

**(TRANSLATION)**

**REVIEW INTERIM 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 accompanying consolidated and separate statement of financial position as of June 30, 2011, the related consolidated and separate statements of comprehensive income for the three months and for the six months period ended on June 30, 2011 and 2010, the consolidated and separate statements of changes in shareholders' equity, the consolidated and separate statements of cash flow for the six months period then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiary and also the financial statements 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.

Except for according to that mentioned in paragraph 3, I conducted my reviews 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 inquiries 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.

As mentioned in note to the interim financial statements No. 16, regarding investment in subsidiary company "SIAM FERRO INDUSTRY CO., LTD. ", while there is cost of purchase investment lower than interest of the Company's in fair value of net asset of the subsidiary company as of the purchase investment date in amount of Baht 36.23 million, which shown in item "premium in fair value of subsidiary company over cost of purchase" in the consolidated statements of financial position as of June 30, 2011, such amount is as for difference between interest in fair value of net asset of the subsidiary company and cost of purchase the subsidiary company. The Company is under arrangement appraise the fair value correctness of net assets that absolute acquisition process, again. The Company has engaged independent appraiser, which is under appraisement the fair value of net assets that acquire of the subsidiary company for manage transaction adjustment to be correct continually, and I cannot apply other reviewed method to be satisfied regarding such matter.

Except for the effect of adjustment concerning to the consolidated financial statements as of June 30, 2011, according to that mentioned in paragraph 3, Based on my reviews, nothing has come to my attention that causes me to believe that the interim 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 accompanying consolidated and separate financial statements of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiaries and also the financial statements of RICH ASIA STEEL PUBLIC COMPANY LIMITED only for the year ended December 31, 2010, and expressed an unqualified opinion in my report dated February 28, 2011. The consolidated and separate statements of financial position as of December 31, 2010, 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.

As mentioned in note to the interim financial statements No 3.1, for the three months and for the six months period ended on June 30, 2011, the Group applied the newly and revised financial reporting standards issued by The Federation of Accounting Professions for the preparation of the accompanying interim financial statements which are effective for accounting periods beginning on or after January 1, 2011. Accordingly the comparative interim the consolidated and separate financial statement for the three months and for the six months period ended on June 30, 2010 and the consolidated and separate statement of financial position as of December 31, 2010, have been presented in accordance with the interim consolidated and separate financial statements for the three months and for the six months period ended on June 30, 2011.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED

(Naris Saowalagsakul)

Authorized Auditor No. 5369

Bangkok,

August 13, 2011

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**As of June 30, 2011 and December 31, 2010**

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
		'000 Baht	'000 Baht	'000 Baht	'000 Baht
		Unaudited	Audited	Unaudited	Audited
		Limited Review Only		Limited Review Only	
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent		12,908	18,856	11,226	14,833
Temporary Investment	(Note 8)	583	790	583	790
Accounts and Notes Receivable Other Companies – Net	(Note 9)	1,237,763	1,831,113	1,095,888	1,691,892
Accounts Receivable Related Companies	(Note 6.2,10)	-	-	12	1,154
Short-Term Loans to Subsidiary Company	(Note 6.2)	-	-	-	5,000
Inventories-Net	(Note 11)	716,582	316,102	570,700	284,008
Other Current Assets					
Accrued Interest	(Note 12)	-	14,037	-	5
Advance Payment - Goods	(Note 13)	397,184	605,530	384,149	604,971
Advance Payment - Interest		10,343	82	93	82
Account Receivable - Revenue Department		40,389	19,866	19,769	19,866
Other		8,398	11,449	8,770	3,335
TOTAL CURRENT ASSETS		2,424,150	2,817,825	2,091,190	2,625,936
NON-CURRENT ASSETS					
General Investment - Net	(Note14)	-	-	-	-
Loans to and Other Account Receivable Companies					
and Persons - Net	(Note 15)	-	-	-	-
Investment in Subsidiary Companies	(Note 16)	-	-	1,433,864	639,478
Investment Property – Net	(Note 17)	129,061	141,133	110,739	122,573
Property, Plant and Equipment – Net	(Note 18)	1,772,289	752,933	112,635	127,964
Premium in Fair Value of Subsidiary Company Over					
Cost of Purchase	(Note 16)	(36,227)	-	-	-
Other Non-Current Assets					
Long-Term Other Account Receivable	(Note 19)	-	11,133	-	-
Retention Receivable		11,967	23,975	-	-
Other		7,889	4,752	1,466	1,836
TOTAL NON-CURRENT ASSETS		1,884,979	933,926	1,658,704	891,851
TOTAL ASSETS		4,309,129	3,751,751	3,749,894	3,517,787

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**As of June 30, 2011 and December 31, 2010**

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
		'000 Baht	'000 Baht	'000 Baht	'000 Baht
		Unaudited	Audited	Unaudited	Audited
		Limited Review Only		Limited Review Only	
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Loans that Due for Repayment	(Note 21)	1,579,867	1,022,229	1,579,867	1,022,229
Bank Overdrafts and Short-Term Loans from Financial Institutions	(Note 20,22)	67,468	693,567	67,468	693,567
Accounts and Notes Payable Other Companies		476,691	384,535	365,476	311,373
Accounts Payable Subsidiary Company	(Note 6.2)	-	-	11	-
Current Portion					
Liabilities under Financial Lease Agreement	(Note 24)	753	740	677	656
Short Term Loans from Subsidiary Company	(Note 6.2)	-	-	12,500	-
Short Term Loans from Related Persons	(Note 6.2)	-	316	-	-
Short Term Loans from Other Persons and Companies	(Note 23)	300,000	-	-	-
Other Current Liabilities					
Notes Payable Shares Subscription Fee in Subsidiary Company	(Note 16)	30,000	-	30,000	-
Accrued Interest		63,303	-	63,320	13,306
Advance Receipt for Goods		52,712	39,840	239,421	39,840
Accrued Expenses		21,159	20,390	4,126	16,796
Others		11,507	39,035	3,149	2,697
TOTAL CURRENT LIABILITIES		2,603,460	2,200,652	2,366,015	2,100,464
NON-CURRENT LIABILITIES					
Liabilities under Financial Lease Agreement - Net	(Note 24)	1,751	2,153	1,556	1,899
Long Term Loans from Financial Institutions - Net	(Note 20,25)	-	-	-	-
Provision for Employee Benefit	(Note 26)	3,567	-	1,186	-
Others		81	-	-	-
TOTAL NON-CURRENT LIABILITIES		5,399	2,153	2,742	1,899
TOTAL LIABILITIES		2,608,859	2,202,805	2,368,757	2,102,363

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**As of June 30, 2011 and December 31, 2010**

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
	Unaudited	Audited	Unaudited	Audited
	Limited Review Only		Limited Review Only	
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital		(Note 27)		
Authorized Share Capital				
1,500,000,000 Ordinary Share @ 1.00 Baht	1,500,000	-	1,500,000	-
10,000,000,000 Ordinary Share @ 0.10 Baht	-	1,000,000	-	1,000,000
Issued and Paid-up Share Capital				
1,000,000,000 Ordinary Share @ 1.00 Baht	1,000,000	-	1,000,000	-
10,000,000,000 Ordinary Share @ 0.10 Baht	-	1,000,000	-	1,000,000
Premiums on Share Capital	415,424	571,792	415,424	571,792
Retained Earnings (Deficit)	39,430	(22,846)	(34,287)	(156,368)
<b>Total the Company's Shareholders' Equity</b>	<b>1,454,854</b>	<b>1,548,946</b>	<b>1,381,137</b>	<b>1,415,424</b>
<b>Non - Controlling Interests of Subsidiary Company</b>	<b>245,416</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,700,270</b>	<b>1,548,946</b>	<b>1,381,137</b>	<b>1,415,424</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,309,129</b>	<b>3,751,751</b>	<b>3,749,894</b>	<b>3,517,787</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF COMPREHENSIVE INCOME**

**For the three months period ended on June 30, 2011 and 2010**

**Unaudited**

**Limited Review Only**

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>
Sales	950,560	776,029	796,315	708,729
Services	15,339	4,202	-	2,176
Total Sales and Services Income	965,899	780,231	796,315	710,905
Cost of Sales	(958,159)	(724,787)	(771,759)	(689,791)
Cost of Services	(16,060)	(3,646)	-	(1,042)
Loss from Declining in Value of Inventories(Reversal)	(3,006)	3,120	(821)	189
Total Cost of Sales and Services	(977,225)	(725,313)	(772,580)	(690,644)
<b>Gross Profit (Loss)</b>	<b>(11,326)</b>	<b>54,918</b>	<b>23,735</b>	<b>20,261</b>
Premium in Fair Value of Subsidiary Company Over				
Cost of Purchase	-	130,872	-	-
Others Income	3,371	1,831	1,829	1,540
Total Others Income	3,371	132,703	1,829	1,540
<b>Profit (Loss) Before Expenses</b>	<b>(7,955)</b>	<b>187,621</b>	<b>25,564</b>	<b>21,801</b>
Selling Expenses	(2,616)	(2,504)	(1,478)	(2,451)
Administrative Expenses	(21,743)	(11,045)	(12,827)	(10,136)
Loss from Impairment of Assets	(7,698)	-	(7,698)	-
Reversal of Doubtful Debt	4,093	6,000	3,000	6,000
Management Benefit Expenses (Note 6.3)	(3,615)	(2,642)	(3,615)	(2,642)
<b>Total Expenses</b>	<b>(31,579)</b>	<b>(10,191)</b>	<b>(22,618)</b>	<b>(9,229)</b>
<b>Profit (Loss) before Finance Costs and Corporate Income Tax</b>	<b>(39,534)</b>	<b>177,430</b>	<b>2,946</b>	<b>12,572</b>
Finance Costs	(50,294)	(15,727)	(40,139)	(15,716)
<b>Profit(Loss) before Corporate Income Tax</b>	<b>(89,828)</b>	<b>161,703</b>	<b>(37,193)</b>	<b>(3,144)</b>
Corporate Income Tax (Note 30)	-	(7,687)	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(89,828)</b>	<b>154,016</b>	<b>(37,193)</b>	<b>(3,144)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(89,828)</b>	<b>154,016</b>	<b>(37,193)</b>	<b>(3,144)</b>
<b>ALLOCATE OF NET PROFIT (LOSS)</b>				
Part of The Company's Shareholders' Equity	(85,455)			
Part of Non - Controlling Interests of Subsidiary Company	(4,373)			
	<b>(89,828)</b>			
<b>BASIC EARNING (LOSS) PER SHARE</b>				
Part of The Company's Shareholders' Equity (Baht)	(0.085)	0.154	(0.037)	(0.003)
Weighted Average Ordinary Shares (Thousand Shares)	1,000,000	1,000,000	1,000,000	1,000,000

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF COMPREHENSIVE INCOME**

**For the six months period ended on June 30, 2011 and 2010**

**Unaudited  
Limited Review Only**

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
	'000 Baht	'000 Baht	'000 Baht	'000 Baht
Sales	1,994,608	1,317,206	1,804,194	1,249,905
Services	37,795	6,163	114	4,138
Total Sales and Services Income	2,032,403	1,323,369	1,804,308	1,254,043
Cost of Sales	(1,967,470)	(1,254,790)	(1,733,272)	(1,219,794)
Cost of Services	(35,200)	(6,759)	(37)	(4,155)
Loss from Declining in Value of Inventories(Reversal)	(1,522)	25,240	(770)	22,308
Total Cost of Sales and Services	(2,004,192)	(1,236,309)	(1,734,079)	(1,201,641)
<b>Gross Profit</b>	<b>28,211</b>	<b>87,060</b>	<b>70,229</b>	<b>52,402</b>
Premium in Fair Value of Subsidiary Company Over				
Cost of Purchase	-	130,872	-	-
Revenue from Written Off Accrued Expenses	12,215	-	12,215	-
Others Income	6,211	4,009	4,233	3,719
Total Others Income	18,426	134,881	16,448	3,719
<b>Profit Before Expenses</b>	<b>46,637</b>	<b>221,941</b>	<b>86,677</b>	<b>56,121</b>
Selling Expenses	(6,106)	(7,042)	(4,170)	(6,989)
Administrative Expenses	(35,704)	(21,260)	(22,598)	(20,351)
Loss from Impairment of Assets	(7,698)	-	(7,698)	-
Reversal of Doubtful Debt	7,099	12,000	6,000	12,000
Management Benefit Expenses (Note 6.3)	(6,351)	(5,260)	(6,351)	(5,260)
<b>Total Expenses</b>	<b>(48,760)</b>	<b>(21,562)</b>	<b>(34,817)</b>	<b>(20,600)</b>
<b>Profit (Loss) before Finance Costs and Corporate Income Tax</b>	<b>(2,123)</b>	<b>200,379</b>	<b>51,860</b>	<b>35,521</b>
Finance Costs	(96,342)	(25,778)	(86,147)	(25,767)
<b>Profit(Loss) before Corporate Income Tax</b>	<b>(98,465)</b>	<b>174,601</b>	<b>(34,287)</b>	<b>9,754</b>
Corporate Income Tax (Note 30)	-	(7,687)	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(98,465)</b>	<b>166,914</b>	<b>(34,287)</b>	<b>9,754</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(98,465)</b>	<b>166,914</b>	<b>(34,287)</b>	<b>9,754</b>
<b>ALLOCATE OF NET PROFIT (LOSS)</b>				
Part of The Company's Shareholders' Equity	(94,092)			
Part of Non - Controlling Interests of Subsidiary Company	(4,373)			
	<b>(98,465)</b>			
<b>BASIC EARNING (LOSS) PER SHARE</b>				
Part of The Company's Shareholders' Equity (Baht) (Note 29)	(0.094)	0.167	(0.034)	0.010
Weighted Average Ordinary Shares (Thousand Shares)	1,000,000	1,000,000	1,000,000	1,000,000

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the six months period ended on June 30, 2011**

**CONSOLIDATED FINANCIAL STATEMENTS**

						<b>Unaudited</b>
						<b>Limited Review Only</b>
	<b>ISSUED AND PAID-UP SHARE CAPITAL</b>	<b>PREMIUMS ON SHARE CAPITAL</b>	<b>RETAINED EARNINGS (DEFICIT)</b>	<b>TOTAL THE COMPANY'S SHAREHOLDERS' EQUITY</b>	<b>NON - CONTROLLING INTERESTS OF SUBSIDIARY COMPANY</b>	<b>TOTAL</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>
<b>Balance as of December 31, 2010</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(22,846)</b>	<b>1,548,946</b>	<b>-</b>	<b>1,548,946</b>
Transfer Premiums on Share Capital to						
Compensate Accumulated loss (Note 28)	-	(156,368)	156,368	-	-	-
Increase in Non - Controlling Interests	-	-	-	-	249,789	249,789
Total Comprehensive Income for the Period	-	-	(94,092)	(94,092)	(4,373)	(98,465)
<b>Balance as of June 30, 2011</b>	<b>1,000,000</b>	<b>415,424</b>	<b>39,430</b>	<b>1,454,854</b>	<b>245,416</b>	<b>1,700,270</b>
<b>Balance as of December 31, 2009</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(151,563)</b>	<b>-</b>	<b>-</b>	<b>1,420,229</b>
Total Comprehensive Income for the Period	-	-	166,914	-	-	166,914
<b>Balance as of June 30, 2010</b>	<b>1,000,000</b>	<b>571,792</b>	<b>15,351</b>	<b>-</b>	<b>-</b>	<b>1,587,143</b>

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



**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the six months period ended on June 30, 2011 and 2010**

**SEPARATE FINANCIAL STATEMENTS**

	<b>Unaudited</b>			
	<b>Limited Review Only</b>			
	<b>ISSUED AND PAID-UP SHARE CAPITAL</b>	<b>PREMIUMS ON SHARE CAPITAL</b>	<b>RETAINED EARNINGS (DEFICIT)</b>	<b>TOTAL</b>
	<b><u>'000 Baht</u></b>	<b><u>'000 Baht</u></b>	<b><u>'000 Baht</u></b>	<b><u>'000 Baht</u></b>
<b>Balance as of December 31, 2010</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(156,368)</b>	<b>1,415,424</b>
Transfer Premiums on Share Capital to				
Compensate Accumulated loss (Note 28)	-	(156,368)	156,368	-
Total Comprehensive Income for the Period	-	-	(34,287)	(34,287)
<b>Balance as of June 30, 2011</b>	<b>1,000,000</b>	<b>415,424</b>	<b>(34,287)</b>	<b>1,381,137</b>
<b>Balance as of December 31, 2009</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(151,563)</b>	<b>1,420,229</b>
Total Comprehensive Income for the Period	-	-	9,754	9,754
<b>Balance as of June 30, 2010</b>	<b>1,000,000</b>	<b>571,792</b>	<b>(141,809)</b>	<b>1,429,983</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOW**

**For the six months period ended on June 30, 2011 and 2010**

**Unaudited  
Limited Review Only**

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit (Loss) before Corporate Income Tax	(98,465)	174,601	(34,287)	9,754
Adjustments to Profit (Loss) before Corporate Income Tax for Cash Received (Paid) from Operations				
Depreciation	56,159	19,970	10,022	15,427
Premium in Fair Value of Subsidiary Company Over Cost of Purchase	-	(130,872)	-	-
Reversal of Doubtful Debt	(7,099)	(12,000)	(6,000)	(12,000)
Amortization of Prepaid Expenses	851	911	806	906
Amortization of Intangible Asset	183	171	169	169
Loss from Write Off of Investment in the Warrants that Expired	10	-	10	-
(Gain) Loss from Unrealized of Investment in Trading Security	197	191	197	191
Gain from Sale of Property, Plant and Equipment	(148)	(509)	-	(509)
Gain from Transfer of Land with settle	-	(290)	-	(290)
Loss from Write Off of Property, Plant and Equipment	-	2	-	2
Loss of Impairment of Assets	7,698	-	7,698	-
Loss from Write Off of Retention Receivable	2,398	-	-	-
Loss from Declining in Value of Inventories(Reversal)	1,523	(25,240)	770	(22,308)
Revenue from Written Off Accrued Expenses	(12,215)	-	(12,215)	-
Amortization of Deferred Service Fee in Borrowing	4,201	703	4,201	703
Provision of Employee Benefit	2,914	-	1,163	-
Interest Revenue	(13)	(254)	(542)	(254)
Interest Expenses of Employee Benefits	65	-	23	-
Interest Expenses	91,896	24,745	81,792	24,743
Profit(Loss) from Operating Activities before Change in Operating Assets and Liabilities	50,155	52,129	53,807	16,534
เงินสดรับจากการขายเงินลงทุนชั่วคราว				-
เงินสดจ่ายซื้อเงินลงทุนชั่วคราว				-
(Increase) Decrease in Accounts and Notes Receivable - Other Companies	719,573	(151,496)	472,086	(106,116)
(Increase) Decrease in Accounts Receivable - Related Companies	-	370	1,142	(34,896)
(Increase) Decrease in Inventories	(313,065)	(457,083)	(287,462)	(454,997)
(Increase) Decrease in Advance Payment - Goods	441,991	170,947	220,822	171,168
(Increase) Decrease in Retention Receivable	9,610	10	-	-
(Increase) Decrease in Accounts Receivable - Revenue Department	1,164	(9,786)	97	(12,256)
(Increase) Decrease in Other Current Assets	3,187	926	(648)	(587)
Cash Received in Other Account Receivable from Refund of Advance Payment - Goods	-	200,000	-	200,000
Cash Received in Guarantee Against the Merchandise Order	-	60,000	-	60,000
Cash Received in Long-Term Other Account Receivable	11,133	-	-	-
(Increase) Decrease in Other Non-Current Assets	(77)	-	1	-
Increase(Decrease) in Accounts and Notes Payable - Other Companies	(90,879)	109,847	184,021	133,828
Increase(Decrease) in Accounts and Notes Payable - Related Companies	-	(1,643)	11	(1,643)
Increase(Decrease) in Advance Receipt for Goods	12,872	(24,279)	199,581	(26,241)
Increase(Decrease) in Accrued Expenses	(13,927)	(2,122)	(455)	(856)
Increase(Decrease) in Other Current Liabilities	7,637	(2,700)	835	(1,307)
Cash Receipt (Paid) from Operating Activities	839,374	(54,880)	843,838	(57,369)
Cash Payment for Corporate Income Tax and Withholding Tax	(1,596)	(323)	(96)	(228)
Cash Received from Interest Revenue	14,050	1,062	11	254
<b>Net Cash Provided(Used) from Operating Activities</b>	<b>851,828</b>	<b>(54,141)</b>	<b>843,753</b>	<b>(57,343)</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOW**

**For the six months period ended on June 30, 2011 and 2010**

**Unaudited**

**Limited Review Only**

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>	<b>'000 Baht</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Cash Received from Short-Term Loans to Subsidiary Company	-	-	29,570	-
Cash Payment from Short-Term Loans to Subsidiary Company	-	-	(24,570)	-
Cash Payment for Purchased of Investment in Subsidiary Companies	(769,241)	(407,011)	(769,682)	(410,000)
Cash Received from Sale of Property, Plant and Equipment	148	509	-	509
Cash Payment for Purchased of Property, Plant and Equipment	(790)	(5,453)	(93)	(1,383)
Cash Received from Interest Revenue	-	-	536	-
<b>Net Cash Provided(Used) from Investing Activities</b>	<b>(769,883)</b>	<b>(411,955)</b>	<b>(764,239)</b>	<b>(410,874)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in Bank Overdrafts and Short - Term Loans from Financial Institutions	(46,550)	104,725	(46,550)	104,725
Cash Payment for Account Payable for Assets	(9,245)	(471)	(383)	-
Cash Payment for Liabilities under Financial Lease Agreement	(474)	(203)	(398)	(194)
Cash Payment for Deferred Service Fee in Borrowing	-	(9,624)	-	(9,624)
Cash Payment for Long - Term Loans from Financial Institutions	(16,576)	(5,244)	(16,576)	(5,244)
Cash Received from Long -Term Loan for Financial Institutions	-	400,000	-	400,000
Cash Received from Loans from Subsidiary Company	-	-	12,500	-
Cash Payment for Loans from Related Persons	(316)	-	-	-
Cash Received from Short - Term Loans from Other Persons and Companies	50,000	-	-	-
Cash Payment for Short - Term Loans from Other Persons and Companies	(21,408)	-	-	-
Cash Payment for Interest Expenses	(43,324)	(24,743)	(31,714)	(24,743)
<b>Net Cash Provided (Used) from Financing Activities</b>	<b>(87,893)</b>	<b>464,440</b>	<b>(83,121)</b>	<b>464,920</b>
<b>NET CASH AND ITS EQUIVALENT INCREASE (DECREASE)</b>	<b>(5,948)</b>	<b>(1,656)</b>	<b>(3,607)</b>	<b>(3,297)</b>
<b>CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD</b>	<b>18,856</b>	<b>4,165</b>	<b>14,833</b>	<b>4,165</b>
<b>CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD</b>	<b>12,908</b>	<b>2,509</b>	<b>11,226</b>	<b>868</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS****As of June 30, 2011 (Unaudited/ Limited Review Only)****And December 31, 2010 (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 branch constitution.

The Company operated production and distribution of steel pipe, steel scrap and steel products with subsidiary companies operated production and distribution of foundation pile plus transportation and hammer foundation pile and engagement of steel production and all steel pipe. (The Company and its subsidiary combine the "Group".)

**2. Basis of Preparation of the Interim Financial Statements and Accounting Policy**

2.1 These interim financial statements are prepared on a condensed basis in accordance with Accounting Standard No.34 (revised 2009) "Interim Financial Reporting" including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

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 annual 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

The interim financial statements are prepared under the same accounting policy and calculation methods as used in the annual financial statements for the year ended on December 31, 2010. In period, the Company has investment in Siam Ferro Industry Co., Ltd. Therefore, the preparation of consolidated financial statements for the three months and for the six months period ended on June 30, 2011, has summary of significant accounting policy additional as follows :

### 2.5.1 Employee Benefit

The Group provides for post employment benefits to or retirement indemnity employees under the labor laws applicable in Thailand. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique, and discounted benefit by the projected unit credit method. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The Group recorded provision of employee benefit is non – current liabilities. The costs associated with providing these benefits are charged to the statements of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned. The Group has recognized the additional liabilities under the employee benefits incurred in the past the accumulation until December 31, 2010, schemes in full amount through the statement of comprehensive income.

### 2.5.2 Investment Property

The Group's investment property is their owned land and building without specific purpose of use in the future and/or exploiting for rental income or appreciation of the asset. The Group measures the investment property by the cost value, deducted the accumulated depreciation and the allowance for impairment, (if any), and calculated depreciation of building on a straight-line basis over the approximate useful-life as follows:

- Building and Construction 5 - 32 years

### 2.5.3 General Investments

Long - term investments in non-marketable securities which are held as a general investments are shown at cost price and also adjusted the allowance for impairment. The Company recognized the change of the value of general investments in the statement of comprehensive income when there is a disposal of the investment or the impairment of investment.

### 2.5.4 The Accounts Reclassification

The consolidated financial statements as of December 31, 2010, have been reclassified in order to facilitate comparative analysis with the consolidated financial statements as of June 30 2011, as follows :

	Consolidated Financial Statements <u>'000 Baht</u>	Separate Financial Statements <u>'000 Baht</u>
The Consolidated Statements of Financial Position as of December 31, 2010		
Increase in Accounts and Notes Receivable-		
Other Companies-net	35,822	-
(Increase) in Allowance for Doubtful Debt	(35,822)	-

## 3. Adoption of New Accounting Standards, Financial Reporting Standards, Interpretation Accounting Standards and Financial Reporting Standards and Amendments to Accounting Standards

3.1 The Company adopted the new accounting standards, financial reporting standards, interpretation accounting standard and financial reporting standards and amendments to accounting standards by the Federation of Accounting Professions has issued Notification No. 17/2010, No. 50 to No. 55/2010 and No. 8/2011. These are effective for accounting periods beginning on or after January 1, 2011, as follows :

Framework (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statements of Cash Flow
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events After the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits

TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Venture
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
SIC 31	Revenue – Barter Transactions Involving Advertising Service

3.2 New accounting standards, interpretation accounting standard and amendments to accounting standards by the Federation of Accounting Professions has issued Notification No. 17/2010, No. 51/2010 and No. 5 to No. 7/2011. These are effective for accounting periods beginning on or after January 1, 2013, the Company does not early adopted, as follows :

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revise 2009)	The Effects of Changes in Foreign Exchange Rates
SIC 10	Government Assistance – No Specific Relation to Operation Activities
SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholder

The management of the Company has assessed the effects of accounting standards and interpretation accounting standard believes that these standards will not have any significant impact on the financial statements for the year in which they are initially applied.

#### 4. Changes in Accounting Policies

The Group has firstly applied the Accounting Standard No. 19 regarding employee benefits from January 1, 2011, onwards. In respect of the changes of accounting policy, the Group has recognized the additional liabilities of the past service under the employee benefits incurred in the past the accumulate until December 31, 2010, in full amount through the statements of comprehensive income to be conform to the requirement of that accounting standards and applied the Accounting Standard No.40 (revised 2009) regarding investment property, while there is affected result to the financial statements as follows:

	Consolidated Financial Statements	Separate Financial Statements
	<u>'000 Baht</u>	<u>'000 Baht</u>
<b><u>Adjustment of Financial Statements</u></b>		
<b>Statements of Financial Position as of June 30, 2011</b>		
Non – Current Liabilities		
Increase in Provision for Employee Benefits	2,718	1,037
<b>Statements of Comprehensive Income</b>		
<b>for the six months period ended June 30, 2011</b>		
Increase in Cost of Sales and Services	1,005	112
Increase in Selling Expenses	620	3
Increase in Administrative Expenses	187	16
Increase in Management Benefit Expenses	906	906

#### **Reclassification of Accounts**

	Consolidated Financial Statements		
	As of December 31, 2010		
	Before Reclassification	Reclassification	After Reclassification
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
<b>Statements of Financial Position</b>			
Investment Property	-	141,133	141,133
Land Not Used for Operation – Net	16,276	(16,276)	-
Property, Plant and Equipment – Net	877,790	(124,857)	752,933



**Reclassification of Accounts**

## Separate Financial Statements

As of December 31, 2010

	Before Reclassification <u>'000 Baht</u>	Reclassification <u>'000 Baht</u>	After Reclassification <u>'000 Baht</u>
<b>Statements of Financial Position</b>			
Investment Property	-	122,574	122,574
Land Not Used for Operation – Net	16,276	(16,276)	-
Property, Plant and Equipment – Net	234,262	(106,298)	127,964

**5. Basis of Preparation of the Interim Consolidated Financial Statements**

5.1 In preparation of the consolidated financial statements, the Company will only take its subsidiary company which is under the main control of RICH ASIA STEEL PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves, with the percentage of shareholdings in subsidiary as follows:

Company's Name	Percentage of Shareholdings		Registration Thailand	Type of Business
	As of June 30, 2011	As of December 31, 2010		
Thai National Product Co., Ltd.	100.00	100.00	Thai	manufacture foundation pile plus transportation and hammer foundation pile
Siam Ferro Industry Co., Ltd.	76.88	-	Thai	Engagement of steel production and all steel pipe

5.2 The accounting period of subsidiary company that was one day end of RICH ASIA STEEL PUBLIC COMPANY LIMITED.

5.3 The preparation of consolidated financial statements was eliminated significant inter-assets and liabilities and inter-transactions.

5.4 Accounting policy for subsidiary company will utilize the same policy as the Company.

5.5 For the three months period ended on June 30, 2011, the Company has investment in Siam Ferro Industry Co., Ltd., which is the subsidiary company, according to note to financial statements No. 16. Thus, the consolidated financial statements for the three months and for the six months period ended on June 30, 2011, include financial position and operating result for the three months period then ended of such subsidiary company.

## 6. Business Transaction with the Related Companies

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

### 6.1 Inter – Revenues and Expenses

		Consolidate		Separate	
		Financial Statements		Financial Statements	
		For the three months period		For the three months period	
		ended on June 30,		ended on June 30,	
	Pricing	2011	2010	2011	2010
	Policy	'000 Baht	'000 Baht	'000 Baht	'000 Baht
<u>Inter – Sales Goods</u>					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	120	24	120
<u>Inter – Sales Material</u>					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	61,129	-
<u>Inter – Transportation Revenue</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	-	-	1	-
<u>Inter – Other Revenue</u>					
THAI NATIONAL PRODUCT CO., LTD.	(3)	-	-	13	3
<u>Inter – Interest Revenue</u>					
THAI NATIONAL PRODUCT CO., LTD.	(4)	-	-	242	-
<u>Inter – Purchases Goods</u>					
G.T. STEEL WORKS CO., LTD.	(3)	-	-	2,355	-
<u>Inter – Subcontract</u>					
SIAM FERRO INDUSTRY CO., LTD.	(2)	-	1,162	343	1,162
<u>Inter – Other Expenses</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	-	320	95	320
A.T. STEEL CO., LTD.	(3)	-	291	442	291
Total		-	611	537	611
<u>Inter – Interest Expenses</u>					
THAI NATIONAL PRODUCT CO., LTD.	(5)	-	-	16	-

	Pricing Policy	Consolidate		Separate	
		Financial Statements		Financial Statements	
		For the six months period		For the six months period	
		ended on June 30,		ended on June 30,	
		2011	2010	2011	2010
		'000 Baht	'000 Baht	'000 Baht	'000 Baht
<u>Inter – Sales Goods</u>					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	320	24	320
THAI NATIONAL PRODUCT CO., LTD.	(1)	-	-	3,005	-
Total		-	320	3,029	320
<u>Inter – Sales Material</u>					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	61,129	-
<u>Inter – Transportation Revenue</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	-	-	1	-
THAI NATIONAL PRODUCT CO., LTD.	(3)	-	-	6	-
Total		-	-	7	-
<u>Inter – Other Revenue</u>					
THAI NATIONAL PRODUCT CO., LTD.	(3)	-	3	22	3
<u>Inter – Interest Revenue</u>					
THAI NATIONAL PRODUCT CO., LTD.	(4)	-	-	531	-
<u>Inter – Purchases Goods</u>					
G.T. STEEL WORKS CO., LTD.	(1)	-	-	2,355	-
<u>Inter – Subcontract</u>					
SIAM FERRO INDUSTRY CO., LTD.	(2)	-	3,263	343	3,263
<u>Inter – Other Expenses</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	-	774	95	774
A.T. STEEL CO., LTD.	(3)	737	583	737	583
Total		737	1,357	832	1,357
<u>Inter – Interest Expenses</u>					
THAI NATIONAL PRODUCT CO., LTD.	(5)	-	-	16	-

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

- (1) Price which can be comparative against outside parties.
- (2) Price is complied with the prices in accordance with the contract.
- (3) Price is complied with the prices which are mutually agreed upon.
- (4) Interest rate 6.62% – 6.87% per annum.
- (5) Interest rate 6.87% per annum.

## 6.2 Inter – Assets and Liabilities

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of June 30, 2011 <u>'000 Baht</u>	As of December 31, 2010 <u>'000 Baht</u>	As of June 30, 2011 <u>'000 Baht</u>	As of December 31, 2010 <u>'000 Baht</u>
<u>Inter - Assets</u>				
Accounts Receivable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	12	-
THAI NATIONAL PRODUCT CO., LTD.	-	-	-	1,154
Total	-	-	12	1,154
Other Accounts Receivable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	1	-
THAI NATIONAL PRODUCT CO., LTD.	-	-	11	10
Total	-	-	12	10
Other Accounts Receivable from decreased Shares Capital				
SIAM FERRO INDUSTRY CO., LTD.	-	-	5,296	-
Loans to				
THAI NATIONAL PRODUCT CO., LTD.	-	-	-	5,000
Accrued Interest				
THAI NATIONAL PRODUCT CO., LTD.	-	-	-	5
<u>Inter - Liabilities</u>				
Accounts Payable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	11	-
Other Accounts Payable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	2	-
A.T. STEEL CO., LTD.	-	-	1	-
Total	-	-	3	-
Advance Receipt for Goods				
SIAM FERRO INDUSTRY CO., LTD.	-	-	186,709	-

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Short-Term Loans from				
THAI NATIONAL PRODUCT CO., LTD.	-	-	12,500	-
Short-Term Loans from Related Persons				
DIRECTOR	-	316	-	-
Accrued Interest Expenses				
THAI NATIONAL PRODUCT CO., LTD.	-	-	16	-

For the six months period ended on June 30, 2011, short-term loans to subsidiary company have movements as follows:

	Separate Financial Statements		
	As of	During the period	
	December 31, 2010	Increase	(Decrease)
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Subsidiary Company			
THAI NATIONAL PRODUCT CO., LTD.	5,000	24,570	(29,570)

As of June 30, 2011 and December 31, 2010, short-term loans to subsidiary company, it's borrows in loan agreement at call type and carried interest rate at 6.62% – 6.87% per annum and 6.12% per annum respectively.

For the six months period ended on June 30, 2011, short-term loans from related persons have movements as follows:

	Consolidate Financial Statements		
	As of	During the period	
	December 31, 2010	Increase	(Decrease)
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Related Persons			
Director	316	-	(316)

For the six months period ended on June 30, 2011, short-term loans from subsidiary company have movements as follows:

	Separate Financial Statements			
	As of	During the period		As of
	December 31, 2010	Increase	(Decrease)	June 30, 2011
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Subsidiary Company				
THAI NATIONAL PRODUCT CO., LTD.	-	12,500	-	12,500

As of June 30, 2011, short-term loans from subsidiary company, it's borrows in loan agreement at call type and carried interest rate at 6.87% per annum.

### 6.3 Key Managements Personnel Compensation

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the three months period		For the three months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Short-term Employee Benefits	2,608	2,642	2,608	2,642
Post-Employment Benefits	1,007	-	1,007	-
Total	<u>3,615</u>	<u>2,642</u>	<u>3,615</u>	<u>2,642</u>

  

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the six months period		For the six months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Short-term Employee Benefits	5,337	5,260	5,337	5,260
Post-Employment Benefits	1,014	-	1,014	-
Total	<u>6,351</u>	<u>5,260</u>	<u>6,351</u>	<u>5,260</u>

## 6.4 The Company's Relationship

Consist of:

<u>Name</u>	<u>Activities</u>	<u>Relationship</u>
THAI NATIONAL PRODUCT CO., LTD.	Production foundation pile plus transportation and hammer foundation pile	Subsidiary company by shareholding
SIAM FERRO INDUSTRY CO., LTD.	Engagement of steel production and all steel pipe	Related company until to June 22, 2010, because chief executive officer of company resign from executive reorganization plan and change to subsidiary company by shareholding since April 1, 2011
A.T. STEEL CO., LTD.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders
G.T. STEEL WORKS CO., LTD.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders

## 7. Non Cash Transactions

	Consolidate Financial Statements For the six months period ended on June 30,		Separate Financial Statements For the six months period ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Purchases Assets in Credit	347	633	-	7
Sale Assets in Credit	-	801	-	801
Short-Term Loans from Financial Institutions				
Increased from Transfer from Loans that Due for Repayment	-	220,244	-	220,244
Short-Term Loans from Financial Institutions				
Decreased from Transfer Investment Property with Settle	9,536	3,440	9,536	3,440
Long-Term Loans from Financial Institutions				
Increased from Transfer Out from Current Portion	-	15,000	-	15,000
Off-Set between Accounts Receivable and Accounts Payable	129,918	103,900	129,918	103,900

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the six months period		For the six months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Investment in Subsidiary Company Increases				
from Transfer out of				
Deposit Payment for Investment	-	200,000	-	200,000
Prepaid for Purchased of Investment Expenses	-	4,478	-	4,478
Purchases Investment in Subsidiary Company				
by remain as creditor – shares subscription fee	-	25,000	-	25,000
Purchases Investment in Subsidiary Company				
by remain as note payable – shares subscription fee	30,000	-	30,000	-
Purchases Investment in Subsidiary Company decreased				
from Other Account Receivable from decreased				
Shares Capital of the Subsidiary Company	5,296	-	5,296	-
Share Capital Decreased from Other Accounts Payable				
from decreased Shares Capital of the				
Subsidiary Company	1,593	-	-	-
Assets and Liabilities Increased from				
Business Combinations				
Accounts and Notes Receivable	441,018	-	-	-
Allowance for Doubtful Debt –				
Accounts and Notes Receivable	(191,976)	-	-	-
Inventories	90,856	-	-	-
Allowance for Declining in				
Value of Inventories	(1,918)	-	-	-
Other Current Assets				
Advance Payment - Goods	233,645	-	-	-
Account Receivable - Revenue Department	21,687	-	-	-
Advance Payment - Interest	8,750	-	-	-
Others	186	-	-	-
General Investment	66,759	-	-	-
Allowance for Impairment of General Investment	(66,759)	-	-	-
Loans to and Other Account Receivable Companies				
and Other Persons	1,763,340	-	-	-
Allowance for Doubtful Debt – Loans to and Other				
Account Receivable Companies and Other Persons	(1,763,340)	-	-	-



	Consolidate Financial Statements		Separate Financial Statements	
	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Property, Plant and Equipment – Net	1,079,540	-	-	-
Other Non-Current Assets	3,443	-	-	-
Accounts and Notes Payable Other Companies	312,953	-	-	-
Short Term Loans from Other Persons and Companies	271,408	-	-	-
Accrued Expenses	10,464	-	-	-
Other Current Liabilities	2,888	-	-	-
Liabilities under the Reorganization Plan	81	-	-	-
Provision for Employee Benefit	588	-	-	-

## 8. Temporary Investment

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Investment of Trading Security – Cost Value	1,618	1,618	1,618	1,618
Unrealized Loss in Investment of Trading Security	(1,025)	(828)	(1,025)	(828)
Loss from Write Off of Investment in the Warrants that Expired	(10)	-	(10)	-
Investment of Trading Security – Fair Value	<u>583</u>	<u>790</u>	<u>583</u>	<u>790</u>

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

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Notes Receivable	178,653	191,342	177,497	191,342
Account Receivable – Return Cheques and During Sue	132,216	1,009	-	-
Account Receivable	1,171,049	1,698,040	934,296	1,522,455
Total Accounts and Notes Receivable	1,481,918	1,890,391	1,111,793	1,713,797
<u>Less</u> Allowance for Doubtful Debt –				
Account Receivable	(244,155)	(59,278)	(15,905)	(21,905)
Net	1,237,763	1,831,113	1,095,888	1,691,892

An aging analysis of accounts and notes receivable other companies as of June 30, 2011 and December 31, 2010, are as follows:

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Within credit term	649,470	1,284,402	584,379	1,159,496
Over due 1 to 90 days	347,929	503,230	337,474	490,015
Over due 91 to 180 days	238,656	42,636	174,035	42,381
Over due 181 to 365 days	1,666	-	-	-
Over due over 1 years	244,197	60,123	15,905	21,905
Total Accounts and Notes Receivable	1,481,918	1,890,391	1,111,793	1,713,797
<u>Less</u> Allowance for Doubtful Debt -				
Account Receivable	(244,155)	(59,278)	(15,905)	(21,905)
Net	1,237,763	1,831,113	1,095,888	1,691,892

For the six months period ended on June 30, 2011 and 2010, allowance for doubtful debt has movements as follows:

	Consolidate Financial Statements		Separate Financial Statements	
	For the six months period		For the six months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Allowance for Doubtful Debt - Beginning	(59,278)	(36,275)	(21,905)	(36,275)
<u>Add</u> Increased from Purchase Business	(191,976)	(37,398)	-	-
Transfer from Accounts Receivable				
Related Companies	-	(9,905)	-	(9,905)
<u>Less</u> Transfer out from Received	7,099	12,000	6,000	12,000
Allowance for Doubtful Debt - Ending	<u>(244,155)</u>	<u>(71,578)</u>	<u>(15,905)</u>	<u>(34,180)</u>

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the Company factored some note receivable in amount of Baht 41.74 million and Baht 68.09 million respectively, to discount with one finance institutes according to the note no.22. 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.

#### 10. Accounts Receivable Related Companies

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Account Receivable	<u>-</u>	<u>-</u>	<u>12</u>	<u>1,154</u>

An aging analysis of accounts receivable related companies as of June 30, 2011 and December 31, 2010, are as follows:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Within credit term	-	-	12	1,154
Total Accounts Receivable	-	-	12	1,154

## 11. Inventories - Net

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Finished Goods	532,205	298,343	495,645	274,954
Work in Process	635	1,074	-	-
Raw Materials	165,582	15,812	74,573	8,060
Spare Part	29,169	8,441	1,759	1,501
Total	727,591	323,670	571,977	284,515
<u>Less</u> Allowance for Declining in				
Value of Inventories	(11,009)	(7,568)	(1,277)	(507)
Net	716,582	316,102	570,700	284,008

For the six months period ended on June 30, 2011 and 2010, allowance for declining in value of inventories has movements as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the six months period		For the six months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Allowance for Declining in Value of				
Inventories- Beginning	(7,568)	(16,122)	(507)	(16,122)
<u>Add</u> Increased from Purchase Business	(1,918)	(7,615)	-	-
Increased within Period	(3,283)	(476)	(850)	(476)
<u>Less</u> Sale/Reversal	1,760	17,204	80	14,272
Allowance for Declining in Value of				
Inventories- Ending	<u>(11,009)</u>	<u>(7,009)</u>	<u>(1,277)</u>	<u>(2,326)</u>

## 12. Accrued Interest

The consolidated financial statements as of December 31, 2010, the whole amount is accrued interest that derives from loan to other company while subsidiary company received of principal a complete refund, for accrued interest, account receivable constitutes the letter to notify requests for gradual payment which will be completely repayable within April 2011. Presently, the subsidiary company has already received a complete refund.

## 13. Advance Payment – Goods

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the advance payment - goods partly in amount of Baht 361.20 million and Baht 378.43 million respectively is advance payment in purchasing roll steel to one client who is the producer and distributor of hot rolled coils. Moreover, the Company constitutes debt value of such company account receivable as of December 31, 2010, in amount of Baht 97.71 million (Listed in over due over 1 - 90 days) which machinery in fair value amount of Baht 978.18 million which the price is appraised by independent appraiser according to appraisal report on November, 2011, pledges as surety according to machinery mortgage contract on October 4, 2010. Presently, the payee company is under arrangement that company restructuring. Include, did not ship goods to the company with mutually agreed upon. The Company has already ceased temporary commercial inter-transactions and is under negotiation term of

repayment from such company. This is expected to be clearly in conclusion of repayment plan in the quarter 3, 2011. However, the management believes that the direction of negotiate for call repayment shall be a positive result. Because the Company has considered that account receivable has intention and cooperation with the Company and willing to repayment. However, the company will remain reserving the rights for enforcement over pledge agreement until fully repayments to the company. As a result, the Company has not yet recorded the damage fee from such transactions including in the financial statement.

For the six months period ended on June 30, 2011 and 2010, allowance for declining in value of inventories has movements as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the six months period		For the six months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Allowance for Declining in Value of				
Inventories- Beginning	-	(9,202)	-	(9,202)
<u>Add</u> Increased within Period	-	(690)	-	(690)
<u>Less</u> Sale/Reversal	-	9,202	-	9,202
Allowance for Declining in Value of				
Inventories- Ending	-	(690)	-	(690)

#### 14. General Investment – Net

Consist of:

	Consolidate Financial Statements				
	Percentage of		Investment		
	Investment				
	Paid-Up	As of	As of	As of	As of
	Share Capital	June 30,	December 31,	June 30,	December 31,
		2011	2010	2011	2010
	<u>'000 Baht</u>	%	%	<u>'000 Baht</u>	<u>'000 Baht</u>
Pan Asia Storage and Terminal Co., Ltd.	1,929,618	0.00%	0.00%	-	-
Siam Integrated Cold Rolled Steel Public Co., Ltd.	1,200	0.055%	-	66,000	-
First Steel Industry Co., Ltd.	357,499	0.18%	-	635	-
Inter Metal Tube Alliance (Thailand) Co., Ltd.	269,999	0.05%	-	124	-
Total				66,759	-
<u>Less</u> Allowance for Impairment of Investment				(66,759)	-
General Investment - Net				-	-

#### 15. Loan to and Other Account Receivable Companies and Persons – Net

Consist of:

	Consolidate
	Financial Statements
	As of
	June 30, 2011
	<u>'000 Baht</u>
Long-Term Loans to Other Persons	17,355
Long-Term Loans to Other Companies	874,767
Other Accounts Receivable from Guaranteed	533,403
Accrued Interest	337,815
Total	1,763,340
<u>Less</u> Allowance for Doubtful Debt	(1,763,340)
Net	-

Loans to other persons, other companies and other accounts receivable from guaranteed are transactions of the subsidiary company, which happened in the past and the subsidiary company has cease recognize accrued interest since 2004 and recognize fully allowance doubtful debt. Such transactions were occurred in the part before the Company has already purchased investment in the subsidiary company. Presently, the management is being verify information for considers to approval write off such accounts.

## 16. Investment in Subsidiary Companies

Consist of:

Company's Name	Paid-Up Share Capital	Percentage of Shareholdings		Separate Financial Statements Cost Method		Dividend	
		As of June 30,	As of December 31,	As of June 30,	As of December 31,	For the six months period ended on June 30,	
		2011	2010	2011	2010	2011	2010
		'000 Baht	%	'000 Baht	'000 Baht	'000 Baht	'000 Baht
Thai National Product Co., Ltd.	261,006	100.00	100.00	639,478	639,478	-	-
Siam Ferro Industry Co., Ltd.	14,248	76.88	-	794,386	-	-	-
				<u>1,433,864</u>	<u>639,478</u>	<u>-</u>	<u>-</u>

In accordance with minute of the board of directors meeting no. 8/2010 on December 23, 2010, it resolves to acquire ordinary shares in the SIAM FERRO INDUSTRY CO., LTD. (Siam Ferro) in number of 10,954,556 shares at par value of Baht 100 per share, equivalent to proportion of 76.88% of registered capital that already repaid at the price of Baht 73.00 per share being amount of Baht 799.68 million in order to purchase asset for expand production capacity and reserve for the Company's growth in future.

As of June 30, 2011, the Company is some repayment in amount of Baht 769.68 million. It remains notes payable - shares subscription fee in amount of Baht 30.00 million. (Presently, the Company has already repayment a complete refund). The Company has acquired cost of purchase investment in amount of Baht 799.68 million and the Company has transferred all shares of 10,954,556 shares (100% of the shares purchased), already on April 1, 2011, and Siam Ferro, has registered the Company as shareholder in Siam Ferro, with the Registrar, Business Development Department, Ministry of Commerce and obtained Siam Ferro's List of Shareholders (BOJ. 5) on April 4, 2011.

However, the Company has engaged one independently financial advisory company to study appropriateness of investment, benefit that the Company will receive from investment and appropriate entity value of the subsidiary company, which the financial advisor has assessed shares prices by various methods. There are fair values of the Siam Ferro holding value as follows:

Assessment Share Price Methods	Business Value (Million Baht)	Value Per Share (Baht)
Book Share Value Method	280.76	19.70
Book Value Adjusted by Net Market		
Price Method	1,109.62	77.88
Share Price to Book Value Method	325.68	22.86
Discounted Cash Flow Method	438.74	30.79



The financial advisor has considered purpose of the Company to buy ordinary shares of the Siam Ferro, in order to purchase asset for expand production capacity and reserve for the Company's growth in future, which did not use time in the construction of factory buildings and install machinery, consented that the shares price appraisal by book value adjusted method via net market prices will reflect the actual value of the Siam Ferro more appropriately than price appraisal via other methods. However, business value according to discounted cash flow method (DCF) has difference value from book value adjusted by net market price method rather than. Because the financial has specified to the assumptions about revenues and expenses, mainly reference from information as a result of operations in 2009, which it's engagement of steel production. This is not consistent with the Company's business plan that will manage to operate production and distribution of Siam Ferro, Hereby, the share price by book value adjusted by net market price method, the financial advisor has appraised the firm value in amount of Baht 1,109.62 million, or determined in amount of Baht 77.88 per share. The shares price appraisal by book value adjusted method via net price is assessing from book value of net assets or shareholders equity in accordance with the financial statements as of June 30, 2010, of the Siam Ferro and adjusted by added portion or discounted portion of fixed asset value that appraised by the independent price appraiser. However, the independent price appraiser has issued report of asset price appraisal on June 28, 2010, while there is purpose to support trading. Later, the Company is arrangement that the appraiser prepares newly version price appraisal report on February 8, 2011, for public purpose, whereas there is information of price assessment of the subsidiary company as follows:

Unit: Million Baht

Assets	Cost Acquired	Book Value	New Appraised Prices	Original Appraisal	Increase(Decrease) Appraised Prices
Land	284	208	220	216	4
Buildings	582	49	428	439	(11)
Machinery and Fixture	753	16	429	447	(18)
Total	1,619	273	1,077	1,102	(25)

Appraisal of this new evaluation report from a decline in value of the appraised value of the original appraisal report of 25.00 million, which is primarily due to an increase in accumulated depreciation of assets at the time of evaluation the new evaluation, the Company and financial advisor has taken the appraisal value in new report to calculate for Siam Ferro's share price evaluation that result to the share price by adjusted book value approach equivalent to Baht 77.57 per share where as Siam Ferro's share price evaluation referred to the previous report value of Baht 77.88 per share which is decreased from the previous report Baht 0.23 per share or equivalent to 0.40%, that still also higher than the purchased share price of Baht 73 per share. However, the considering purchases ordinary

shares. The Company has been considering for the performance of Siam Ferro in 2007-2009 and 6 months in 2010 stated net loss continually due to in such period Siam Ferro still being in their rehabilitation plan that cannot procure any working capital to operate their business in normal level. Siam Ferro has to operate only on production service. Nevertheless, Siam Ferro has already quit from the rehabilitation plan according to Central Bankruptcy Court's order. If the Company invest and manage the business in a manner of produce goods and sale in the normal business level. The Company expected that the operating result will be improved. The financial advisor has arranged financial projections for such cases to Board of Directors for consideration which found that payback period to the company will be within 7-8 year.

However, in cost allocation of business amalgamation to asset, liabilities and contingent liabilities that derives from investment acquisition in the subsidiary company. Information of the appraisal fair value report of property, plant and equipment, it finds that surplus of the Company's interest in fair value of asset, liabilities and contingent liabilities that specifiable of the subsidiary company is greater than cost of investment acquisition in amount of Baht 36.23 million. However, according to financial reporting standard no. 3 (revised 2009) Business Combinations, it determines that the purchaser has the appraisal of the accuracy of the fair value of net assets acquire entire process, again. If interest of purchaser in net fair value of such transactions is higher than cost of purchased, given the remaining surplus after newly assessment, recognizes in the statements of comprehensive income as of the purchased date. Presently, the Company has engaged newly independent appraiser, which is under to appraise the fair value of land, plant and equipment of the subsidiary company for manage transaction adjustment to be correct continually, Thus the company recorded the difference between cost of purchase investment lower than interest of the Company's in fair value of net asset of the subsidiary company as of the purchase investment date in amount of Baht 36.23 million, which shown in item "premium in fair value of subsidiary company over cost of purchase" in the consolidated statements of financial position as of June 30, 2011, as follows:

Fair value of assets and liabilities of Siam Ferro Industry Co., Ltd before the merger as follows:

	Fair Value
	As of
	March 31, 2011
	'000 Baht
Current Assets	602,690
Property, Plant and Equipment-Net	1,079,540
Non-Current Assets	3,443
Current Liabilities	(597,713)
Non-Current Liabilities	(669)
Total Assets-Net as Fair Value as of Purchasing Date	1,087,291
Fair Value in Proportion as the Company Investment in the rate of 76.88%	835,909
Premium of Interest in Fair Value of Subsidiary Company that higher than Cost of purchase (recognized in the consolidated statements of financial position)	(36,227)
Cost of purchase Subsidiary Company	799,682
<u>Less</u> Notes Payable – Shares Subscription Fee	(30,000)
Cash and Cash Equivalent of Subsidiary Company	(441)
Net Cash flow paid from Purchasing Subsidiary Company	769,241

In accordance with the minute of the extra-ordinary shareholders meeting of Siam Ferro Industry Co., Ltd., no. 1/2011 on May 18, 2011, it resolves to change approval of ordinary shares par value of the Subsidiary Company from the formerly value of Baht 100 per share to value of Baht 31.00 per share. As a result, the subsidiary company's ordinary shares decreased from Baht 1,424.84 million to Baht 441.70 million, equivalent to Baht 983.14 million reducing the value of such shares to compensate beginning accumulate losses of the subsidiary company in amount of Baht 976.25 million, remaining value that will pay to shareholders in amount of Baht 6.89 million, equivalent part of the Company in amount of Baht 5.30 million, As a result, the value of investments in subsidiary company decreased remain in amount of Baht 794.39 million.

## 17. Investment Property - Net

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Beginning Book Value – Net	141,133	132,744	122,573	132,744
<u>Add</u> Increased from Purchase Business	-	18,837	-	-
<u>Less</u> Depreciation for portion shown in				
Statements of Comprehensive Income	(2,536)	(4,913)	(2,298)	(4,636)
Transfer out to Settle Debts – Cost Value	(17,423)	(3,150)	(17,423)	(3,150)
Transfer out to Allowance for				
Impairment	7,887	(2,385)	7,887	(2,385)
Ending Book Value - Net	<u>129,061</u>	<u>141,133</u>	<u>110,739</u>	<u>122,573</u>

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the Group's investment property is their owned land and building without specifies purpose of use in future and exploiting for rental income, which its investment property had the fair value did appraise by an independence appraiser, that provides the fair value of a land by market comparison approach method and the fair value of a building by cost approach method, According to appraisal report during on January and July, 2010, which had the total of fair value as in the consolidate financial statement amount of Baht 152.32 million, and as in separate financial statement amount of Baht 135.95 million.

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, The Company transferred investment property part of the book value of Baht 9.54 million and Baht 3.15 million respectively, to repay debts to a financial institution under the debt restructuring agreement conditions.

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the Group's investment property in the book value of Baht 110.74 million and Baht 121.12 million, respectively, as collateral for loans granted by financial institutions under Note 20.

The consolidated financial statement as of June 30, 2011 the Group's investment property in the book value of Baht 7.30 million, as collateral for against the merchandise orders.

## 18. Property, Plant and Equipment – Net

For the six months period ended on June 30, 2011, the movement was as follows:

	Consolidated Financial Statements	Separate Financial Statements
	<u>'000 Baht</u>	<u>'000 Baht</u>
Beginning Book Value – Net	752,933	127,964
Increased from Purchase Business	1,079,540	-
Purchases	1,137	93
Sales	(740)	-
Accumulated Depreciation for Sales Assets	740	-
Allowance for Impairment of Assets	(7,698)	(7,698)
Depreciation for Portion Shown in Statement of Comprehensive Income	(53,623)	(7,724)
Ending Book Value - Net	<u>1,772,289</u>	<u>112,635</u>

### Consolidated Financial Statements

As of June 30, 2011 and December 31, 2010, The Group mortgaged land plus building in the book value of Baht 462.54 million and Baht 465.97 million respectively, and some part machine in the book value of Baht 84.69 million and Baht 92.72 million respectively, is collateral of loans from the financial institutes with note No.20.

As of June 30, 2011, The Group mortgaged land plus building in the book value of Baht 644.99 million, is collateral of loans from persons and other companies with note No.23.

As of June 30, 2011 and December 31, 2010, property, plant and equipment part of the book value of Baht 94.99 million, the same two periods, the Company has temporarily disabled.

### Separate Financial Statements

As of June 30, 2011 and December 31, 2010, the Company mortgaged land plus building in the book value of Baht 56.79 million and Baht 57.24 million respectively, some part machinery in book value of Baht 33.44 million and Baht 40.78 million respectively, is collateral of loans from the financial institutes with note No.20.

As of June 30, 2011 and December 31, 2010, property, plant and equipment part of the book value of Baht 94.99 million, the same two periods, the Company has temporarily disabled.

## 19. Other Account Receivable

The consolidated financial statement as of December 31, 2010, the whole amount is accounts receivable from service income for consult to plan the performance of debt restructuring in 2008, while subsidiary company there is the term of settlement as installment each Baht 2.00 million per month, total in number 16 installments each are carried by interest rates of 6.00% per annum. The first installment is repayable on March 2010 ended on June 2011. Presently, the subsidiary company has already received a complete refund.

## 20. Credit Facilities and Guarantee

The Group has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee and note receivable discount by granted the total credit line as of June 30, 2011 and December 31, 2010, in amount of Baht 1,079.56 million and Baht 1,100.56 million respectively, and credit line for forward contract in amount of Baht 33.00 million and credit line for forward contract in amount of US Dollars 4.00 million, the same two periods. It is pledged by the Company's mortgage register of land plus building and some part machine of the Company, some part land plus building and machine of subsidiary company, land plus building of a director and related companies, notes receivable of a company and guaranteed director, related companies and subsidiary company and beneficiary from insurance in building, machinery and equipment to commercial bank and financial institutions.

## 21. Loans that Due for Repayment

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	'000 Baht	'000 Baht	'000 Baht	'000 Baht
Trust Receipts	403,015	371,872	403,015	371,872
Promissory Note	547,560	4,700	547,560	4,700
Long-Term Loans from Financial Institutions	634,203	650,779	634,203	650,779
<u>Less</u> Amortization of Deferred Service Fee in				
Borrowing	(4,911)	(5,122)	(4,911)	(5,122)
Total	<u>1,579,867</u>	<u>1,022,229</u>	<u>1,579,867</u>	<u>1,022,229</u>

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the whole amount of loans that due for repayment is liability from trust receipt, promissory notes and long term loans which partial payable according to the conditions stated in Borrowing Contracts by the Company which make the whole amount of loan are due for repayment. Currently, the Company is under negotiation term of new repayment with such finance institute.

## 22. Bank Overdrafts and Short-Term Loans from Financial Institutions

Consists of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	'000 Baht	'000 Baht	'000 Baht	'000 Baht
Bank Overdrafts	9,724	10,333	9,724	10,333
Bill of Exchange and Discount Post Date Cheques	41,743	68,093	41,743	68,093
Trust Receipts	403,015	496,843	403,015	496,843
Promissory Note	563,560	498,860	563,560	498,860
<u>Less</u> Loans that Due for Repayment	(950,078)	(376,572)	(950,078)	(376,572)
Amortization of Deferred Service Fee in				
Borrowing	(496)	(3,990)	(496)	(3,990)
Net	67,468	693,567	67,468	693,567

22.1 Fees for providing loans, the fees arising from the provision of short-term borrowing limit.

For use as working capital in a period of one year by will be paid to cut financial costs by straight-line method over periods of one year loan period.

22.2 The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the Company took bill of exchange and notes receivable to discount with merchant bank are carried by interest rates of 2.75% – 6.87% and 2.50% - 6.13% per annum respectively.

22.3 The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, trust receipt is carried by interest rates of 5.37% - 15.00 % and 5.00% – 8.25% 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 to the merchant bank. As of June 30, 2011 and December 31, 2010, partly trust receipt in amount of Baht 274.04 million and Baht 371.87 million respectively, is trust receipt that due for repayment and as of June 30, 2011 partly trust receipt in amount of Baht 128.97 million, is trust receipt that not due for repayment. However, the Company did not pay the other credit line which according to the conditions stated in borrowing contracts, such

total credit line is due for repayment. The Company has presented the whole amount of such loan as liability that due for repayment in accordance with note No. 21.

- 22.4 The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 3.50% – 15.00% per annum and 3.50% – 6.13% per annum respectively. As of June 30, 2011 and December 31, 2010, partly promissory note in amount of Baht 195.67 million and Baht 4.70 million respectively, is promissory note that due for repayment and as of June 30, 2011 partly promissory note in amount of Baht 351.89 million, is promissory note that not due for repayment. However, the company did not pay the other credit line which according to the conditions stated in borrowing contracts, such total credit line is due for repayment. The Company has presented the whole amount of such loan as liability that due for repayment in accordance with note No. 21.

Such above loan from financial institutions constitutes collateral according to note No.20.

### **23. Short – Term Loans from Other Persons and Companies**

The consolidated financial statement as of June 30, 2011, the whole amount is short – term loans from other persons and company, carried interest rate of 15.00% per annum, while the subsidiary company mortgaged land plus building is collateral of loans. By the subsidiary company and the lender makes the mortgage land contract and considered this as evidence of the loans contract, while the mortgages has term to redeem for three months which maturity date of June 21, 2011, when due, the subsidiary company and the lender has verbally agreed to extend for another three months.



## 24. Liabilities under Financial Lease Agreement - Net

Consists of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Liabilities under Financial Lease Agreement	2,825	3,275	2,465	2,863
<u>Less</u> Interest Payment from Financial Lease Agreement	(321)	(382)	(232)	(308)
Net	2,504	2,893	2,233	2,555
<u>Less</u> Current Portion	(753)	(740)	(677)	(656)
Net	1,751	2,153	1,556	1,899

The consolidated financial statement as of June 30, 2011 and December 31, 2010, the Group comprises asset under the financial leased agreement in the type of vehicle. The net book value of Baht 2.61 million and Baht 3.00 million and the separate financial statements as of June 30, 2011 and December 31, 2010, There is net book value of Baht 2.33 million and Baht 2.68 million respectively. The Group will receive ownership in such asset when the Company completely repays debt to creditors in accordance with the financial leased agreement.

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

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Long Term Loans from Financial Institutions	634,203	650,779	634,203	650,779
<u>Less</u> Current Portion	-	-	-	-
Amortization of Deferred Service Fee in Borrowing	(4,414)	(5,122)	(4,414)	(5,122)
Net	629,789	645,657	629,789	645,657
<u>Less</u> Loans that Due for Repayment	(629,789)	(645,657)	(629,789)	(645,657)
Net	-	-	-	-

For the six months period ended on June 30, 2011 and 2010, has movement of long - term loans as follows:

	Consolidate Financial Statements For the six months period ended on June 30,		Separate Financial Statements For the six months period ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Balance as of Beginning	650,779	281,765	650,779	281,765
Increase During the Period	-	400,000	-	400,000
Repayment to Long-Term Loans	(16,576)	(5,244)	(16,576)	(5,244)
Balance as of Ending	<u>634,203</u>	<u>676,521</u>	<u>634,203</u>	<u>676,521</u>

Fees for providing loans, the fees arising from the provision of long-term borrowing limit, by will be paid to cut financial costs by over the period of the borrowings by using the effective rate method.

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the Company loan credit line of Baht 400.00 million is already repayable remaining amount of Baht 372.77 million and Baht 379.21 million respectively, is loan due to one finance institute which the principal and interest is monthly repayable in number 84 installments each of which is Baht 6.20 million. The first installment is repayable on June 30, 2010, by interest is carried in the rate of SPRL+1.00 % per annum which there is interest rate equivalent to 7.75 % per annum. As of June 30, 2011 and December 31, 2010, the Company did not pay the loan terms in the contract; the Company has shown loans due for repayment for the whole amount as in note 21.

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, partly in credit line of Baht 289.87 million is already repayable remaining amount of Baht 250.69 million and Baht 256.86 million respectively, which is long term loan that derived from the performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on May 24, 2011, determine that the Company has to find out securities to additionally guarantee to be completed within September, 2011, by has term of repayment as follows :

Term of the performance of debt restructuring contract (Version 4)

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (Million Baht)	<u>Interest Rates(%)</u> (Per Annum)
June 2011 – December 2011	2.00	MLR+0.50
January 2012 – November 2015	5.00	MLR+0.50
December 2015	Outstanding	MLR+0.50

As of June 30, 2011 and December 31, 2010, the Company did not pay the loan terms in the contract; the Company has shown loans due for repayment for the whole amount as in note 21.

The consolidated and separate financial statement as of June 30, 2011 and December 31, 2010, the Company loan credit line of Baht 45.00 million is already repayable remaining amount of Baht 10.74 million and Baht 14.71 million respectively. However, the Company has arrangement the performance of debt restructuring contract with the creditor of finance institutes by latest version on May 24, 2011, which the principle is monthly repayable in number 17 installments each of which is Baht 0.75 million. The first installment is repayable on May 31, 2011. Interest is monthly repayable. Interest is carried in the rate of MLR% per annum. As of June 30, 2011, amount of 10.74 million, is loans that not due for repayment. However, the Company did not pay the other credit line which according to the conditions stated in borrowing contracts, such total credit line is due for repayment. The Company has presented the whole amount of such loan as liability that due for repayment in accordance with note No. 21.

Such above loan from financial institutions constitutes collateral according to note No.20.

## 26. Provision of Employee Benefit

The Group applied the accounting for post employment benefits to employees or retirement indemnity following the accounting standard No. 19 “Employee Benefits”. The provision of employee benefit will be paid to employees upon retirement from the Company. The retirement indemnity is calculated annually by a qualified actuary using the projected unit credit method in order to determine the present value of the obligation and the current service cost.

Provisions of Employees Benefit are detail as follows:

	Consolidate Financial Statements	Separate Financial Statements
	<u>'000 Baht</u>	<u>'000 Baht</u>
Past service costs, recognized in the current period	2,718	1,037
Current service cost	196	126
Interest expenses	65	23
Past service costs, recognized from purchases business	588	-
Present value of the obligation as of June 30, 2011	<u>3,567</u>	<u>1,186</u>

The principal assumptions used for the purposes of the actuarial valuation were as follows:

Discount rate	3.36% – 4.41% per annum
Salary increase rate	0.33% – 3.73% per annum
Mortality rate	50% - 100% of mortality from table of mortality
Disability rate	10% - 15% of mortality
Employee turnover rate	0% - 57% per annum
Retirement age	60 years old

## 27. Share Capital

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

		For the six months		For the year	
		period ended on		ended on	
		June 30, 2011		December 31, 2010	
	Par Value	Number of Share	Value	Number of Share	Value
	(Baht)	('000 Shares)	('000 Baht)	('000 Shares)	('000 Baht)
<b>Share Capital</b>					
Ordinary Shares the Beginning of the Period	0.10	10,000,000	1,000,000	10,000,000	1,000,000
<u>Less</u> Change in Par Value	1.00	(9,000,000)	-	-	-
<u>Add</u> Increase Ordinary Shares	1.00	500,000	500,000	-	-
Ordinary Shares the End of the Period	1.00	1,500,000	1,500,000	10,000,000	1,000,000
<b>Issued and Paid-up Share Capital</b>					
Ordinary Shares the Beginning of the Period	0.10	10,000,000	1,000,000	10,000,000	1,000,000
<u>Less</u> Change in Par Value	1.00	(9,000,000)	-	-	-
<u>Add</u> Increase Ordinary Shares	1.00	-	-	-	-
Ordinary Shares the End of the Period	1.00	1,000,000	1,000,000	10,000,000	1,000,000

In accordance with the minute of the extra-ordinary shareholders meeting no. 1/2011 on February 25, 2011, it materially resolves as follows:

- Change approval of ordinary shares par value of the Company from the formerly value of Baht 0.10 per share to value of Baht 1.00 per share. As a result, the Company's ordinary shares drop from 10,000 million shares to 1,000 million shares. The Company is proceeding with register of the Company's shares value amendment and number of shares plus correcting articles of association letter to the Commercial Business Development Department of the Ministry of Commerce, completed on March 15, 2011.
- Increment approval of registered capital from the formerly 1,000 million shares to 1,500 million shares by issuing newly ordinary shares in number of 500 million shares at value of Baht 1.00 per share in order to offer to restricted persons. There is purpose to be working capital and reserve for entity expansion of the Company and subsidiary company. The Company has registered with the Ministry of Commerce, completed on March 15, 2011.

## 28. The Compensation of Accumulated Loss

In accordance with the minute of the Annual General Shareholders' Meeting of 2011, dated on April 29, 2011, unanimously resolved to approved to transfer premium on share capital in amount of Baht 156.37 million to compensate accumulated losses in the separate financial statements as of December 31, 2010, in amount of Baht 156.37 million.

## 29. The Basic Earnings (Loss) Per Share

For the six months period ended on June 30, 2011 and 2010, the Company calculates basic earnings (loss) per share as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the six months period		For the six months period	
	ended on June 30,		ended on June 30,	
	2011	2010	2011	2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Profit (loss) for the period	(94,092)	166,914	(34,287)	9,754
The weighted average of number of ordinary shares ('000 shares)	1,000,000	10,000,000	1,000,000	10,000,000
Number of shares after the Change in Par Value from Baht 0.10 to Baht 1 ('000 shares)	-	1,000,000	-	1,000,000
Basic Earnings (Loss) Per Share	(0.094)	0.167	(0.034)	0.010

### **30. Corporate Income Tax**

For the three months and for the six months period ended on June 30, 2011, the Company calculates tax at 30% ( For the three months and for the six months period ended on June 30, 2010, 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.

For the three months and for the six months period ended on June 30, 2011 and 2010, the subsidiary companies calculate tax at 30%. The subsidiary company computed tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which is mainly deficit retrospect 5 years, doubtful debts, loss from declining in value of inventories and depreciation that far rate which specify in the Revenue Code etc.

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

The Group 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 manufacture foundation pile plus transportation and hammer foundation pile and engagement of steel production and all steel pipe, which include in other business 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 Group was as follows:

(Unit : '000 Baht)

Consolidate Financial Statements							
For the six months period ended on June 30, 2011							
	Steel Business		Business Piles		Other	Eliminate	Total
	Distribution of Material	Distribution of Finished Good	Produce and Distribution	Service			
Sales and Service	403,260	1,592,967	62,539	37,617	521	(64,501)	2,032,403
Profit(Loss) from Operation	(6,025)	58,917	(15,292)	(7,694)	(1,696)		28,211
Others Income							18,426
Common Expenses							(48,760)
Finance Costs							(96,342)
Corporate Income Tax							-
Profit(Loss) for the Period							(98,465)
Profit(Loss) Part of Non - Controlling Interests							4,373
Profit(Loss) Part of The Company's Shareholders' Equity							(94,092)
Fixed Assets	1,173,387		598,902				1,772,289
Other Assets							2,536,840
Total Assets							4,309,129

(Unit : '000 Baht)

Consolidate Financial Statements							
For the six months period ended on June 30, 2010							
	Steel Business		Business Piles		Other	Eliminate	Total
	Distribution of Material	Distribution of Finished Good	Distribution	Service			
Sales and Service	156,087	1,093,818	67,300	2,026	4,138	-	1,323,369
Profit(Loss) from Operation	4,817	47,603	38,313	(578)	(18)	(3,077)	87,060
Others Income							134,881
Common Expenses							(21,562)
Finance Costs							(25,778)
Corporate Income Tax							(7,687)
Profit(Loss) for the Period							166,914
Fixed Assets	242,373		660,876				903,249
Other Assets							2,470,567
Total Assets							3,373,816

### 32. Obligations and Contingent Liabilities

32.1 Apart from liabilities shown on the financial statements, the Group still remains other obligations and contingent liabilities with commercial banks as follows :

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
- Letters of Credit				
Credit Line 498.00 Million, Credit used	-	496.84 Million Baht	-	496.84 Million Baht
Credit Line 487.00 Million, Credit used	480.34 Million Baht	-	480.34 Million Baht	-
- Letters of Guarantee for Electricity	3.48 Million Baht	2.83 Million Baht	2.83 Million Baht	2.83 Million Baht
- Notes Payable of Guarantee	-	2.28 Million Baht	-	-

32.2 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 is in the rate of Baht 87,550.00 – Baht 250,000.00 per month. As of June 30, 2011 and December 31, 2010, there is total leased fee value that has to repay until contract is completed as follows:

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Period not exceeding 1 year	2,588	4,583	2,588	4,583
Period more 1 year – 5 year	2,550	3,901	2,550	3,901

32.3 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 2011. It is determined that the life is automatically renewed for the period of 1 year. The engagement fee is in the rate of Baht 190,000.00 per month and on September 1, 2010, has change the engagement fee is in rate of Baht 142,500.00 per month as of June 30, 2011 and December 31, 2010, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 0.28 million and Baht 1.14 million, respectively.

### 33. Approval of the Interim Financial Statement

These interim financial statements have been approved by authorized directors of the Company on August 13, 2011.