Opinions of the Business Regarding the Tender Offer

(Form 250-2)

Bangkok Steel Industry Public Company Limited

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[Translation]

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December 12, 2008

To Securities Holders:

On December 2, 2008, Bangkok Steel Industry Public Company Limited (hereinafter called "BSI" or "the Company") received from Promsri Property Co., Ltd. (hereinafter called "PSP" or "the Tender Offeror") a copy of the tender offer to purchase the Company's securities, details of which are as follows:

Type of securities	Amount of securities tendered[1/]		Percentage of securities tendered		Offering price[2/] (Bt. per share/unit)	Tender offer value (Bt.)
	Shares/Units	Voting rights	To the total issued securities	To the total voting rights		
Ordinary shares	144,425,853	144,425,853	90.27	90.27	8.25	1,191,513,287.25
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
			Total	90.27	Total	1,191,513,287.25

Notes:

1. At present, the Company has a total of 160,000,000 issued and paid-up ordinary shares. Of this amount, 15,574,147 shares or 9.73% are held by the Tender Offeror. The Tender Offeror has been informed by the Company's shareholders that they do not wish to sell the share portion they hold totaling 107,230,447 shares or 67.02% of the Company's total issued and paid-up shares. Thus, the remaining 37,195,406 shares or 23.25% are to be tendered in this tender offer.

2. Since the Offerees are obliged to pay a selling fee of 0.25% of the offering price and the value-added tax of 7% of the said selling fee, the net price to be received by the Offerees is Bt. 8.22793 per share.

The tender offer period covers 45 business days, from December 4, 2008 to February 12, 2009 during working hours of 9.00-16.30 hrs. This is the final period not to be extended unless otherwise specified in no.8 of the tender offer.

The Company is under the business rehabilitation process by the order of the Central Bankruptcy Court ("the Court"), with C. J. Morgan Co., Ltd. as the administrator of the business rehabilitation plan ("the Plan Administrator").

After considering the tender offer by paying regard for the benefits to the securities holders, we would like to express opinions for your consideration as follows:

1. The status of the Company in respect of its past and future operating results together with assumptions

Past performance

BSI was incorporated on December 17, 1964 and was transformed into a public company on May 16, 1994. It manufactures reinforced steel round bars and deformed bars, galvanized steel sheets/coils in form of flat and corrugated sheets including prepainted galvanized steel sheets in various forms, and also provides steel fabrication service of steel structure and steel products on the customer demand, such as cranes for factories, machinery, etc. It has two plants. One is in Samut Prakan province with the steel bar rolling mill of a full production capacity of 550,000 tons per year, galvanizing line 120,000 tons per year and prepainted galvanized steel sheet line 25,000 tons per year. The other is in Phranakhon Si Ayutthaya province providing steel fabrication service of steel structure and steel products on the customer demand. The rated capacity of the machinery and the manpower available can accommodate job value of around Bt. 200 million per year.

In the aftermath of the economic crisis in 1997, the property and construction industries were in the doldrums, with delayed construction projects both in the private property development sector and the large public construction projects. Demand for steel and galvanized steel products was in sharp fall, hence the Company's income from sales and service dropping significantly. Also, the change of the country's foreign exchange system to the managed float system pushed up the Company's indebtedness in foreign currencies.

With BSI being in such business status, Bangkok Bank Plc. ("BBL") and Siam Commercial Bank Plc. ("SCB"), as the Company's creditors, filed a petition to the Court on October 13, 2000 requesting a business rehabilitation of the Company via financial and business restructure to align with its operations, viewing that without such rehabilitation there will be impacts on the majority of shareholders.

On February 14, 2001, the Court issued an order dismissing the petition. On May 25, 2001, BBL and SCB as the creditors of the Company appealed to the Supreme Court objecting to the order of the Central Bankruptcy Court, requesting the reversal of the Central Bankruptcy Court's order for the business rehabilitation of the Company.

On October 24, 2003, the Supreme Court reversed the Central Bankruptcy Court's order for the business rehabilitation of the Company, and ordered the appointment of the Company's management as the interim executive and also ordered the Official Receiver's call for the creditors meeting to appoint the Plan Preparer. On December 22, 2003, the Central Bankruptcy Court read the verdict of the Supreme Court and ordered the business rehabilitation of the Company.

On March 29, 2004, the creditors voted for the selection of the Planner, resolving to appoint Economic Intellect Co., Ltd. and C. J. Morgan Co., Ltd. as the Planner with a vote of 100%. The Central Bankruptcy Court ordered the appointment of the two companies as the Planner on April 19, 2004.

The Planner submitted the business rehabilitation plan to the Court and petitioned for the amendment to the business rehabilitation plan on October 19, 2004 and December 17, 2004 respectively. On December 22, 2004, the creditors meeting approved the plan and the Court issued an order approving the plan on February 7, 2005.

In November 2005, the Plan Administrator petitioned for the 1st amendment to the rehabilitation plan to the Official Receiver. The creditors meeting considered the petition on November 30, 2005. The Court later on December 26, 2005 approved the plan amended by the resolution of the creditors meeting.

The Plan Administrator petitioned for the 2nd amendment to the rehabilitation plan no. 1 and no. 2 to the Court on September 22, 2006 and October 20, 2006 respectively. The creditors meeting resolved to accept the petition to amend the plan on October 27, 2006 and the Court issued an order disapproving the plan so amended on November 13, 2006.

Later on November 17, 2006 the Plan Administrator petitioned to the Court for the 3rd amendment to the plan and the creditors meeting resolved to accept the amendment on December 13, 2006. The Court issued an order approving the amended plan on December 18, 2006. On January 9, 2007, Economic Intellect Co., Ltd. tendered resignation as the joint Planner and the Court order so on January 15, 2007. The creditors meeting on that day resolved for the appointment of C. J. Morgan Co., Ltd. as the temporary plan administrator until the creditors meeting's selection of the new one and the Court's order for the appointment thereof.

On February 28, 2007, the creditors meeting passed a special resolution of all the creditor groups, accepting C. J. Morgan Co., Ltd. as the new Plan Administrator with a vote of 100%. On March 26, 2007, the Court ordered the appointment of C. J. Morgan Co., Ltd. as the Plan Administrator of the Company.

On March 13, 2007, the Stock Exchange of Thailand ("the SET") notified additional grounds for the delisting of the Company from the SET as its auditor failed to express opinions on its financial statements for three consecutive years.

On April 11, 2008, the Plan Administrator held a meeting to discuss with and request approval from the shareholders the solution guideline for the Company's business operations. Options were proposed for the shareholders' consideration whether to maintain the Company's existing listed company status or to make voluntary delisting of its shares from the SET ("the share delisting"), the approval of which was accordingly given by the shareholders.

However, the share delisting may impact the rights of the creditors under the plan ("the creditors") in case the creditors agree to receive pre-settlement of debts via debt to equity swap. Viewing this, the management requested all the 28 creditors to give their written opinions on the share delisting, which would be used to support the filing of petition for the Court's permission of the share delisting. Of this total, 27 creditors constituting for 99.96% of the total debt amount gave their opinions not objecting to the share delisting.

On June 5, 2008, the Plan Administrator filed the petition to the Court for its permission of the share delisting, and the Court on July 21, 2008 give approval thereof. On November 26, 2008, the SET approved the share delisting as requested, on condition that the Company shall arrange to have Promsri Property Co., Ltd., the Tender Offeror, make a tender offer for all securities from the shareholders in general under the Securities and Exchange Commission ("the SEC")'s criteria and with a maximum tender offer period of 45 business days before the SET's determination of the delisting date.

Investment in subsidiary companies

At present, BSI has shareholding in altogether 13 subsidiary companies, both directly and indirectly as well as through related companies, as follows:

Name	Direct holding (%)	Indirect holding (%)	Holding by related companies (%)	Total holding (%)	Issued and paid-up capital (Bt. million)	Nature of business
Subsidiaries through direct shareholding						
1. Tokyo Supermarket Co., Ltd. (TYS)	99.94	-	-	99.94	1	Supermarket
2. BSG-Korat Co., Ltd. (BSG)	99.93	-	-	99.93	1	Construction material manufacture
3. BSI Wire Products Co., Ltd. (BSI-W)	99.93	-	-	99.93	1	Distribute Galvanized product
4. BNN Co., Ltd. (BNN)	99.93	-	-	99.93	1	Trading
5. Bangkok Steel Industry Trading Co., Ltd. (BST)	99.93	-	-	99.93	1	Trading
Subsidiaries through direct and indirect shareholding						
6. Ratchasima Steel Product Co., Ltd. (RSM)	40.00	4.91	55.09	100.00	20,000	Steel bar and galvanized steel sheet manufacture
7. Treemit Marketing Co., Ltd. (TM)	16.67	3.71	48.72	69.10	60	Trading
8. Sainamthip Property Co., Ltd. (SNP)	0.20	14.88	84.46	99.54	1,000	Property development
Subsidiaries with indirect shareholding through subsidiaries						
9. N.K.L. Co., Ltd. (NKL) - subsidiary of SNP	-	12.11	86.02	98.13	1,000	Trading
10. Sakol Tunsap Co., Ltd. (SKT) - subsidiary of RSM	-	43.11	52.89	96.00	500	Lease of land and building
11. Prajeanlap Co., Ltd. (PCL) - subsidiary of RSM	-	44.88	55.07	99.95	500	Agricultural fertilizer retailing
12. Dechalarp Co., Ltd. (DCR) - subsidiary of RSM	-	44.46	54.54	99.00	30	Trading
13. Asian Wire Products Co., Ltd. (AWP) - subsidiary through controlling	-	-	100.00	100.00	120	Wire rod manufacture

Of the above subsidiaries, only three are still operating, namely i.e. Ratchasima Steel Product Co., Ltd. (RSM), Treemit Marketing Co., Ltd. (TM) and Asian Wire Products Co., Ltd. (AWP). The remaining 10 had not been operating and some had ceased operations. Details of the three subsidiaries are as below:

Ratchasima Steel Product Co., Ltd. ("RSM")

RSM is a producer of reinforced steel wire and steel bars, both round bar and deformed bar, and galvanized iron in form of flat and corrugated sheet. Its plant is located in Nakhon Ratchasima province, carrying full production capacity of 500,000 tons per year of steel bars and 150,000 tons per year of galvanized iron.

Treemit Marketing Co., Ltd. (“TM”)

TM operates as a distributor of steel bars and galvanized sheet and coil for the companies in the group, acquiring the products from BSI, RSM and AWP, for further distribution to outside parties wholly in the local market.

Asian Wire Products Co., Ltd. (“AWP”)

AWP produces and distributes steel products, e.g. nail, barbed wire, cold-rolled wire, galvanized wire, etc., mostly for the local market.

Revenue structure of BSI and subsidiary companies during 2005-2007 and January-June 2008:

Products / Services Unit : Bt. million	Operated by	% Holding by BSI	2005		2006		2007[1/]		Jan - Jun 2008	
			Revenue	%	Revenue	%	Revenue	%	Revenue	%
1. Steel bar and galvanized iron manufacture	BSI		913	7.22	1,009	10.08	959	7.77	694	8.39
2. Steel bar and galvanized iron manufacture	RSM	40.00	334	2.64	217	2.17	305	2.47	27	0.32
3. Steel wire manufacture	AWP	-	-		18	0.18	26	0.21	44	0.53
4. Distributor of products of BSI and RSM	TM	16.67	10,042	79.42	8,419	84.14	10,600	85.87	7,333	88.63
5. Others, e.g. income from hired service, income from sales of residual materials, etc.		-	677	5.36	216	2.16	221	1.79	114	1.38
6. Other incime, e.g. interest and dividend income, and others		-	144	1.14	95	0.95	88	0.72	62	0.75
7. Income from asset transfer for debt settlement		-	534	4.22	-	-	-	-	-	-
8. Reversal of allowance for devaluation and decrease in value of inventories		-	-	-	32	0.32	144	1.17	0.004	0.00
Total			**12,644**	**100.00**	**10,006**	**100.00**	**12,344**	**100.00**	**8,274**	**100.00**

Note: [1/] Based on revenue structure under financial statements for 2007 duly revised.

The table below summarizes the operating result and financial position of the Company and its subsidiary companies for the past 3 years ended December 31, 2005-2007, and the first six months of 2008 based on the audited or reviewed consolidated financial statements:

Consolidated financial statements	2005		2006		2007[1/]		Jan-Jun 2008	
	Bt. mil	%	Bt. mil	%	Bt. mil	%	Bt. mil	%
Operating result								
Income from sales	11,335	89.65	9,703	96.97	11,890	96.32	8,098	97.87
Income from hired services	631	4.99	176	1.76	221	1.79	114	1.38
Other income	144	1.14	95	0.95	88	0.72	62	0.75
Gains from transfer of assets to settle debts	534	4.22	-	-	-	-	-	-
Reversal for decrease in value of inventories	-	-	-	-	22	0.18	-	-
Reversal of allowance for devaluation	-	-	32	0.32	122	0.99	0.004	0.00
Total revenue	**12,644**	**100.00**	**10,006**	**100.00**	**12,344**	**100.00**	**8,274**	**100.00**
Cost of sales	10,717	84.76	9,328	93.22	11,033	89.38	7,063	85.36
Cost of hired services	547	4.33	137	1.37	178	1.45	93	1.13
Machinery overhaul expenses	-	-	84	0.84	-	-	-	-

Consolidated financial statements	2005		2006		2007[1/]		Jan-Jun 2008	
	Bt. mil	%	Bt. mil	%	Bt. mil	%	Bt. mil	%
Fixed expenses for the production portion short of the production capacity	2	0.02	48	0.48	387	3.17	138	1.67
Selling and administrative expenses	463	3.66	498	4.98	460	3.73	260	3.14
Loss from devaluation of assets	89	0.70	1,580	15.79	-	-	-	-
Loss from revaluation of assets	-	-	500	5.00	469	3.80	-	-
Loss from devaluation of investment	13	0.11	-	-	-	-	-	-
Doubtful loss (reversal)	129	1.02	259	2.59	-	-	18	0.22
Total expenses	**11,960**	**94.59**	**12,434**	**124.26**	**12,528**	**101.49**	**7,572**	**91.51**
Earnings (Loss) before interest and tax	684	5.41	(2,428)	(24.26)	(184)	(1.49)	702	8.49
Interest expense	10	0.08	10	0.10	9	(0.08)	8	0.09
Income tax	4	0.03	7	0.07	11	(0.09)	154	1.87
Earnings (Loss) of minority interest	(1)	(0.01)	18	0.18	(5)	(0.04)	540	6.53
Net profit (loss) from normal operations	**669**	**5.29**	**(2,427)**	**(24.25)**	**(209)**	**(1.69)**	**540**	**6.52**
Gains from debt reduction under the rehabilitaion plan	-	-	5,198	51.95	-	-	-	-
Net profit (loss)	**669**	**5.29**	**2,771**	**27.69**	**(209)**	**(1.69)**	**540**	**6.52**

Financial status	2005		2006		2007[1/]		Jan-Jun 2008	
Assets	Bt. mil	%	Bt. mil	%	Bt. mil	%	Bt. mil	%
Cash and cash equivalent	797	4.82	353	2.54	1,016	8.19	917	6.85
Short-term investment	50	0.30	-	-	-	-	-	-
Trade accounts receivable - net	467	2.82	471	3.39	1,063	8.57	1,089	8.14
Trade accounts receivable relating to subsidiaries and related companies	341	2.06	3	0.02	1	0.01	-	-
Inventories - net	2,892	17.48	2,719	19.59	1,895	15.27	2,701	20.19
Other current assets	238	1.44	250	1.80	244	1.97	634	4.74
Total current assets	**4,785**	**28.92**	**3,796**	**27.36**	**4,219**	**34.00**	**5,341**	**39.93**
Long-term loans to related persons and companies - net	1,064	6.43	183	1.32	124	1.00	100	0.75
Long-term investment in related companies	737	4.45	260	1.87	267	2.15	267	2.00
Other long-term investments	239	1.45	282	2.03	321	2.59	426	3.18
Bank deposits under guarantee obligation	88	0.53	187	1.35	100	0.81	111	0.83
Land, building and equipment - net	8,382	50.65	8,424	60.71	6,582	53.04	6,338	47.38
Land and projects under construction - net	670	4.05	568	4.09	515	4.15	515	3.85
Non-operating land, building and equipment - net	343	2.07	127	0.92	268	2.16	267	2.00
Foreclosed assets - net	17	0.10	17	0.12	-	-	-	-
Right to debt settlement	218	1.32	-	-	-	-	-	-
Other non-current assets	5	0.03	32	0.23	12	0.09	11	0.08
Total non-current assets	**11,763**	**71.08**	**10,080**	**72.64**	**8,189**	**66.00**	**8,036**	**60.07**
Total assets	**16,548**	**100.00**	**13,876**	**100.00**	**12,408**	**100.00**	**13,377**	**100.00**
Liabilities and shareholders' equity								
Overdrafts and short-term loans from financial institutions	0.4	0.00	67	0.48	0.06	0.00	40	0.30
Trade accounts payable	204	1.23	293	2.11	305	2.46	618	4.62
Trade accounts payable relating to subsidiaries and related companies	25	0.15	5	0.04	6	0.05	9	0.06
Current due debt under rehabilitation plan	2	0.01	2	0.01	501	4.04	439	3.28
Loans from related persons and companies	-	-	108	0.78	107	0.86	107	0.80
Other current liabilities	234	1.41	250	1.80	434	3.50	811	6.07
Total current liabilities	**465**	**2.81**	**725**	**5.22**	**1,354**	**10.91**	**2,025**	**15.14**

Consolidated financial statements	2005		2006		2007[1/]		Jan-Jun 2008	
	Bt. mil	**%**	**Bt. mil**	**%**	**Bt. mil**	**%**	**Bt. mil**	**%**
Long-term loans from related persons and companies	135	0.82	-	-	-	-	-	-
Liabilities under rehabilitation plan	18,590	112.34	12,343	88.95	11,542	93.02	11,329	84.69
Liabilities under financial lease - net	3	0.02	-	-	-	-	2	0.02
Liabilities under debt restructuring agreement - net	4,947	29.89	4,947	35.65	4,751	38.29	4,751	35.52
Total non-current liabilities	**23,675**	**143.07**	**17,290**	**124.60**	**16,293**	**131.31**	**16,082**	**120.22**
Total liabilities	**24,140**	**145.88**	**18,015**	**129.83**	**17,647**	**142.22**	**18,107**	**135.35**
Registered capital	4,000	24.17	4,000	28.83	4,000	32.24	4,000	29.90
Paid-up capital	1,600	9.67	1,600	11.53	1,600	12.89	1,600	11.96
Share premium	2,300	13.90	2,300	16.58	2,300	18.54	2,300	17.19
Capital surplus from asset revaluation	1,894	11.45	2,482	17.89	1,549	12.48	1,466	10.96
Unrealized gains (loss) on investment in available-for-sale securities	(16)	(0.10)	8	0.06	45	0.36	97	0.73
Retained earnings (loss)	(20,878)	(126.16)	(18,139)	(130.72)	(18,348)	(147.87)	(17,808)	(133.12)
Equity shares held by subsidiary companies	(70)	(0.42)	(70)	(0.50)	(70)	(0.56)	(70)	(0.52)
Total shareholders' equity of core company	(15,170)	(91.7)	(11,819)	(85.18)	(12,924)	(104.16)	(12,415)	(92.81)
Equity shares in subsidiaries held by related companies	7,537	45.55	7,657	55.18	7,658	61.72	7,658	57.24
Minority interest	41	0.25	23	0.17	28	0.22	28	0.21
Total shareholders' equity	**(7,592)**	**(45.88)**	**(4,139)**	**(29.83)**	**(5,239)**	**(42.22)**	**(4,729)**	**(35.35)**
Total liabilities and shareholders' equity	**16,548**	**100.00**	**13,876**	**100.00**	**12,408**	**100.00**	**13,377**	**100.00**

Notes: The 2005 financial statements were audited by Mr. Boonsi Techawarutama of BDO Richfield Co., Ltd., while the financial statements for 2006-2007 were audited by Mr. Somchai Kuruchitkosol, and the 6-month period of 2008 reviewd by Mr. Naris Saowalaksakul, S. K. Accountant Services Co., Ltd. The Company's auditors did not express opinions on its financial statements during 2005-2007 and the 6-month period of 2008 as examination could not be made with adequate evidence as to the accuracy of the investment proportion in subsidiary companies as well as correctness and completeness of the use of financial statements of subsidiary companies to work out the consolidated financial statements and recognition of interests.

[1/] The 2007 data presented above already reflects the rectification of the deficiencies in the 2007 financial statements. Thus, the figures shown may not be consistent with those in the 2007 consolidated financial statements. The deficiencies came from the companie in the group did not record adjustment of the value of land, building and machinery to be aligned with the new appraisal price worked out by the independent appraiser. Recording of allowance for loss on devaluation of fixed assets not used in the operations and depreciation of assets was not correct. It is also a result of the rectification of deficiencies in the 2007 financial statements of subsidiaries.

Cash flows

Unit: Bt. million

Items	2005	2006	2007	Jan-Jun 2008
Cash flows provided by (used in) operating activity	1,123	528	1,103	171
Cash flows provided by (used in) investing activity	(180)	(171)	128	(34)
Cash flows provided by (used in) financing activity	(634)	(806)	(568)	(236)
Net increase (decrease) in cash and cash equivalent	309	(450)	663	(99)
Beginning cash and cash equivalent	487	803	353	1,016
Ending cash and cash equivalent	**797**	**353**	**1,016**	**917**

Financial ratios

	2005	2006[2/]	2007	Jan-Jun 2008
Quick ratio (times)	10.28	5.24	3.12	2.64
Quick current ratio (times)	2.72	1.14	1.54	0.99
Gross profit margin - sales (%)	5.45	3.86	7.21	12.78
Gross profit margin - hired service (%)	13.37	22.01	19.24	18.33
Total gross profit margin (%)	5.87	4.18	7.43	12.86
Net profit margin (%)	5.29	27.69	(1.69)	6.52
Return on assets (%)	3.85	18.22	(1.68)	8.38[3/]
Return on fixed assets (%)	7.14	32.98	(3.18)	16.71[3/]
Asset turnover (times)	0.73	0.66	0.98	1.28[3/]

Note: [2/] In 2006, gains on debt reduction under the rehabilitation plan amounted to Bt. 5,198 million. If excluding such extraordinary item, the Company and subsidiaries would record net loss from normal business operations in 2006 in an amount of Bt. 2,427 million, hence a change in the profitability ratios, i.e. net profit (loss) margin of (24.25)%, return on assets of (15.95)% and return on fixed assets of (28.88)%.

[3/] Annualized for comparison purpose

Analysis of operating results and financial position during 2005-2007 and the 6-month period of 2008

Operating results

Operating result during 2005-2007

Total revenues of BSI and subsidiaries during 2005-2007 amounted to Bt. 12,644 million, Bt. 10,006 million and Bt. 12,344 million respectively. They were composed mainly of income from sales of Bt. 11,335 million, Bt. 9,703 million and Bt. 11,890 million, constituting 89.65%, 96.97% and 96.32% of total revenues during such period respectively. In 2006, income from sales dropped Bt. 1,632 million or 14.4% from 2005 due to the closedown of the factory for the overhaul of the machinery damaged by an accident, coupled with the rising raw material prices and fluctuations in selling prices following the delayed investment in mega-projects amid the shaking stability and confidence in the economic conditions as well as the consumers' lack of purchasing power in the face of natural disasters. In 2007, income from sales moved up Bt. 2,187 million or 22.54% from 2006 as steel prices in both global and domestic markets jumped up rapidly following the earlier price fluctuations, particularly in quarter 4 of 2007, and the sales volume in 2006 was lower than in 2007 due to the factory closedown for the overhaul of the machinery lines for the steel bar and galvanized iron that were exploded and damaged in 2005.

During 2005-2007, cost of sales of the Company and subsidiaries amounted to Bt. 10,717 million, Bt. 9,328 million and Bt. 11,033 million, representing a cost of sales to income from sales proportion of 94.55%, 96.14% and 92.79% respectively. Cost of sales to income from sales proportion in 2007 declined from 2005-2006 attributable mainly to the higher increase in income from sales than that in cost of sales in response to the surging global and domestic steel prices, particularly in quarter 4 of 2007, hence much improving profit margin. Moreover, the Company managed to control the production cost by cutting down unnecessary expenses and production waste.

Gross profit margin from sales was 5.45% in 2005, 3.86% in 2006 and 7.21% in 2007. The increase in 2007 was due to the rapidly rising steel prices since quarter 4 of 2007 and the

Company's production cost management as mentioned above. Selling and administrative expenses of the Company and subsidiaries during the period accounted for Bt. 463 million, Bt. 498 million and Bt. 460 million, or 3.66%, 4.98% and 3.73% of total revenues respectively. The increase was seen in 2006 by Bt. 35 million or 7.56% from 2005, while a drop was recorded in 2007 by Bt. 38 million or 7.63% from 2006.

Net profit of the Company and subsidiaries amounted to Bt. 669 million in 2005, Bt. 2,771 million in 2006 and Bt. (209) million in 2007, representing a net profit (loss) margin of 5.29%, 27.69% and (1.69)% respectively. The sharp increase in net profit in 2006 resulted from the Company's and subsidiaries' gains from debt reduction under the rehabilitation plan in an amount of Bt. 5,198 million, which was an extra item not arising from normal business operations. Such gains were brought in upon the Company's prepayment of debts to some creditors, resulting in the waiver of some portion of debts according to the rehabilitation plan. If excluding such extra item, in 2006, the Company and subsidiaries would post a net loss from normal operations amounting to Bt. 2,427 million or a net loss margin of 24.25%. The rise in net loss from 2005 was due to recognition of loss from asset devaluation and from increase in the loss from revaluation of assets. In 2007, the Company and subsidiaries recorded a decrease in net loss compared with the net loss from normal operations in 2006 by Bt. 2,218 million. This was attributable mainly to the fact that the Company and subsidiaries in 2007 did not recognize the loss from asset devaluation and the expenses incurred from the factory closure for machinery overhaul as in 2006 although the Company and subsidiaries still carried fixed expenses for the production portion short of the production capacity in an amount of Bt. 387 million, which rose Bt. 339 million from 2006.

<u>Operating result in the 6-month period of 2008</u>

For the first half of 2008, the Company and subsidiaries recorded total revenues of Bt. 8,274 million, coming mainly from income from sales of Bt. 8,098 million or 97.87% of total revenues. Year-on-year, income from sales went up Bt. 2,017 million or 33.17%. The increase in income from sales was a result of the rising steel bar and galvanized based product prices consistently in line with the market trend since 2007 until the middle of 2008 as spurred by the surging demand from China in the aftermath of natural disasters and higher export taxation in India.

Cost of sales of the Company and subsidiaries for the 6-month period accounted for Bt. 7,063 million, up Bt. 1,269 million or 21.90% year-on-year, following the rising prices of steel, which is the raw material, in line with the global trend. For the period, cost of sales to income from sales proportion was 87.22%, a year-on-year drop from 95.28%. Gross profit margin for the part of sales was 12.78%, a year-on-year surge from 4.92%, amid the fluctuating raw material and inventory prices with the prices on the rising trend, hence gains on beginning inventories.

Selling and administrative expenses amounted to Bt. 260 million or 3.14% of total revenues, a slight increase of Bt. 18 million year-on-year.

Net profit of the Company and subsidiaries amounted to Bt. 540 million in the first half of 2008, up Bt. 461 million year-on-year, as resulted from the increase in income from sales following the rising prices and hence higher gross profit margin year-on-year as mentioned above. Gross profit margin in the period was 6.52%, a surge from 1.27% year-on-year. However, the Company and subsidiaries recorded corporate income tax of Bt. 154 million, a surge of Bt. 151 million from the same period of the forgoing year, as they no longer had accumulated loss to be used as tax shield as in the foregoing year.

Financial position

Financial position as of the end of 2005-2007

Total assets of the Company and subsidiaries as of the end of 2005-2007 amounted to Bt. 16,548 million, Bt. 13,876 million and Bt. 12,408 million respectively, most of which were fixed assets and inventories. Total assets declined successively. In 2006, total assets dropped Bt. 2,672 million or 16.15% from the previous year, attributable chiefly to the decline in current assets, i.e. trade accounts receivable relating to subsidiaries and related companies, and cash, in line with the drop of income from sales. In 2007, total assets went down Bt. 1,468 million or 10.58% from 2006 due to the decline in inventories and fixed assets. Meantime, cash and trade accounts receivable moved up.

Total liabilities of the Company and subsidiaries amounted to Bt. 24,140 million in 2005, Bt. 18,015 million in 2006 and Bt. 17,647 million in 2007. Most of the total liabilities were those under the business rehabilitation plan and the debt restructuring agreement. Total liabilities in 2006 dropped sharply Bt. 6,125 million or 25.37% due mainly to the Company's and subsidiaries' exercise of the right to receipt of debt settlement under the debt purchase agreement to settle the liabilities according to the business rehabilitation plan. In 2007, total liabilities slipped Bt. 368 million or 2.04% from 2006 as a result of the decrease in the debts of Bt. 302 million under the rehabilitation plan and Bt. 196 million under the debt restructuring agreement, of which repayments were made by the Company and subsidiaries according to the schedule.

The Company and subsidiaries recorded shareholders' equity of Bt. (7,592) million in 2005, Bt. (4,139) million in 2006 and Bt. (5,239) million in 2007. They still had liabilities in the amount higher than the shareholders' equity. The increase in the shareholders' equity (decline in negative amount) in 2006 was a result of the increase in net profit (including extra item) to Bt. 2,771 million, while in 2007 the shareholders' equity dropped due to net loss posted at Bt. 209 million.

Liquidity

Cash flows provided by operating activity during 2005-2007 amounted to Bt. 1,123 million, Bt. 528 million and Bt. 1,103 million respectively. In 2007 company and subsidiaries recorded cash flow from operating activities from operating profit in cash of Bt. 653 million, coupled with the drop of inventories to Bt. 851 million and the increase in cash advance received for goods payment of Bt. 130 million, together with the increase in the trade accounts and notes receivable by Bt. 603 million.

Cash flows provided by (used in) investing activity during 2005-2007 amounted to Bt. (180) million, Bt. (171) million and Bt. 128 million respectively. In 2007 company and subsidiaries recorded cash flow from investing activities from cash received from sales of non-operating land and building in the amount of Bt. 65 million, cash received from long-term loans to director and related companies of Bt. 51 million and cash paid for fixed assets of Bt. 118 million.

Cash flows provided by (used in) financing activity during 2005-2007 amounted to Bt. (634) million, Bt. (806) million and Bt. (568) million respectively. Cash flows used in financing activity during 2005-2007 mainy for debt settlement under the rehabilitation plan.

Cash and cash equivalent went up (went down) in net amount of Bt. 309 million in 2005, Bt. (450) million in 2006 and Bt. 663 million in 2007. Net decrease in 2006 was due to cash flows used in financing activity and investing activity of Bt. 978 million, against the cash flows provided by investing activity of Bt. 528 million. Net increase in cash and cash equivalent in 2007 resulted from cash flows provided by operating activity and investing activity of Bt. 1,231 million, against the cash flows used in financing activity of Bt. 568 million.

Financial position as of June 30, 2008

Total assets of the Company and subsidiaries as of June 30, 2008 amounted to Bt. 13,377 million. Most assets comprised land, building and equipment; inventories; trade accounts receivable; and cash and cash equivalent in net amounts of Bt. 6,338 million, Bt. 2,701 million, Bt. 1,089 million and Bt. 917 million respectively, representing 47.38%, 20.19%, 8.14% and 6.85% of total assets respectively. Total assets increased Bt. 969 million or 7.81% from the end of 2007 attributable mainly to the increase in net balance of inventories of Bt. 805 million.

Total liabilities of the Company and subsidiaries as of June 30, 2008 amounted to Bt. 18,107 million or 135.35% of total assets. Most liabilities were debts under the rehabilitation plan and debts under debt restructuring agreement in net amounts of Bt. 11,768 million and Bt. 4,751 million respectively, or 64.99% and 26.24% of total liabilities respectively. Such liabilities were on a decline as the Company and subsidiaries made debt settlements according to the schedule. Total liabilities at the end of 2007 went up Bt. 460 million or 2.61% due chiefly to the increase in trade accounts payable and other current liabilities in the amount of Bt. 313 million and Bt. 377 millon respectively.

Shareholders' equity of the Company and subsidiaries for the period was in negative amount of Bt. (4,729) million. Their liabilities were still higher than shareholders' equity. They recorded higher shareholders' equity (decrease in negative amount) as of June 30, 2008 than that as of the end of 2007 due to the declining accumulated loss as a result of the net profit of Bt. 540 million brought about in the first half of 2008.

In view of the above, the Company and subsidiaries recorded liabilities in a much higher amount than shareholders' equity. Such liabilities had not yet included liabilities incurred from the breach of patent right of trademarks. Earlier two creditors submitted request for debt payment in the total amount of Bt. 11,470 million according to the Company's rehabilitation plan (counting to cover the date on which the Court ordered the business rehabilitatin of the Company) as a result of the Company's breach of patent right of the trademarks, "OX Brand" held by the two creditors. According to the Company's rehabilitation plan, the two companies will be repaid an approximate amount of Bt. 863.19 million. The Official Receiver considered and confirmed the requested debt payment. The Company lodged an appeal against the order of the Official Receiver to the Central Bankruptcy Court. However, the Central Bankruptcy Court ordered dismissal of the Company's motion by which the two creditors shall be repaid as requested a total amount of Bt.11,470 million according to the business rehabilitation plan for the obligation arising from the breach of patent right. The Company then appealed directly to the Supreme Court. As the case has not yet been finalized, the Company is unable to estimate the amount of the contingent liabilities in a reliable manner. Moreover, since the Court's order for the business rehabilitation, the Company has still needed to continue using such trademarks in their marketing. Thus, this part of liabilities was not recorded pending the finalization of the legal case and the conclusion of the negotiation on the value of the use of the trademarks.

Liquidity

For the first half of 2008, cash flows provided by (used in) operating activity amounted to Bt. 171 million, coming mainly from operating profit in term of cash (net profit after adjustment by items that impact net profit (loss) to become cash received (paid) from operating activity) of Bt. 870 million, couple with the increase in account payable and advance received for goods, amounting to Bt. 313 million and Bt. 234 million respectively, while the increase of inventories and advance payment for goods, amounting to Bt. 809 million and Bt. 366 million respectively.

Cash flows provided by (used in) investing activity amounted to Bt. (34) million, mainly to cash invest in debt instrument and fixed asset, amounting to Bt. 52 million and Bt.36 million repectively, while has a cash received from long-term loans to director and related companies of Bt. 26 million and interest income of Bt. 23 million.

Cash flows provided by (used in) financing activity amounted to Bt. (236) million, mainly to cash payment for debt settlement under rehabilitation plan of Bt. 275 million, while bank overdrafts and loan from bank increase to Bt. 40 million.

Cash and cash equivalent went up (went down) in a net amount of Bt. (99) million, mainly necessitated by the use in financing activity.

Future prospects

The Company's future operations are expected to be impacted by the current economic doldrums and steel industry slowdown. The current steel prices slumped amid the concerns over the global financial crisis which has taken a heavy toll on the overall global economies hence dampening demand for steel. Steel prices on the world market have dropped sharply since September-October 2008 to date. Domestic demand has also been on a shrinkage in line with the global, regional and national economic outlook. Steel manufacturers have tried to release their stockpiled goods to maintain their liquidity, while consumers have expected a market and economic slowdown, hence suspending their purchases and wating for price cutdown. This has led to the declining trend of domestic steel prices since the middle of quarter 3 of 2008.

Sales in the second half of 2008, particularly in the last quarter, are expected to slow down from the first half. Demand for steel plunged significantly until that in some moments the goods circulated in the market nearly came to a standstill. Meantime, there have been sharp price fluctuations and price plunges. Thus, the sales in quarter 4 are projected to drop substantially from the first three quarters, the same as in 2009. The 2009 sales are predicted to slow around 20% from 2008 due mainly to the drop in the average steel prices from the previous year in face of the sharp demand drop as hurt by the economic downturn and the country's political uncertainties and instability thereby hampering the large infrastructure project investments by the government sector.

Besides the above uncertainties due to the risks of economic downturn and industry slowdown, there is still a risk of compliance with the business rehabilitation plan under which the Company has to make debt repayment as scheduled as it would impact its business survival and continuity.

At present, the Company has liquidity problems and is likely to fail to make debt repayment to the creditors in full and on schedule. The Company has attempted to allocate its cash flows from operations for debt settlement, with release of high-cost inventories to the market where average selling prices have sharply dropped. However, due to the current intensifying economic crisis and steel industry slowdown with market demand shrinkage, the release of inventories all in one time to the market would not be workable. Therefore, the Company has requested relaxation of principal repayment under the rehabilitation plan. The first request was made on September 19, 2008 thereby the Company proposed to settle quarter 3/2008 debt of Bt. 105.37 million and quarter 4/2008 debt of Bt. 105.37 million, totaling Bt. 210.74 millon, by four equal installments each of Bt. 52.68 million, starting the first installment payment on the last business day of March 2009. However, the creditor rejected the request. On November 12, 2008, the second request was made for postponement of repayment of quarter 3/2008 and quarter 4/2008 debts each of Bt. 105.37 million to December 2008 and February 2009 respectively. If approval is given by the creditor, the debt rescheduling would be under the framework of the rectification of the events of default pursuant to the requirements of the rehabilitation plan. This would enable the Company to allocate cash flows to adequately meet the working capital requirement for the business operations. The request was also rejected. However, having realized the several negative external factors with impacts on the Company's businiess operations, the creditor gave an unofficial, preliminary view that it may extend the repayment period for the installments in quarter 4 of 2008 or extend the overall debt settlement schedule by another 1-2 years, with the Plan Administrator to consider the amendment to the plan on condition that the Company shall settle the overdue principal debt installment of quarter 3/2008 by December 2008, for which the Plan Administrator would give good cooperation.

However, amid the current slowing economic conditions, coupled with the local political turbulence that led to the closure of Suvarnabhumi International Airport and Don Muang Airport from the end of November until December 3, 2008, the Thai economy which still has growth prospect has been hard hit and the implications of which are expected to prevail through 2009. It would increasingly become harder for running businesses and making debt settlements as scheduled. Under such circumstances with uncertainties in material respects, it is possible for the Company to request the creditor meeting to consider debt settlement postponement to match the Company's capability to perform accordingly.

The Company's business operations after the tender offer

The making of the tender offer is the last stage in the procedure to delist the Company's securities from the SET as approved by the Central Bankruptcy Court on July 21, 2008, and with securities delisting approved by the SET on November 26, 2008.

The Tender Offeror has stated in the tender offer (Form 247-4) that it has no intention to make material changes to the Company's business operation plan and policy or its core asset disposal plan, as well as changes to the business operation objectives, within a 12 months period from the end of the tender offer period. However, Plan Administrator is of the opinion that, although the Tender Offeror will have higher shareholding in the Company after the tender offer, it will still be unable to have the business controlling power in the Company as the Company is still in the process of implementing the rehabilitation plan. The business and asset management will still be under the authority of the Plan Administrator until after the Company has fully complied with the rehabilitation plan and the Court has ordered the exit of the business rehabilitation after 2010.

After the tender offer and the securities delisting from the SET, the Plan Administrator will still have the Company's business operations carried on as in the past without any material changes threto. However, in the future, changes may be made if considered proper and for the best interest of the Company, subject to the approval of the meeting of creditors and the Court.

2. Opinions about the accuracy of the Company's information stated in the tender offer

The Plan Administrator views that all information relevant to the Company as shown in the tender offer statement is accurate.

3. Relationship or any agreements between the Company's director/s or the plan administrator, either on his/their own behalf or in his/their capacity as the Company's director/s or the plan administrator or representative/s of the Tender Offeror, including the shareholding by the director/s or the plan administrator in the Tender Offeror's juristic person and any contracts or agreements made or to be made between them (in such matters as administration, etc.)

3.1 Relationship of the Company's directors or the plan administrator with the Tender Offeror

Common directors

As of December 1, 2008, the Company and/or the Plan Administrator and the Tender Offeror as well as the persons under Section 258 of the Tender Offeror have common directors/executives as follows:

Name	Position in Company and/or Plan Administrator	Position in the Tender Offeror and/or persons under Section 258					
		Tender Offeror	Trans Asia [1/]	Siam Aroon [2/]	N. K.L.[3/]	Sainamthip [4/]	Economic Intellect[5/]
Company							
1. Mr. Chaiyong Buapetch	Director	-	-	-	-	-	Director
2. Mr. Chaiyong Buapetch	Director	-	-	-	-	-	Director
3. Mr. Pichet Kumnuenrit	Director	-	-	-	-	-	-
4. Mr. Pichet Kumnuenrit	Director	-	-	-	-	-	-
Plan Administrator							
1. Mr. Chamni Janchai	Director	-	-	-	-	-	-
2. Mr. Visut Kajchamaporn	Director	-	-	-	-	-	-
3. Mr. Siriwat Anankhusri	Director	-	-	-	-	-	-

Notes: [1/] Trans Asia Pacific Co., Ltd.
[2/] Siam Aroon Property Co., Ltd.
[3/] N. K. L. Co., Ltd.
[4/] Sainamthip Property Co., Ltd.
[5/] Economic Intellect Co., Ltd.

3.2 Shareholding by the Company's directors and/or the plan administrator in the Tender Offeror and persons under Section 258 of the Tender Offeror

-None -

3.2 Joint or mutual business transaction/s

The Tender Offeror and the persons under Section 258 of the Tender Offeror have no joint or mutual business or transaction with the Plan administrator. Meantime the Tender Offeror and the person under Section 258 of the Tender Offeror, i.e. 2 companies, namely N.K.L. Co., Ltd., and Sainamthip Property Co., Ltd., have joint or mutual business transactions as follows:

1) The Company has rented condominium from the Tender Offeror for use as residence for the personnel employed by the Company.In 2007 and the 6-month period of 2008, the Company made rental payment to the Tender Offeror at Bt. 900,651 and Bt. 502,388 respectively. The outstanding as of December 31, 2007 and as of June 30, 2008 amounted to Bt. 117,897 and Bt. 161,744 respectively.

2) The Company has a related transaction with N.K.L. Co., Ltd. ("NKL"). On December 29, 2006, NKL made debt payment on behalf of the Company to Thai Asset Management Corporation ("TAMC") in the amount of Bt. 126,547,000 and NKL has taken over as creditor under the rehabilitation plan. The Company has to pay interest at the rate of MLR-4 per annum, but not lower than 2.75% per annum. The Company has to pay back principal to NKL according to the cash flow for 2017.

In 2007 and the 6-month period of 2008, the Company made interest payment to NKL at Bt. 4,100,688 and Bt. 3,104,319 respectively. Outstanding balance was accrued interest as of December 31, 2007 and as of 30 June 2008 in the amount of Bt. 2,882,890 and Bt. 5,356,208 respectively.

3) The Company has income and accrued income including loan and investment with Sainamthip Property Co., Ltd. ("Sainamthip"). In 2007 and 6-month period of 2008, the Company recorded accounting service income of Bt. 33,645 and Bt. 16,822 respectively. As of December 31, 2007 and June 30, 2008 the Company recorded accounting service income of Bt. 181,030 and Bt. 199,030. Net amount after allowance for doubtful accounts was Bt. 18,000 and Bt. 36,000 respectively.

As of December 31, 2007 and June 30, 2008 the Company recorded long-term loan which had been brought forward, comprising principal of Bt. 440,000,000 and accrued interest of Bt. 607,629,452. Net amount after allowance for doubtful accounts was Bt. 447,945,794. The Company has currently stopped accrual of interest received from the loan as the loan has long been overdue and has no definite time to be repaid. In addition, the Company recorded investment of Bt. 3,038,168 with deduction of allowance for devaluation of investment in full, hence no outstanding balance in the related investment item.

On August 22, 2008 Sainamthip made debt payment on behalf of the Company to TAMC in the amount of Bt. 627.27 million. Sainamthip has thus taken over the right of claim as creditor under the rehabilitation plan, the process of which is underway. Under the plan, the Company shall pay back the debt settlement made by Sainamthip. The indebtedness Sainamthip has with the Company shall be offset by such right of claim first, the remaining of which shall be settled after the Company has implemented fully according to the plan, or such company may choose to get debt settlement via offering of the Company's new ordinary shares in accordance with the share allocation conditions with share payment called as prescribed in the plan.

The connected transactions between the Company and the Tender Offeror and the persons under Section 258 of the Tender Offeror has taken place as necessary in the business operations and in line with the business conditions and/or the financial position of the Company. The Company has disclosed such connected transactions in the notes to financial statements of the Company.

It is expected that in the future the Tender Offeror and the persons under Section 258 of the Tender Offeror and the Company will still have connected transactions among one another, which would be related to the current ones. Most of the connected transactions are in connection with the implementation of the business rehabilitation plan, such as payment of principal and interest back to NKL and Sainamthip, etc. Such normal business items as rental payment and accounting service fee among the Company, the Tender Offeror and the persons under Section 258 of the Tender Offeror may continue to take place as necessary. For other connected transactions to take place in the future, the Company will perform in compliance with its articles of association and the provisions of the Public Limited Companies Act, subject to the consideration of the Plan Adminsitrator or the resolution of the Board of Directors, as the case may be, and taking into account the necessity, reasonableness and the best interests of the Company.

3.3 Other mutual agreements or contracts

-None-

4. Opinions of the Company's Board of Directors to the securities holders

The Plan Administrator Committee no. 2/2008 December 12, 2008 considered the tender offer of the Tender Offeror. There were 3 committee members attending the meeting from a total of 3 committee members below:

	Name	Position
1.	Mr. Chamni Janchai	President
2.	Mr. Visut Kajchamaporn	First Executive Vice President
3.	Mr. Siriwat Anankhusri	Executive Vice President

The Board of Directors of the Plan Administrator who have no vested interests passed a unanimous resolution approving to give recommendation to the securities holders to accept the tender offer based on the following reasons:

4.1 Reasons to accept the tender offer

The Plan Administrator of the Company has considered the tender offer of the Tender Offeror and the opinion of the Independent Financial Advisor, namely Advisory Plus Co., Ltd. ("IFA") and resolved unanimously to give recommendation to the securities holders to accept the tender offer with the following reasons:

- The tender offer price of Bt. 8.25 per share is an appropriate price, with reference to the opinion of the IFA that the tender offer price is appropriate being higher than the fair price worked out by the present value of future free cash flow approach, i.e. Bt. 7.56 per share, and being the price within the framework set by the shareholder' meeting no. 1/2551 dated Aprl 11, 2008.

- The Company is still exposed to uncertainties that have material impacts on its capabilities to carry on the business in the future as it has huge accumulated loss and much higher total liabilities than total assets. Based on the latest reviewed company-only financial statements as of June 30, 2008, the Company's accumulated loss amounted to Bt. 11,667 million and total liabilities were Bt. 6,271 million higher than total assets. The Company is also exposed to the potential liability of the legal case of its breach of patent right over the use of "OX Brand." The Company has continued to use the brand for its marketing purpose since the date of the Court's order for business rehabilitation. Lawsuit can be taken against the Company any time citing it as a breach of the trademark use. The amount of the contingent liability has not yet been negotiated and concluded. The owners of the trademarks have filed lawsuit claiming over Bt. 10 billion of damages. The case is now under the process of appeal to the Supreme Court. There is also the possible liability of payment of license fee in the future. Moreover, the business operations and implementation of the rehabilitation plan with complete debt settlement to the creditors so that the remaining debts would be waived may be hampered by the current economic crisis and slowing steel industry outlook. All these would take part in the Company's future survival.

- As the Company is under the business rehabilitation process pursuant to the Bankruptcy Act, all the legal rights of the shareholders have been terminated, and the business controlling and management power has been assigned to the Plan Administrator since the date on which the Court approved the plan and appointed the Plan Administrator. The shareholders thus have no right to control and make decision on the business operations until the Court's order for the Company to exit the rehabilitation plan.

- The Company has recorded high and successive accumulated loss since 1998. This has restricted its dividend payment to shareholders according to the law for the past years. In addition, its financial position has been weak. Coupled with its being under the rehabilitation plan, the shareholders are barred from receiving dividend or any other benefits entitled by shareholders of businesses in general throughout a period of 136 months starting from the first day of the month following the date of the Court's order approving the rehabilitation plan, covering March 1, 2005-June 30, 2016, unless the debts have been settled in full amount and according to the criteria and procedure prescribed in the plan. Therefore, to continue holding the Company's shares would deprive the shareholders of the opportunity to make investment with returns in form of dividend and expose them to risks and uncertainties that might impact the further business operations of the Company.

- The Company has been faced with its stock trading liquidity for a long time. With its listed shares posted with the SP (suspension) sign, i.e. over nine years of the trading suspension since May 7, 1999 until now, and its proceeding for the delisting of its shares from the SET, its shares will then permanently lack trading liquidity. This tender offer will thus allow the shareholders to sell the shares at the offering price set in the tender offer and in a short time.

- This tender offer is the final stage of the Company's securities delisting procedure. After the delisting, the shareholders will be impacted by the lack of liquidity in the trading of the Company's securities as there will be no secondary market to support them. Moreover, the chance to get capital gains will be limited and there will no longer be tax exemption for the shareholders who are individuals in their sales of the shares. Moreover, the shareholders' access to information about the Company will be limited as the Company will not longer be required to comply with the disclosure regulations of the SEC and the SET. In fact, the shareholders have already been faced with the lack of trading liquidity of the Company's shares for a long time now as mentioned above.

However, the shareholders may consider accepting or rejecting the tender offer based on the opinions given by the IFA and make the final decision at their own discretion.

4.2 Opinions and reasons of each director and the number of shares held by each director (only in case that the opinion of the Board of Directors in 4.1 is not unanimous)

-None-

4.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

The Plan Administrator is of the opinion that the Company will not be impacted by the future policy and plan of the Tender Offeror as the Tender Offeror has stated in the tender offer that the Tender Offeror has no intention to make material changes to the Company's business policy or management plan or disposition of the core assets as well as the changes in its main objective in the next 12 months from the end of the tender offer period. This corresponds with the plan and policy of the Plan Administrator. Moreover, although the Tender Offeror which is the Company's existing major shareholder, will hold more shares in the Company after the tender offer, it will still be unable to have the business controlling power in the Company as the Company is in the process of implementing the rehabilitation plan pursuant to the Bankruptcy Act. The power and duty in the business management and asset disposition will still remain with the Plan

Administrator. It is expected that the Company will remain under the rehabilitation process and under the management of the Plan Administrator until 2010 or for another two years from now on.

In this regard, the Plan Administrator will still have the Company's business operations carried on as in the past without any material changes threto within the next 12 months upon the end of the tender offer period. However, in the future, changes may be made if considered proper and for the best interest of the Company, so as to be in line with the Company's business status, and economic and industry circumstances, as well as the competition conditions in the future. Such changes, if impacting the creditors' rights under the rehabilitation plan, shall be subject to the consent of the creditors under the current rehabilitation plan or proposal for the amendment to the plan with consent needed from the creditor meeting and the approval of the Court before any action can be taken.

4.4 Additional opinion of the Company's Board of Directors (only in case the tender offer is for delisting of securities from the SET)

(a) Benefits to the shareholders and impacts on them in case they reject the tender offer

The shareholders who reject the tender offer and continue holding the Company's shares will still remain as the shareholders. However, as the Company is still under the rehabilitation process pursuant to the Bankruptcy Act, the Plan Administrator will remain to be the one to assume the power and duty in the business and asset management, and all the legal rights of the shareholders, except the right to dividend payment, until the Court's order for the Company to exit the rehabilitation plan.

According to the plan, the shareholders are not entitled to receiving dividend or any other benefits entitled by shareholders of businesses in general throughout 136 months of the rehabilitation period starting from the first day of the month following the date of the Court's order approving the rehabilitation plan, covering March 1, 2005-June 30, 2016, unless the debts have been settled in full amount and according to the criteria and procedure prescribed in the plan.

Moreover, the dissenting shareholders will be impacted by the Company's delisting from the SET. There will no longer be benefits earlier obtained from the listing status of the Company, e.g. lack of trading liquidity and chance of capital gains as there will be no secondary market for the shares, no more tax benefits for the capital gains, and limited access to information on the Company. In fact, the shareholders have already been faced with the lack of trading liquidity of the Company's shares for a long time now as its listed shares have been posted with the SP (suspension) sign for over nine years of the trading suspension since May 7, 1999 until now.

(b) Appropriateness of the tender offer price

The Board of Directors view that the tender offer price of Bt. 8.25 per share is reasonable, as it is in line with the criteria in Clause 58 of the SEC Notification regarding the Rules, Conditions and Procedure of Acquisition of Securities for Business Takeovers, thereby the tender offer price must not be lower than the highest price derived from the following:

Securities	Price (Bt. per share)
1 The highest price of the shares acquired by the Tender Offeror or the persons under Section 258 of the Tender Offeror during the 90 days period before filing to the SEC (September 3-December 1, 2008)	-None-
2 Weighted average market price of the Company's shares during the five business days period before the date on which the Board of Directors resolved for requesting the shareholders meeting's consideration of the share delisting (April 3-10, 2008)	-None-
3 Net asset value of the Company calculated by the adjusted book value to reflect the latest market price of the assets and liabilities of the Company	
- Share valuation by BFIT Securities Plc., FA of the Tender Offeror, and	5.98
- Share valuation by Advisory Plus Co., Ltd., IFA of the Company.	7.36
4. Fair value of the ordinary shares assessed by the financial advisors:	
- Share valuation by BFIT Securities Plc., FA of the Tender Offeror, and	5.98
- Share valuation by Advisory Plus Co., Ltd., IFA of the Company.	7.56

We hereby certify that the above statements are accurate and complete and no concealment has been made on any material information which may affect the decision of the shareholders.

C. J. Morgan Co., Ltd.

Plan Administrator of Bangkok Steel Industry Plc.

- Visut Kajchamaporn - *-Siriwat Anankhusri-*

(Mr. Visut Kajchamaporn) (Mr. Siriwat Anankhusri)

5. Opinions of the shareholders' advisor

Promsri Property Co., Ltd. (“the Tender Offeror”) has prepared the tender offer to purchase ordinary shares of Bangkok Steel Industry Public Company Limited (“the Company”) according to the copy of the tender offer statement dated December 2, 2008. We, Advisory Plus Co., Ltd. (“the IFA”), as the independent financial advisor approved by the Office of the Securities and Exchange Commission (“the SEC”), are appointed by the Company to provide opinions for minor shareholders regarding the tender offer.

We have studied, as a basis for our analysis and provision of opinions, the information in the tender offer (Form 247-4) of the Tender Offeror, documents and information received from the Company and the Plan Administrator, as well as the information disclosed to the public, e.g. Annual Registration Statement (Form 56-1), the auditor’s report, financial statements, business rehabilitation plan, statistical data of listed companies on the Stock Exchange of Thailand (“the SET”) in the property development, construction materials and industrial materials & machinery sectors, and listed company on the Market Alternative Investment, industry conditions and outlook and risk factors, and other relevant documents as well as information from interview with the Company’s executives and the Plan Administrator. Our opinions expressed herein have been based on the assumptions that the information in the tender offer and all the information and documents obtained from the Company and the Plan Administrator, as well as from the interview with its executives are true and correct and that our consideration is made based on the economic condition and information known at present. Any future changes in the said information or any future event may have material impacts on the Company’s operations and financial projection as well as the shareholders’ decision-making on such tender offer. Our opinions on the tender offer can be concluded as follows:

5.1 Appropriateness of the tender offer price

The Tender Offeror has made a tender offer to purchase the Company’s shares at the price of Bt. 8.25 per share. We have carried out share valuation through various approaches and have the opinions about the tender offer price as follows:

5.1.1 Book value approach

By this method, the share price is valuated based on the book value according to the latest reviewed consolidated financial statements for 6-month period ended June 30, 2008, the Company’s book value is as follows:

Shareholders’ equity - core company	Bt. (12,414.93) million	...........(1)
Total number of issued shares	160 million shares	............(2)
Book value per share	Bt. (77.59)	............(1)/(2)

The share price obtained by this method may not reflect the Company’s profitability in the future. The share valuation is made from the asset book value deducted by the value of the liabilities at present based on the consolidated financial statements which include the accounting items of the Company and subsidiaries after reconciliation of inter-party transactions. The shareholding proportions used as the basis for the consolidated financial statements are as below:

	Shareholding proportion (%)			
	Direct holding	Indirect holding	Holding through related companies	Basis for consolidated financial statement as of Jun 30, 08
Subsidiaries through direct shareholding				
1. Tokyo Supermarket Co., Ltd.	99.94	-	-	**99.94**
2. BSG-Korat Co., Ltd.	99.93	-	-	**99.93**
3. BSI Wire Products Co., Ltd.	99.93	-	-	**99.93**
4. BNN Co., Ltd.	99.93	-	-	**99.93**
5. Bangkok Steel Industry Trading Co., Ltd.	99.93	-	-	**99.93**
Subsidiaries through direct & indirect shareholding				
6. Ratchasima Steel Product Co., Ltd.	40.00	4.91	55.09	**100.00**
7. Sainamthip Property Co., Ltd.	0.20	14.88	84.46	**99.54**
8. Treemit Marketing Co., Ltd.	16.67	3.71	48.72	**69.10**
Subsidiaries with indirect shareholding				
9. N.K.L. Co., Ltd.	-	12.11	86.02	**98.13**
10. Prajeanlap Co., Ltd.	-	44.88	55.07	**99.95**
11. Dechalarp Co., Ltd.	-	44.46	54.54	**99.00**
12. Sakol Tunsap Co., Ltd.	-	43.11	52.89	**96.00**
13. Asian Wire Products Co., Ltd. (AWP)	-	-	100.00	**100.00**

Companies no. 6-13, totaling eight companies, in the above table are subsidiaries under the Company's controlling power as other shareholders with stake in such companies are related companies of the Company. Thus, the calculation of the interest of the shareholders' equity of the subsidiaries on the part of the Company and the minority interest is based on the shareholding percentage involving direct and indirect shareholding by the Company and subsidiaries and shareholding by related companies.

The consolidated financial statements used in the share valuation by the book value approach did not have the auditor's opinion expressed therein (the auditor has not expressed opinion on the Company's financial statements since 2004 unitl the latest one, altogether 4 years and 6 months). The auditor gave observation on the Company's consolidated financial statements for the 6-month period ended June 30, 2008, as follows:

1) The auditor cannot examine to the adequate evidence of the accuracy of the Company's shareholders' equity and minority interest exhibited in the consolidated balance sheet, as well as the net profit (loss) of the Company and minority interest exhibited in the consolidated income statement as the group of companies has complicated shreholding structure, with intensive cross-shareholding among the subsidiaries, related companies and related persons, hence the auditor being unable to the examine to the adequate evidence of the accuracy of the investment proportion in the subsidiaries used in preparing the consolidated financial statements.

2) The group of companies has a large volume of accounting items with related companies. Such related companies are examined by other auditors. These accounting items are mostly related to financial assistances in form of provision of loans, lending as accounts receivable or investment in shares. Such related companies are related to the group through direct shareholding, indirect shareholding, shareholding through related persons

or companies, and having common directors. The auditor cannot use any other audit methods to the satisfaction with the accuracy and completeness of the data.

3) Trans Asia Pacific Co., Ltd. and Metro Co., Ltd., related companies with possession of the patent right of the trademarks of "OX Brand" used by the Company for more than 10 years. Both companies petitioned for debt payment under the business rehabilitation process in the total amount of Bt. 11,470 million as a result of the Company's breach of patent right of such trademarks during November 1,2000-December 22,2003. According to the Company's business rehabilitation plan, the two companies will be repaid an approximate amount of Bt. 863.19 million. At present, an appeal has been lodged against the order of the Central Bankruptcy Court directly to the Supreme Court. Therefore, as of June 30, 2008 the Company had not recorded the estimated amount of the contingent liabilities arising therefrom pending the finalization of the court case. Moreover, the Company has continued using such trademarks since December 22, 2003 to date. At present, the Company is still unable to record the estimated liability incurred from such breach of patent right since the case has not come to an end yet and no estimation can be made in a reliable manner.

4) The Company recorded successive losses. Its company-only and consolidated financial statements have exhibited higher total liabilities than total assets in a large amount. The Company is now under rehabilitation process, with approval of the rehabilitation plan given by the special resolution of the creditors meeting and the Central Bankruptcy Court. The debt claim recorded in the financial statement as of the date of the start of the business rehabilitation amounted to Bt. 19,948 million. The creditors have petitioned to the Official Receiver for total debt settlement amount of Bt. 59,091 million, while the amount to be settled under the plan is about Bt. 4,915.49 million. Moreover, there are also possible liabilities in legal claim to be settled by the Company in a sizable amount. The Company's future business prospects hinge on its business operational and rehabilitation-plan debt servicing capabilities. Such circumstances pose uncertainties that would have material impacts on the Company as regards its ability to continue the business operations.

In addition, the Company's financial statements used as reference in this share valuation have duly reflected the market value of the assets, with adjustment of the value of land, building and machinery to be in line with the reappraisal price by the independent appraiser.[1] The market comparable method is used to appraise the land value and the replacement method to appraise the building and machinery value according to the appraisal report dated December 17-25, 2007, which appraisal value is lower than the Company's book value of land, building and machinery as of December 31, 2007 by Bt. 1,198.53 million.

However, the book value approach is used with the valuation made based on the current financial status and without taking into account future profitability of the Company. The financial statements used also have certain issues that have disabled the auditor to conclude on the examination of the financial statements, e.g. being unable to examine to the adequate evidence of the accuracy of the investment proportion in subsidiaries and the accuracy and completeness in integrating the financial statements of subsidiaries to the consolidated financial statements, and being unable to record projected liabilities due to the uncertainty as to outcome of the pending court case, as well as several prevailing uncertainties that are of material aspects that might lead to doubts over the Company's capabilities of the business continuity. All these factors have impacts on the Company's share valuation, disabling this valuation approach to reflect the real business value and be used as concrete reference in the share valuation.

[1] The independent appraiser is KTECH Appraisal and Service Co., Ltd., which is an independent asset appraiser approved by Thai Valuers Association and the Valuers Association of Thailand.

By the book value approach, based on the reviewed consolidated financial statements as of June 30, 2008, the share price will become negative, i.e. Bt. (77.59) per share, which is lower than the tender offer price of Bt. 8.25 per share by Bt. 85.84 per share or 1,040.48%.

5.1.2 Adjusted book value approach

By this method, the book value of the shares as derived from 5.1.1 above based on the reviewed consolidated financial statements as of June 30, 2008 is adjusted by shareholding proportion in subsidiaries. According to the audited/reviewed consolidated financial statements, interests in shareholders'equity and interests in profit (loss) of subsidiaries on the part of the Company and on the part of minority interest are calculated using the shareholding percentage involving direct and indirect shareholding by the Company and subsidiaries and shareholding through related companies. By the adjusted book value method, interests in shareholders' equity and interests in profit (loss) of subsidiaries are calculated taking into account only direct shareholding and indirect shareholding by the Company and subsidiaries and excluding the shareholding by related companies as such portion is not held by the Company neither directly nor indirectly.

The shareholding proportions used in the calculation of interests in shareholders' equity and interests in profit (loss) of subsidiaries by the adjusted book value approach are as follows:

	Shareholding proportion (%)		
	Direct holding	Indirect holding	Basis for book value adjustment
Subsidiaries through direct shareholding			
1. Tokyo Supermarket Co., Ltd.	99.94	-	**99.94**
2. BSG-Korat Co., Ltd.	99.93	-	**99.93**
3. BSI Wire Products Co., Ltd.	99.93	-	**99.93**
4. BNN Co., Ltd.	99.93	-	**99.93**
5. Bangkok Steel Industry Trading Co., Ltd.	99.93	-	**99.93**
Subsidiaries through direct & indirect shareholding			
6. Ratchasima Steel Product Co., Ltd.	40.00	4.91	**44.91**
7. Sainamthip Property Co., Ltd.	0.20	14.88	**15.02**
8. Treemit Marketing Co., Ltd.	16.67	3.71	**20.38**
Subsidiaries with indirect shareholding			
9. N.K.L. Co., Ltd.	-	12.11	**12.11**
10. Prajeanlap Co., Ltd.	-	44.88	**44.88**
11. Dechalarp Co., Ltd.	-	44.46	**44.46**
12. Sakol Tunsap Co., Ltd.	-	43.11	**43.11**

The Company's consolidated financial statements as of June 30, 2008 before and after the adjustment of the shareholding proportion of the Company, subsidiaries and related companies are shown below:

Consolidated	Reviewed by the auditor	Adjustment of shareholding proportion in subsidiaries
Paid-up capital	1,600.00	1,600.00
Capital surplus in ordinary shares	2,300.00	2,300.00
Capital surplus from asset revaluation	1,465.57	1,393.97
Unrealized gains (loss) on investment in securities available for sales	97.44	59.86
Retained earnings (loss)		
Legal reserve	57.22	57.22
Unappropriated		
- Beginning retained earnings (loss)	(18,404.99)	(11,794.71)
- Net earnings for 6 months of 2008	539.88	370.78
Company shares held by subsidiaries	(70.05)	(70.05)
Total shareholders' equity - core company	**(12,414.93)**	**(6,082.94)**
Share capital in subsidiaries held by related companies	7,657.59	0.00
Minority interests	27.92	1,385.10
Total shareholders' equity	**(4,729.41)**	**(4,697.84)**

From the consolidated financial statements (after adjustment of calculation of shareholding proportion) as of June 30, 2008 in which shareholders' equity of the Company was Bt. (6,082.94) million, the adjusted book value of the share can be figured out as below:

Shareholders' equity of the Company	(6,082.94)	Million Baht...........(1)
Total number of issued shares	160	Million shares.........(2)
Adjusted book value per share	(38.02)	Baht.......................(1)/(2)

In addition, in the share calculation, we, the IFA, have also made additional adjustment of the Company's book value with a number of factors as follows:

1) Gains from debt waiver under the rehabilitation plan

At present, the Company is in the process of implementing the rehabilitation plan on a condition that if it can make debt settlement to each creditor completely and under the terms and conditions according to the plan, a debt waiver will be approved by each creditor in a total amount of around Bt. 10,290 million in 2010 and the remaining amount of about Bt. 224 million in 2016. Such amounts will be recorded in full as gains from debt waiver under the rehabilitation plan in the respective year. We have adjusted the book value with the gains from debt waiver in 2010 but have not included the gains from the remaining debt waiver in 2016 as it is still a long way to go so less confidence has been placed therein.

As the gains from debt waiver under the rehabilitation plan are considered contingent gains that would take place only if the Company can make debt settlement fully according to the schedule. The income recognition would be made in 2010, with the present value figured out using the discount rate of 7.30% per year, based on the discount rate used in the calculation of the present value pursuant to the TAMC notification regarding interest rate and discount rate for subquality asset management, December 2008[2]. The present value of the gains from debt waiver under the plan will be Bt. 8,937.28 million.

In the implementation of the plan, the Company has made its best efforts to comply with all the requirements of the plan to prevent the events of default. However, due to several risks that send impacts on the business, particularly steel price volatility and fluctuations, thereby entrepreneurs have found it hard to predict the medium and long term industrial outlook, hence slowing their purchases of intermediary products. Furthermore, there have been price speculations, steel traders have stockpiled goods to the extent beyond their stockpiling capacity, leading to their halt of purchases. Meantime, demand for steel products has plunged until that the goods circulated in the market have for some time nearly come to a standstill amid such circumstances as floods, suspension of infrastructure project investment of the government sector, domestic economic slowdown in the aftermath of the global economic crisis and uncertain and unstable political situations in the country, etc.

All the above factors have sent material impacts on the Company's business operations. Its sales volume and value have dropped sharply and successively since August 2008 until that it has fallen short of liquidity with decreasing working capital. Being under the rehabilitation process, the Company has no reserve source of working capital from any financial institutions.

Under the circumstances, the Company has to comply with the terms and conditions of the rehabilitation plan to prevent the event of default and at the same time maintain its liquidity for its further operatons and survival. Therefore, for the principal repayment intallments of quarter 3/2008 of Bt. 105.37 million and quarter 4/2008 of Bt. 105.37 million, totaliong Bt. 210.74 million, the Company has issued a letter dated September 19, 2008 requesting creditor to extend the repayment period, by having such amount repaid in four equal installments each approximately of Bt. 53 million, beginning the first installment on the last business day of March 2009, the repayment of which will be made together with the payment scheduled for each quarter of 2009.

On November 10, 2008, the major creditor issued a letter rejecting the Company's request of postponement. On November 12, 2008, the Company issued another letter asking the creditor to reconsider such postponement, with the installments for quarters 3/2008 and 4/2008 requested to be settled in full by December 2008 and February 2009 respectively. The creditor again rejected the request. However, having realized the several negative external factors with impacts on the Company's businiess operations, the creditor gave an unofficial, preliminary view that it may extend the repayment period for the installments in quarter 4 of 2008 or extend the overall debt settlement schedule by another 1-2 years, with the Plan Administrator to consider the amendment to the plan on condition that the Company shall settle the overdue principal debt installment of quarter 3/2008 by December 2008, for which the Plan Administrator would give good cooperation.

The above request will have no impact on the debt settlement according to the plan, which will allow for the Company's entitlement to the first tranche of debt waiver in 2010 in the amount of Bt. 10,290 million. If approval of the debt postponement is given, the Company would be under the framework of rectification of the event of default pursuant to the plan. However, the current risk circumstances expected to prevail through 2009 and several uncertainties that are of material respects to the business operations, as well as the Company's sales plunge since quarter 3 of 2008 may pose impacts on successful debt settlement under the plan.The Company used to

[2] As of December 12,2008 , source : www.tamc.or.th

encountered operational and liquidity problems until that it failed to comply with the former rehabilitation plan, thus leading to the amendments to the plan for three times[3] during 2005-2006.

In case of book value adjustment with the present value of the gains from debt waiver under the plan, if the Company defaults on payment or makes payment behind the schedule, it would not be entitled to the debt waiver for the first tranche in 2010 and this would then result in the change in the present value of the gains from debt waiver earlier worked out, subject to the periods of income recognition, as can be shown as an example as follows:

	Debt payment as scheduled	**Failure to pay debt as scheduled and request of payment rescheduling**	
	Year of recognition of gains from debt waiver		
	2010	**2011**	**2012**
Present value of gains from debt waiver (Bt. million)	8,937	8,329	7,763

2) Contingent liabilities

2.1) Payment for breach of patent right

Metro Co., Ltd. and Trans Asia Pacific Co., Ltd., who possess the patent right over "OX Brand" trademarks used by the Company for its products for over 10 years, submitted request for debt payment in the total amount of Bt. 11,470 million according to the Company's rehabilitation plan as a result of the Company's breach of the patent right of such trademarks during November 1,2000- December 22,2003 (the date on which the Court ordered business rehabilitation). According to the Company's rehabilitation plan, the two companies will be repaid an approximate amount of Bt. 863.19 million. The Official Receiver considered and confirmed the debt payment. (Bt. 11,470 million) The Company lodged an appeal against the order of the Official Receiver to the Central Bankruptcy Court.

On December 17, 2007, the Central Bankruptcy Court ordered dismissal of the Company's motion by which the two creditors shall be repaid as requested a total amount of Bt.11,470 million according to the business rehabilitation plan for the obligation arising from the breach of patent right. On February 14, 2008, the Company appealed directly to the Supreme Court, which had reached the verdict as follows:

(1) Give an order and/or verdict to reverse the order of the First Instance Court and the Official Receiver and dismiss the petition by the creditors for debt payment; or

(2) Give an order and/or verdict to return the case to the First Instance Court to make inquiries and give new order according to the case; or

(3) In the event that the Supreme Court considers the case without returning it to the First Instance Court to make inquiries, and the Company requests the Supreme Court to give an order and/or verdict to reduce the damages as deemed appropriate.

The case is currently in the process of appeal against the order of the Central Bankruptcy Court to the Supreme Court, which may either confirm the judgement of the Central Bankruptcy Court or make judgement otherwise as requested by the Plan Administrator. Therefore, in the latest financial statements as of June 30, 2008, the Company has not recorded the estimated debt

[3] In the second amendment to the plan no. 1 and no. 2 in 2006, the creditor meeting resolved to amend the plan but the Central Bankruptcy Court rejected it.

incurred from such breach of patent right since the case has not come to an end yet and the Company is unable to estimate the amount of such obligation in a reliable manner.

Contingent Liabilities from Breach of Patent Right over Use of Trademarks (Nov 1, 2000-Dec 22, 2003)

Contingent liabilities	Amount (Bt. million)	Remarks
(a) Amount prescribed in the rehabilitation plan	863.19	The amount to be received by the creditors as prescribed in the rehabilitation plan approved by the Central Bankruptcy Court on February 7, 2005 and amended plan dated December 26, 2005 and Decembe 18, 2006.
(b) Debt amount petitioned by the creditors	11,470.00	The amount petitioned by the creditors for payment and the Central Bankruptcy Court made judgement and ordered on December 17, 2007 for the creditors to receive payment as petitioned. The case is currently under the process of appealing against the order of the Central Bankruptcy Court (appeal dated February 14, 2008).

With the Court's order for the business rehabilitation, the Company has still needed to continue using such trademarks in their marketing since December 22, 2003 until now. It is thus obliged to use such trademarks. However, it has not yet recorded the estimated debt from the use of such trademarks in the financial statements as the case has not yet been finalized, and no negotiation has yet to be made on the value of the use thereof. The Company is thus unable to estimate the amount of the contingent liabilities in a reliable manner. We have adjusted the book value of the Company, using the two amounts of payment for breach of patent right during November 1, 2000 - December 22, 2003 in both cases mentioned above. However, the license fee from December 22, 2003 to present is not included in the adjustment since there has been so far no negotiation to set the license fee, hence no reference for and inability to the estimatation of a reliable amount of payment.

2.2) Guarantee obligation

The Company provided guarantee for loan from financial institution to U M C International Corporation Ltd. and Siam Aroon Development Co., Ltd. in the amount of Bt. 4,582.25 million (principal and interest). According to the rehabilitation plan, such financial institution will be repaid an amount of approximately Bt. 206 million (around 7.68% of principal debt claim). The Official Receiver passed judgment to dismiss such obligation.

The said financial institution lodged an appeal against the order of the Official Receiver to the Central Bankruptcy Court. On December 17, 2007, the Central Bankruptcy Court ordered amendment of the Official Receiver's order and entitle the financial institution to receive payment for the obligation of Bt. 3,760.99 million. The Company is in the process of appeal against the order of the Central Bankruptcy Court. Therefore, the latest financial statement as of June 30, 2007, the Company did not record such contingent liabilities due to uncertainty of the court's judgment.

In this regard, the Plan Administrator has expected the guarantee obligation claim to be received at not over Bt. 206 million. We have thus adjusted the book value of the Company by such guarantee obligation under the rehabilitation plan in the amount of Bt. 206 million.

Conclusion of book value adjustment

We have worked out the share value by the adjusted book value approach with the following procedures:

1) Adjustment of book value by calculating interests in shareholders' equity and interests in profit (loss) of subsidiaries involving only direct and indirect shareholding by the Company and subsidiaries, hence the adjusted book value will be in negative amount of Bt. (6,082.94) million or Bt. (38.02) per share.

2) Additional adjustment of the value derived from 1) above as follows:

2.1) Present value of gains from debt waiver under the plan in three cases, income recognition in 2010, 2011 and 2012.

2.2) Contingent liabilities from breach of patent right over use of trademarks in two cases, i.e. (a) an amount of Bt. 863.19 million as prescribed in the plan, and (b) an amount of Bt. 11,470 million as petitioned by the creditors and ordered by the Central Bankruptcy Court for the Company to make payment to the creditors.

2.3) Guarantee obligation of Bt. 206 million.

Share prices by the adjusted book value approach under various scenarios

	Income recognition following debt waiver (as of year-end)		
	Case 1 - 2010	**Case 2 - 2011**	**Case 3 - 2012**
(a) Bt. 863.19 million liability in case of breach of patent right over use of trademarks according to the plan Shareholders' equity of the Company as of June 30, 2008 (after adjustment of shareholding proportion in subsidiaries)	6,082.94	6,082.94	6,082.94
Adjustment Plus Present value of Gains on debt restructuring	8,937.28	8,329.25	7,762.58
Less 1. Guarantee obligation	(206)	(206)	(206)
2. Trademark patent right	(863.19)	(863.19)	(863.19)
Adjusted book value	1,185.14	1,177.12	610.45
Total issued shares (million shares)	160	160	160
Share price by adjusted book value method (Bt. per share)	**11.16**	**7.36**	**3.82**
(b) Bt. 11,470 million liability in case of breach of patent right over use of trademarks as petitioned by the creditors and ordered by the Court Shareholders' equity of the Company as of June 30, 2008 (after adjustment of shareholding proportion in subsidiaries)	6,082.94	6,082.94	6,082.94
Adjustment			
Plus Present value of Gains on debt restructuring	8,937.28	8,329.25	7,762.58
Less 1. Guarantee obligation	(206)	(206)	(206)

	Income recognition following debt waiver (as of year-end)		
	Case 1 - 2010	Case 2 - 2011	Case 3 - 2012
2. Trademark patent right	(11,470)	(11,470)	(11,470)
Adjusted book value	(8,821.66)	(9,429.69)	(9,996.36)
Total issued shares (million shares)	160	160	160
Share price by adjusted book value method (Bt. per share)	**(55.14)**	**(58.94)**	**(62.48)**

The adjusted book value approach can reflect to some extent the Company's capability of debt servicing to the creditors in accordance with the rehabilitation plan and in coping with the contingent liabilities under the plan. However, there remain uncertainties that are of material respects to the factors used for the book value adjustment, subject to the Company's operating results, probability of debt waiver and outcome of the legal case now in the process of appealing against the order of the Central Bankruptcy Court.

In the book value adjustment with the contingent liabilities in case of the breach of patent right over the trade marks, we take into account only the case of payment of around Bt. 863.19 million prescribed in the rehabilitation plan (regardless of the payment of Bt. 11,470 million ordered by the Central Bankruptcy Court, as the Company is now in the process of appealing against the Court's order. The use of the share price so derived which would be in negative amount in all cases as reference would not benefit the shareholders.). In view of the projection of the present value of the gains from debt waiver under the plan with the first tranche in 2010, we consider that the Company has a chance to get debt waiver but not in the short run as it is expected to take around two years. The current circumstances of the global economic downturn and slowing steel industry which may prevail through 2009 may send impacts on the Company's business operations and liquidity status until that it may not be able to settle debts in full accoding to the plan and amendment to the plan may be needed. However, having realized the several negative external factors with impacts on the Company's businiess operations, the creditor gave an unofficial, preliminary view that it may extend the repayment period for the installments in quarter 4 of 2008 or extend the overall debt settlement schedule by another 1-2 years, with the Plan Administrator to consider the amendment to the plan on condition that the Company shall settle the overdue principal debt installment of quarter 3/2008 by December 2008, for which the Plan Administrator would give good cooperation. At present, the Company is in the process of requesting the creditor for relaxation of the upcoming principal repayment under the plan.

Considering all the above circumstances and risks, we view that there may be possible causes to delay of the debt settlement under the plan or the Company's failure to make debt settlement under the existing schedule. The debt waiver may have to be delayed for at least around one year.

Therefore, **the share price by the adjusted book value approach under the assumptions of the above factors will come out at Bt. 7.36 per share**, which is lower than the tender offer price of Bt. 8.25 per share by Bt. 0.89 per share or 10.79%.

However, this valuation approach does not take into account the Company's future operating results and profitability. It is also subject to uncertain circumstances that are of material respect to the variable factors used in the book value adjustment and have significant impacts on the valuated share price, in term of both possibility and timing for the partial debt waiver under the plan. The factor with drastic negative impact on the share valuation by this method is the legal case on the breach of patent right over the use of trademarks, thereby the appeal against the Central Bankruptcy Court's order to the Supreme Court is underway. If the Supreme Court confirms the Central Bankruptcy Court's order, the Company has to pay Bt. 11,470 million. This would result in the share price in sharp negative value, i.e ranging from Bt. (62.48) per share to Bt. (55.14) per share.

5.1.3 Market comparable approach

This approach takes into account various market ratios, i.e. the price to earnings ratio (P/E) and enterprise value to earnings before interest, tax and depreciation (EV/EBITDA) over retroactive periods of 5 SET listed companies in property and construction industry under construction materials, industrial material and machinery sector, and listed companies on the MAI, having similar nature of business to that of the Company namely

(1) Bangsaphan Barmill Plc. (BSBM)

(2) Tata Steel (Thailand) Plc. (TSTH)

(3) Permsin Steel Works Plc. (PERM)

(4) Thailand Iron Works Plc. (TIW)

(5) Mill Con Steel Industry Plc. (MILL)

However, this excludes the P/E of the Company, which has been posted “SP” since May 7, 1999. Besides using the P/E ratio and EV/EBITDA in the market comparable approach, the average price to book value (P/BV) ratio is another method that can be used. However, it is not applied here as the Company has negative book value due to its negative shareholders’ equity.

The share price calculated by the market comparable approach is shown below using the P/E and the EV/EBITDA methods.

(1) Price to earning ratio approach (P/E ratio)

To evaluate the share price by this method, the Company’s and subsidiaries’ earnings per share from the 2008 financial projection (i.e. Bt. 2.31 per share) of which the assumptions are mentioned in Item 5.1.4 are multiplied by the average P/E ratio of four companies, with the exeption of Permsin Steel Works Plc. (PERM), due to its very high P/E ratio, i.e. 11.71-53.04 times, and a significantly deviated ratio from other reference companies, hence cannot be used here.

The average P/E ratio of the reference securities over the retroactive periods of 3 months, 6 months, 9 months, and 12 months counting from December 1, 2008, the last business day before the Tender Offeror’s filing of the tender offer. The share price can be worked out as follows:

Calculation Period	Average P/E *					Share Price (Bt. per share)
	BSBM	TSTH	TIW	MILL	Avg P/E	
Average of retroactive 3 months	3.87	2.13	5.09	7.25	4.58	10.58
Average of retroactive 6 months	4.96	4.65	6.76	15.34	7.93	18.32
Average of retroactive 9 months	6.70	11.62	11.27	19.40	12.25	28.30
Average of retroactive 12 months	6.75	16.80	14.68	22.52	15.19	35.09

Source: *www.setsmart.com

By this approach, the Company’s share price will be in the range of Bt. 10.58 - 35.09 per share, which is higher than the tender offer price of Bt. 8.25 per share by Bt. 2.33 - 26.84 per share or 28.24% - 325.33%.

The price range worked out by this method is rather broad dur to the steel price fluctuations for the past period. Looking back the previous 12 months, the prices were on the rising trend and there was drastic price speculation. This accelerated the price hike and led to positive price forecasts, hence significant high P/E ratios. However, for the previous 3 months, with the economic slowdown, steel demand and steel prices plunged which severely hit steel manufacturers' operations. Share prices of steel businesses fell sharply, hence dropping P/E ratios in line with the market conditions.

However, this method is used for share valuation for a certain period of time based on the operational span of one year when high volatility is evident. In addition, the profit base used is that in 2008 in which profit is higher than that in the normal situation as a result as the surging steel prices partly as a result of price speculation, and the Company recorded huge profit from releasing of low-cost stocks of steel products. However, through the end of the year, demand for steel in the market dropped sharply with steel prices falling sharply nearly 100%. This is considered not a normal situation. Therefore, the share price worked out by this approach may not reflect the real business value.

(2) Enterprise value to earnings before interest, tax and depreciation approach (EV/EBITDA)

The share price by this method takes into account the enterprise value to earnings before interest, tax and depreciation (EV/EBITDA) of reference companies, excluding EV/EBITDA of Thailand Iron Works Plc. (TIW) which has negative EV/EBITDA, as its enterprise value when calculated based on the previous market share price plus interest bearing liabilities minus cash being in negative amount, as TIW has no liabilities but has cash in the amount higher than the market share price.

The average EV/EBITDA which is equal to 5.79 - 6.85 times is multiplied by the EBITDA ratio of the Company according to the 2008 projection, i.e. Bt. 873 million, and the result of which is the enterprise value. The calculation is shown below:

EV/EBITDA	=	5.79 - 6.85 times
Whereas Enterprise Value (EV)	=	Market share value (average over the retroactive period of 1 year from Dec 3, 2007-Dec 1, 2008) + interest bearing liabilities [1/] - Cash (as of Jun 30, 2007).
Market share value	=	No. of paid-up shares of the Company x Share price

[1/] With reference to total principal and interest debt to be settled under the rehabilitation plan counting from Jun 30, 08 amounting to Bt. 3,770 million, and with such debt settlement in full, then waiver of the remaining debt would be allowed. The liabilities recorded by the Company and subsidiaries in the consolidated financial statements as of June 30, 2008 amounted to Bt. 16,519 million.

This share valuation approach using the EV/EBITDA of four reference companies with the exception of TIW over the retroactive 3 months, 6 months, 9 months and 12 months counting from December 1, 2008, the last business day before the Tender Offeror's filing of the tender offer is shown as below:

Calculation Period	Average EV/EBITDA *					Revaluated Share Price (Bt. per share)	
	BSBM	TSTH	PERM	MILL	Avg	Based on debt amount under the plan with the remaining expected to be waived	Based on debt amount recorded in consolidated financial statements
Average of retroactive 3 months	3.27	1.84	9.27	8.79	5.79	13.76	(65.92)
Average of retroactive 6 months	4.16	2.71	11.43	8.94	6.81	19.31	(60.37)
Average of retroactive 9 months	4.21	2.88	11.70	8.62	6.85	19.55	(60.13)
Average of retroactive 12 months	3.94	2.84	10.66	8.19	6.41	17.13	(62.55)

Source: Calculation by IFA

From the above table, we, the IFA, view that the debt amount under the plan should be adopted for the calculation. The Company is expected to be able to settle the debt in full and entitled to get a waiver of the remaining debt. As such, the share price will range between Bt. 13.76 - Bt. 19.55 per share, which is higher than the tender offer price of Bt. 8.25 per share by Bt. 5.51 - Bt. 11.30 per share or 66.79% - 136.97%.

If based on the debt amount recorded in the consolidated financial statements as of June 30, 2008, i.e. Bt. 16,519 million, the share priced derived will range between Bt. (65.92) - Bt. (60.13) per share, which is higher than the tender offer price of Bt. 8.25 per share by Bt. 68.38 - 74.17 per share or 828.85% - 899.03%.

This method, however, may not reflect the real business value as it is calculated based on the EBITDA that is not the case taking place in general and it is higher than that in the normal situation.

5.1.4 Present value of future free cash flow

This method mainly takes into account the profitability of the Company and its subsidiaries in the future. The share price is figured out from the present value of free cash flow expected in each year, based on the financial projection over a 10-year period (2009-2018) by then debt settlement is expected to be fully made, with the discount rate obtained from the return on equity (Ke). The assumption for this approach is made for the Company and subsidiaries on a going concern basis, excluding some subsidiaries which have ceased the operations.

By this approach, apart from the free cash flows according to the operations on a going concern basis, other assumptions are significant to the cash flows and operations as well as viability of the Company in the future. Any factors that prevent the Company from performing according to such assumptions will have material effect on the valuated share price. These assumptions are:

1. The Company will be able to sell some core assets which were previously used in the operations. As they are no longer used in the operations of the Company’s core business, these assets i.e. property and plant which at present are the location of Ratchasima Steel Product Co., Ltd. (RSM) will be sold to RSM at the appraised price of Bt. 638 million. The sale is expected in 2009 and the Company will gradually receive payment until 2016.

2. According to the rehabilitation plan, Metro Co., Ltd. and Trans Asia Pacific Co., Ltd. submitted request for debt payment in the total amount of Bt. 11,470 million as a result of the Company’s breach of patent right of the trademarks, “OX Brand” during November 1, 2000-December 22, 2003. According to the Company’s rehabilitation plan, the two companies will be repaid an approximate amount of Bt. 863.19 million. The Official Receiver considered and confirmed the debt payment. The Company lodged an appeal against the order of the Official Receiver to the Central Bankruptcy Court.

On December 17, 2007, the Central Bankruptcy Court ordered dismissal of the Company's petition by which the two creditors shall be repaid as requested in a total amount of Bt. 11,470 million according to the business rehabilitation plan for the obligation arising from the breach of patent right. On February 14, 2008, the Company filed an appeal directly to the Supreme Court. The case is currently under consideration of the Supreme Court and the Company has not yet recorded the estimated debt from use of such trademarks in the financial statements.

In this regard, we have estimated and recorded the breach of patent right during November 1, 2000 - December 22, 2003 in the amount of Bt. 863 million as "debt under business rehabilitation plan" in 2008. Payment will gradually be made during 2011-2016 in accordance with the business rehabilitation plan.

However, we have not included expense on the license of "OX Brand" incurred after December 22, 2003 to present in the share valuation by this approach since there has been no negotiation to set the license fee of such trademarks, hence no reliable estimation.

3. The Company provided guarantee for loan from financial institution to U M C International Corporation Ltd. and Siam Aroon Development Co., Ltd. The said financial institution requested debt payment according to the business rehabilitation plan with the obligation amount of Bt. 4,582.25 million. According to the rehabilitation plan, such financial institution will be repaid an amount of approximately Bt. 206.01 million. The Official Receiver passed judgment to dismiss such obligation. The said financial institution creditor lodged an appeal against the order of the Official Receiver to the Central Bankruptcy Court. On December 17, 2007, the Central Bankruptcy Court ordered amendment of the Official Receiver's order and entitle the financial institution to receive payment in the amount of Bt.3,760.99 million. The Company presently is in the process of appeal to the Supreme Court against the order of the Central Bankruptcy Court. The Company did not record such contingent liabilities in the financial statements pending the Court judgement.

   Therefore, we have estimated and recorded the above guarantee amount as "debt under business rehabilitation plan" in the amount of Bt. 206 million in 2009 which is to be settled in full in 2010, with reference to the rehabilitation plan which states that the Company shall settle debt of Bt. 206 million. Payment will be made in accordance with the business rehabilitation plan which states that the Company shall make such payment in the amount of Bt. 206 million. The amount will be paid off in 2010.

   Due to the economic and investment slowdown with dwindling consumer confidence since March 2007 when the subprime mortgage crisis erupted until the recent global financial crisis in September 2008 together with the domestic political turmoil, the Company's business operations have suffered the impacts since September 2008. It has encountered liquidity crunch as resulted from the high cost of inventories in line with the surging steel prices since quarter 3, 2007, but when prices dropped sharply in August 2008, the Company failed to release its stocks due to its high production cost, hence slowing sales volume.

   With the above problems, the Company issued a letter dated September 19, 2008 requesting TAMC to extend the repayment period, by having the last two principal installments of 2008 amounting to Bt. 211 million repaid in four equal quarterly installments, beginning the first installment on the last business day of March 2009. On November 10, 2008, the major creditor issued a letter rejecting the Company's request. The Company and the Plan Adminsitrator tried to solve the problems but the unfavorable economic conditions and the internal political unrest did not allow, as according to several research reports, the 2009 economy is predicted to grow on a decelerating rate from 2008. Thus, the Company issued another letter asking the creditor to reconsider the requested loan rescheduling, with the installments for quarters 3/2008 and 4/2008 each of Bt. 106 million requested to be settled by the last quarter of 2008 and by February 2009 respectively. The creditor accordingly rejected the requested. However, having realized the several negative external factors with impacts on the Company's businiess operations, the creditor gave an unofficial, preliminary view that it may extend the repayment period for the installments in quarter 4 of 2008 or extend the overall debt settlement schedule by another 1-2 years, with the Plan Administrator to consider the amendment to the plan on condition that the Company shall settle the overdue principal debt installment of quarter 3/2008 by December 2008, for which the Plan Administrator would give good cooperation.

In view of the Company's current status and the economic downturn, the Company's cash flows from operations in the next 1-2 years are expected inadequate to meet the debt settlement schedule under the plan, and postponement of debt settlement or amendment to the plan may have to be requested again. In the financial projection, we have adjusted the principal repayment schedule to be aligned with the cash flows projection. The years 2009-2011 are anticipated to see the Company's settlement of Bt. 424 million, Bt. 261 million and Bt. 133 million respectively, which would be an extension of the settlement schedule earlier set at Bt. 530 million, Bt. 261 million and Bt. 27 million respectively. This would allow the Company to settle debts in full as required by the plan and thus it would be entitled to the remaining debt waiver, scheduled to take place in 2011 instead of 2010 earlier set forth.

The purpose of the financial projections is to find the appropriate share price for comparison with the tender offer price of Bt. 8.25 per share. In this regard, any material changes in the economic condition and other external factors that significantly impact the Company's operations and status from the above assumptions, as well as certain factors that will affect the variables in the share value calculation, may lead to changes in the share prices calculated by this method, which cannot be used as reference price for any purposes other than that mentioned above. The financial projection is based on the financial statements of the Company and its subsidiaries, and documents obtained from and/or information from the interviews with the Company's executives and/or the Plan Administrator.

The assumptions for the share valuation and financial projection of the Company and subsidiaries are detailed below:

Share valuation

The share valuation is based on the cash flows according to the financial projection over the 10-year period of 2009-2018, which recognizes total operating results of the Company and operating results of 12 subsidiaries according to the direct and indirect shareholding as detailed below:

Company	Direct holding (%)	Indirect holding (%)	Total (%)
1. Tokyo Supermarket Co., Ltd.	99.94	-	99.94
2. BSG-Korat Co., Ltd.	99.93	-	99.93
3. BSI Wire Products Co., Ltd.	99.93	-	99.93
4. BNN Co., Ltd.	99.93	-	99.93
5. Bangkok Steel Industry Trading Co., Ltd.	99.93	-	99.93
6. Ratchasima Steel Product Co., Ltd.	40.00	4.91	44.91
7. Sainamthip Property Co., Ltd.	0.20	14.88	15.08
8. Treemitr Marketing Co., Ltd.	16.67	3.71	20.38
9. N.K.L. Co., Ltd.	-	12.11	12.11
10. Prajeanlarp Co., Ltd.	-	44.88	44.88
11. Dechalarp Co., Ltd.	-	44.46	44.46
12. Universal Enterprise Co., Ltd.	-	43.11	43.11

Note : Information on shareholding, both directly and indirectly, comes from the shareholder name list register of the Company, subsidiaries and related companies.

Projected income statements and balance sheets

To project the income statements, income and expenses of the Company and 12 subsidiaries mentioned above are recognized at 100% under the assumption that these subsidiaries are under control of the Company, and sharing in profit (loss) of subsidiaries which are minority interest, excluding the Company's direct and indirect equity in subsidiaries, is calculated.

In the projection of balance sheets, assets and liabilities of the Company and 12 subsidiaries are recognized at 100%, and sharing in profit (loss) of subsidiaries which are minority interest, excluding the Company's direct and indirect equity in subsidiaries, is calculated.

Among the 12 subsidiaries, 2 subsidiaries are in operation namely RSM and Treemitr Marketing Co., Ltd. The remaining 10 companies have no longer run the businesses and some already discontinued their operations. However, since these companies have not yet registered the business closedown, they continue gaining non-operating income such as interest receivable, and incurring other necessary expenses such as audit fee, rental, etc. As such income and expenses are in a minimal amount, they are projected to be stable during 2009-2018.

Major assumptions used in the financial projection of the Company and 2 subsidiaries which are in operation are as follows:

a. <u>Bangkok Steel Industry Plc. ("BSI" or "the Company")</u>

1. Income from sales and services

1.1 Income from sales

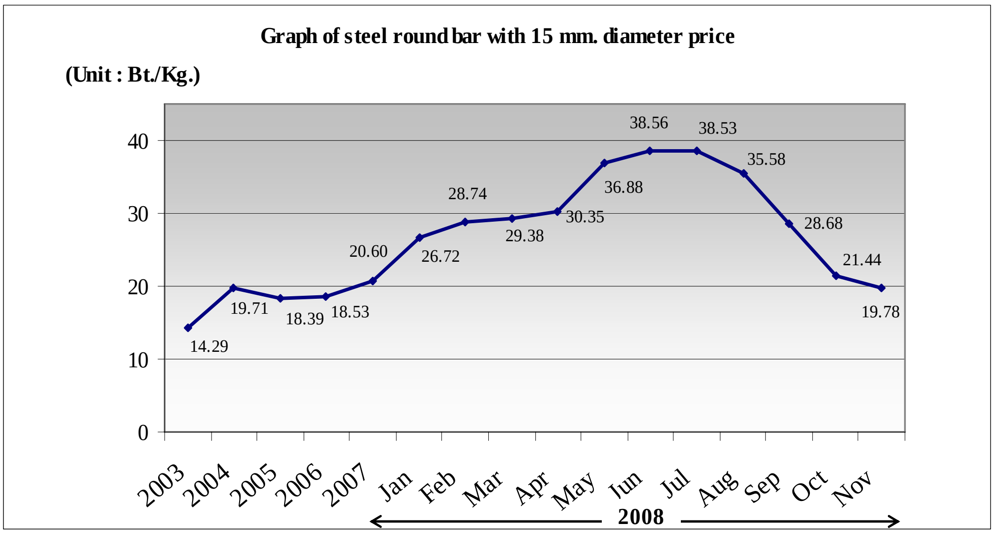
The Company's products are categorized into 5 types i.e. (1) steel bar, (2) galvanized iron, (3) prepainted galvanized steel, (4) "Scanroof" roll forming, and (5) other materials.

1.1.1 Steel bar

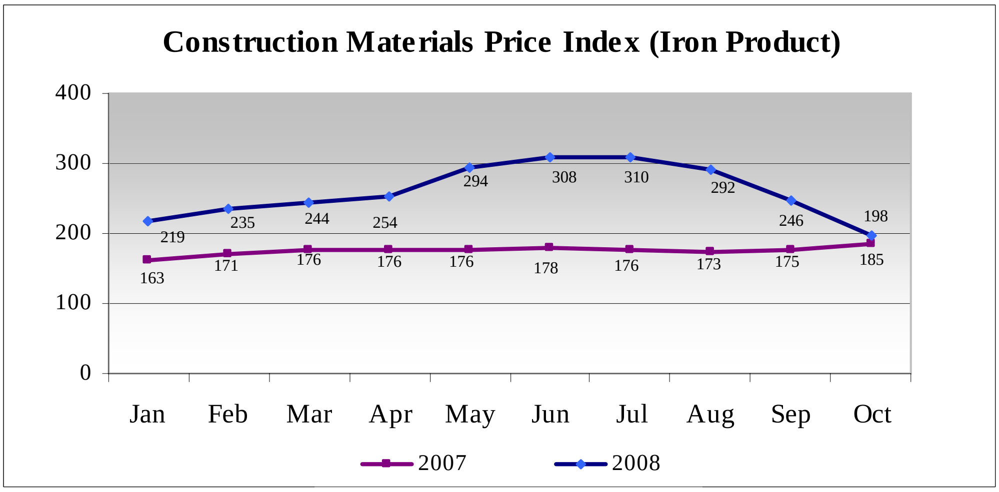
<u>Sales volume</u>

Projected sales volume of steel bar is 240,502 tons, as derived from projected actual sales volume in the 10-month period (Jan-Oct) of 2008 of 227,392 tons, together with the projected sales volume in November - December 2008 of 13,110 tons, based on the sales volume in October 2008, viewing that there would be no new orders for steel bar in such period. Thus, sales volume in 2008 is projected to drop 26% from 2007.

The drop in sales volume in 2008 has been caused by the falling steel bar selling prices since August 2008, mainly as a result of imported raw material and oil price drops. Also, local demand for steel bar has slowed down in line with the sluggish construction and investment conditons. The entrepreneurs who bear high costs of sales due to high stockpiling since quarter 3 of 2007 when steel prices surged successively cannot release their high-cost stocks timely with the rapid price slump to only Bt.16-18/kg (as of November 2008). The Company is thus expected to fail to lucratively distribute its products as in the first half of 2008.



Source : Bureau of Trade and Economic Indices, Ministry of Commerce



Note: Year 2000 as base year (Index = 100)
Source: Bureau of Trade and Economic Indices, Ministry of Commerce

The economic downturn in the US signaled since March 2007 had dampened or even stagnated demand for products, investor confidence, consumption volume and investment conditions in the country. Thus, the sales volume in overall dropped in 2008.

Besides, the falling steel sales volume in 2008 compared with 2007 also resulted from in 2007 the Company imported billets partly for rolling and production as steel bars since sales volume exceeded the fullcapacity utilization of furnace at 310,000 tons per year. In 2008, no such incident has taken place. For future sales volume projection, we predict that the Company's sales volume will not excced the full production capacity of the furnace after deduction of production loss which is around 10%, or maximum sales volume of 280,000 tons per year during the projection period.

Steel sales volume in 2009 is predicted to grow at a declining rate of 5% from 2008. During 2010-2011, steel sales volume will grow 2% and 3% respectively. During 2012-2015, sales volume growth is predicted at 4% per year, and no growth will be recorded from 2016 onward as the furnace will have reached its full capacity utilization.

The projected declining growth of sales volume in 2009 is a result of the high price volatility of the industry since the end of quarter 3/2008. The record high steel bar prices in the first three quarters of 2008 encouraged most manufacturers to speed up their production aiming at making high profits. However, the situations changed rapidly following the US economic downturn. Concerns over the global financial crisis sent huge impacts on global demand for steel bars, the same as on domestic demand, until that the steel products circulated in the market sometimes come to a standstill. With the manufacturers failing to cope with the changing situation, release of stocked products to the market cannot be made timely with the changing situation. Global demand for steel is predicted on a declining trend through 2009.

Steel bar sales volume during 2010-2015 is predicted to grow around 2%-4%, in line with the country's GDP growth for the period as forecast by the Office of the National Economic and Social Development Board and the Economic and Business Forecast Center of the University of Thai Chamber of Commerce. Sales volume is projected to gradually increase to the level of full capacity utilization of the furnaces in 2015 and to remain constant at the same rate as 2015 for 2016-2018.

Growth rates of actual steel bar sales volume during 2005-2007 and the 10-month period of 2008 and projection for 2008-2018:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Oct 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	7.4	(25.0)	39.5	(11.7)	(26.1)	(5.0)	2.0	3.0	4.0	4.0	4.0	4.0	0	0	0

Selling price

Projected selling price in 2008 is Bt. 27.4/kg, based on the actual selling price in the first 10-month period (Jan-Oct) of 2008, i.e. Bt. 27.9/kg, together with the projected selling prices in November - December 2008 based on the average selling price in 2005-2007, i.e. Bt. 17.8/kg., which is close to the actual selling price in mid November 2008. The increase in selling price in 2008 has been in line with the market price trend which had been on the rise since quarter 3/2007 until reaching its peak in July 2008. Selling price during 2009-2018 is set to be constant at the average selling price of Bt. 17.8/kg during 2005-2007. As steel bar is a commodity with price fluctuations in line with the global price trends, subject to such production cost items as oil and iron, as well as demand, supply and market speculation at the moment. Projection of selling price is thus difficult. Moreover, steel bar distributed locally is price controlled. To raise selling price, manufacturers need to adequately present to the Ministry of Commerce reasonable production cost and rationale for the price increase. It has accordingly been hard to increase selling prices in the past years, depending on surrounding factors and situations. We thus project future selling price at a constant rate, being equal to the actual average selling price over the retroactive 3 years, i.e. Bt. 17.08/kg in 2005, Bt. 17.14/kg in 2006 and Bt. 19.20/kg in 2007.

1.1.2 Galvanized steel

Sales volume

Projected sales volume of galvanized steel in 2008 is 27,475 tons, based on the actual sales volume during the 10-month period (Jan-Oct) of 2008 of 23,947 tons, together with the projected sales volume in November and December 2008 of 3,528 tons based on the actual sales volume in October 2008. As such, sales volume of galvanized steel in 2008 will drop 13% from 2007.

Projected sales volume of galvanized steel during 2009-2018 is 27,000-30,000 tons/year. The volume in 2009 is equal to that in 2008 as galvanized steel is mainly used by people in general, such as construction of new houses, house repair and maintenance, etc., not by the government sector in infrastructure projects, hence no impacts from the economic slowdown.

Sales volume of galvanized steel during 2010-2012 is predicted to grow around 2%-4%, in line with the country's GDP growth for the period. Sals volume is projected to gradually increase to the maximum of 30,000 tons/year from 2012 onward, which is close to the average sales volume of the Company during 2006-2007, i.e. around 30,000 tons/year, and to remain constant at the same rate as 2012 during 2013-2018.

Growth rates of actual galvanized steel sales volume during 2005-2007 and the 10-month period of 2008 and projection for 2008-2018:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Oct 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	(42.1)	(36.8)	6.8	(13.4)	(13.1)	0.0	2.0	3.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0

<u>Selling price</u>

Projected selling price in 2008 is Bt. 40.4/kg, based on the actual selling price in the first 10-month period (Jan-Oct) of 2008, i.e. Bt. 40.6/kg, together with the projected selling prices in November - December 2008 based on the average selling price in 2005-2007, i.e. Bt. 38.5/kg., which is close to the actual selling price in mid November 2008. Galvanized steel is a price controlled product, with the price ceiling set at Bt. 39.5/kg. Selling price during 2009-2018 is set to be constant at the average selling price during 2005-2007 of Bt. 38.5/kg. As it is a price controlled product, and future selling price is expected to go down in line with the economic slowdown, farmers and the general public who are the main users may not have adequate income to cover additional purchases as in the past. Thus, the selling price may drop in line with the falling demand. We thus project the selling price to equal the actual average selling price over the retroactive 3 years (2005-2007), i.e. Bt. 38.14/kg, Bt. 38.65/kg and Bt. 38.56/kg respectively.

1.1.3 Prepainted galvanized steel

<u>Sales volume</u>

Projected sales volume of prepainted galvanized steel in 2008 is 14,731 tons, based on the actual sales volume during the 10-month period (Jan-Oct) of 2008 of 13,587 tons, together with the projected sales volume in November and December 2008 of 1,144 tons, based on the actual sales volume in October 2008. As such, sales volume of prepainted galvanized steel in 2008 will drop 28% from 2007.

Projected sales volume of prepainted galvanized steel during 2009-2018 is 15,000-20,000 tons/year. The volume in 2009 is equal to that in 2008. The assumptions used in the projection are the same as those for galvanized steel as both products have similar applications.

Sales volume of prepaid galvanized steel during 2010-2018 is predicted to gradually grow around 2%-4%, in line with the country's GDP growth in the future. Sals volume is projected to grow 2% in 2010, 3% in 2011 and 4% per year during 2012-2018. The maximum sales volume will be in 2018, which is close to the average actual sales volume during 2005-2007 of around 21,000 tons/year.

Growth rates of actual prepainted galvanized steel sales volume during 2005-2007 and the 10-month period of 2008 and projection for 2008-2018

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Oct 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	(36.4)	8.3	(7.1)	(20.2)	(28.0)	0.0	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

<u>Selling price</u>

Projected selling price in 2008 is Bt. 49.9/kg, based on the actual selling price in the first 10-month period (Jan-Oct) of 2008, i.e. Bt. 50.3/kg, together with the projected selling prices in November - December 2008 based on the average selling price in 2005-2007, i.e. Bt. 44.7/kg. The selling price during 2009-2018 is set to be constant being equal to that during 2005-2007 of Bt. 44.7/kg. The assumptions used in the projection are the same as those for galvanized steel.

1.1.4 Income from "Scanroof" roll forming

The Company is licensed by Plannja AB of Sweden to produce prepainted galvanized steel roofing sheet under the brand "Scanroof" with the same format but using the Company's materials. The sales growth during 2005-2007 and the 9-month period of 2008 and the projection over 2008-2018 is shown below:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	15.4	(25.7)	(32.2)	9.1	19.4	0	0	0	0	0	0	0	0	0	0

Projected income from "Scanroof" roll forming in 2008 is Bt. 273.53 million, based on the actual income during the 9-month period (Jan-Sept) of 2008 of Bt. 194.36 million, together with the projected income in October to December 2008 of Bt. 79.17 million, based on the actual income in September 2008. Income from "Scanroof" roll forming in 2008 inceased 19% from 2007, and that for 2009-2018 is projected to be constant being equal to that in 2008. During 2005-September 2008, income from "Scanroof" roll forming dropped averagely (8.35)%. Fluctuations have been seen in huge amounts in each year. However, such income is in a minimal proportion compared with the company's total revenues, or only about 4% of income from sales and service

1.1.5 Income from sales of other materials

Income from sales of non-core materials i.e. supplies, iron tail, etc. which are not the Company's core business is projected at 1% of income from sales based on the actual rate during 2005-2007 and the 9-month period of 2008.

1.2 Income from services

Income from service is generated from provision of factory crane assembly service. The Company is the sole licensee in Thailand to purchase and use Konecranes products of KONE Corporation in Finland, and to receive production know-how of XL-size crane. The growth rate during 2005-2007 and the 9-month period of 2008-2017 as well as the projection during 2008-2018 is shown below:

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	15.4	5.4	26.2	25.6	10.1	10.0	10.0	5.0	5.0	0	0	0	0	0	0

Projected income from service in 2008 is Bt. 256.32 million, based on the actual income during the 9-month period (Jan-Sept) of 2008 of Bt. 170.28 million, together with the projected income in October to December 2008 of Bt. 86.04 million, with reference to income in September. Income from services increased 10.1% from 2007, and that during 2009-2010 is set to increase 10.0%, 5.0% during 2011-2012 and remain constant from 2013 onward.

Income growth during 2008-2012 is projected on a conservative basis to be lower than the average growth of 15.6% per year during the past 3 years (2005-2007). With past income growing significantly and successively, future income is thus projected to increase at a decelerating rate until 2012. With the projected income of 1.5 times the actual income in 2007, income from 2013 onward is projected to be constant as it is a long-term projection, hence subject to uncertainties regarding boosting of income from both new and existing customers. The industry is also exposed to the risk of industry growth that hinges on macroeconomic factors that are beyond control.

2. Gross profit margin

2.1 Gross margin on income from sales

2.1.1 Steel bar

Actual gross profit margin of steel bar during 2005-2007 and the 9-month period of 2008 as well as the projection of 2008-2018 are as follows:

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross profit margin	8.8	3.2	8.1	12.4	12.0	3	4	6	6	6	6	6	6	6	6

Gross profit margin in 2008 is 12.0%, which is close to the actual average rate for the 9-month period of 2008. Gross profit margin during October -December 2008 through 2009 is predicted to decline, and then gradually pick up to that comparable with past average gross profit margin during 2005-2007.

Projected gross profit margin is 3% and 4% during 2009-2010 and 6% during 2011-2018. The drop in profit margin in 2009 is a result of the high cost of inventories. Selling price in the market tends to drop hence impacting the profit margin. Gross profit margin is expected to slightly pick up in 2010 and return to the normal level which is close to the average gross profit margin during 2005-2007 of 6% from 2011 onward.

2.1.2 Galvanized steel

Actual gross profit margin of galvanized steel during 2005-2007 and the 9-month period of 2008 as well as the projection of 2008-2018 are as follows:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross profit margin	4.3	8.0	3.9	2.9	2.9	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1

Gross profit margin in 2008 is 2.9%, which is equal to the actual average rate for the 9-month period of 2008, together with the projection of gross profit margin during October -December 2008 which is expected to be equal to the average gross profit margin in the 9-month period of 2008.

Projected gross profit margin during 2009-2018 is 4.1%, with reference to average gross profit margin in 2005 and 2007, excluding that in 2006 as in such year the margn is higher than in the normal situation due to the cessation of production in one factory, thereby in book accounting, part of the fixed cost which was earlier recorded in production cost is switched to be recorded in selling and administrative expenses, hence the cost in this year is lower the normal rate.

2.1.3 Prepainted galvanized steel

Actual gross profit margin of prepainted galvanized steel during 2005-2007 and the 9-month period of 2008 as well as the projection of 2008-2018 are as follows:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	201 8
Gross profit margin	4.9	4.4	3.6	12.9	12.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3

Gross profit margin in 2008 is 12.0%, which is equal to the actual average rate for the 9-month period of 2008, together with the projection of gross profit margin during October -December 2008, i.e. 4.3%, with reference to average gross profit during 2005-2007 because since August - October 2008 actual gross profit margin of prepainted galvanized steel has started to decline to be close to the average of 2005-2007.

Projected gross profit margin during 2009-2018 is 4.3%, with reference to average gross profit margin during 2005 - 2007 of 4.3%.

2.1.4 “Scanroof” roll forming

Actual gross profit margin of “Scanroof” roll forming during 2005-2007 and the 9-month period of 2008 as well as the projection of 2009-2018 are as follows:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross profit margin	12.7	9.5	6.4	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5

Projected gross profit margin during 2008-2018 is 9.5%, with reference to average gross profit margin during 2005 - 2007 and the 8-month period of 2008 of 9.5%.

2.2 Gross margin on income from services

Gross profit margin for income from service is generated from provision of factory crane assembly service. The Company is the sole licensee in Thailand to purchase and use Konecranes products. Actual gross profit margin during 2005-2007 and the 8-month period of 2008 as well as the projection of 2008-2018 are as follows:

	Actual				Projection										
Unit: %	2005	2006	2007	Jan-Aug 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross profit margin	13.9	22.5	19.6	10.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6

Projected gross profit margin during 2008-2017 is 16.6%, with reference to average gross profit margin during 2005 - 2007 and the 8-month period of 2008 of 16.6%.

3. Selling and administrative expenses

Selling and administrative expenses mainly consist of salary and staff expenses, professional fee, and rental. Projected expenses are based on actual expenses in the 8-month period of 2008 together with estimated expenses in the last 4-month period of 2008 are based on actual average expenses per month in the 8-month period of 2008. As such the selling and administrative expenses in 2008 will grow 1% from 2007. For 2009-2018, salary and staff expenses are projected to grow 3% per year. Other expenses, such as traveling and rental expenses, are projected to be constant being equal to that in 2008. Due to large expense base, in 2008, such expenses are predicted to be stable throughout the projected.

However, selling and administrative expenses to income from sales during 2008-2018 is projected to be 3%-4%, which is close to the average proportion in 2005-2007.

4. Other income

Other income during 2008-2018 is projected at 0.5% of selling and administrative expenses, with reerence to average other income to income from sales during 2005-2007 and the first 8 months of 2008.

5. Other expenses

5.1 Payment for breach of patent right of "OX Brand"

Payment for breach of patent right of "OX Brand" from November 1, 2000 to December 22, 2006 is projected at Bt. 863 million as expense in 2009. The amount will gradually be settled during 2011-2016 according to the business rehabilitation plan.

5.2 Doubtful debts

Doubtful debt is projected at Bt. 206 million in 2008. Such expense will arise from guarantee of loan from financial institution for U M C International Corporation Ltd. and Siam Aroon Development Co., Ltd. which will be gradually paid until 2010.

6. Corporate income tax

Corporate income tax is projected at 30% of profit before tax. In 2008, the Company will have no accumulated loss to be used as tax shield. In 2009, it will have to record payment for breach of patent right amounting to Bt. 863.19 million, thus in this year, it will record loss in taxation term and hence no corporate income tax expenses. The accumulated loss carried forward from 2009 onward can be used for reduction of tax on the profit generated in each year within five accounting periods (2010-2014). Thus, during 2010-2014, there will be no tax payment and the Company will start tax payment of 30% of profit before tax from 2015 onward.

7. Loan and interest payment under the latest business rehabilitation plan (additional amendment approved by the creditors' meeting held on December 13, 2006).

7.1 Loan and interest payment under the plan during 2009-2016

Projected loan and interest payment under the plan (cash payment) from 2009 onward and full settlement in 2016. Settlement schedule is as below:

Unit: Bt. million	2009	2010	2011	2012	2013	2014	2015	2016
Principal	424	261	133	27	25	24	12	2
Interest	10	6	4	4	3	3	3	2
Hanging interest	-	193	-	-	-	-	33	132
Hanging debt	-	-	-	-	-	-	-	1,425

7.2 Asset transfer for debt repayment of approximately Bt. 111 million

Dechalarp Co., Ltd. ("Dechalarp") transferred the ownership of property to the Company's creditors as principal repayment in the amount of approximately Bt. 111 million on behalf of the Company. According to the rehabilitation plan, in the event that Dechalarp has outstanding debt to the Company, claim from the creditors shall be used to settle the debt of Dechalarp to the Company in the first place, and the remaining amount will be settled after complete implementation of the business rehabilitation plan, or Dechalarp may choose to receive payment in form of capital increase shares of the Company as specified in the business rehabilitation plan. In this regard, the projection is based on the assumption that the Company will repay such debt in whole amount in 2017.

7.3 Debt payment by redemption of mortgage in the amount of approximately Bt. 126 million

In 2006, N.K.L. Co., Ltd. (“NKL”) repaid the principal of about Bt. 126 million on behalf of the Company as the mortgagor according to the Company’s business rehabilitation plan and the debt compromise agreement with Thai Asset Management Corporation (“TAMC”), the creditor, which contains the condition that NKL shall redeem the property and repay debt on behalf of the Company to settle such debt. NKL will then become the creditor in the business rehabilitation plan. According to the business rehabilitation plan, the Company shall repay NKL taking into account if NKL has outstanding debt to the Company, claim for payment by the creditor shall be used to settle the debt of NKL to the Company in the first place, and the remaining amount will be repaid after complete implementation of the business rehabilitation plan, or NKL may choose to receive payment in form of capital increase shares of the Company as specified in the business rehabilitation plan. In this regard, the projection is based on the assumption that the Company will repay such debt in whole amount in 2017.

7.4 Debt payment by redemption of mortgage in the amount of approximately Bt. 628 million

Sainamthip Property Co., Ltd. (“Sainamthip”) placed its assets as loan guarantee for the Company with TAMC, the creditor, according to the business rehabilitation plan, which has the condition on payment by redemption of mortgage from TAMC that Sainamthip must redeem the land and repay debt to TAMC in the amount equal to the appraised price of not over one year on the redemption date or Bt. 627.77 million, whichever is higher, by February 29, 2008. On January 22, 2008 and January 24, 2008 and January 24, 2008, Sainamthip and the Company had letters to TAMC requesting extension of the redemption period. The board of directors of TAMC resolved to extend the redemption period until August 29, 2008. Sainamthip redeemed the land and paid Bt. 627.77 million to TAMC on August 22, 2008. Now Sainamthip is in the process of taking over the creditor right on the debt under the plan.

Upon debt payment on behalf of the Company, Sainamthip will then become the creditor in the business rehabilitation plan. According to the business rehabilitation plan, the Company shall repay Sainamthip taking into account if Sainamthip has outstanding debt to the Company, claim for payment by the creditor shall be used to settle the debt of Sainamthip to the Company in the first place, and the remaining amount will be repaid after complete implementation of the business rehabilitation plan, or Sainamthip may choose to receive payment in form of capital increase shares of the Company as specified in the business rehabilitation plan. The projection is based on the assumption that the Company will repay debt in whole amount (about Bt. 628 million) by settling Sainamthip’s outstanding debt to the Company.

7.5 Redemption of mortgaged assets for debt repayment

The projection is based on the assumption that the Company will be able to sell its mortgaged assets which currently are not used in the core business operations i.e. land and plant which currently are the plant location of RSM. The Company will sell such assets to RSM at the appraised price of Bt. 638 million in 2009 and will gradually receive payment until 2016.

8. Capital expenditure

Capital expenditure during 2009-2018 is projected as follows:

Unit : Bt. million

Asset	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Building	5	-	-	5	-	-	-	-	-	-
Machinery	50	50	50	50	50	50	50	50	50	50
Office equipment	5	5	5	5	5	5	5	5	5	5
Total	60	55	55	60	55	55	55	55	55	55

Capital expenditure mostly includes machinery investment in terms of repair and maintenance to ensure continuous functionality and efficiency, not purchase of new machinery

9. Working capital

Average collection period 20 days

Average stock period 105 days

Average repayment period 5 days

Projection of working capital is based on the 8-month data of 2008.

b. Ratchasima Steel Product Co., Ltd. ("RSM")

1. Income from sales

Income from sales of RSM is classified by type of products into (1) steel bar, (2) wire rod, and (3) galvanized steel.

1.1 Steel bar

<u>Sales volume</u>

Projected sales volume of steel bar is 3,164 tons, as derived from projected actual sales volume in the 10-month period (Jan-Oct) of 2008 of 2,933 tons, together with the projected sales volume in November - December 2008 of 231 tons, which is based on actual sales in October 2008. Thus, sales volume in 2008 is projected to drop 87% from 2007. The sharp drop has been a result of no production of steel bar by RSM in 2008 due to high stockpiling and there have been no new orders, hence not worthwhile to run a small volume of production. During 2009-2018, projected sales volume will be equal to that in 2008, with reference to the actual sales volume during 2005-2007 with an average growth of (0.30)%.

Growth rates of actual steel bar sales volume during 2005-2007 and the 10-month period of 2008 and projection for 2008-2018:

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Oct 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	37.3	(59.0)	20.8	(88.1)	(87.4)	0	0	0	0	0	0	0	0	0	0

Selling price

Projected selling price in 2008 is Bt. 24.3/kg, based on the actual selling price in the first 10-month period (Jan-Oct) of 2008, i.e. Bt. 24.8/kg, together with the projected selling prices in November - December 2008 based on the average selling price in 2005-2007, i.e. Bt. 17.9/kg., which is close to the actual selling price in mid November 2008. The increase in selling price in 2008 has been in line with the market price trend which had been on the rise since quarter 3/2007 until reaching its peak in July 2008. Selling price during 2009-2018 is set to be constant at the average selling price of Bt. 17.9/kg during 2005-2007. As steel bar is a commodity with price fluctuations in line with the global price trends, subject to such production cost items as oil and iron, as well as demand, supply and market speculation at the moment. Projection of selling price is thus difficult. Moreover, steel bar distributed locally is price controlled. To raise selling price, manufacturers need to adequately present to the Ministry of Commerce reasonable production cost and rationale for the price increase. It has accordingly been hard to increase selling prices in the past years, depending on surrounding factors and situations. We thus project future selling price at a constant rate, being equal to the actual average selling price over the retroactive 3 years, i.e. Bt. 18.68/kg in 2005, Bt. 18.91/kg in 2006 and Bt. 17.99/kg in 2007.

1.2 Wire rod

Sales volume

Projected sales volume of steel bar is 28,318 tons, as derived from projected actual sales volume in the 10-month period (Jan-Oct) of 2008 of 27,924 tons, together with the projected sales volume in November - December 2008 of 394 tons which is based on actual sales in October 2008. As such, sales volume in 2008 is predicted to improve 17% from 2007. Projected sales volume during 2009-2018 will be constant at the same level as 2008 as the volume salable in the projection period by RSM is close to that the maximum volume salable by the company in 2004 at 27,565 tons.

Growth rates of actual wire rod sales volume during 2005-2007 and the 10-month period of 2008 and projection for 2008-2018:

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Oct 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	(52.3)	42.9	28.5	26.7	17.3	0	0	0	0	0	0	0	0	0	0

Selling price

Projected selling price of wire rod in 2008 is Bt. 28.8/kg, based on the actual selling price in the first 10-month period (Jan-Oct) of 2008, i.e. Bt. 28.9/kg, together with the projected selling prices in November - December 2008 based on the average selling price in 2005-2007, i.e. Bt. 18.8/kg. Selling price during 2009-2017 is set to be constant at the average selling price of Bt. 18.8/kg during 2005-2007. As wire rod price is in the same direction as that of steel bar, with fluctuations in line with global steel prices, subject to production cost items as oil and iron, as well as demand, supply and market speculation at the moment. Projection of selling price is thus difficult. We thus project future selling price at a constant rate, being equal to the actual average selling price over the retroactive 3 years, i.e. Bt. 19.41/kg in 2005, Bt. 18.31/kg in 2006 and Bt. 18.69/kg in 2007.

1.3 Galvanized steel

Sales volume

Projected sales volume of galvanized steel in 2008 is 49,106 tons, based on the actual sales volume during the 10-month period (Jan-Oct) of 2008 of 47,314 tons, together with the projected sales volume in November and December 2008 of 1,792 tons, with reference to the actual sales volume in October 2008. As such, sales volume of galvanized steel in 2008 will drop 29% from 2007, and that during 2009-2018 is projected to be constant at the same level as that in 2008. Past sales volume was on the declining trend.

Growth rates of actual galvanized steel sales volume during 2005-2007 and the 10-month period of 2008 and projection for 2008-2018

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Oct 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate	(26.5)	26.5	(25.3)	(16.0)	(28.8)	0	0	0	0	0	0	0	0	0	0

Selling price

Projected selling price in 2008 is Bt. 36.2/kg, based on the actual selling price in the first 10-month period (Jan-Oct) of 2008, i.e. Bt. 36.2/kg, together with the projected selling prices in November - December 2008 based on the average selling price in 2005-2007, i.e. Bt. 36.3/kg. As galvanized steel is a price controlled product, and future selling price is expected to go down in line with the economic slowdown, farmers and the general public who are the main users may not have adequate income to cover additional purchases as in the past. Thus, the selling price may drop in line with the falling demand. We thus project the selling price to equal the actual average selling price over the retroactive 3 years (2005-2007), i.e. Bt. 36.54/kg, Bt. 35.40/kg and Bt. 37.00/kg respectively.

2. Gross profit margin

2.1 Steel bar and wire rod

Actual gross profit margin of steel bar and wire rod during 2005-2007 and the 9-month period of 2008 as well as the projection of 2008-2018 are as follows:

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross profit margin	1.8	(14.5)	3.3	5.0	4.9	2.6	2.6	2.6	2.6	2.6	2.6	3.0	8.0	8.0	8.0

Gross profit margin in 2008 is 4.9%, which is close to the actual average rate for the 9-month period of 2008. Gross profit margin during October -December 2008 is predicted to decline. The high margin in the first 9 months of 2008 resulted from price hike, while in the last three months of 2008, selling prices have dropped sharply. RSM is thus predicted to record declining margin to the level equal to the past average margin of 2.6%, based on average profit margin in 2005 and 2007. The gross profit margin in 2006 is not taken into account as in the year RSM was faced with huge loss, with gross loss of (14.5)%.

Projected gross profit margin is 3% in 2015 and 8% during 2016-2017. The increase in gross profit margin is attributable to the fact that from 2015 onward, RSM will record declining depreciation due to fully depreciated machinery items. Thus, without depreciation from the production factored in the production cost, gross profit margin will get higher.

Gross profit margin of steel bar and wire rod during 2005-2007, regardless of production depreciation and drop production depreciation, would be 7.2%, (8.7)% and 10.3% respectively. Thus, in the projection of gross profit margin, regardless of fully depreciated machinery, the average gross profit margin in 2005 and 2007, regardless of production depreciation, which is 8.7% is applicable here.

2.2 Galvanized steel

Actual gross profit margin of galvanized steel during 2005-2007 and the 9-month period of 2008 as well as the projection of 2008-2018 are as follows:

Unit: %	Actual				Projection										
	2005	2006	2007	Jan-Sept 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross profit margin	(1.2)	0.6	1.5	(2.6)	(2.4)	1	1	1	1	1	1	2	3	3	3

Gross profit margin in 2008 is (2.4)%, which is close to the actual average gross profit margin for the 9-month period of the year. RSM is expected to be able maintain its gross profit margin to the close to the average gross profit margin during 2006-2007. Thus, gross profit margin is projected to be 1% during 2009-2014, with reference to the average gross profit margin during 2006-2007.

Projected gross profit margin is 2% in 2015 and 3% during 2016-2018 and 6% during 2011-2018. The increase is a result from 2015 when RSM records a decline in depreciation as the machinery in the production is fully depreciated according to the useful life. Thus, cost of sales is regardless of production depreciation, hence higher gross profit.

Gross profit margin of galvanized steel during 2005-2007, regardless of production depreciation and drop production depreciation, would be 1.9%, 3.4% and 4.2% respectively. Thus, in the projection of gross profit margin, regardless of fully depreciated machinery, the average gross profit margin in 2005-2007, i.e. 3.2%, is applicable here.

3. Selling and administrative expenses

Selling and administrative expenses mainly consist of salary and staff expenses, and rental. Projected expenses are based on actual expenses in the 8-month period of 2008 together with estimated expenses in the last 3-month period of 2008 are based on actual average expenses per month in the 8-month period of 2008. As such the selling and administrative expenses in 2008 will grow at a declining rate of 5% from 2007.

For 2009-2018, salary and staff expenses are projected to grow 3% per year. Other expenses, such as traveling and rental expenses, are projected to be constant being equal to that in 2008. RSM's selling and administrative expenses to income from sales during 2008-2018 are projected to be 4%-5%, which is close to the average proportion in 2005-2007.

4. Other income

Other income during 2008-2018 is projected at 0.5% of selling and administrative expenses, with reerence to average other income to income from sales during 2005-2007 and the first 8 months of 2008.

5. Capital expenditure

Capital expenditure during 2008-2017 is projected as follows:

Unit: Bt. million

Assets	2009	2010	2011	2012	2013	2014	2015	2016	2017
Land and construction*	80	80	80	80	80	80	80	78	-
Building	5	-	-	5	-	-	-	-	-
Machinery	20	20	20	20	20	20	20	20	20
Office equipment	5	5	5	5	5	5	5	5	5
Total	30	25	25	30	25	25	25	25	25

* RSM bought land and construction from BSI at the appraisal price of Bt. 638 million in total. Such land and construction are used to accommodate RSM's existing plant but are owned by BSI.

Capital expenditure mostly includes machinery investment in terms of repair and maintenance to ensure continuous functionality and efficiency, not purchase of new machinery

6. Working capital

Average collection period	30	days
Average stock period	105	days
Average repayment period	5	days

Projection of working capital is based on the average data as of 2007 year-end and 8-month of 2008.

c. Treemit Marketing Co., Ltd. ("TM")

1. Income from sales

Projection of selling price is on a cost plus pricing basis. TM operates as a distributor of products for BSI and RSM. Details of selling price projection are as below:

- BSI products, i.e. 0.5% cost plus for steel bar and 0.9% cost plus for prepainted galvanized steel, based on actual average profit margin of each product during 2005-2007 and the 9-month period of 2008. For galvanized steel, a 4.5% cost plus is adopted, based on actual average profit margin of each product during 2005-2007 but excluding that of the 9-month period of 2008. This is because gross profit of galvanized steel during the 9-month period of 2008 is very high being 15.5% due to the sharp price rise in line with the price hike of construction materials during such period while TM carries cost of goods which is the selling price of the products from the Company, i.e. Bt. 39.5/kg which is a controlled product price.

- For RSM products, TM will adopt 0.5% cost plus for steel bar with reference to actual average profit margin of each product during 2005-2007 and the 9-month period of 2008, and 2.3% cost plus for galvanized steel, with reference to actual average profit margin during 2005-2007 but excluding that of the 9-month period of

2008. This is because gross profit of galvanized steel during the 9-month period of 2008 is very high being 10.6% due to the sharp price rise in line with the price hike of construction materials during such period while TM carries cost of goods which is the selling price of the products from RSM, i.e. Bt. 39.5/kg which is a controlled product price.

2. Gross profit margin

2.1 Steel bar: Projected gross profit margin during 2009-2017 is 0.5% based on average gross profit margin during 2005-2007 and the 9-month period of 2008, i.e. 0.5% per year.

2.2 Galvanized steel: Projected gross profit margin during 2009-2018 is 4.5% for products from BSI and 2.3% for products from RSM, based on average gross profit margin during 2005-2007.

2.3 Prepainted galvanized steel: Projected gross profit margin during 2009-2017 is 0.9% with reference to average gross profit margin during 2005-2007 and the 9-month period of 2008, i.e. 0.9% per year.

3. Selling and administrative expenses

Selling and administrative expenses mainly consist of salary and staff expenses, traveling expenses, professional fee, and rental, projected to grow 3% per year.

4. Other income

Other income is projected at 0.1% of income from sales, with reerence to actual average other income to income from sales in 2007 and the first 9 months of 2008.

5. Working capital

Average collection period	37	days
Average repayment period	132	days

Projected working capital is based on the data as of 2007 year-end and the 8-month period of 2008.

d. Terminal growth rate

The terminal growth rate from 2018 onward is set to be constant at the rate of 2017.

This projection is on a conservative basis under the circumstances of far-future forecasts. It is also anticipated that the Company will reach its full capacity utilization of steel bar, its main product, the income generated by which is around 63-65% of total revenues. Most of the machinery items used in the production are old with an average of 25 years in use (calculated until 2017). It is difficult for repair and maintenance of these items, especially as the Company has limited capital. Most of the capital has to be allocated to adequately cover debt settlement under the rehabilitation plan and also to meet the production requirements. Machinery has thus been in poor conditions in the long run and this will hinder its business expansion to generate more income. The Company also has no sufficient working capital for acquisition of new machinery or maintain the existing machinery for better conditions and functionality to get prepared for future business expansion.

e. Discount rate

To evaluate the share price, we have applied the present value of future free cash flow approach using the free cash flow to equity. Cash flow (after all expenses, corporate tax, interest expense and loan repayment) is used in the calculation with return on equity (Ke) as the discount rate.

We do not use weighted average cost of capital (WACC) as the discount in calculation as the Company is operating under the business rehabilitation process, having huge amount of debts to be settled (Bt. 11,768 million as of June 30, 2008). If the free cash flow to firm basis is used to figure out free cash flow to equity by deducting interest bearing liabilities plus cash, the free cash flow to equity would come out negative and hence the business value cannot be determined. Calculation of the Ke is as follows:

$$Ke = Rf + \beta(Rm - Rf)$$

Whereas	Risk Free Rate (Rf)	3.67% based on the 29-year government bond yield (data as of December 4, 2008 from www.thaibma.or.th) using government bond with the longest tenor to reflect the rate of return on investment in risk free assets if held indefinitely.
	Beta (β)	0.642, which is the average between the variance of the weekly return of the SET and the closing price of reference companies[4] over the past 3 years (available from Bloomberg), which are the period long enough to better reflect investment conditions than those in a shorter period.
	Rm	12.74% based on the average rate of return from the SET over the previous 22 years which are the period long enough to better reflect investment conditions than those in a shorter period. (data available from the SET from 1987 until November 30, 2008).

From the above assumptions used for working out the present value of free cash flow of BSI and subsidiaries by using return on equity (Ke) of 9.49% as the discount rate, the share price figured out by the discounted cash flow (DCF) approach will be Bt. 7.56 per share.

However, considering the factors that will have impacts on the calculation of the discount rate mentioned above, for the past few months there have been several material changes, such as the rates of returns of the stock exchange which have dropped sharply since September 2008 in line with the plunging stock indices from 684.44 points at the end of August 2008 to 401.84 points at the end of November 2008 or a 41.29% plunge. The yields of the government bonds of 29 years tenor that are used as reference in the share price calculation have also dropped significantly, especially after December 3, 2008 the Monetary Policy Committee ("MPC") cut down the policy interest rate by another 100 bps, from 3.75% p.a. to 2.75% p.a. To compare government bond yield used as reference in the share valuation on December 2, 2008, which was the date on which the Tender Offeror submitted the tender offer and the yield as of December 4, 2008, which was the day after the MPC announced the policy rate cut, the bond yield changed substantially from 4.48% to

[4] Consisting of 5 companies with similar nature of business to the Company, namely (1) Bangsaphan Barmill Plc. (2) Tata Steel (Thailand) Plc. (3) Permsin Steel Works Plc. (4) Thailand Iron Works Plc. and (5) Mill Con Steel Industries Plc. (MILL). However, as MILL was justed listed on the SET on Nov 6, 07, there was no adequate historical data to use in the seeking of Beta, we thus use the data of the other 4 companies, with exclusion of MILL, to work out Beta.

3.67%. This will definitely press down the return on equity (Ke) which is the discount rate used in the share valuation by the DCF and hence level up the share price derived therefrom.

Summary of cash flow projection for 2009-2018

Unit : Bt. million

	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Earning before interest and tax	(58.34)	(13.71)	56.78	72.73	78.38	83.53	111.33	174.69	251.89	162.34
Plus Depreciation	239.85	241.82	241.17	240.20	242.03	243.86	218.41	116.41	117.06	117.71
Less Income tax	(2.75)	(5.30)	(9.68)	(9.68)	(9.68)	(9.68)	(59.97)	(58.87)	(56.15)	(54.37)
Plus(Less) Net working capital change	92.91	137.19	47.49	13.43	31.19	34.51	(53.92)	(11.46)	(8.85)	(9.20)
Less Capital expenditure	(109.40)	(102.16)	(99.91)	(107.16)	(97.66)	(97.66)	(95.42)	(95.42)	(66.23)	(66.23)
Plus cash received from RSM	80.00	80.00	80.00	80.00	80.00	80.00	80.00	77.38	-	-
Less Principal and interest debt payment	(431.93)	(457.73)	(128.78)	(22.78)	(20.84)	(20.50)	(32.72)	(1,382.31)	(237.55)	-
Free cash flow to equity	(189.67)	(119.89)	187.07	266.75	303.41	314.06	167.72	(1,179.13)	0.17	150.24
PV of free cash flow to equity	(173.23)	(100.00)	142.52	185.60	192.81	182.28	88.90	(570.86)	0.07	60.67
Terminal value	639.27									
Discounted free cash flow	648.05									
Plus Cash (as of Sept 30, 08)	561.71									
Discounted cash flow - net	1,209.76									
Total issued shares of the Company (million shares)	160.00									
Share price	**7.56**									

We have conducted a sensitivity analysis by using a range of return on equity from 8.49% to 10.49%, with the outcome of share price valuation as follows:

Return on equity (Ke)	**Share price (Bt.)**
8.49	8.43
9.49	7.56
10.49	6.89

The share price derived is between Bt. 6.89 - 8.43 per share.

In case the dispute between BSI and Trans Asia Pacific Co., Ltd. and Metro Co., Ltd. for the use of "OX Brand"comes to an end, the Company will have to pay the license fee after December 22, 2003. No definite amount of such license fee has yet been demanded by the two parties, so there has been no number to be used as reference in the financial projection in a reliable manner. However, we have estimated such payment at Bt. 20-40 million per year, which would impact the share value calculated by this method as follows:

Unit : Bt. million	Share price (Bt./share)
License fee of Bt. 20 million per year	7.30
License fee of Bt. 30 million per year	7.26
License fee of Bt. 40 million per year	6.55

Note : The share prices shown in the table reflect the impacts to be incurred only if the Company has to pay license fee. The Company has so far not yet negotiated with the two parties regarding the determination of the license fee, hence uncertainty and failure to estimate the fee in a reliable manner. License fee for 2004-2017 is set to be paid in one lumpsum in 2017, and from 2017 onward, it is set to be paid on a yearly basis.

The share valuation by this method, with license fee of Bt. 20-40 million per year taken into account, the share price derived will be Bt. 6.55 - 7.30 per share

Nevertheless, such license fee remains uncertain. The case is currently under consideration of the Supreme Court and definite value cannot be estimated. If the amount of payment differs from the above or if there are any other circumstances that affect the Company's operations, the share price will be changed accordingly. Therefore, we have not included payment of license fee after December 22, 2003 in the share valuation by the present value of free cash flow approach.

The table below exhibits a comparison of the Company's share price valuated by different approaches with the expected offer price:

Valuation method	Valuation price (Bt. per share)	Tender offer price (Bt. /)	Valuation price higher than (lower than) tender offer price	
			Bt.	%
1. Book value	(77.59)	8.25	(85.84)	(1,040.48)
2. Adjusted book value	7.36	8.25	(0.89)	(10.79)
3. Market comparable approach				
3.1 Price to Earning Ratio Approach (P/E)	10.58 - 35.09	8.25	2.33 - 26.84	28.24 - 325.33
3.2 Enterprise value to earnings before interest, tax, depreciation and amortization (EV/EBITDA) approach	13.76 - 19.55	8.25	5.51 - 11.30	66.79 - 136.97
4. Present value of future free cash flow	6.89 - 8.43	8.25	(1.36) - 0.18	(16.48) - 2.18

The book value approach reflects the Company's operating results and financial position at a certain period of time, without taking into consideration the Company's real asset value, profitability in the future and the overall economic and industrial trends. As such, it may not reflect the real value of the Company. Although the adjusted book value approach can better reflects the ability to service debt to financial institution creditors under the business rehabilitation plan and contingent liabilities, it does not take into account the future operating result of the Company. Coupled with the uncertain circumstances that may have significant impacts on the factors used in the share price calculation, hence material impacts on the share price.

The P/E ratio and EV/EBITDA ratio methods take into account the future profitability of the Company, but for only a short term. They fail to put due regard to the Company's operating results in the long run. Meanwhile, in this share valuation, reference is made to the Company's operating results and profit in 2008 which was much higher than in the normal situation, as in such year, the Company benefited substantially from the particularly surging steel prices with big earnings from releasing of the low-cost stocks. This is considered not a normal situation. Thus, the share price derived fails to truly reflect the real enterprise value.

The present value of future free cash flow takes into consideration the business operations, and profit-making of the Company in the future as well as the overall economic and industrial trends.

In our opinion, the suitable method for the share valuation is the present value of future free cash flow. The share price figured out by this method is Bt. 7.56 per share, which is lower than the tender offer by Bt. 0.69 per share. In the sensitivity analysis of this share valuation method, the share price will range between Bt. 6.89 - 8.43 per share, which is lower than the tender offer price by Bt. 1.36 per share and higher than the tender offer price by Bt. 0.18 per share.

5.2 Reasons for acceptance or rejection of the tender offer

5.2.1 Reasons for acceptance of the tender offer

(1) Reasonableness of the tender offer price

The tender offer price of Bt. 8.25 per share is reasonable as it is higher than the valued price calculated by the present value of future free cash flow method of Bt. 7.56 per share.

(2) Limitations of shareholders from the status of the Company under a business rehabilitation

The Company is currently in the business rehabilitation process under the Bankruptcy Act. The shareholders will not be entitled to the legal rights as well as the business controlling and management in the Company. The Plan Administrator is the one to assume the power and duty in the business decision and management. The shareholders will have no voting right in the decision making, management and check and balance in the matters undertaken by the Plan Administrator.

There is also limitation in the receipt of dividend payment. According to the plan, the shareholders are not entitled to receiving dividend or any other benefits entitled by shareholders of businesses in general throughout 136 months of the rehabilitation period, covering March 1, 2005-June 30, 2016, unless the debts have been settled in full amount and according to the criteria and procedure prescribed in the plan.

However, according to the latest reviewed financial statements as of June 30, 2008, the Company recorded accumulated loss of Bt. 11,667 million. This is already a limitation according to the law in that the Company will be unable to pay dividend to the shareholders. Even if the Company will later be able to pay dividend to the shareholders in compliance with the plan, it will still be unable to pay dividend if accumulated loss remains in its bank book.

(3) Financial status and capabilities for continued business operations

The continued business operations of the Company hinge on two key factors, i.e. business operational capabilities and performance of obligations under the rehabilitation plan. These are associated with material uncertainties. In its latest reviewed financial statements as of June 30, 2008, its total assets amounted to Bt. 6,694 million, total liabilities Bt. 12,965 million, hence total liabilities nearly doubling total assets.

Its total debt amount to be settled under the rehabilitation plan is Bt. 4,908 million.[5] The Company has made payment under the plan since the date of the Court's order approving the plan until September 30, 2008, altogether 44 months, in a total amount of Bt. 2,661 million, comprising principal of Bt. 2,469 million and interest of Bt. 192 million. The amount paid represents 50.30% of total debt claim under the plan. The remaining amount to be settled is Bt. 2,439 million.

The Company is also exposed to the potential liability from legal cases, especially debt claim arising from its breach of patent right, amounting to Bt. 11,470 million. Under the plan, the creditors will be entitled to receive Bt. 863.19 million. However, the Official Receiver considered and confirmed the amount of Bt. 11,470 million requested by the creditors. The Company on February 14, 2008 appealed to the Supreme Court against the Official Receiver's judgement. The case is now in the consideration process of the Supreme Court.

Moreover, the business operations and implementation of the rehabilitation plan with complete debt settlement to the creditors so that the remaining debts would be waived may be hampered by the current economic crisis and slowing steel industry outlook. All these would take part in the Company's future survival.

(4) Suspension of the securities trading for a long time

The SP (Suspension) sign has been posted to the Company's securities since May 7, 1999 until the present, hence over nine years of non-trading. With the Company's filing for the voluntary delisting of its securities from the SET, the shareholders will further lack trading liquidity. The Company's delisting of its securities from the SET is thus one way to open up opportunity for the shareholders to sell the shares at the tender offer price after the long-term lack of liquidity. This may also be the last opportunity for the securities to be sold before the delisting from the SET, thereafter the securities will lack liquidity permanently.

(5) Securities delisting from the SET

This tender offer is intended for the Company's voluntary delisting of its securities from the SET. The shareholders' meeting on April 11, 2008 resolved for the Plan Administrator to remedy the Company's business status by voluntary delisting of its shares from the SET. On July 21, 2008 the Central Bankruptcy Court approved for the Plan Administrator to undertake the securities delisting. On November 26, 2008 the SET approved the delisting as requested on condition that the Company shall arrange to have Promsri Property Co., Ltd., the Tender Offeror, make a tender offer for all securities from the shareholders in general under the SEC criteria and with a maximum tender offer period of 45 business days before the SET's determination of the delisting date.

Thus, the shareholders who still retain their shareholding after the Company's delisting from the SET shall be affected as follows:

[5] Including the amount payable to the creditors whose debt claim petition has not yet been finalized.

1) *No secondary market for securities trading*

Without the listing status, the Company's shares will no longer be traded on the SET nor any other recognized secondary markets. As such, there will be no reference price for trading, hence a lack of trading liquidity. The shareholders will be unable to sell the shares at appropriate prices.

However, such an impact has not just taken place. The Company's stock has been suspended from trading for over the past nine years since 1999 to date as it has lacked qualifications for being a listed company on the SET and fallen within the purview of being delisted from the SET, with the failure to rectify the grounds for delisting.

2) *Change of return on investment*

Without the listing status, most of the return on investment will be limited to dividend only. There will be less opportunity for the shareholders to receive capital gains as there is no secondary market and no reference market price for the trading. The shareholders may receive dividend if the Company has operated at profit and cleared all its accumulated loss as well as had cash available.

However, at present, the shareholders have already been limited to receipt of capital gains as the stock has been posted "SP" for a long time. The Company also has constraints in dividend payment as it still has to perform its obligations under the rehabilitation plan. Moreover, with the prevailing accumulated loss, no dividend payment can be made in the near future.

3) *Less tax privileges*

After the stock delisting, the shareholders who are natural persons will not be exempted from capital gain tax. In addition, in case Thailand Securities Depository Co., Ltd. does not act as the Company's registrar, the share transfer of both natural and juristic person shareholders will not be exempted from stamp duty which is calculated at 0.1% of the paid-up share price or the face value, whichever is higher.

4) *Less access to the Company's information*

After the delisting, the Company is no longer required to disclose the information pursuant to the SET criteria, and is not duty-bound to disclose its financial status and operating results as required by the Notification of the SEC No. GorJor. 40/2540 regarding rules, conditions and procedures governing the disclosure of information on financial position and operating results of securities issuing companies. The duties of the management and the auditor of the Company in the preparation and disclosure of report on securities holding in accordance with the SEC's Notification No. Sor. Jor. 14/1997 regarding preparation and disclosure of report on securities holding are also terminated.

However, the Company will retain its status as a public company so that the shareholders will be able to access information and news of the Company in compliance with the Public Companies Act B.E. 2535 (1992), such as disclosure at the shareholders' meeting and annual report that the Company will submit to the shareholders on a yearly basis. Moreover, the shareholders may make copy of the Company's significant documents at the Ministry of Commerce, for example, certificate of corporation, the shareholders' list and financial statements.

(6) Tender offer price being in line with the SEC criteria

The tender offer price of Bt. 8.25 per share accords with the criteria in clause 58 of the SEC Notification no. GorJor. 53/2545 regarding the rules, conditions and procedure of acquisition of securities for business takeovers, thereby the tender offer price must not be lower than the highest price derived from the following:

Securities	Price (Bt. per share)
(1) The highest price of the ordinary or preferred shares acquired by the Tender Offeror or the persons under Section 258 of the Tender Offeror during the 90 days period before filing to the SEC	-None-
(2) Weighted average market price of the Company's shares during the five business days period before the date on which the Board of Directors resolved for requesting the shareholders meeting's consideration of the share delisting	-None-
(3) Net asset value of the Company calculated by the adjusted book value	7.36
(4) Fair value of the ordinary shares assessed by the IFA of the Company, i.e. Advisory Plus Co., Ltd.	7.56

5.2.2 Reasons for rejection of the tender offer

- None -

There may be reasons for rejecting the tender offer in case the Company has achieved its debt settlement or won the legal cases, which will lead to the generation of profit after the debt settlement with lighter debt burden, positive net worth and rectification of the grounds for being delisted from the SET as well as returning to the trading board again and exit of the rehabilitation process. All of these are uncertain in material respects or even have slim chance to take place or would take a long time from now on. As such, the shareholders may lose any opportunity to sell the shares in this tender offer, especially as the shares have over 9 years been under trading suspension with the "SP" sign.

5.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

5.3.1 Business status

After the completion of the tender offer, the Company will proceed with the delisting of its stocks from the SET while its business will still go on as usual.

The SET has announced the Company's shares falling under the purview of being delisted from the SET due to disqualifications in maintaining the listed company status.

1) The Company's financial statements recorded negative shareholders' equity since the financial statement ended December 31, 1998.

2) The Company failed to fully appoint the audit committee in compliance with the regulatory requirement since 2002.

3) The Company's auditors failed to express opinions on its financial statements for three consecutive years during 2005-2007 and the 6-month period of 2008 as examination could not be made with adequate evidence as to the accuracy of the investment proportion in subsidiary companies due to complicated shreholding structure with intensive cross-shareholding, and the correctness and completeness of the use of financial statements of subsidiary companies to work out the consolidated financial statements and recognition of interests, as well as the prospects of the Company's capabilities to carry on the business operations and to make debt settlements according to the plan.

There is uncertainty and also it would take time, for at least 2-3 years, in the rectification of the grounds for being delisted from the SET especially in respect of having negative shareholders' equity and the auditor's failure to express opinion on the Company's financial statements. To have its shareholders' equity turn into positive, the Company, the guarantor and the mortgagor can fully settle the debts under the plan to the large creditors and get a waiver of the remaining debts under the plan. The Company can achieve such undertaking no sooner than around 2010. Meantime, the rectification of the auditor's failure to give opinion on the financial statements would be complicated, with effects on several parties involved and taking time as well as dealing with a number of individuals and juristic persons. The matter is not expected to be settled soon.

We view that to give up the listed company status by way of voluntary delisting of shares from the SET is a good and appropriate undertaking, which would allow the shareholders to sell the shares held by them at the price in the tender offer and within a short time. Any other way in a bid to rectify the grounds for delisting so that the shareholders can sell the shares may not be workable and take time, i.e. no sooner than the next 2 years from now on.

5.3.2 Future policies and plans

We view that the Company will not be impacted by future policies and plans, as the Tender Offeror has no intention to make material changes to the Company's business operation plan and policy or its core asset disposal plan, as well as changes to the business operation objectives, within a 12 months period from the end of the tender offer period. As the Company is still in the process of implementing the rehabilitation plan, the Tender Offeror will be unable to take any action until after the Company has fully complied with the rehabilitation plan and the Court has ordered the termination of the business rehabilitation after 2010.

5.3.3 Related or mutual transactions

At present, the Company has related or mutual transactions with the Tender Offeror and the persons under Section 258 of the Tender Offeror. The transactions have taken place in line with the business conditions and/or the financial position of the Company, and have been disclosed in the notes to financial statements of the Company. The transactions are in compliance with the notifications of the SET and the SEC, with due regards to the necessity, reasonableness and the best interests of the Company. For other related transactions to take place in the future, the Company will perform in compliance with its articles of association and the provisions of the Public Limited Companies Act, subject to the consideration of the Plan Adminsitrator or the resolution of the Board of Directors or shareholders of the Company, as the case may be.

We view that, in the future, it is possible the Tender Offeror and the persons under Section 258 of the Tender Offeror and the Company will still have related or mutual transactions among one another, which would be related to the current ones, covering both those in connection with the implementation of the business rehabilitation plan, such as payment of principal and interest and such normal business items as rental payment and accounting service fee, which would benefit the Company.

5.3.3 Share offering plan

The Tender Offeror has stated in the tender offer that it has no plan to offer the ordinary shares of the Company in a significant amount within the next 12 months from the end of the tender offer period, except in case of shareholding restructure, thereby the Tender Offeror may sell or transfer the shares to the major shareholder or the person under Section 258 of the SEC Act B.E. 2535 (1992), or in case the Tender Offeror has the duty to perform in accordance with the relevant laws and rules enforced at the moment.

We view that, in case of sale or transfer of shares of the Company as stated above, if the Company is still in the rehabilitation process as at present, the minority shareholders will not be impacted more or less than at present as regards the change in the shareholding proportion of the Tender Offeror, as all the legal rights of the shareholders have duly been terminated since the Company's entering into the rehabilitation process under the Bankruptcy Act.

5.4 Benefits to and impacts on the shareholders in case they reject the tender offer (only in case of the tender offer for the purpose of securities delisting from the SET)

The shareholders who reject the tender offer and continue holding the Company's shares will still remain as the shareholders, with the rights pursuant to the Company's articles of association and Public Companies Act in such matters as attendance of shareholders' meeting, access to information, etc.

However, as the Company is still under the rehabilitation process pursuant to the Bankruptcy Act, the shareholders will have no power in the business control and management. According to the plan, the shareholders are not entitled to receiving dividend or any other benefits entitled by shareholders of businesses in general during the rehabilitation plan implementation period starting from the first day of the month following the date of the Court's order approving the rehabilitation plan, i.e. March 1, 2005-June 30, 2016, unless the debts have been settled in full amount and according to the criteria and procedure prescribed in the plan. At present, with accumulated loss recorded, the Company is unable to pay dividend to the shareholders.

Moreover, the shareholders will still be entitled to sell the shares to any persons besides the sale under this tender offer. However, they have to bear tax burden to be incurred from the income from sale (if any). The shareholders will also be impacted by the Company's delisting from the SET as detailed in 5.2.

Conclusion of the IFA's opinions

From the above information and reasons, we are of the opinion that the tender offer and the tender offer price of Bt. 8.25 per share are reasonable. The price is higher than the fair price valuated by the IFA by the present value of future free cash flow approach, i.e. Bt. 7.56 per share, and it is not lower than the highest prices derived pursuant to the criteria of the SEC Notification relating to the making of tender offer for securities delisting.

Therefore, we recommend that the shareholders accept the tender offer. However, in deciding as to whether to accept or reject the tender offer, the shareholders should take into consideration the reasons and comments given herein and make the final decision at their own discretion.

We hereby certify that we have given opinions on the tender offer prudently in line with professional practices and with due regard for the interest of the shareholders.

Yours sincerely,
Advisory Plus Co., Ltd.

- Prasert Patradhilok-

(Prasert Patradhilok)
Director