

6. Inter Company Transactions

6.1 Inter company transactions as a result of Organization Restructuring

On September 30, 2004, Steel Intertech (Public) Company Limited underwent organizational restructuring through disposal of the company's 30% investment valued 624,000 baht or 208 baht book value per share, based on financial report from the management at the end of August 2004, in Steel Intercon Company Limited to Mr. Nat Whangmahaporn, who is a shareholder. At the time, of such investment disposal, Steel Intercon Company Limited was discontinued its operations. Therefore Mr. Nat Whangmahaporn only acquired the shares for purpose of business dissolution. However, in 2004, the company made an adjustment o income realization method in proportion to work delivery percentage. In doing so, independent auditor adjusted fiscal year 2003 items related to service income realization, corporate income tax and retained earnings. Fiscal year 2003 retained earnings were resultantly lowered by 542,193.77 baht and carried forward to fiscal year 2004 realization. Therefore, book value per share as of September 30, 2004 was adjusted at 237 baht, which was higher than the value earlier estimated by the management. Consequently, the company realized the loss 86,995.14 baht from the disposal of the investment. Such loss was presented in fiscal year 2004 financial statements.

Opinions of Audit Committee

During the Audit Committee Meeting No. 1/2005, held on March 25, 2005, Audit Committee acknowledged the said organizational restructuring and opinions that Steel Intercon's shares were disposed to a shareholder who was neither director nor management member of Steel Intercon and that the transactions was reasonable at the time when it was made. Audit Committee further opinioned that such organizational restructuring, enhanced our management efficiency and was solely intended for the benefit of the company business operations.

No transactions occurred in 2007 and 2009

6.2 Inter Transaction Approval Procedures/Measures

In entering into inter transaction, Board of Directors shall review the transactions and consider approval within authorized authority and responsibilities. Future inter transactions are subjected to consideration by Audit Committee to preserve our best interests and to protect shareholders and all concerned parties against lost interests. Inter transactions are subject to be in compliance with relevant stock exchange legislation, regulations, notifications, orders or requirements issued by the Stock Exchange of Thailand. Those persons with probable conflict of interests or vested interests in any inter transactions are not allowed to participate in considerations and votes for the issue.

6.3 Inter Transaction Trends/Policy

In reference to future inter transactions, they are required to be in line with our general business nature and free from unfair interest allocation among shareholders, board members, or concerned parties. Audit Committee and/or Board of Directors is responsible for considering necessity and appropriateness of each inter transaction as well as ensuring pricing and entering conditions in line with our general business nature. Those persons with probable conflict to interests or vested interests in any inter transactions are not allowed to participate in consideration and votes for the issue. Board of Directors shall handle inter translation in compliance with relevant stock exchange legislation, regulations, notifications, orders, or requirements issued by the Stock Exchange of Thailand. Such handling of inter transactions by Board of Directors shall be also in compliance with requirements governing the disclosure of inter transactions, acquisition and disposition of assets by listed company and its subsidiaries as required by the Stock Exchange of Thailand. Furthermore, handling of inter transactions has to be in compliance with accounting standards set by the Institute of Certified Accountants and Auditors of Thailand. In case of any inter transactions with those persons of probable future conflict of interests or vested interests; we shall seek opinions from Audit Committee for necessity and appropriateness of such transaction and for conformity with our general business nature. Opinion sought from Audit Committee also includes price determination in comparison with current market price. In the event that Audit Committee has no expertise in any inter transactions, we shall seek opinions from external independent specialist or our appointed independent auditor. Based on their independent opinions Board of Directors or shareholders for final decision, as the case may be, shall make final decision on the issue. Information on inter transactions is subject to disclosure in notes to audited financial statements.