

REVIEW REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of Sahamitr Pressure Container Public Company Limited

I have reviewed the balance sheet of Sahamitr Pressure Container Public Company Limited as at 31 March 2010 and the related statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2010. 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. The statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2009 of Sahamitr Pressure Container Public Company Limited, presented for comparative purpose, were reviewed by Mr. Somkid Tiatragul, an auditor in the same office as mine, who reported thereon dated 14 May 2009 that nothing had come to his attention that cause him to believe that the financial statements do not present fairly, in all material respect, in conformity with generally accepted accounting principles with an emphasis regarding the restructuring debts of the Company and related company.

I conducted my review in accordance with auditing standard applicable to review engagement. That 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 in accordance with generally accepted auditing standards. I have not performed an audit, accordingly, I do not express audit opinion on these reviewed financial statements.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements do not present fairly, in all material respect, in conformity with generally accepted accounting principles.

The financial statements of Sahamitr Pressure Container Public Company Limited for the year ended 31 December 2009, were audited in accordance with generally accepted auditing standards by Mr. Somckid Tiatragul, an auditor in the same office as mine, who issued an unqualified opinion thereon, with an emphasis regarding the restructuring of debts of the Company and related company on his report dated 22 February 2010. The balance sheet as at 31 December 2009, presented herein for comparative purposes, is an integral part of such audited financial statements.



Mrs. Sumalee Chokdeeanant

Certified Public Accountant

Registration No. 3322

Bangkok, Thailand

13 May 2010

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2010 AND 31 DECEMBER 2009

ASSETS

	Notes	Thousand Baht	
		31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
CURRENT ASSETS			
Cash and cash equivalents		18,029	2,525
Trade accounts receivable - net	5	94,459	89,654
Inventories - net	6	184,717	161,628
Refundable value - added tax		16,377	9,436
Other current assets		16,916	11,595
Total Current Assets		330,498	274,838
NON - CURRENT ASSETS			
Receivable from and loans to related parties under guarantee obligation - net	4	-	-
Restricted deposits with banks		14,113	14,108
Property, plant and equipment - net	7	406,573	412,872
Computer software - net		733	1,466
Assets not used in operations - net		28,800	28,800
Other non - current assets		2,215	2,275
Total Non - Current Assets		452,434	459,521
TOTAL ASSETS		782,932	734,359

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2010 AND 31 DECEMBER 2009

LIABILITIES AND CAPITAL DEFICIENCY

	Notes	Thousand Baht	
		31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
CURRENT LIABILITIES			
Bank overdraft and loan from bank	8	221,084	227,784
Trade accounts payable		164,767	113,049
Amounts due to related company	4	865	1,338
Short - term loans from third parties		27,000	27,000
Short - term loan from director	4	16,000	16,000
Current portion of			
- Long - term loans under debt restructuring agreements	9	62,000	53,000
- Liabilities under financial leases		676	819
Advances received from customers		14,064	13,456
Accrued commission expenses		17,638	13,645
Accrued transportation expenses		25,037	17,121
Other accrued expenses		46,237	41,691
Other current liabilities		3,714	3,604
Total Current Liabilities		599,082	528,507
NON - CURRENT LIABILITIES			
Long - term loans under debt			
restructuring agreements - net	9	320,900	338,900
Liabilities under financial leases - net		689	811
Total Non - Current Liabilities		321,589	339,711
Total Liabilities		920,671	868,218

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2010 AND 31 DECEMBER 2009

LIABILITIES AND CAPITAL DEFICIENCY (CONTINUE)

	Notes	Thousand Baht	
		31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
CAPITAL DEFICIENCY			
Share capital - ordinary share, Baht 10 par value	10		
Authorized - 26,666,666 shares		266,667	266,667
Issued and fully paid - up - 26,666,666 shares		266,667	266,667
Premium on share capital		50,000	50,000
Revaluation increment in assets not used in operations		1,659	1,659
Retained earnings (Deficit)			
- Appropriated for legal reserve		983	983
- Deficit		(457,048)	(453,168)
Capital Deficiency		(137,739)	(133,859)
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		782,932	734,359

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

(Unaudited

STATEMENTS OF INCOME

but reviewed)

FOR THE THREE - MONTH PERIODS ENDED 31 MARCH 2010 AND 2009

	Notes	Thousand Baht	
		2010	2009
Net sales		311,164	332,210
Costs of sales	14	(253,083)	(237,332)
Gross profit		58,081	94,878
Other income	11	10,462	4,332
Selling expenses	14	(37,911)	(22,639)
Administrative expenses	14	(15,241)	(19,620)
Directors remuneration	14	(9,897)	(9,078)
Income before financial expense and income tax		5,494	47,873
Financial expense		(9,374)	(10,520)
Income (loss) before income tax		(3,880)	37,353
Income tax	12	-	(9,176)
NET INCOME (LOSS)		(3,880)	28,177
Basic earnings (loss) per share			
Net income (loss) (Baht per share)		(0.15)	1.06
Weighted average number of common share (shares)		26,666,666	26,666,666

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE THREE - MONTH PERIODS ENDED 31 MARCH 2010 AND 2009

(Unaudited
 but reviewed)

	Thousand Baht					Total
	Share Capital - Issued and Fully Paid	Premium on Share Capital	Revaluation Increment in Assets Not Used in Operations	Retained Earnings (deficit) Appropriated for Legal Reserve		
Balance as at 1 January 2009	266,667	50,000	159	983	(836,658)	(518,849)
Net income for the period	-	-	-	-	28,177	28,177
Balance as at 31 March 2009	266,667	50,000	159	983	(808,481)	(490,672)
Balance as at 1 January 2010	266,667	50,000	1,659	983	(453,168)	(133,859)
Net loss for the period	-	-	-	-	(3,880)	(3,880)
Balance as at 31 March 2010	266,667	50,000	1,659	983	(457,048)	(137,739)

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE - MONTH PERIODS ENDED 31 MARCH 2010 AND 2009

**(Unaudited
but reviewed)**

	Thousand Baht	
	2010	2009
Cash flows from operating activities		
Income (loss) before income tax	(3,880)	37,353
Adjustments to reconcile income (loss) before income tax to net cash provided from (used in) operating activities:		
Depreciation and amortisation	7,961	8,238
Loss (gain) on exchange rate - net	1,332	(525)
Reversal of allowance for doubtful accounts	(1,000)	-
Loss (gain) on disposal of assets	(27)	1,275
Interest expense	9,374	10,520
Cash provided from operating activities before changes in operating assets and liabilities	13,760	56,861
Decrease (increase) in operating assets:		
Trade accounts receivable	(4,708)	251,562
Inventories	(23,089)	(36,545)
Refundable value - added tax	(6,941)	27,889
Refundable import duty	-	3,915
Other current assets	(4,680)	(3,637)
Other non - current assets	60	6
Increase (decrease) in operating liabilities:		
Trade accounts payable	50,774	(54,684)
Amounts due to related company	(473)	132
Advances received from customers	1,123	(2,550)
Accrued commission expenses	3,993	1,076
Accrued transportation expenses	7,916	(13,831)
Other accrued expenses	6,349	(1,904)
Other current liabilities	110	79
Cash provided from operating activities	44,194	228,369

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
 STATEMENTS OF CASH FLOWS (CONTINUE)
 FOR THE THREE - MONTH PERIODS ENDED 31 MARCH 2010 AND 2009

(Unaudited
 but reviewed)

	Thousand Baht	
	2010	2009
Cash provided from operating activities (continue)	44,194	228,369
Payments for interest	(11,809)	(9,450)
Payment for income tax deducted at sources	(9)	(2)
Net cash provided from operating activities	<u>32,376</u>	<u>218,917</u>
Cash flows from investing activities:		
Increase in restricted deposits with bank	(5)	(20)
Proceed from disposal of equipment	308	13
Acquisition of equipment and building improvements	(1,210)	(9,332)
Net cash used in investing activities	<u>(907)</u>	<u>(9,339)</u>
Cash flows from financing activities:		
Decrease in bank overdraft and loan from bank	(6,700)	(188,208)
Repayment of long - term loan under debt restructuring agreements	(9,000)	(356)
Payments for liabilities under financial leases	(265)	(408)
Net cash used in financing activities	<u>(15,965)</u>	<u>(188,972)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,504	20,606
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,525</u>	<u>6,072</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>18,029</u>	<u>26,678</u>

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

NOTES TO INTERIM FINANCIAL STATEMENTS

31 MARCH 2010 AND 2009 (Unaudited but reviewed)

(With comparative information for 31 December 2009 (audit))

1. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION

The interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 34 (Amendment 2007) “Interim financial reporting”, whereby the Company chooses to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows, to bring them into the full format similar to the annual financial statements.

The interim financial statements are prepared to provide information in addition to those included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances to avoid repetition of information previously reported. These interim financial statements should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2009.

The interim financial statements are officially prepared in Thai language. The translation of the interim financial statements to other language must be in compliance with the official financial report.

2. BUSINESS OPERATIONS

On 28 September 2009, the credit bank had given the waiver for the collection of the remaining principle amount of debt of Baht 464.8 million and accrued interest to the related company as the Company and related company have fully complied with such agreement. The Company’s liability under guarantee obligation, therefore, was released.

As at 31 March 2010 and 31 December 2009, the Company has deficit of Baht 457.0 million and Baht 453.2 million, respectively. The Company’s management is in the process to review the business plan and capital restructuring. Management is confident to rectify this problem in the near future. During the period, the shareholders approved the increase in share capital as discussed in Note 10 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared with the same accounting policies as were used in the preparation of the annual financial statements.

4. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with parties that are related to it through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

Significant balances with related parties from guarantee obligation for Sahamitr Steel Co., Ltd. and others as at 31 March 2010 and 31 December 2009 consist of :

	Thousand Baht	
	31 March 2010	31 December 2009
Receivables - directors, under guarantee obligation for Sahamitr Steel Co., Ltd.		
- Mr. Sutham Ekahitanond	191,210	191,210
- Mrs. Supha Phromsaka Na Sakolnakorn	191,210	191,210
Receivable under guarantee obligation for Sahamitr Steel Co., Ltd.	480	9,481
Loans to Sahamitr Steel Co., Ltd.	176,792	167,791
Total	559,692	559,692
<u>Less</u> Allowance for doubtful accounts	(559,692)	(559,692)
Net	-	-
Amount due to Sahamitr Steel Co., Ltd.	865	1,338
Short - terms loans from director (non - interest bearing)	16,000	16,000

The loan to Sahamitr Steel Co., Ltd. bears interest at the rate of 1.00 percent per annum.

Receivables from directors under guarantee obligation, receivable under guarantee obligation and loans to Sahamitr Steel Co., Ltd. represent obligation under the conditions of the debt restructuring agreement of Sahamitr Steel Co., Ltd., which were taken up in the books by the order of the Office of Securities and Exchange Commission (SEC). Because of the substantial doubt for the recoverabilities of these receivables, the Company set up full allowance for losses in its accounts.

Due to the decease of Mr. Sutham Ekahitanond, during the year 2007, the Company will have to process the transfer of the claim from his heritable treasury, based on the proportion of cash advanced to Sahamitr Steel Co., Ltd. under the guarantee obligation.

Under a condition of the debt restructuring agreements with local credit bank, should the related company have inadequate cash flows, the Company will have to make cash loans to the related company to repay its loan principal in accordance with the repayment schedule under the debt restructuring agreement dated 24 December 2002. Up to as at 31 March 2010 and 31 December 2009, the Company has made cash loans to such related company amounted to Baht 176.8 million and Baht 167.8 million, respectively. The management believes that the recoverability of such loans is very uncertain, hence, the Company provided full allowance for losses on such loans in its accounts.

Significant transactions with related parties for the three-month periods ended 31 March 2010 and 2009 consist of :

	Thousand Baht	
	2010	2009
Interest income	473	341
Rental expense	750	750

5. TRADE ACCOUNTS RECEIVABLE

As at 31 March 2010 and 31 December 2009, the aged trade accounts receivable are as follows :

	Thousand Baht	
	31 March 2010	31 December 2009
Not yet due	70,937	59,389
Over due		
Less than 3 months	22,775	27,543
More than 3 months not over 6 months	155	-
More than 6 months not over 12 months	178	180
More than 12 months	414	3,542
Total	94,459	90,654
<u>Less</u> Allowance for doubtful accounts	-	(1,000)
Net	94,459	89,654

6. INVENTORIES

	Thousand Baht	
	31 March 2010	31 December 2009
Finished goods	57,571	33,091
Work in process	29,548	22,153
Raw materials and others	86,394	83,663
Goods in transit	11,860	23,377
Total	185,373	162,284
<u>Less</u> Allowance for obsolete inventories	(656)	(656)
Net	184,717	161,628

7. PROPERTY, PLANT AND EQUIPMENT

During the three-month ended 31 March 2010, the Company has following movements in property, plant and equipment:

	Thousand Baht
Net book value as at 1 January 2010	412,872
Purchases of fixed assets	1,210
Disposal and written off of fixed assets – net	(281)
Depreciation for the period	(7,228)
Net book value as at 31 March 2010	406,573

8. BANK OVERDRAFT AND LOANS FROM BANK

	Thousand Baht	
	31 March 2010	31 December 2009
Bank overdraft	8,909	17,275
Promissory notes	177,240	134,450
Liabilities under trust receipts	117	22,542
Short - term loans from bank	34,818	53,517
Total	221,084	227,784

The Company had credit facilities for bank overdraft and loan from bank totalling 480 million. The loans bear interest at the rate of 5.88 percent per annum. Bank overdraft and loan from bank are collateralized by the mortgages of the Company's land, buildings and machinery thereon and assets not used in operations, saving account of Baht 10 million, by the pledge of the Company shares belonging to the Company's shareholders, and additionally, by the mortgage of the shareholder's land and the personal guarantees of certain Company's shareholders and directors.

Short - term loans from bank are collateralized by the discounts of accounts receivable with recourse and bear interest at the rate of 5.88% – 7.00% per annum.

9. LONG – TERM LOANS UNDER DEBT RESTRUCTURING AGREEMENT

The outstanding balances of debts as at 31 March 2010 and 31 December 2009, under debt restructuring agreement and the new credit facilities and the repayment schedules are as follows :

	Thousand Baht	
	31 March 2010	31 December 2009
Loans and accrued interest, payable by installments at the varying amounts starting from October 2008 (interest at Minimum Loan Rate with duration commencing October 2008)	382,900	391,900
<u>Less</u> Portion due within one year	(62,000)	(53,000)
Net	<u>320,900</u>	<u>338,900</u>

The Company obtained long - term loan from bank amounted to Baht 437.9 million to repay loan under the guarantee obligation for related company. Such loan from bank is collateralized by the mortgages of the Company's land, buildings and machinery, and additionally by the mortgage of the shareholder's land and some of director and the assignment of leasehold right of land to the bank, and the personal guarantee of the Company's director.

10. SHARE CAPITAL

At the general shareholders meeting No. 1/2010 on 29 March 2010, the shareholders passed a resolution approving the increase of registered share capital of Baht 266.67 million, from Baht 266.67 million (divided into 26.67 million ordinary shares with a par value of Baht 10 each) to Baht 533.33 million (divided into 53.33 million ordinary shares with a par value of Baht 10 each). This increase in share capital shall be offered to existing shareholders at the ratio 1:1 at Baht 10 per share. In case there are unsubscribed shares, the Company will propose the shareholders to approve the decrease of registered capital in the next general shareholders meeting. The Company has registered the increase in share capital with Department of Business Development on 7 April 2010.

11. OTHER INCOME

Other income for the three-month periods ended 31 March 2010 and 2009 are as follows :

	Thousand Baht	
	For the three-month periods ended 31 March	
	2010	2009
Revenue from scrap sales	2,990	2,829
Commission on export sale arrangement	6,478	-
Others	994	1,503
Total	<u>10,462</u>	<u>4,332</u>

12. INCOME TAX

	Thousand Baht	
	For the three-month periods ended	
	31 March	
	2010	2009
Net income (loss)	(3,880)	28,177
Income tax	-	9,176
Net income (loss) before tax	(3,880)	37,353
<u>Add</u> Items not yet allowable as expenses under Revenue Code	483	678
<u>Less</u> Reversal of doubtful debt and additional deductible expenses according to Revenue code	(1,338)	(1,328)
Net taxable income (loss)	(4,735)	36,703
Income tax for the period	-	9,176

Income tax reduction

The Royal Decree No. 475 B.E. 2544 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for three consecutive accounting periods beginning on or after 1 January 2008 but not beyond the year 2010 for accounting periods ending on or after 31 December 2010. The Company has, accordingly, calculated income tax on its taxable profit for the three-month periods ended 31 March 2010 and 2009 at 25% of taxable income.

13. SEGMENTAL FINANCIAL INFORMATION

Segmental financial information for the three-month periods ended 31 March 2010 and 2009 are as follows :

	Thousand Baht					
	2010			2009		
	Domestic	Export	Total	Domestic	Export	Total
Net sales	19,617	291,547	311,164	2,238	329,972	332,210
Cost of sales	(13,174)	(239,909)	(253,083)	(456)	(236,876)	(237,332)
Gross Margin	6,443	51,638	58,081	1,782	93,096	94,878
Other income			10,462			4,332
Selling expenses			(37,911)			(22,639)
Administrative expenses			(15,241)			(19,620)
Executive compensation			(9,897)			(9,078)
Financial expense			(9,374)			(10,520)
Income tax			-			(9,176)
Net income (loss)			(3,880)			28,177
Trade accounts receivable – net			94,459			39,521
Property, plant and equipment – net			406,573			427,201
Other assets			281,900			392,051
Total assets			782,932			858,773

Gross margin of each segment for domestic and export sales derived from the deduction of related costs of sales, which were calculated by the weighted average standard cost of each product.

Other assets consist of cash and cash equivalents and other assets.

14. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	Thousand Baht	
	For the three-month periods ended	
	31 March	
	2010	2009
Salaries, wages and other employee benefits	33,680	36,923
Commission expenses	12,141	1,751
Depreciation and amortisation	7,961	8,238
Loss on exchange rate	401	1,013
Rental expenses	780	780
Raw materials and consumable used	236,338	195,459
Changes in finished goods and work in process	(20,358)	(19,725)

15. CONTINGENT LIABILITIES AND COMMITMENTS

- a) As at 31 March 2010, the Company has outstanding bank guarantees for the importation of steel materials for the manufacturing of products for re-export and for other matters, arising in the ordinary course of business, totalling Baht 56.2 million. The Company does not expect to incur liability on such guarantee.
- b) As at 31 March 2010, the Company has commitment to pay for computer system maintenance fee of EUR 19,278 per annum commencing on 1 January 2005.
- c) As at 31 March 2010, the Company has a land rental agreement with a shareholder covering a period of thirty (30) years. Under the term of the agreement, the Company has to pay the annual rental of Baht 3.0 million.

16. DISCLOSURE OF FINANCIAL INSTRUMENTS

Foreign Currency Risk

The Company has foreign currency risk exposure relating to sales and purchases denominated in foreign currencies. As at 31 March 2010 and 31 December 2009, the Company has unhedged assets and liabilities in foreign currency as follows :

	Thousand	
	31 March 2010	31 December 2009
<u>Assets in foreign currency</u>		
US Dollar	2,111	1,874
EURO	456	432
<u>Liabilities in foreign currency</u>		
US Dollar	1,573	483
EURO	161	58

17. RECLASSIFICATION

Certain accounts in the statement of income for the three-month period ended 31 March 2009 have been reclassified to conform with the presentation in the financial statements for period ended 31 March 2010.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of directors on 13 May 2010.