at Financial Institution**

As of March 31, 2009 and December 31, 2008, the whole amount is bank deposit in type of saving account by interest rates of 0.75 – 2.50% per annum and 2.25 – 2.50% per annum which is taken to pledge against trust receipt payable and loan in form of promissory note at the merchant bank.

**13. Property, Plant and Equipment – Net**

For the quarter ended on March 31, 2009 as follows

	<u>'000 Baht</u>
Beginning Book Value - Net	287,562
Purchases	2,185
Sales	(3,924)
Accumulated Depreciation for Sales Assets	3,924
Depreciation for portion shown in Statement of Income	(8,240)
Ending Book Value - Net	<u>281,507</u>

As of March 31, 2009 and December 31, 2008, the Company mortgaged land plus property in book value of Baht 130.59 million and Baht 125.73 million respectively is collateral of loans from the financial institute with note no. 17.

As of March 31, 2009 and December 31, 2008, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 15.36 million and Baht 19.16 million respectively. The net book value of which was now Baht 98.00 and Baht 97.00 respectively.

**14. Land not Used for Operation - Net**

As of March 31, 2009 and December 31, 2008, Land not used for operation apart in 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.

**15. Deposit Payment for Investment**

For the quarter ended on March 31, 2009, deposit payment for investment constitutes the progress as follows:

In accordance with the minute of the board of directors' meeting no.1/2009 held on February 27, 2009, the meeting acknowledged the progress in investment in a Thai National Product Co., Ltd., that according to the board has assigned the chairman or managing director to negotiate with the distributor by determining the amount of investment in highest value not exceeding Baht 650.00 millions in accordance with the minute of the board of directors meeting no. 9/2008 held on December 27, 2008. However, the negotiated result with the distributor is agreed at the price of Baht 635.00 millions and has proceeded with the memorandum rectification for the understanding of every related party. Presently, the Company is

under the financial resource finding supported from the finance institutes in order to use in the repayment of shares fee and to use as working capital for the business operation in such project.

#### 16. Guarantee Against the Merchandise Order

As of March 31, 2009 and December 31, 2008, the whole amount is guarantee against the merchandise order in order to be collateral against the merchandise purchasing activity between the Company and one huge distributor.

#### 17. 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 March 31, 2009 and December 31, 2008 in amount of Baht 1,066.00 million, US Dollars 64.00 million and credit line for forward contract in amount of US Dollars 20.00 million. It is pledged by the Company's mortgage register of inventory and land plus property, land plus property of a director, the Company's bank deposit, post dated cheque of a company and guaranteed director.

#### 18. Short-Term Loans from Financial Institutions

Consists of:

	As of March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Discount Post Date Cheques	26,541	22,537
Trust Receipts	353,420	559,924
Promissory Note	1,026,975	1,029,639
<u>Less</u> Deferred Service Fee in Borrowing	(7,593)	(21,290)
Total	<u>1,399,343</u>	<u>1,590,810</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 Baht 600.00 millions and in amount of USD 64.00 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 March 31, 2009 and December 31, 2008, the Company took posted dates cheques receivable to discount with merchant bank is carried by interest rates of 6.25 – 6.75% per annum and 6.75 – 7.25% per annum respectively.

As of March 31, 2009 and December 31, 2008, trust receipt payable is carried by interest rates of 2.00 – 8.60% per annum and 2.10 – 9.25% 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 March 31, 2009 and December 31, 2008, the whole amount of short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 5.25 - 7.25% and 5.50 – 7.25% per annum respectively.

Such above loan from financial institutions constitutes collateral according to note No. 17.

#### 19. Liabilities under Financial Lease Agreement - Net

Consists of:

	As of March 31, 2009 <u>'000 Baht</u>
Liabilities under Financial Lease Agreement	1,941
<u>Less</u> Interest Payment from Financial Lease Agreement	(264)
Current Portion of Financial Lease Agreement	(297)
Net	<u>1,380</u>

As of March 31, 2009, the Company comprises asset under the financial leased contract in type of vehicle and machinery. There is net book value by amount of Baht 2.14 millions. 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 March 31, 2009 <u>'000 Baht</u>	As of December 31, 2008 <u>'000 Baht</u>
Long Term Loans from Financial Institutions	27,000	29,250
<u>Less</u> Current Portion	(9,000)	(9,000)
Net	<u>18,000</u>	<u>20,250</u>

As of March 31, 2009 and December 31, 2008, the loan credit line of Baht 45.00 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 April 30, 2007. Interest is monthly repayable. Interest is carried in the rate of MLR which during this contract performance, interest rate is 6.25 – 6.75% per annum and 6.75 – 7.25% per annum respectively.

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

**21. Share Capital**

As of March 21, 2008, the Company sold increase common shares to older shareholder's by issuing another number of 500 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 1,000.0 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.

In accordance with the minute of extra-ordinary shareholders meeting no. 1/2008 held on June 26, 2008, there is unanimously resolved that registered capital is increased from the former of 10,000 millions shares to 15,000 millions shares by issuing new ordinary shares in number of 5,000 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 millions units. The Company registered the capital increment at the Minister of Commerce on July 10, 2008.

## **22. 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.

## **23. Other Revenue from Debt Repayment Receipt from Management instead of Trading Account Receivable**

Other revenue from debt repayment receipt from management instead of trading account receivable is derived from the event that the Company cannot call for debt collection from one trading account receivable in amount of Baht 180.07 million, when 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 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." until November 2008, the Company received principal debt repayment and interest includes the cumulative effect in amount of Baht 120.00 millions. However, in November, 2008, the case prosecution against such account receivable is finalized while the account receivable constitutes the performance of compromised contract with the Company in the Court. The account receivable requests to repay debt as installment to the Company by amount of Baht 64.00 millions in number of 37 installments. Given the outstanding debt value in amount of Baht 116.07 millions, it is deleted. Moreover, in accordance with the minute of the board of directors meeting no. 8/2008 held on November 13, 2008, the meeting is resolved that when the account receivable constitutes the purpose

to obviously compromise with the Company and the chairman of the directors has expressed responsibility to damage of the Company and shareholders which has repaid debt to the Company both the principle and interest by amount of Baht 120 millions which is sufficiently abundant amount. Moreover, when taken to combine with debt balance that account receivable has to repay in accordance with debt compromise, it is the aggregate amount not less than the former debt value of Baht 180.07. Therefore, the meeting is resolved that the chairman of the management directors ceases to repay debt to the Company from the November, 2008 installment forwards.

## 24. Corporate Income Tax

For the quarter ended of March 31, 2009 and 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. 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 and loss from declining in value of inventories, etc.

## 25. Expenses by Nature

Expenses by nature items consist of expenses main items are as follows:

	For the quarter ended on March 31	
	2009	2008
	(‘000 Baht)	(‘000 Baht)
Changing within Finish Goods	199,324	30,011
Raw Material Used	355,178	1,134,662
Value of Purchase Finish Good for Sale	90,874	306,789
Reversal Allowance of Loss from Declining in Value of Inventories	(89,173)	(1,361)
Employee expenses	7,676	13,700
Depreciation	8,240	7,978
(Gain) Loss on Exchange Rate	1,284	(10,534)
(Gain) Loss from Investment in Trading Security	(372)	18,229
Reversal Allowance of Doubtful Debt	(6,000)	-
Selling expenses	3,430	7,631
Other expenses	15,766	36,468
Total	586,227	1,543,573

## 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 quarter period ended on March 31, 2009 and 2008 in amount of Baht 0.06 million equally for two years.

## 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 March 31, 2009 and December 31, 2008, the Company still remains other obligations and contingent liabilities with commercial banks as follows :

	As of March 31, 2009	As of December 31, 2008
- Letters of Credit		
Credit Line 600.0 Million, Credit Unused	2.89 Million Baht	2.89 Million Baht
Credit Line US Dollars 64.0 Million, Credit Unused	54.09 Million	48.04 Million
	US Dollars	US Dollars
- Letters of Guarantee	2.83 Million Baht	2.83 Million Baht

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

28.2.1 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 leased fee and service fee each contract are in the rate of Baht 22,000.00 – Baht 250,000.00 per month. As of March 31, 2009 and December 31, 2008, there is total leased fee value that has to repay until contract is completed as follows:



	As of March 31, 2009	As of December 31, 2008
	<u>'000 Baht</u>	<u>'000 Baht</u>
Period not exceeding 1 year	8,385	7,752
Period more 1 year – 5 year	7,151	14,432

28.2.2 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 5,000.00 per month and weekly service fee in USD 1,500 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 2,500-3,500 per month.

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, 2009. 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 March 31, 2009 and December 31, 2008 and 2007, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 1.75 million and Baht 2.80 million, respectively.

## **29. Forward Contracts – Buy of Foreign Currency**

The Company holds risk from foreign currencies exchange rate from the foreign currencies merchandise payment. The Company hedges against risk from such foreign currencies exchange rates by performing the forward contract – buy of foreign currency as of March 31, 2009 and December 31, 2008, the Company had forward contract – buy of foreign currency as follows :

	As of March 31, 2009	As of December 31, 2008
Credit Limit for Forward Contract	20.00 Million US Dollars	20.00 Million US Dollars
Value of Forward Contract – Buy	1.63 Million US Dollars	3.73 Million US Dollars
Value of Forward Contract - Buy	57.77 Million Baht	131.95 Million Baht
Fair Value	57.83 Million Baht	130.28 Million Baht

Fair value of the forward contract - buy is computed by using rates determined by those counter party bank as of the date in balance sheet.

### 30. Subsequent Events

In accordance with the minute of ordinary shareholders meeting for the year 2009 held on April 30, 2009, it is materially resolved as follows:

- It is approved to cancel the issuance and offer of warrants to purchase ordinary shares of the Company no. 1 in number of 5,000.00 millions units to ordinary shareholders of the Company in accordance with the proportion of shareholding in the ratio of two ordinary shares to one warrant while there is no value that is the resolution ever received approval from extra-ordinary shareholders meeting no. 1/2008 held on June 26, 2008 due to financial economic crisis taking place worldwide. As a result, the securities exchange index all over the world including Thailand constitutes the substantial adjustment. Moreover, due to continuously dropped shares prices of the Company, the capital gathering via warrants is not worth, nor incurred the highest benefit to the Company and shareholders in the present situation.

- It is approved to reduce authorized share capital of the Company from Baht 1,500.00 millions to Baht 1,000.00 millions by reducing ordinary shares in number of 5,000.00 millions shares in par value of Baht 0.10 per share due to the cancellation of issuance and offer of warrants to purchase ordinary shares of the Company no. 1 in number of 5,000.00 millions units to the former shareholders of the Company in accordance with the proportion of shareholding. The Company has already rectified in Memorandum of Association with Department of Business Development, Ministry of Commerce on May 14, 2009.

**31. Approval of the Interim Financial Statement**

These interim financial statements have been approved by authorized directors of the Company on May 14, 2009.

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