

(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, 2009 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, 2008 of **RICH ASIA STEEL PUBLIC COMPANY LIMITED**, presented herein for comparison were audited by another auditor in the same firm, who gave an unqualified opinion thereon dated on February 27, 2009.

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, 2009, 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.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED

(Naris Saowalagsakul)

Authorized Auditor No. 5369

Bangkok,

February 22, 2010

RICH ASIA STEEL PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2009 and 2008

		2009	2008
		Baht	Baht
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	(Note 6)	4,165,059.15	15,634,903.76
Temporary Investment	(Note 7)	1,456,650.00	1,553,760.00
Accounts and Notes Receivable Other Companies-Net	(Note 8)	1,033,601,343.51	778,324,894.10
Accounts and Notes Receivable Related Companies-Net	(Note 5.2,9)	430,999.80	1,615,026.30
Inventories-Net	(Note 10)	123,690,388.20	960,341,866.50
Other Current Assets			
Advance Payment - Goods	(Note 11)	569,795,009.47	543,311,792.48
Other Account Receivable from Sale Assets		-	8,025,000.00
Account Receivable - Revenue Department		11,865,951.87	67,127,748.73
Other		8,078,308.04	16,069,254.01
TOTAL CURRENT ASSETS		1,753,083,710.04	2,392,004,245.88
NON-CURRENT ASSETS			
Other Account Receivable from Refund of Advance Payment - Goods	(Note 12)	200,000,000.00	-
Pledged Deposit at Financial Institution	(Note 13)	-	207,000,000.00
Property Plant and Equipment - Net	(Note 14)	257,212,492.75	287,562,359.79
Land Not Used for Operation-Net	(Note 15)	21,811,000.00	21,811,000.00
Deposit Payment for Investment	(Note 16)	200,000,000.00	200,000,000.00
Other Non-Current Assets			
Guarantee Against the Merchandise Order	(Note 17)	100,000,000.00	100,000,000.00
Over Paid Corporate Income Tax Wait for Return		34,936,203.06	34,936,203.06
Other		2,666,700.28	2,882,884.64
TOTAL NON-CURRENT ASSETS		816,626,396.09	854,192,447.49
TOTAL ASSETS		2,569,710,106.13	3,246,196,693.37

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, 2009 and 2008

		2009	2008
		Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-Term Loans that Due for Repayment	(Note 19)	220,244,315.48	-
Bank Overdraft and Short-Term Loans from Financial Institutions	(Note 18,20)	341,139,749.66	1,590,810,038.51
Accounts and Notes Payable		245,987,681.07	170,120,849.74
Current Portion			
Liabilities under Financial Lease Agreement	(Note 21)	310,706.22	-
Loans from Financial Institutions	(Note 18,22)	60,000,000.00	9,000,000.00
Other Current Liabilities			
Advance Receipt for Goods		36,803,055.96	31,411,786.49
Others		22,085,024.94	27,751,783.64
TOTAL CURRENT LIABILITIES		926,570,533.33	1,829,094,458.38
NON-CURRENT LIABILITIES			
Liabilities under Financial Lease Agreement - Net	(Note 21)	1,145,283.25	-
Long Term Loans from Financial Institutions - Net	(Note 18,22)	221,765,043.66	20,250,000.00
TOTAL NON-CURRENT LIABILITIES		222,910,326.91	20,250,000.00
TOTAL LIABILITIES		1,149,480,860.24	1,849,344,458.38

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, 2009 and 2008

	2009	2008
	Baht	Baht
SHAREHOLDERS' EQUITY		
Share Capital (Note 23)		
Authorized Share Capital		
10,000,000,000 Ordinary Share @ 0.10 Baht	1,000,000,000.00	-
15,000,000,000 Ordinary Share @ 0.10 Baht	-	1,500,000,000.00
Issued and Paid-up Share Capital		
10,000,000,000 Ordinary Share @ 0.10 Baht	1,000,000,000.00	1,000,000,000.00
Premiums on Share Capital	571,791,672.96	571,791,672.96
Retained Earnings(Deficit)	(151,562,427.07)	(174,939,437.97)
TOTAL SHAREHOLDERS' EQUITY	1,420,229,245.89	1,396,852,234.99
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,569,710,106.13	3,246,196,693.37

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

For the year ended on December 31, 2009 and 2008

		2009	2008
		Baht	Baht
Sales		3,985,570,038.11	4,550,652,102.17
Cost of Sales		(4,104,042,087.74)	(4,305,096,482.37)
Loss from Declining in Value of Inventories		-	(257,141,655.12)
Reversal Allowance of Loss from Declining in Value of Inventories		233,302,031.09	-
Gross Profit (Loss)		114,829,981.46	(11,586,035.32)
Other Revenue from Debt Repayment Receipt from			
Management instead of Trading Account Receivable	(Note 26)	-	58,151,017.66
Gain on Exchange Rate		12,317,748.88	-
Others Income		36,728,313.83	45,278,712.62
Total Others Income		49,046,062.71	103,429,730.28
Profit(Loss) Before Expenses		163,876,044.17	91,843,694.96
Selling Expenses		(26,745,468.50)	(32,232,989.30)
Administrative Expenses		(45,894,577.34)	(69,226,300.34)
Reversal of Doubtful Debt		25,724,410.00	2,000,000.00
Loss on Exchange Rate		-	(16,447,577.73)
Loss from Sale of Investment in Trading Security		-	(35,424,622.34)
Management Benefit Expenses	(Note 25)	(11,980,551.87)	(13,717,987.41)
Total Expenses		(58,896,187.71)	(165,049,477.12)
Profit(Loss) before Finance Costs and Income Tax		104,979,856.46	(73,205,782.16)
Finance Costs		(81,602,845.56)	(131,359,595.04)
Profit(Loss) before Income Tax		23,377,010.90	(204,565,377.20)
Income Tax	(Note 27)	-	-
NET PROFIT (LOSS) FOR THE PERIOD		23,377,010.90	(204,565,377.20)
BASIC EARNINGS(LOSS) PER SHARE		0.002	(0.023)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (SHARES)	(Note 24)	10,000,000,000	8,893,442,623

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 year ended on December 31, 2009 and 2008

	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUMS ON SHARE CAPITAL	RETAINED EARNINGS (DEFICIT)	TOTAL
	Baht	Baht	Baht	Baht
Balance as of December 31, 2008	1,000,000,000.00	571,791,672.96	(174,939,437.97)	1,396,852,234.99
Profit(loss) for the period	-	-	23,377,010.90	23,377,010.90
Balance as of December 31, 2009	1,000,000,000.00	571,791,672.96	(151,562,427.07)	1,420,229,245.89
Balance as of December 31, 2007	500,000,000.00	72,291,672.96	29,625,939.23	601,917,612.19
Increase capital (Note 23)	500,000,000.00	499,500,000.00	-	999,500,000.00
Profit(loss) for the period	-	-	(204,565,377.20)	(204,565,377.20)
Balance as of December 31, 2008	1,000,000,000.00	571,791,672.96	(174,939,437.97)	1,396,852,234.99

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 year ended on December 31, 2009 and 2008

	2009	2008
	Baht	Baht
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (Loss) before Income Tax	23,377,010.90	(204,565,377.20)
Adjustments to Profit (Loss) before Income Tax for Cash Received (Paid) from Operations		
Depreciation	32,894,338.69	34,681,635.19
Reversal of Doubtful Debt	(25,724,410.00)	(2,000,000.00)
Amortization of Prepaid Expenses	1,924,607.76	2,229,886.75
Amortization of Intangible Asset	341,121.34	342,055.91
Loss from Sale of Investment in Trading Security	-	35,424,622.34
Loss from Unrealized of Investment in Trading Security	97,110.00	307,515.00
Loss from Declining in Value of Inventories (Reversal)	(233,302,031.09)	257,141,655.12
Gain from Sale of Property, Plant and Equipment	(2,968,662.90)	(7,703,961.02)
Loss from Impairment of Land Not Used for Operation	-	5,502,000.00
(Gain) Loss from Unrealized Exchange Rate	(586.35)	18,820,458.00
Interest Revenue	(26,791,337.84)	(21,441,953.93)
Interest and Financial Expenses	80,703,715.14	75,787,716.47
Profit(Loss) from Operating Activities before Change in Operating Assets and Liabilities	(149,449,124.35)	194,526,252.63
Cash Received from Sale of Temporary Investment	-	65,216,406.66
Cash Payment for Purchase of Temporary Investment	-	(64,616,104.00)
(Increase) Decrease in Accounts and Notes Receivable-Other Companies	(229,552,039.41)	105,082,282.81
(Increase) Decrease in Accounts and Notes Receivable-Related Companies	1,184,026.50	(1,461,774.61)
(Increase) Decrease in Inventories	1,032,082,673.65	(729,297,938.70)
(Increase) Decrease in Advance Payment - Goods	(238,612,381.25)	(599,006,412.61)
(Increase) Decrease in Accounts Receivable - Revenue Department	55,261,796.86	(54,422,976.13)
(Increase) Decrease in Other Current Assets	3,020,634.01	(11,774,990.40)
Cash Received in Other Account Receivable from Refund of Advance Payment - Goods	50,000,000.00	-
(Increase) Decrease in Other Non-Current Assets	(623,882.70)	(1,267,960.11)
Increase(Decrease) in Accounts and Notes Payable	75,866,831.33	(7,183,269.60)
Increase(Decrease) in Advance Receipt for Goods	5,391,269.47	31,261,823.49
Increase(Decrease) in Other Current Liabilities	(3,399,409.47)	(10,270,181.92)
Cash Receipt (Paid) from Operating Activities	601,170,394.64	(1,083,214,842.49)
Cash Received from Interest Revenue	31,126,621.75	22,374,123.70
Cash Payment Income Tax and Withholding Tax	(812,051.80)	(43,121,817.56)
Cash Provided(Used) from Operating Activities - Net	631,484,964.59	(1,103,962,536.35)

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 year ended on December 31, 2009 and 2008

	2009	2008
	Baht	Baht
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) Decrease in Pledged Deposit at Financial Institution	207,000,000.00	23,769,566.67
Cash Received from Other Account Receivable from Sale Assets	8,025,000.00	-
Cash Received from Sale of Property, Plant and Equipment	34,007,958.21	543,684.58
Cash Payment for Purchased of Property, Plant and Equipment	(31,906,314.47)	(11,927,824.56)
Cash Payment for Deposit Payment for Investment	-	(200,000,000.00)
Cash Provided(Used) from Investing Activities - Net	217,126,643.74	(187,614,573.31)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Overdraft and Short-Term Loans from Financial Institutions	(760,851,317.92)	384,862,730.58
Increase (Decrease) in Short-Term Loans from Security Company	-	(24,768,189.89)
Cash Payment for Liabilities under Financial Lease Agreement	(291,159.00)	(1,462,524.00)
Cash Payment for Long -Term Loans from Financial Institutions	(37,350,000.00)	(9,000,000.00)
Cash Payment for Interest Expenses	(61,589,562.37)	(74,292,175.77)
Cash Received from Increasing Capital	-	999,500,000.00
Cash Provided (Used) from Financing Activities - Net	(860,082,039.29)	1,274,839,840.92
Effect from Changes in Exchange Rate of Cash and Cash Equivalent	586.35	(437.18)
CASH AND ITS EQUIVALENT INCREASE (DECREASE)-NET	(11,469,844.61)	(16,737,705.92)
CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD	(Note 6) 15,634,903.76	32,372,609.68
CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD	(Note 6) 4,165,059.15	15,634,903.76
Non-cash items which are not shown in cash flows		
- Fixed Asset Increases from Transfer Deposit for Purchase Land plus Building	-	50,000,000.00
- Fixed Asset Increases from Transfer Advance Payment for Purchase Fixed Asset	-	376,000.00
- Other Account Receivable Increases from Sales of Fixed Asset	-	8,025,000.00
- Fixed Asset Decreases from Transfer out into Land not used for operation	-	(17,423,000.00)
- Purchases Assets in Credit under Financial Lease Agreement	1,677,452.49	-
- Other Account Receivable from Refund of Advance Payment - Goods Increases from		
Transfer out of Advance Payment - Goods	250,000,000.00	-
- Short-Term Loans that Due for Repayment Increases from Transfer out of Short-		
Term Loans from Financial Institutions	220,244,315.48	-

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, 2009 and 2008

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.
- Branch5 141/3-4 Moo 3 Thambon Bangprong, Amphur Mounsamuthprakarn, Changwat Samuthprakarn.

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

2. The Basis of Preparation of the Financial Statements

2.1 The Company had prepared the financial statements in accordance with Thai Accounting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions, with generally accepted accounting principles in Thailand and in accordance with the determination of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

2.2 The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

- 2.3 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.
- 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 The financial statements for the year ended on December 31, 2008, 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>
Advance Payment - Goods	Decrease	(100,000)
Guarantee Against the Merchandise Order	Increase	100,000
Over Paid Corporate Income Tax Wait for Return(Current Assets)	Decrease	(34,936)
Over Paid Corporate Income Tax Wait for Return(Non-Current Assets)	Increase	34,936

3. Revised Accounting Standards, New Accounting Standards and Revised Accounting Framework

- 3.1 Revised accounting standards that are effective for the period beginning on or after January 1, 2009 and revised accounting framework are as follows:

TAS 36	(revised 2007)	Impairment of Asset
TFRS 5	(revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly : TAS 54)
Accounting Framework	(revised 2007)	Effective On June 26, 2009.

- 3.2 The revised accounting standards and new accounting standards which are effective for the period beginning on or after January 1, 2011 and January 1, 2012 and which were not early adopted by the Company are as follows:

Effective on January 1, 2011

TAS 24	(Revised 2007)	Related Party Disclosures (Former: 47)
TAS 40		Investment Property

Effective on January 1, 2012

TAS 20

Accounting for Government Grants and Disclosure of
Government Assistance

The Company management has determined that the Accounting Standards will not significantly impact the financial statements being presented.

Thai Accounting Standards were renumbered with an effect on June 26, 2009 following an announcement by the Federation of Accounting Professions in order to conform to the number used in the International Financial Reporting Standards.

4. Summary of Significant Accounting Policies**4.1 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.

4.2 Recognition of expenses

- Expenses are recognized on accrual basis.

4.3 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.

4.4 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.

4.5 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 recognized 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.

4.6 Inventory

Inventories are stated at the lower of cost or net realizable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Cost of raw materials, spare part and finished goods is calculated using the MOVING AVERAGE method.

The Company estimates the net realizable value by using the selling price in the ordinary course of business less selling expenses.

4.7 Property, plant and equipment

Property are recorded at cost on the transaction date, 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 - 10 years
- Improvement office	5 years
- Office Equipment	5 years
- Furniture and Equipment	5 years
- Vehicles	5 years

The Company did not carry depreciation for land and 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.

4.8 Land not used for operation

Land not used for operation is recorded at cost on date the transaction occurs after deduction of allowance for impairment (if any).

4.9 Intangible asset

Intangible asset, type of computer software which included in other non-current assets account 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 life.

4.10 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 by 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.

4.11 Accounts Payable and Others Payable

Accounts payable and others payable were shown in cost method.

4.12 Accounting for leases

- Where the Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the

finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operation leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

- Where the Company is the lesser

Operating leases

Assets that are leased under the operation leased contract are reflected under the caption of property, plant and equipment in the balance sheet and depreciation is amortized throughout the useful life of assets by the same basis that used with the transaction of plant and equipment which there are alike nature as that of the Company.

4.13 Loan

Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in the statement of income throughout the loan period in accordance with the straight line method.

4.14 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.

4.15 Employees benefit

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

4.16 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 statements of income.

4.17 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.

4.18 Earnings(loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) 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.

4.19 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.

5. Inter-Transactions

The Company constitutes important business transaction with the Company and related persons and 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:

5.1 Inter – Revenues and Expenses

		For the Year	
		Ended on December 31,	
	Pricing	2009	2008
	policy	Baht	Baht
Inter - Sales			
P.A.P EXIM CO., LTD.	(1)	8,444,521.12	54,342,647.78
CHAI SUPON CO., LTD.	(1)	2,113,895.00	15,415,827.45
MAHALAP METAL CO., LTD.	(1)	39,278,588.72	45,944,144.26
HARNSAWAT LTD. PART.	(1)	877,343.01	3,316,137.40
SIAM FERRO INDUSTRY CO., LTD.	(1)	117,045.00	95,803.74
G.T. STEEL WORKS CO., LTD.	(1)	32,289.72	297,854.20
Total		50,863,682.57	119,412,414.83
Inter – Income from the Employment Produces			
MAHALAP METAL CO., LTD.	(5)	777,635.92	-
Total		777,635.92	-
Inter– Other Revenue from Debt Repayment			
Receipt from Management instead of Trading			
Account Receivable			
MISS ANGKAKARN TANTIVIROON	(2)	-	58,151,017.66
Total		-	58,151,017.66
Inter – Interest Revenue			
MISS ANGKAKARN TANTIVIROON	(2,3)	-	7,848,982.34
Total		-	7,848,982.34
Inter – Transportation Revenue			
G.T. STEEL WORKS CO., LTD.	(4)	1,000.00	2,803.74
Total		1,000.00	2,803.74

		For the Year	
		Ended on December 31,	
	Pricing	2009	2008
	policy	Baht	Baht
Inter – Purchases			
GENIUS TECH TRADING CO., LTD.	(1)	-	34,667,046.73
Total		-	34,667,046.73
Inter – Subcontract			
SIAM FERRO INDUSTRY CO., LTD.	(4)	11,377,358.91	14,469,248.68
G.T. STEEL WORKS CO., LTD.	(4)	111,112.83	192,108.26
GENIUS TECH TRADING CO., LTD.	(4)	-	5,943.93
Total		11,488,471.74	14,667,300.87
Inter – Other Expenses			
SIAM FERRO INDUSTRY CO., LTD.	(5)	2,358,817.90	3,518,784.89
A.T. STEEL CO., LTD.	(5)	1,171,102.57	1,177,489.85
G.T. STEEL WORKS CO., LTD.	(5)	-	279,345.79
GENIUS TECH TRADING CO., LTD.	(5)	-	424,202.80
MISS ANGKAKARN TANTIVIROON	(5)	496,214.42	43,616.00
Total		4,026,134.89	5,443,439.33

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% 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.

5.2 Inter – Assets and Liabilities

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Inter – Accounts and Notes Receivable		
SIAM FERRO INDUSTRY CO., LTD.	52,579.80	-
MAHALAP METAL CO., LTD.	-	708,410.00
THANASUB PAISARN CO., LTD.	9,904,647.18	9,904,647.18
CHAIUPON CO., LTD.	-	613,741.30
P.A.P EXIM CO., LTD.	378,420.00	249,612.00
HARNSAWAT LTD. PART.	-	43,263.00
Total	10,335,646.98	11,519,673.48
<u>Less</u> Allowance for Doubtful Debt - THANASUB PAISARN CO., LTD.	(9,904,647.18)	(9,904,647.18)
Net	430,999.80	1,615,026.30
Inter – Accounts and Notes Payable		
SIAM FERRO INDUSTRY CO., LTD.	1,876,006.90	342,120.30
Total	1,876,006.90	342,120.30
Inter – Other Accounts		
MISS ANGKAKARN TANTIVIROON	-	5,400.00
Total	-	5,400.00
Inter – Accrued Expenses and Notes Payable		
SIAM FERRO INDUSTRY CO., LTD.	301,080.56	63,742.42
A.T. STEEL CO., LTD.	95,630.00	-
MISS ANGKAKARN TANTIVIROON	11,439.00	8,825.00
Total	408,149.56	72,567.42

5.3 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
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

6. Cash and Cash Equivalents

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Cash	76,445.50	178,486.75
Bank Deposit – Saving Deposit	349,115.65	13,679,043.59
Bank Deposit – Current Deposit	3,739,498.00	1,777,373.42
Total	<u>4,165,059.15</u>	<u>15,634,903.76</u>

7. Temporary Investment

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Investment of Trading Security – Cost Value	1,553,760.00	1,861,275.00
Unrealized Gain(Loss) in Investment of Trading Security	(97,110.00)	(307,515.00)
Investment of Trading Security – Fair Value	<u>1,456,650.00</u>	<u>1,553,760.00</u>

8. Accounts and Notes Receivable Other Companies - Net

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Notes Receivable	26,792,921.00	163,021,053.18
Account Receivable	1,043,084,012.51	677,303,840.92
Total Accounts and Notes Receivable	1,069,876,933.51	840,324,894.10
<u>Less</u> Allowance of Doubtful Debt -		
Account Receivable	(36,275,590.00)	(62,000,000.00)
Net	1,033,601,343.51	778,324,894.10

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

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Within credit term	699,612,919.29	556,476,378.49
Over due 1 to 90 days	107,425,667.42	221,848,515.61
Over due 91 to 180 days	-	-
Over due 181 to 365 days	226,562,756.80	-
Over due over 1 years	36,275,590.00	62,000,000.00
Total Accounts and Notes Receivable	1,069,876,933.51	840,324,894.10
<u>Less</u> Allowance of Doubtful Debt -		
Account Receivable	(36,275,590.00)	(62,000,000.00)
Net	1,033,601,343.51	778,324,894.10

As of December 31, 2009 and 2008, the Company factored some note receivable in amount of Baht 26.10 million and Baht 22.54 million respectively, to discount with one finance institutes according to the note no.20. The Company still has to take responsibility in the note receivable if the finance institutes cannot collect debt repayment in accordance with such note receivable.

As of December 31, 2009 accounts receivable over due over 181 - 365 days in amount of Baht 226.56 million is the merchandise sale in type of steel scrap to one client who is the producer and distributor of hot rolled coils as one of main distributor in the iron industry. Such account receivable has negotiated with the Company and constitutes the letter to notify requesting the gradually debt repayment. While account receivable will allow debt repayment deduction by providing discount of 10 – 20% from merchandise value that the Company purchases merchandise from such account receivable. However, in quarter 4 of 2009, there is debt repayment receipt in amount of Baht 51.31 million. (While there is debt value as of the date the letter to notify requesting the gradually debt repayment in amount of Baht 432.47 million). However, the management of the Company believes that the Company does not have risk that will not be able to collect debt.

9. Accounts and Notes Receivable Related Companies – Net

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Notes Receivable	-	906,616.30
Account Receivable	10,335,646.98	10,613,057.18
Total Accounts and Notes Receivable	10,335,646.98	11,519,673.48
<u>Less Allowance of Doubtful Debt –</u>		
Accounts Receivable	(9,904,647.18)	(9,904,647.18)
Net	430,999.80	1,615,026.30

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

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Within credit term	-	365,306.00
Over due 1 to 90 days	430,999.80	1,249,720.30
Over due over 1 years	9,904,647.18	9,904,647.18
Total Accounts and Notes Receivable	10,335,646.98	11,519,673.48
<u>Less</u> Allowance for Doubtful Debt –		
Accounts Receivable	(9,904,647.18)	(9,904,647.18)
Net	430,999.80	1,615,026.30

10. Inventories - Net

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Finished Goods	71,653,651.48	902,990,706.00
Raw Materials	61,260,975.75	267,311,364.94
Goods-in-Transit	5,354,649.34	-
Spare Part	1,543,472.79	1,593,352.07
Total	139,812,749.36	1,171,895,423.01
<u>Less</u> Allowance for Declining in Value of Inventories	(16,122,361.16)	(211,553,556.51)
Net	123,690,388.20	960,341,866.50

As of December 31, 2008, the Company pledges part of inventories and raw materials in amount of Baht 987.08 million to guarantee against loan from the merchant bank as in note No.18.

As of December 31, 2009 and 2008 allowance for declining in value of inventories has movements as follows:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Allowance for Declining in Value of Inventories- Beginning	(211,553,556.51)	(1,484,657.39)
<u>Add</u> Increased within Period	(10,588,468.43)	(210,068,899.12)
<u>Less</u> Sale/Reversal	206,019,663.78	-
Allowance for Declining in Value of Inventories- Ending	<u>(16,122,361.16)</u>	<u>(211,553,556.51)</u>

11. Advance Payment – Goods - Net

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Advance Payment – Goods – Oversea	-	250,000,000.00
Advance Payment – Goods – Domestic	578,996,929.73	340,384,548.48
<u>Less</u> Allowance from Declining in Value of Inventories	<u>(9,201,920.26)</u>	<u>(47,072,756.00)</u>
Net	<u>569,795,009.47</u>	<u>543,311,792.48</u>

As of December 31, 2008, advance payment - oversea in amount of Baht 250.00 million is advance payment - goods in accordance with the contract of steel scrap purchasing and selling with one overseas distributor. Presently, the Company has requested for the refund of such advance payment - goods in accordance with the note no. 12.

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

As of December 31, 2009, the whole amount is other account receivable from the refund of advance payment - goods with one company of merchandise distributor overseas while the Company constitutes the letter to notify the cancellation of the purchasing and selling contract and request that the seller refunds amount of Baht 250.00 million to the Company. However, the merchandise distributor constitutes the letter to notify requests for gradual repayment of advance payment - goods while there is term as follows:

No. 1 It is repayable within October, 2009 in amount of Baht 50.00 million. Presently, it has already received.

No. 2 The outstanding in amount of Baht 200.00 million will be gradually repayable while there is term as follows:

- If the Company constitutes merchandise purchasing order with the merchandise distributor, it will deduct 20% discount from merchandise value.
- If the Company does not have merchandise purchasing order with the merchandise distributor, it will be gradually repayable 5% per monthly in amount of Baht 12.50 million per month.

Presently, the Company receives some refund of advance payment-goods in amount of Baht 37.50 million. However, management is under further negotiation with merchandise distributor regarding appropriated term of refund which anticipates that it will arrive at summation in quarter 1 of 2010. Moreover, management believes that the Company does not constitute risk that will not be able to collect debt.

13. Pledged Deposit at Financial Institution

As of December 31, 2008, the whole amount is bank deposit in type of fixed account by interest rates of 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. However, during the 2nd quarter of 2009, the Company consents that the merchant bank brings such bank deposit to repay debt of trust receipt account payable and debt of loan in form of promissory note.

14. Property, Plant and Equipment – Net

Consist of:

	Balance As of December 31, 2008 Baht	Increase/ Transfer in Baht	Sale/ Transfer out Baht	Balance As of December 31, 2009 Baht
Cost :				
Land	90,117,740.00	-	-	90,117,740.00
Building	119,188,807.02	-	-	119,188,807.02
Building & Construction	7,244,833.15	-	-	7,244,833.15
Improvement Office	579,020.85	-	-	579,020.85
Machinery	137,022,299.61	30,980,000.00	(30,980,000.00)	137,022,299.61
Improvement Machinery	9,419,156.01	-	-	9,419,156.01
Furniture and Equipment	14,085,674.55	263,299.44	(146,000.00)	14,202,973.99
Equipment	11,298,548.67	131,121.72	(77,953.19)	11,351,717.20
Vehicle	16,433,993.23	2,209,345.80	(3,962,140.02)	14,681,199.01
Total Cost	405,390,073.09	33,583,766.96	(35,166,093.21)	403,807,746.84
Accumulated Depreciation :				
Building	(15,972,403.68)	(5,959,440.01)	-	(21,931,843.69)
Building & Construction	(641,910.62)	(362,241.51)	-	(1,004,152.13)
Improvement Office	(290,619.86)	(115,803.98)	-	(406,423.84)
Machinery	(58,304,295.26)	(18,453,656.45)	118,827.37	(76,639,124.34)
Improvement Machinery	(1,728,995.58)	(1,883,831.01)	-	(3,612,826.59)
Furniture and Equipment	(5,505,983.11)	(2,441,089.73)	103.02	(7,946,969.82)
Equipment	(5,631,688.72)	(1,987,133.90)	46,724.82	(7,572,097.80)
Vehicle	(14,079,001.47)	(1,691,142.10)	3,961,142.69	(11,809,000.88)
Total	(102,154,898.30)	(32,894,338.69)	4,126,797.90	(130,922,439.09)
Allowance for Impairment - Land	(15,672,815.00)			(15,672,815.00)
Net	287,562,359.79			257,212,492.75

Depreciation was shown in statement of income for the year

Ended on December 31, 2009	32,894,338.69
Ended on December 31, 2008	34,681,635.19

As of December 31, 2009 and 2008, the Company mortgaged land plus building in book value of Baht 126.53 million and Baht 125.73 million respectively is collateral of loans from the financial institutes with note No.18.

As of December 31, 2009 and 2008, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 24.26 million and Baht 19.16 million respectively. The net book value was Baht 146.00 and Baht 97.00 respectively.

15. Land not Used for Operation - Net

As of December 31, 2009 and, 2008, land not used for operation apart in book value of Baht 6.74 million. 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 million.

16. 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 Thai National Product Co., Ltd. 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 invest. The Company agrees to repay deposit in amount of Baht 200.00 million 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 million. In case that the Company exercises its right to cancel this memorandum, the seller will fully return deposit within 60 days commenced from the date the Company acknowledges cancellation of this memorandum and 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.

In accordance with the minute of the board of directors' meeting no. 9/2008 held on December 27, 2008, it is resolved to approve to purchase ordinary shares in Thai National Product Co., Ltd. in number of 26,100.60 millions shares, par value of Baht 0.01 per share, equivalent to the proportion of 100% of ordinary shares issued in the price not exceeding Baht 650.0 million. The independent financial advisor constitutes the opinion that such investment transaction holds the appropriate reason and it benefits to the Company in the future. There is assessment of share price of such company by present value method of net cash flow while the appropriate price is given equivalent to Baht 687.85 million.

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 million 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 million 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.

In accordance with the minute of the board of directors meeting no. 3/2009 held on May 14, 2009, the meeting acknowledged the progress in investment in Thai National Product Co., Ltd., that the Company is under the fund raising of support source from finance institute, which the credit line of credit facility that the Company anticipates of receiving is not appropriate for amount that the Company has to repay outstanding of investment in such company. The Company has proposed that the finance institute considers asset reappraisal of the Thai National Product Co., Ltd., in order to consider newly credit line of credit facility to the Company.

Later, the Company receives the offer of credit facility line from the finance institute according to letter dated on August 13, 2009 which such credit line of credit facility is not appropriate for outstanding investment that the Company has to repay for investment. Hence, the Company issued letter to request for financial support dated on August 14, 2009. The Company has proposed that the finance institute considers newly credit line of credit facility to the Company in the appropriate credit line. Presently, it is under consideration from the board of directors of such finance institute which in accordance with the minute of the board of directors meeting no. 4/2009 held on August 14, 2009, the meeting is resolved to further extend the period of signing in the shares trading contract of Thai National Product Co., Ltd., to be within September 30, 2009 and further extend the period of trading shares subscription fee repayment. Later on August 15, 2009, the Company and the seller have performed memorandum to rectify understanding memorandum (version no.4) with respect to further period extension of signing shares trading contract to be within September 30, 2009.

In accordance with the minute of the board of directors meeting no 5/2009 held on November 14, 2009, it is resolved to approved the period of signing in the contract of shares purchasing and selling of Thai National Product Co., Ltd., to within February 28, 2010 and the period of repayment of purchasing and selling of shares fee is also further extended. Since, the Company is under the pending of consideration result to approve credit line of credit facility according to letter to request for

financial support receipt from one finance institute in order to be investment in such company. Later on November 16, 2009, the Company and the seller have performed memorandum to rectify understanding memorandum (version no.5) with respect to further period extension of signing shares trading contract to be within February 28, 2010. However, the Company anticipates that it will be able to acknowledge the consideration result regarding the credit facility line support from the finance institute within February 2010.

17. Guarantee Against the Merchandise Order

As of December 31, 2009 and 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. Presently, the Company has already ceased business act of merchandise purchasing order from such distributor and claimed for the full amount of guarantee amount of merchandise purchasing order. The distributor requests for repayment installments of 10 installments in Baht 10.00 million per installment by issuing as posted date cheques to the Company which repayment commences from January, 2010 forwards. Moreover, there is interest carried in the rate of 0.50% per month. Such business act receives approval from the board of directors meeting no. 26/2009 held on December 29, 2009.

18. Credit Facilities and Guarantee

The Company has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term loan and note receivable discount by granted the total credit line as of December 31, 2009, in amount of Baht 569.00 million and credit line for forward contract in amount of US Dollars 4.00 million (As of 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 part of inventories and raw materials, land plus building of the Company, land plus building of a director, the Company's bank deposit, notes receivable of a company and guaranteed director.

19. Short-Term Loans that Due for Repayment

As of December 31, 2009, the whole amount of Short-Term Loans that due for repayment is liability from trust receipt that due for repayment. Currently, the Company is under negotiation term of repayment with such finance institute.

20. Bank Overdraft and Short-Term Loans from Financial Institutions

Consists of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Bank Overdraft	9,039,583.66	6,530,135.25
Discount Post Date Cheques	26,100,166.00	22,536,936.00
Trust Receipts	-	559,923,996.33
Promissory Note	306,000,000.00	1,023,109,359.14
<u>Less</u> Deferred Service Fee in Borrowing	-	(21,290,388.21)
Total	<u>341,139,749.66</u>	<u>1,590,810,038.51</u>

As of December 31, 2008, 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 million and in amount of USD 64.00 million while there is amortization as financial expense according to straight line method throughout the period of loan for the period of one year. Presently, the Company has already amortized the complete financial expense.

As of December 31, 2009 and 2008, the Company took notes receivable to discount with merchant bank are carried by interest rates of 5.87 % per annum and 6.75 – 7.25% per annum respectively.

As of December 31, 2008, trust receipt is carried by interest rates of 2.10 – 9.25% per annum. 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 to the merchant bank. As of December 31, 2009, trust receipt in amount of Baht 220.24 million is trust receipt that due for repayment. The Company has present the whole amount of such short-term loan as liability that due for repayment in accordance with note No. 19.

As of December 31, 2009, short term loan from the financial institutes is borrowing in form of promissory note in amount of Baht 289.87 million decreases from convert to long term loans according to note No.22.

As of December 31, 2009 and 2008, short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 4.50 – 5.87% per annum and 5.50 – 7.25% per annum respectively.

Such above short-term loan from financial institutions constitutes collateral according to note No.18.

21. Liabilities under Financial Lease Agreement - Net

Consists of:

	As of December 31, 2009 Baht
Liabilities under Financial Lease Agreement	1,649,901.00
<u>Less</u> Interest Payment from Financial Lease Agreement	(193,911.53)
Current Portion	(310,706.22)
Net	<u>1,145,283.25</u>

As of December 31, 2009, the Company comprises asset under the financial leased contract in the type of vehicle. There is net book value by amount of Baht 1.82 million. The Company will receive ownership in such asset when the Company completely repays debt to creditors in accordance with the financial leased contract.

22. Long Term Loans from Financial Institutions – Net

Consist of:

	As of December 31, 2009 Baht	As of December 31, 2008 Baht
Long Term Loans from Financial Institutions	281,765,043.66	29,250,000.00
<u>Less</u> Current Portion	(60,000,000.00)	(9,000,000.00)
Net	<u>221,765,043.66</u>	<u>20,250,000.00</u>

The Movement of Long - Term Loans for the year ended on December 31, 2009 and 2008 as follows:

	For the Year ended on December 31,	
	2009	2008
	Baht	Baht
Balance as of Beginning	29,250,000.00	38,250,000.00
Convert from Short-Term Loans to Long-Term Loans	289,865,043.66	-
Repayment to Long-Term Loans	(37,350,000.00)	(9,000,000.00)
Balance as of Ending	<u>281,765,043.66</u>	<u>29,250,000.00</u>

As of December 31, 2009, partly in credit line of Baht 289.87 million is already repayable remaining amount of Baht 261.52 million which is long term loan that derived from the performance of debt restructuring contract with the creditor of finance institutes on May 25, 2009. The finance institutes determine that the Company has to find out securities to additionally guarantee to be completed within March, 2010 and is term of repayment as follows:

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (Million Baht)	<u>Interest Rates(%)</u> (Per Annum)
April 2009 – July 2009	5.00	MLR-1
August 2009	-	MLR-1
September 2009 – March 2010	2.00	MLR-1
April 2010 – October 2012	5.00	MLR+1
November 2012 – December 2013	5.00	MLR
January 2014	Outstanding	MLR

As of December 31, 2009 and 2008, the Company loan credit line of Baht 45.00 million is already repayable remaining amount of Baht 20.25 million and amount of Baht 29.25 million respectively is loan due to one finance institute which the principle is monthly repayable in number 60 installments each of which is Baht 0.75 million. The first installment is repayable on April 30, 2007. Interest is monthly repayable. Interest is carried in the rate of MLR% per annum which there is interest rate equivalent to 4.85 – 5.85 % per annum and 6.75 – 7.25% per annum respectively.

Such above long term loan constitutes collateral by mortgaged land plus building of the Company and directors of the Company with note No.18.

23. Share Capital

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

	Par Value	As of December 31, 2009		Par Value	As of December 31, 2008	
		Share	Value		Share	Value
	(Baht)	('000 Share)	('000 Baht)	(Baht)	('000 Share)	('000 Baht)
Authorized Share Capital						
Beginning Ordinary Share	0.10	15,000,000	1,500,000	1.00	1,000,000	1,000,000
<u>Less</u> Decrease Ordinary Share	0.10	(5,000,000)	(500,000)		-	-
<u>Add</u> Increase Ordinary Shares		-	-	0.10	5,000,000	500,000
Amendment of Par Value of Share	0.10	-	-		9,000,000	-
Ending ordinary Shares	0.10	10,000,000	1,000,000	0.10	15,000,000	1,500,000
Issued and Paid-up						
Share Capital						
Beginning Ordinary Share	0.10	10,000,000	1,000,000	1.00	500,000	500,000
<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	0.10	10,000,000	1,000,000

In accordance with 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 300.0 million. 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 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 millions 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.

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 million to Baht 1,000.00 million 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.

24. Basic Earning (Loss) Per Share

For the year ended on December 31, 2008, the Company calculated the weighted average number of ordinary share as follows:

<u>Date</u>	<u>Issued and</u> <u>Paid-Up Share Capital</u> <u>(Shares)</u>	<u>Amount Date</u>	<u>Weighted Average</u> <u>Number</u> <u>(Shares)</u>
Jan 1, 2008 – March 21, 2008	5,000,000,000	81	405,000,000,000
March 22, 2008 – December 31, 2008	10,000,000,000	285	2,850,000,000,000
		366	3,255,000,000,000
Weighted average number of ordinary share (Shares)			8,893,442,623

For the year ended on December 31, 2008, a calculated the basic earnings (loss) per share as follows:

	For the year ended on December 31, 2008
Net profit (loss) for the period (Baht)	(204,565,377.20)
Weighted average number of ordinary shares (Shares)	8,893,442,623
Basic earnings (loss) per share (Baht)	(0.023)

25. Management Benefit Expenses

This management remuneration is benefit that repayable to management and directors of the Company. It is composed of remuneration that is monetary, i.e. salary, related benefit and remuneration of directors including remuneration benefit in other form. The Company's management is the persons who are defined under the Securities and Exchange Act.

26. 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 million. 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 million in number of 37 installments. Given the outstanding debt value in amount of Baht 116.07 million, it is deleted. Moreover, 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 million 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.

27. Income Tax

For the year ended on December 31, 2009 and 2008, the Company calculates tax at 25%, which complies with royal decree No.475 to reduce 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 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.

28. Expenses by Nature

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

	For the year ended on December 31	
	2009	2008
	Baht	Baht
Changing within Finished Goods	825,982,405.18	(651,548,271.18)
Raw Material Used	2,220,087,368.88	3,374,725,659.35
Value of Purchase Finish Good for Sale	994,834,501.37	1,510,309,229.92
Loss from Declining in Value of Inventories (Reversal)	(233,302,031.09)	257,141,655.12
Employee Expenses	22,809,180.15	27,702,223.48
Depreciation	32,894,338.69	34,681,635.19
Loss from Impairment of Land not used for operation	-	5,502,000.00
Reversal of Doubtful Debt	(25,724,410.00)	(2,000,000.00)
Loss on Exchange Rate	-	16,447,577.73
Loss from Sale of Investment in Trading Security	-	35,424,622.34
Loss from Unrealized of Investment in Trading Security	97,110.00	307,515.00
Selling Expenses	26,745,468.50	32,232,989.30
Other Expenses	65,212,312.68	86,360,778.36
Total	<u>3,929,636,244.36</u>	<u>4,727,287,614.61</u>

29. 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, 2009 and 2008 in amount of Baht 0.22 million and Baht 0.25 million respectively.

30. Presentation of Financial Data Segregated by Business Sector

The Company is operating in business sector, i.e. distribution of material type steel coil, steel slit and steel billets and distribution of finished goods type steel pipe and steel products and operates 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.

The information on business sector operation of the Company was as follows:

	('000 Baht)			
	For the year ended on December 31, 2009			
	Distribution of Material	Production and Distribution of Finished Good	Other	Total
Sales	968,445	3,011,734	5,391	3,985,570
Profit(Loss) from Operation	45,627	70,441	(1,238)	114,830
Others Income				49,046
Common Expenses				(58,896)
Financial Costs				(81,603)
Profit(Loss) for the Period				23,377
Total Assets				2,569,710

	('000 Baht)			
	For the year ended on December 31, 2008			
	Distribution of Material	Production and Distribution of Finished Good	Other	Total
Sales	1,752,063	2,790,806	7,783	4,550,652
Profit(Loss) from Operation	(73,450)	60,146	1,718	(11,586)
Others Income				103,430
Common Expenses				(165,049)
Financial Costs				(131,360)
Profit(Loss) for the Period				(204,565)
Total Assets				3,246,197

31. Obligations and Contingent Liabilities

31.1 Apart from liabilities shown on the balance sheets as of December 31, 2009 and 2008, the Company still remains other obligations and contingent liabilities with commercial banks as follows :

	As of December 31, 2009	As of December 31, 2008
- Letters of Credit		
Credit Line 223.0 Million, Credit used	220.24 Million Baht	223.00 Million Baht
Credit Line 600.0 Million, Credit used	Cancel Credit Line	597.11 Million Baht
Credit Line US Dollars 64.0 Million, Credit used	Cancel Credit Line	15.96 Million US Dollars
- Letters of Guarantee	2.83 Million Baht	2.83 Million Baht

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

31.2.1 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 companies and related companies. 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 December 31, 2009 and 2008, there is total leased fee value that has to repay until contract is completed as follows:

	As of December 31, 2009	As of December 31, 2008
	<u>'000 Baht</u>	<u>'000 Baht</u>
Period not exceeding 1 year	4,967	7,752
Period more 1 year – 5 year	3,234	14,432

31.2.2 As of December 31, 2008, 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. (As of December 31, 2009, the Company constitutes only obligation commitment 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.)

31.3 The Company comprises obligation commitment according to the contract of labor engagement to produce steel with one related company. The contract holds the life of one year ended on August 31, 2010 and 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 and on April 1, 2009 has change the engagement fee is in rate of Baht 190,000.00 per month as of December 31, 2009 and 2008, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 1.52 million and Baht 2.80 million, respectively.

32. Financial Instruments

32.1 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.

32.2 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 follows:

	Amount		interest rate per annum	
	As of	As of	As of	As of
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	<u>Million Baht</u>	<u>Million Baht</u>	<u>%</u>	<u>%</u>
Cash in Bank				
Saving	0.35	13.68	0.25	0.50 – 0.75
Fixed	-	207.00	-	2.25 – 2.50
Trust Receipts Payable	-	559.92	-	2.10 – 9.25
Short-Term Loans from				
Financial Institutions	341.14	1,052.18	4.00 – 5.87	5.50 – 7.25
Long-Term Loans from				
Financial Institutions	281.76	29.25	4.85 – 5.85	6.75 – 7.25

32.3 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, 2009 and 2008, 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, 2009	December 31, 2008
US Dollars	-	12,231,953.47

As of December 31, 2009 and 2008, the Company hedge the risk from foreign currency exchange rate incurred from merchandise acquisition from overseas by performing the forward foreign currency contract as follows:

	As of December 31, 2009	As of December 31, 2008
Credit Limit for Forward Contract	4.00 Million US Dollars	20.00 Million US Dollars
Value of Forward Contract - Buy	-	3.73 Million US Dollars
Value of Forward Contract - Buy	-	131.95 Million Baht
Fair Value	-	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.

32.4 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.

32.5 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.

33. Approval of the Financial Statement

These financial statements have been approved by authorized directors of the Company on February 22, 2010.
