

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006
AUDITOR'S REVIEW REPORT**

To The Shareholders and Board of Directors of
Sahamit Machinery Public Company Limited

I have review the accompanying balance sheet of Sahamit Machinery Public Company Limited as at March 31, 2007, and the statements of income, changes in shareholders' equity and cash flows for the three-month periods ended March 31, 2007 and 2006. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with generally accepted auditing standards applicable to review engagements. This Standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited, in accordance with generally accepted auditing standards, the financial statements for the year ended December 31, 2006 of Sahamit Machinery Public Company Limited; and in my report dated February 9, 2007, I expressed an unqualified opinion on those financial statements. The balance sheet as at December 31, 2006 presented herewith for comparative purposes only, were a part of the audited financial statements and I had already reported. I have not performed any audit procedure since that date.

(Mr. Pichai Dachanapirom)
Certified Public Accountant
Registration No. 2421

Dharmniti Auditing Company Limited

Bangkok, Thailand

May 2, 2007

2007/571/8155

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"REVIEWED"

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

BALANCE SHEETS

	Notes	Baht	
		As at March	As at December
		31, 2007	31, 2006
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	20,242,183.16	19,382,905.71
Trade accounts and notes receivable - net	3, 5	447,473,388.13	416,098,943.77
Inventory - net	6	788,931,815.41	816,875,788.57
Other current assets		15,246,960.52	18,980,256.78
Total current assets		<u>1,271,894,347.22</u>	<u>1,271,337,894.83</u>
NON-CURRENT ASSETS			
Property, plant and equipment - net	7	513,772,648.42	518,017,298.15
Land and buildings for rent - net	8	13,486,161.84	13,709,197.58
Land not used in operation	9	16,889,433.00	16,880,983.00
Restricted deposit at financial institution	10	887,845.38	887,845.38
Other non-current assets		1,738,782.80	1,576,182.80
Total non-current assets		<u>546,774,871.44</u>	<u>551,071,506.91</u>
TOTAL ASSETS		<u>1,818,669,218.66</u>	<u>1,822,409,401.74</u>

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

BALANCE SHEETS (CONT.)

LIABILITIES AND SHAREHOLDERS' EQUITY

Notes	Baht	
	As at March	As at December

		31, 2007	31, 2006
CURRENT LIABILITIES			
Bank overdrafts and loans from financial institutions	10	229,846,961.41	252,351,208.04
Accounts payable - trade	3	173,107,970.64	213,391,502.74
Current portion of long-term loans	11	25,248,000.00	25,248,000.00
Corporate income tax payable		41,292,921.29	24,833,117.08
Other current liabilities		35,194,315.58	29,930,717.15
Total current liabilities		504,690,168.92	545,754,545.01
NON-CURRENT LIABILITIES			
Long-term loans - net	11	47,474,009.76	58,786,009.76
Total non-current liabilities		47,474,009.76	58,786,009.76
TOTAL LIABILITIES		552,164,178.68	604,540,554.77

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

BALANCE SHEETS (CONT.)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		As at March	As at December
		31, 2007	31, 2006
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
550,000,000 shares, Baht 1 par value each		550,000,000.00	550,000,000.00
Issued and fully paid-up			
530,000,000 shares, Baht 1 par value each		530,000,000.00	530,000,000.00
Surplus capital			
Premium on common stock		262,262,300.00	262,262,300.00

Surplus on land revaluation	7, 8, 9	68,201,865.00	68,201,865.00
Retained earnings			
Appropriated - legal reserve	12	44,140,357.99	44,140,357.99
Unappropriated		361,900,516.99	313,264,323.98
Total shareholders' equity		<u>1,266,505,039.98</u>	<u>1,217,868,846.97</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,818,669,218.66</u>	<u>1,822,409,401.74</u>

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

		Baht	
	Notes	2007	2006
REVENUES	3, 17, 19		
Sales and services		505,793,477.66	452,771,077.61
Other incomes			
Commissions		8,012,434.22	2,441,234.97
Rental income		110,000.00	150,000.00
Others		6,200,124.73	6,052,043.36
Total revenues		<u>520,116,036.61</u>	<u>461,414,355.94</u>
EXPENSES	3, 19		
Cost of sales and services		384,300,778.84	333,669,353.01
Selling and administrative expenses		65,371,715.19	57,101,791.27
Total expenses		<u>449,672,494.03</u>	<u>390,771,144.28</u>
Net income before interest expenses and income tax		<u>70,443,542.58</u>	<u>70,643,211.66</u>
Interest expense		5,049,891.64	3,343,839.53
Corporate income tax	2.11	16,757,457.93	17,510,378.64
Net income		<u>48,636,193.01</u>	<u>49,788,993.49</u>
Basic earnings per share	15	<u>0.09</u>	<u>0.09</u>

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

	Bath					
	Share capital issued and fully paid-up	Premium on common stock	Other surplus	Retained earnings		Total
				Appropriated of legal reserve	Unappropriated	
Beginning balance as at January 1, 2007	530,000,000.00	262,262,300.00	68,201,865.00	44,140,357.99	313,264,323.98	1,217,868,846.97
Net income	-	-	-	-	48,636,193.01	48,636,193.01
Ending balance as at March 31, 2007	<u>530,000,000.00</u>	<u>262,262,300.00</u>	<u>68,201,865.00</u>	<u>44,140,357.99</u>	<u>361,900,516.99</u>	<u>1,266,505,039.98</u>
Beginning balance as at January 1, 2006	530,000,000.00	262,262,300.00	68,201,865.00	36,083,358.34	223,781,330.58	1,120,328,853.92
Net income	-	-	-	-	49,788,993.49	49,788,993.49
Ending balance as at March 31, 2006	<u>530,000,000.00</u>	<u>262,262,300.00</u>	<u>68,201,865.00</u>	<u>36,083,358.34</u>	<u>273,570,324.07</u>	<u>1,170,117,847.41</u>

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

	Baht	
Notes	2007	2006
<u>Cash flows from operating activities :</u>		
Net income	48,636,193.01	49,788,993.49
Adjustments to reconcile net income to net cash provided by (used in) operating activities :		
Depreciation	11,972,825.57	8,787,646.42
Bad debt recovery	(287,100.03)	(230,364.09)
Allowance for doubtful accounts	533,205.67	298,194.42
Bad debt	216,531.93	95,858.36
Loss on shortage stock	59,585.10	796,964.12
Loss (gain) on disposal of fixed assets	1,877.50	(15,948.93)
Unrealized (gain) loss on exchange rate	(3,128,231.40)	(847,230.22)
Profit from operating before changing in operating assets and liabilities	58,004,887.35	58,674,113.57
(Increased) decreased in operating assets		
Trade accounts and notes receivable	(31,829,725.73)	13,653,609.36
Inventory	27,884,388.06	6,571,620.60
Other current assets	3,542,776.79	3,457,349.70
Increased (decreased) in operating liabilities		
Trade accounts payable	(39,529,707.99)	46,758,488.66
Corporate income tax payable	16,459,804.21	17,510,378.64
Other current liabilities	5,263,598.41	(1,862,180.38)
Net cash provided by (used in) operating activities	39,796,021.10	144,763,380.15

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2007 AND 2006

	Baht	
Notes	2007	2006

Cash flows from investing activities :

Proceeds from sales of fixed assets	10,000.00	41,345.79
Purchase of fixed assets	(7,525,467.60)	(14,054,721.72)
Decrease in fixed deposit using for guarantee	-	85,859.80
Net cash provided by (used in) investing activities	<u>(7,515,467.60)</u>	<u>(13,927,516.13)</u>

Cash flows from financing activities :

Increase (decrease) in bank overdrafts and short-term loans	(20,109,276.05)	(108,698,274.67)
payment for long-term loans	(11,312,000.00)	(3,510,000.00)
Net cash provided (used in) by financing activities	<u>(31,421,276.05)</u>	<u>(112,208,274.67)</u>
Net increase in cash and cash equivalents	2.3 859,277.45	18,627,589.35
Cash and cash equivalents at beginning of periods	2.3 19,382,905.71	28,873,272.79
Cash and cash equivalents at end of periods	2.3 <u>20,242,183.16</u>	<u>47,500,862.14</u>

Supplementary disclosure of cash flow information

1. Cash and cash equivalents consisted of :

Cash	17,276,618.54	6,973,279.09
Cash at bank	2,965,564.62	40,527,583.05
	<u>20,242,183.16</u>	<u>47,500,862.14</u>

2. Cash paid during the period for :

Interest expense	5,085,757.10	3,415,724.51
Corporate income tax expense	297,653.72	168,664.90

Note to interim financial statements are an integral part of these statement.

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SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

1. GENERAL INFORMATION

(a) Address and legal status

Sahamit Machinery Public Company Limited (the Company) was registered under Thai law on June 7, 1973 and converted from the Company under the provision of the Civil and Commercial Code to be a Company in accordance with the Public Company Act on November 21, 1994.

The office is located at 42, 48 Soi chokchajongjumroen, Rama 3 Road, Bangpongpan, Yannawa, Bangkok.

(b) Nature the Company's operations

The Company's main areas of business are an importer and distributor of product groups consisting of the distribution of special steel for the production of tools, spare parts and moulds, and provider of heat treatment service distribution of machines for the production of moulds and other machines for steel products, the distribution of paper products, pulp, chemical and machines for the paper industry, and the distribution of machines for the wood industry and furniture, wood furniture surface, electrical products.

(c) Employees

As at March 31, 2007 and 2006 the Company has 390 employees and 345 employees, respectively.

(d) Supplemental disclosures of income and expense information

Supplemental disclosures of income and expense for the three-month periods ended March 31, 2007 and 2006, are as follows :-

	Baht	
	2007	2006
Employee costs	27,149,989.99	23,679,026.04

The staff costs consisted of salary, bonus, welfare, social security and provident fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of interim financial statements

The interim financial statements of the Company are prepared in accordance with generally accepted accounting principles and accounting standards prescribed in Accounting Act and presented according to the Regulation of the Ministry of Commerce for Public Company Limited.

2.2 Revenues and expenses recognition

Revenues and expenses are accounted for on an accrual basis.

The Company recognizes sales and cost of sales upon the delivery of goods to customers.

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- 2 -

2.3 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

2.4 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

2.5 Inventories

Inventories on hand are valued at the lower of cost or net realizable value. Costs of inventories are determined using the weighted average method.

Goods in transit are stated at the invoiced price and other acquisition costs.

2.6 Property, plant and equipments and depreciation

Land is stated at the appraisal value, the Company has a policy to review the appraised value of assets every 5 year.

Buildings and equipments are stated at cost net of accumulated depreciation and the provision for impairment loss.

The Company depreciates its buildings and equipments by the straight-line method over the estimated useful lives of the assets

as follows :

	<u>No. of Years</u>
Buildings	20
Improvements	10
Machinery and equipment	5-15
Furniture, fixtures and office equipments	3-5
Vehicles	5

Land and building for rent

Land is stated at appraised value, the Company has a policy to review the appraised value of assets every 5 year.

Building for rent is stated at cost less accumulated depreciation.

Depreciation is computed by the straight-line method based on the estimated useful lives of the assets of 20 years.

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- 3 -

2.7 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.8 Impairment of assets

Property, plant and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in current operations. Impairment loss is reversed to other income wherever there is any indication that the impairment loss recognized may no longer exist or may have decreased.

2.9 Foreign currency transactions

The Company converted the foreign currency transactions to Thai Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities on the balance sheet dates denominated in foreign currencies are converted into Baht at the rate ruling of such dates unless hedged by forward foreign exchange contracts, in which case, the rates specified in such forward contracts are used.

Gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the income statement as incurred.

2.10 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.11 Corporate income tax

Corporate income tax is calculated from net income on the non-BOI promoted earnings for the periods after adjusted by the items defined under the Revenue Code as taxable or non-taxable income and expense at the rate of 25% for 5 year, from 2006 to 2011.

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- 4 -

2.12 Estimation

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts shown in the financial statements and notes to financial statements. Actual results may differ from those estimates.

3. RELATED PARTIES TRANSACTIONS

The Company has certain transactions with related parties. These related parties are related through common shareholdings and/or directorships. The effects of these transactions are reflected in the accompanying financial statements on the basis determined by the Company and the parties concerned. For the three-month periods ended March 31, 2007 and 2006, the significant transactions with related parties can summarized as follows:

	<u>Pricing policy</u>	<u>Thousand Baht</u>	
		<u>For the three-month periods ended</u>	
		<u>March 31,</u>	
		<u>2007</u>	<u>2006</u>
<u>Transactions between the Company and its related parties</u>			
Sales			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	1,031	3,814
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	179	49
Khon Kaen Sugar Industry Pcl. (Common directorships)	Market Price	648	410
Unique Design Co., Ltd. (Formerly common directorships)	Market Price	-	7
T.Thai General (1975) Co., Ltd. (Common directorships)	Market Price	275	-
Purchases			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	24,148	28,206
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	27	-
Bangkok Industrial Co., Ltd. (Common directorships)	Market Price	265	-

The outstanding balances are as follows :

	<u>Thousand Baht</u>	
	<u>As at March</u>	<u>As at December</u>
	<u>31, 2007</u>	<u>31, 2006</u>
<u>Trade accounts receivable - Related companies</u>		
K.S. Mould Parts Co., Ltd.	823	758
Reanthong Wittaya Co., Ltd.	23	-
Khon Kaen Sugar Industry Pcl.	693	471
T.Thai General (1975) Co., Ltd.	294	-
<u>Trade accounts payable - Related companies</u>		
K.S. Mould Parts Co., Ltd.	25,838	23,270
Bangkok Industrial Co., Ltd.	184	-

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- 5 -

4. CASH AND CASH EQUIVALENTS

	Baht	
	As at March	As at December
	31, 2007	31, 2006
Cash in hand	17,276,618.54	14,503,493.48
Cash at bank - current accounts	2,938,756.25	4,808,125.02
Cash at bank - saving accounts	26,808.37	71,287.21
Total	20,242,183.16	19,382,905.71

Saving accounts are carrying interest at the floating rates which are set by bank.

5. TRADE ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE - NET

Trade accounts receivable can be classified by age analysis as follows :

	Baht	
	As at March	As at December
	31, 2007	31, 2006
<u>Accounts receivable and Post- date cheques</u>		
Receivables - domestic		
Not yet due	255,965,996.81	241,041,862.28
Overdue :		
Not over 3 months	154,523,434.49	136,111,397.39
3 - 6 months	16,613,184.57	5,663,980.93
6 - 12 months	11,648,322.81	25,331,237.03
Over 12 months	19,337,441.49	17,722,740.49
Total	458,088,380.17	425,871,218.12
Accounts receivable - foreign	741,116.53	1,337,728.58
Total	458,829,496.70	427,208,946.70
<u>Less</u> Allowance for doubtful accounts	(11,356,108.57)	(11,110,002.93)
Trade accounts receivable and notes receivable - net	447,473,388.13	416,098,943.77

As at March 31, 2007 and December 31, 2006, Post-date cheques represented the installment receivable amount to Baht 15,441,603.23 and Baht 8,330,266.17.

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- 6 -

6. INVENTORY - NET

Inventory consisted of :-

	Baht	
	As at March 31, 2007	As at December 31, 2006
Inventory	763,326,135.93	792,732,934.81
Goods in transit	32,212,578.02	23,224,822.13
Work in process	693,101.46	8,218,031.63
Total	796,231,815.41	824,175,788.57
<u>Less:</u> Provision for slow moving inventory	(7,300,000.00)	(7,300,000.00)
Inventory - net	788,931,815.41	816,875,788.57

7. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment consisted of :

	Baht			Book value as at Mar. 31, 2007
	Book value as at Jan. 1, 2007	Additions	Deductions	
<u>Appraised</u>				
Land and improvements				
- Cost	140,522,602.68	-	-	140,522,602.68
- Surplus on land revaluation	63,928,065.00	-	-	63,928,065.00
- Loss on land revaluation	(16,674,277.68)	-	-	(16,674,277.68)
At appraised value	187,776,390.00	-	-	187,776,390.00
<u>Cost</u>				
Buildings and improvements	202,627,248.43	-	-	202,627,248.43
Building in construction	1,678,147.48	1,090,000.01	-	2,768,147.49
Machinery and equipment	265,853,819.14	5,432,246.45	-	271,286,065.59
Furniture, fixtures and office equipment	25,107,777.67	994,771.14	75,000.00	26,027,548.81
Vehicles	76,555,217.95	-	-	76,555,217.95
Total buildings and equipment - at cost	571,822,210.67	7,517,017.60	75,000.00	579,264,228.27
Total	759,598,600.67	7,517,017.60	75,000.00	767,040,618.27
<u>Less Accumulated Depreciation</u>				
Buildings and improvements	81,100,429.67	2,608,749.95	-	83,709,179.62
Machinery and equipment	91,225,951.85	5,713,167.17	-	96,939,119.02

Furniture, fixtures and office equipment	17,462,944.94	835,533.94	63,122.50	18,235,356.38
Vehicles	<u>51,791,976.06</u>	<u>2,592,338.77</u>		<u>54,384,314.83</u>
Total	<u>241,581,302.52</u>	<u>11,749,789.83</u>	<u>63,122.50</u>	<u>253,267,969.85</u>
Net	518,017,298.15			513,772,648.42

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- 7 -

Depreciations for the three-months periods ended March 31, 2007 and 2006, are Baht 11,749,789.83 and Baht 8,564,610.68 respectively, which are recorded in the statement of income.

In April 2005, the Company's land was revalued by an independent appraiser to comply with Accounting Standards. The Company adjusted the results on the appraisal in the financial statements for the period ended March 31, 2005. This resulted in an additional surplus on land revaluation of Baht 1.9 million totalling Baht 63.93 million, was credited to “Surplus on land revaluation” and show under “Shareholders' Equity” in the balance sheets, the “Surplus on land revaluation” is not available for dividend distribution and a loss on land revaluation of Baht 10.1 million.

Part of the Company's land buildings and machinery with the carrying book value as at March 31, 2007 and December 31, 2006, Baht 292 million and Baht 295 million, respectively, have been mortgaged as collateral for the overdraft and loans from bank and financial institutions. (see notes 10 and 11)

As at March 31, 2007 the fixed assets have been fully depreciated that is still in use as follows :

	<u>Baht</u>
<u>At Cost</u>	
Building and improvements	906,817.00
Machinery and equipment	28,668,669.03
Furniture, fixture and office equipment	11,046,415.62
Vehicles	<u>23,973,774.01</u>
Total	64,595,675.66

8. LAND AND BUILDING FOR RENT - NET

Land and building for rent consisted of :

	<u>Baht</u>			
	<u>Book value as at Jan. 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Book value as at Mar. 31, 2007</u>
<u>Appraised</u>				
Land for rent				
- Cost	4,226,200.00	-	-	4,226,200.00
- Surplus on land revaluation	<u>4,273,800.00</u>	-	-	<u>4,273,800.00</u>
At appraised value	8,500,000.00	-	-	8,500,000.00
Building for rent at cost	<u>18,090,680.32</u>	-	-	<u>18,090,680.32</u>
Total	<u>26,590,680.32</u>	<u>-</u>	<u>-</u>	<u>26,590,680.32</u>
<u>Less Accumulated depreciation</u>				
Building for rent	<u>12,881,482.74</u>	<u>223,035.74</u>	-	<u>13,104,518.48</u>
Net	13,709,197.58			13,486,161.84

Depreciations for the three-month periods ended March 31, 2007 and 2006, Baht 223,035.74 and Baht 223,035.74 respectively, which are recorded in the statement of income.

In April 2005, the Company revalued its land as stated in Note 7 above. This resulted in an additional surplus on land revaluation in the approximate amount of Baht 4.3 million, was credited to “Surplus on land revaluation” and show under “Shareholders' Equity” in the balance sheets, the “Surplus on land revaluation” is not available for dividend distribution.

The Company's land and building for rent with the carrying book value as at March 31, 2007 and December 31, 2006 Baht 13.49 million and Baht 13.71 million, respectively, have been mortgaged as collateral for the bank overdraft and loans from the bank and financial institutions. (see notes 10 and 11)

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- 8 -

9. LAND NOT USED IN OPERATIONS

This account consisted of :-

	Baht			Book value as at Mar 31, 2007
	Book value as at Jan 1, 2007	Additions	Deductions	
	_____	_____	_____	
<u>Appraised</u>				
Land not used in operations				
- Cost of land	34,782,164.47	-	-	34,782,164.47
- Loss on land revaluation	(19,132,164.47)	-	-	(19,132,164.47)
- At appraised value	15,650,000.00	-	-	15,650,000.00
Plantation cost	1,230,983.00	8,450.00	-	1,239,433.00
Total	16,880,983.00	8,450.00	-	16,889,433.00

In April 2005, the Company revalued its land as stated in Note 7 above. This resulted in a loss on land revaluation of Baht 5.25 million.

The Company has started to utilize the land for rubber trees plantation. The cost and expenses in connection with the plantation were recorded as “Plantation cost” and the Company will amortize the cost when the rubber trees is extracted.

10. BANK OVERDRAFTS AND LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and loans from financial institutions consisted of :-

	Baht	
	As at March 31, 2007	As at December 31, 2006
	_____	_____
Bank overdrafts	4,821,576.76	3,415,494.93
Promissory notes	80,000,000.00	110,000,000.00
Trust receipts	145,025,384.65	138,935,713.11
Total	229,846,961.41	252,351,208.04

“UNAUDITED”

“REVIEWED”

- 9 -

Promissory notes and trust receipts as stated above have interest rates ranging from 2.5173% - 7.55% per annum and 2.19563% - 6.25% per annum in the three-month periods ended March 31, 2007 and 2006, respectively.

As at March 31, 2007 and December 31, 2006, the Company had overdrafts and other credit lines from local financial institutions totalling Baht 1,428 million and Baht 1,362 million, respectively.

The above credit lines are secured by the mortgages of the Company's land and construction and guaranteed by fixed deposits. (See notes 7 and 8)

11. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

Long-term loans from financial institutions consisted of :

	<u>Baht</u>	
	As at March 31, 2007	As at December 31, 2006
Long-term loans from financial institutions	72,722,009.76	84,034,009.76
<u>Less</u> Current portion of long-term loans	<u>(25,248,000.00)</u>	<u>(25,248,000.00)</u>
Long-term loans - net	47,474,009.76	58,786,009.76

On September 13, 2006, the Company entered into a long-term loan agreement with a financial institution amounting to Baht 56.04 million with interest rates at MLR - 1.25% per annum in the 1st to 3rd years and at MLR per annum during the subsequent years and the principal is to be repayable within 5 years. As at March 31, 2007 the Company has long - term loan balance amounting to Baht 49,506,000.00.

On September 23, 2004, the Company entered into a long-term loan agreement with a financial institution amounting to Baht 30 million with interest rates at the 1 year fixed deposit interest rate + 3.25% per annum during the first year and at MLR - 1% per annum in the 2nd to 5th years and the principal is to be repayable within 5 years. As at March 31, 2007 the Company has long - term loan balance amounting to Baht 10,016,009.76.

On November 24, 2003 the Company entered into a long-term loan agreement with a financial institution amounting to Baht 40 million with the interest rate of 4% per annum during the first year and of MLR - 1% per annum during the subsequent years and the principal is to be repayable within 5 years. As at March 31, 2007 the Company has long - term loan balance amounting to Baht 13,200,000.00.

The above loans have the following repayment schedules :

	<u>Loan Agreements</u>		
	Baht 56.04 million	Baht 30 million	Baht 40 million
	Monthly repayment	Monthly repayment	Monthly repayment
	Excluded interest	Excluded interest	Excluded interest
The 1 st - 59 th installments	934,000.00	500,000.00	670,000.00
The last installment	Remaining principal and interest	Remaining principal and interest	Remaining principal and interest

The above loans are secured by the mortgages of the Company's partial land and construction and machinery. (See notes 7 and 8)

“UNAUDITED”

“REVIEWED”

- 10 -

12. LEGAL RESERVE

In compliance with the Public Company Act, B.E.2535 (1992), the Company set aside as a legal reserve at least 5% of its net profit until the reserve equaled 10% of the authorized share capital. This reserve is not available for dividend distribution.

13. DIVIDEND

At the shareholder’s annual general meeting for the year 2007 held on April 24, 2007, the shareholders approved to pay dividends for the year December 31, 2006 amounting to Baht 63,600,000 at the rate of Baht 0.12 per share.

At the shareholder’s annual general meeting for the year 2006 held on April 27, 2006, the shareholders approved to pay dividends for the year December 31, 2005 amounting to Baht 63,600,000.00 at the rate of Baht 0.12 per share.

14. PROVIDENT FUND

The Company and its employees jointly established a provident fund scheme. Both the employees and the Company contribute to this fund. The fund is managed by the Bank of Ayudhya Public Company Limited and will be paid to the employees upon termination in accordance with the fund’s policy. For the three-month periods ended March 31, 2007 and 2006, the Company contributed to the fund totalling Baht 0.08 million and Baht 0.07 million, respectively.

15. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit by the number of ordinary shares which are issued and paid-up are as follows :

	For the three-month periods ended	
	March 31,	
	2007	2006
Net income for the periods (Baht)	48,636,193.01	49,788,993.49
Weighted average number of ordinary shares (Shares)	530,000,000	530,000,000
Basic earnings per share (Baht per shares)	0.09	0.09

“UNAUDITED”

“REVIEWED”

- 11 -

16. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to risks from changes in the market interest rates, currency exchange rates, and from non-performance of contractual obligations by counter parties. The Company has no policy to speculate in or engage in the trading of any financial derivative instruments.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company's exposure to interest rate risk relates primarily to its deposits, bank overdrafts, and loans from financial institutions.

Since financial assets are classified as short-term, the Company does not have significant risk from the interest rates.

As for the financial liabilities, the Company's liabilities are mostly short-term while the long-term liabilities bear a floating interest rate. The management believes that the interest rates are suitable to the current environment and expects that there should not be any significant fluctuations in the interest rates.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to its payables and demand for goods in foreign currencies. The Company enters into forward exchange contracts to hedge the foreign currency when consider appropriate.

Forward exchange contracts outstanding on March 31, 2007 are summarized below :

<u>Currency</u>	<u>Foreign currency (Thousands)</u>	<u>Baht equivalent (Thousands)</u>
USD	1,865	64,727
JPY	4,306	1,284

In addition, As at March 31, 2007 the Company has the foreign currencies payables and demand for good which are not covered by hedging contracts as follow :

<u>Currency</u>	<u>Foreign currency (Thousands)</u>	<u>Baht equivalent (Thousands)</u>
USD	2,640	92,742
EUR	1,387	65,132
JPY	17,723	5,307
CHF	5	144

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“REVIEWED”

- 12 -

Credit Risk

The Company is exposed to credit risk primarily with respect to its trade accounts receivable. However, due to the large number and diversity of the entities comprising the Company’s customer base, the Company does not anticipate material losses from debt collection.

Fair value

Since the majority of the financial assets and financial liabilities are short-term and the long-term loans carry varied interest rates reflecting the market rates, the management believes that the fair value of its financial assets and liabilities do not materially differ from their carrying values.

17. PRIVILEGES AND BENEFITS UNDER INVESTMENT PROMOTION

The Company has been granted of promotional privileges by the Board of Investment under Investment Promotion Act B.E. 2520 for the business of heat treatment, for the Investment Promotion Certificate No. 1050 (2)/2549 which include, among other things, the following :-

- Permission to bring in foreign technicians or experts, spouse or related persons into the Kingdom of Thailand with limitation and length of stay as approved by the Board.
- Exemption from payment of import duty on machinery as approved by the Board.
- Permission to take or remit foreign currency out of the country.
- Exemption from payment of income tax for promoted operations for a period of 8 years from the

date income is first derived from such operations.

As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotion certificate.

Revenues for the three - month periods ended March 31, 2007 and 2006 consisted of:-

	Revenue (Thousand Baht)					
	For the three-month period			For the three-month period		
	ended March 31, 2007			ended March 31, 2006		
	BOI	Non BOI	Total	BOI	Non BOI	Total
Sales	7,334	498,460	505,794	-	452,771	452,771
Other	22	14,300	14,322	-	8,643	8,643
Total	7,356	512,760	520,116	-	461,414	461,414

18. COMMITMENTS AND CONTINGENT LIABILITIES

As at March 31, 2007 the Company had contingent liabilities in respect to the letters of guarantee issued by the banks of Baht 5.19 million.

As at March 31, 2007 the Company had unused letters of credit from a financial institutions amounting to Baht 133.71 million.

“UNAUDITED”

“REVIEWED”

- 13 -

19. SEGMENT INFORMATION

The Company's main business consists of importing and distributing products mainly to the domestic market.

Segment informations for the three-month period ended March 31, 2007 are as follows :

	Trading business					Service business	Admin	Total
	Steel	Tooling Machinery	Paper pulp	Electric	Wood	Heat treatment		
	Sales and services	245,021	168,210	53,889	11,783	19,557	7,334	-
Cost of sales and services	171,819	134,858	48,204	10,479	13,682	5,259	-	384,301
Gross profit from segment	73,202	33,352	5,685	1,304	5,875	2,075	-	121,493
Selling and administrative expense	21,390	15,136	6,169	1,694	3,207	2,375	15,401	65,372
Net income (loss) from operation	51,812	18,216	(484)	(390)	2,668	(300)	(15,401)	56,121
Other income	4,145	4,709	4,933	178	214	22	121	14,322
Financial costs :								
Interest	1,276	118	747	-	5	-	2,904	5,050
Net income (loss) before income tax	54,681	22,807	3,702	(212)	2,877	(278)	(18,184)	65,393
Less corporate income tax	-	-	-	-	-	-	16,757	16,757
Net income (loss)	54,681	22,807	3,702	(212)	2,877	(278)	(34,941)	48,636

Balance sheet as at March 31, 2006

	Trading business					Admin	Total	
	Steel	Tooling Machinery	Paper pulp	Electric	Wood			
Accounts and notes receivable - net	248,830	75,892	66,470	31,607	17,970	6,704	-	447,473
Inventory - net	518,030	122,949	95,980	6,153	45,353	467	-	788,932
Fixed Assets - net								544,148
Total other assets								38,116

The Company's main business consists of importing and distributing products mainly to the domestic market.

Segment informations for the three-month period ended March 31, 2006 are as follows :

	Trading business					Admin	Total
	Steel	Tooling Machinery	Paper pulp	Electric	Wood		
Sales and services	232,770	162,827	31,317	3,782	22,075	-	452,771
Cost of sales and services	155,953	131,213	27,668	2,732	16,103	-	333,669
Gross profit from segment	76,817	31,614	3,649	1,050	5,972	-	119,102
Selling and administrative expense	19,389	12,111	5,809	1,307	3,590	14,896	57,102
Net income (loss) from operation	57,428	19,503	(2,160)	(257)	2,382	(14,896)	62,000
Other income	4,208	152	3,627	21	481	154	8,643
Financial costs :							
Interest	591	60	312	-	12	2,369	3,344

Accounts and notes receivable - net	218,466	63,633	43,558	9,684	18,040	-	353,381
Inventory - net	531,650	104,593	78,539	4,019	40,523	-	759,324
Fixed Assets - net							456,353
Total other assets							59,335

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- 14 -

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company’s director on May 2, 2007.