

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

We have reviewed the consolidated balance sheet of Sahaviriya Steel Industries Public Company Limited and its subsidiaries and the balance sheet of Sahaviriya Steel Industries Public Company Limited as at September 30, 2004 and the related consolidated and Company's statements of income for the quarter and nine-month period then ended and the related consolidated and Company's statements of changes in shareholders' equity and cash flows for the nine-month period then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to report on these financial statements based on our review. The consolidated financial statements of Sahaviriya Steel Industries Public Company Limited and its subsidiaries and the Company's financial statements of Sahaviriya Steel Industries Public Company Limited for the quarter and nine-month period ended September 30, 2003 presented herein for comparison, were reviewed by another auditor of the same firm, whose report thereon dated October 22, 2003, stated that nothing had come to her attention that caused her to believe that the consolidated and the Company's financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

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

Based on our review, nothing has come to our attention that causes us to believe that the consolidated and the Company's financial statements as described in the first paragraph are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of Sahaviriya Steel Industries Public Company Limited and its subsidiaries and the Company's financial statements of Sahaviriya Steel Industries Public Company Limited for the year ended December 31, 2003 were audited in accordance with generally accepted auditing standards by another auditor of the same firm, whose report thereon dated January 30, 2004 expressed an unqualified opinion on those statements. The consolidated and the Company's balance sheets as at December 31, 2003, presented herein for comparison, were derived from such financial statements. We have not performed any other audit procedures subsequent to such another auditor's report date.

BANGKOK
October 21, 2004

Thanawan Anuratbodee
Certified Public Accountant (Thailand)
Registration No. 3440
DELOITTE TOUCHE TOHMATSU JAIYOS

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	"Unaudited"		"Unaudited"	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2004	2003	2004	2003
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	2,219,008	108,399	2,179,115	47,049
Current investments (Note 4)	2,878,505	17,495	2,878,505	-
Trade accounts and notes receivable				
Related parties (Note 13.3)	1,235,100	1,787,097	1,219,199	1,765,818
Others	1,141,755	939,795	1,138,110	936,744
	2,376,855	2,726,892	2,357,309	2,702,562
<u>Less</u> Allowance for doubtful accounts	(398,844)	(405,051)	(393,888)	(400,095)
Trade accounts and notes receivable - net	1,978,011	2,321,841	1,963,421	2,302,467
Short-term loans and advances to				
related parties (Note 13.2)	5,104	3,051	5,132	3,062
Inventories (Note 5)	8,275,959	8,433,439	8,287,293	8,450,417
Other current assets				
Advance payments	1,079,980	682,993	1,081,501	682,989
Refundable value-added tax	86,015	32,456	84,010	28,265
Other receivables	473	470	719	707
Prepaid expenses	23,193	14,396	21,789	13,310
Deposit at bank used as collateral	16,200	16,200	-	-
Others	65,506	31,106	56,341	18,635
Total Current Assets	16,627,954	11,661,846	16,557,826	11,546,901
NON-CURRENT ASSETS				
Investments using the equity method				
(Note 13.1)	-	-	856,324	767,143
Long-term investments (Note 13.1)	561,621	561,621	561,621	561,621
Property, plant and equipment - net (Note 6)	17,528,618	17,009,451	15,445,182	15,061,607
Other non-current assets (Note 7)	41,793	68,592	6,046	13,004
Total Non-Current Assets	18,132,032	17,639,664	16,869,173	16,403,375
TOTAL ASSETS	34,759,986	29,301,510	33,426,999	27,950,276

See notes to the interim financial statements

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	"Unaudited"		"Unaudited"	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions (Note 8)				
Short-term loans	-	290,000	-	290,000
Trade Finance loans	436,033	-	436,033	-
Trade accounts and notes payable	1,993,345	1,211,787	2,009,873	1,194,118
Current portion of long-term loans (Note 9)	607,597	240,663	388,000	-
Current portion of debentures (Note 10)	720,000	-	720,000	-
Current portion of liabilities under hire-purchase agreements	1,357	6,179	290	2,627
Other current liabilities				
Accrued expenses	158,559	209,151	171,958	219,224
Others	407,289	134,861	367,900	72,163
Total Current Liabilities	<u>4,324,180</u>	<u>2,092,641</u>	<u>4,094,054</u>	<u>1,778,132</u>
NON-CURRENT LIABILITIES				
Long-term loans (Note 9)	7,594,285	6,794,016	7,212,000	6,400,000
Debentures (Note 10)	2,530,000	4,000,000	2,530,000	4,000,000
Other non-current liabilities				
Liabilities under hire-purchase agreements	661	4,706	109	3,451
Total Non-Current Liabilities	<u>10,124,946</u>	<u>10,798,722</u>	<u>9,742,109</u>	<u>10,403,451</u>
TOTAL LIABILITIES	<u>14,449,126</u>	<u>12,891,363</u>	<u>13,836,163</u>	<u>12,181,583</u>

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	"Unaudited"		"Unaudited"	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY				
(CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Authorized share capital				
1,310,150,000 ordinary shares of				
Baht 10.00 each	<u>13,101,500</u>	<u>13,101,500</u>	<u>13,101,500</u>	<u>13,101,500</u>
Issued and paid-up share capital				
1,310,128,000 ordinary shares of				
Baht 10.00 each, fully paid	13,101,280	13,101,280	13,101,280	13,101,280
ADDITIONAL (DISCOUNT) ON CAPITAL				
Discount on ordinary share capital	(2,171,280)	(2,171,280)	(2,171,280)	(2,171,280)
Unrealized increment per assets appraisal				
(Note 6.2)	5,668,897	5,984,283	5,668,897	5,984,283
RETAINED EARNINGS (DEFICIT)				
Unappropriated (Deficit)	<u>2,991,939</u>	<u>(1,145,590)</u>	<u>2,991,939</u>	<u>(1,145,590)</u>
Total Company Shareholders' Equity	19,590,836	15,768,693	19,590,836	15,768,693
MINORITY INTEREST	<u>720,024</u>	<u>641,454</u>	<u>-</u>	<u>-</u>
Total Shareholders' Equity	<u>20,310,860</u>	<u>16,410,147</u>	<u>19,590,836</u>	<u>15,768,693</u>
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY	<u>34,759,986</u>	<u>29,301,510</u>	<u>33,426,999</u>	<u>27,950,276</u>

See notes to the interim financial statements

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
REVENUES				
Revenues from the sales of goods	9,678,833	7,318,373	9,677,696	7,317,067
Revenues from the rendering of services	49,201	52,130	-	-
Other income				
Gain on exchange	3,401	142,956	4,254	143,655
Others	23,818	16,820	23,319	7,210
Share of profit from investment				
using the equity method	-	-	30,577	31,652
Total Revenues	<u>9,755,253</u>	<u>7,530,279</u>	<u>9,735,846</u>	<u>7,499,584</u>
EXPENSES				
Cost of the sales of goods	8,311,037	6,259,876	8,397,127	6,352,705
Cost of the rendering of services	63,884	79,738	-	-
Selling and administrative expenses	113,205	134,091	102,377	118,234
Doubtful accounts (Reversal)	(17,228)	(11,021)	(6,207)	-
Other expenses				
Loss on disposal of equipment				
and obsolescence	1,237	74	1,202	6
Others	828	-	-	-
Directors' remuneration	1,010	1,000	870	840
Total Expenses	<u>8,473,973</u>	<u>6,463,758</u>	<u>8,495,369</u>	<u>6,471,785</u>

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME (CONTINUED)

FOR THE QUARTERS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
INCOME BEFORE INTEREST				
AND INCOME TAX EXPENSES	1,281,280	1,066,521	1,240,477	1,027,799
INTEREST EXPENSES	100,818	170,954	97,282	166,321
INCOME TAX EXPENSES	9,819	4,466	-	-
INCOME AFTER TAX	1,170,643	891,101	1,143,195	861,478
NET INCOME OF MINORITY INTEREST	(27,448)	(29,623)	-	-
NET INCOME	1,143,195	861,478	1,143,195	861,478

EARNINGS PER SHARE (Note 11)

Basic earnings per share	BAHT	0.87	1.01	0.87	1.01
Diluted earnings per share	BATH	-	0.72	-	0.72

WEIGHTED AVERAGE NUMBER

OF ORDINARY SHARES

Basic earnings per share	'000 SHARES	1,310,128	853,000	1,310,128	853,000
Diluted earnings per share	'000 SHARES	-	1,310,143	-	1,310,143

See notes to the interim financial statements

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
REVENUES				
Revenues from the sales of goods	26,294,102	22,308,467	26,291,359	22,305,837
Revenues from the rendering of services	170,023	179,696	-	-
Other income				
Gain on exchange	-	206,903	1,649	207,908
Others	55,405	57,948	55,658	44,568
Share of profit from investment				
using the equity method	-	-	95,643	109,047
Total Revenues	<u>26,519,530</u>	<u>22,753,014</u>	<u>26,444,309</u>	<u>22,667,360</u>
EXPENSES				
Cost of the sales of goods	21,253,737	18,797,643	21,518,100	19,087,136
Cost of the rendering of services	200,812	221,122	-	-
Selling and administrative expenses	359,309	541,553	322,722	492,916
Doubtful accounts (Reversal)	(28,249)	(26,957)	(6,207)	-
Other expenses				
Loss on exchange	392	-	-	-
Loss on disposal of equipment				
and obsolescence	161,207	8,107	160,988	7,865
Others	2,388	-	1,533	-
Directors' remuneration	5,650	8,885	5,190	8,405
Total Expenses	<u>21,955,246</u>	<u>19,550,353</u>	<u>22,002,326</u>	<u>19,596,322</u>

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
INCOME BEFORE INTEREST				
AND INCOME TAX EXPENSES	4,564,284	3,202,661	4,441,983	3,071,038
INTEREST EXPENSES	316,780	589,291	304,454	571,665
INCOME TAX EXPENSES	25,195	13,482	-	-
INCOME AFTER TAX	4,222,309	2,599,888	4,137,529	2,499,373
NET INCOME OF MINORITY INTEREST	(84,780)	(100,515)	-	-
NET INCOME	4,137,529	2,499,373	4,137,529	2,499,373

EARNINGS PER SHARE (Note 11)

Basic earnings per share	BAHT	3.16	2.93	3.16	2.93
Diluted earnings per share	BATH	-	2.17	-	2.17

WEIGHTED AVERAGE NUMBER

OF ORDINARY SHARES

Basic earnings per share	'000 SHARES	1,310,128	853,000	1,310,128	853,000
Diluted earnings per share	'000 SHARES	-	1,310,143	-	1,310,143

See notes to the interim financial statements

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

"UNAUDITED"

BAHT : '000

	Issued and Paid-up Ordinary Share Capital	Discount on Ordinary Share Capital	Unrealized Increment per Assets Appraisal	Unappropriated Retained Earnings (Deficit)	Minority Interest	Total
Beginning balance, January 1, 2003	8,530,000	-	6,268,939	-5,848,037	397,173	9,348,075
Amortization	-	-	-242,500	-	-	-242,500
Net income	-	-	-	2,499,373	-	2,499,373
Minority interest increase	-	-	-	-	97,510	97,510
Ending balance, September 30, 2003	8,530,000	-	6,026,439	-3,348,664	494,683	11,702,458
Beginning balance, January 1, 2004	13,101,280	-2,171,280	5,984,283	-1,145,590	641,454	16,410,147
Amortization	-	-	(315,386)	-	-	-315,386
Net income	-	-	-	4,137,529	-	4,137,529
Minority interest increase	-	-	-	-	78,570	78,570
Ending balance, September 30, 2004	13,101,280	-2,171,280	5,668,897	2,991,939	720,024	20,310,860

See notes to the interim financial statements

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

THE COMPANY ONLY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

"UNAUDITED"

BAHT : '000

	Issued and Paid-up Ordinary Share Capital	Discount on Ordinary Share Capital	Unrealized Increment per Assets Appraisal	Unappropriated Retained Earnings (Deficit)	Total
Beginning balance, January 1, 2003	8,530,000	-	6,268,939	-5,848,037	8,950,902
Amortization	-	-	-242,500	-	-242,500
Net income	-	-	-	2,499,373	2,499,373
Ending balance, September 30, 2003	8,530,000	-	6,026,439	-3,348,664	11,207,775
Beginning balance, January 1, 2004	13,101,280	-2,171,280	5,984,283	-1,145,590	15,768,693
Amortization	-	-	-315,386	-	-315,386
Net income	-	-	-	4,137,529	4,137,529
Ending balance, September 30, 2004	13,101,280	-2,171,280	5,668,897	2,991,939	19,590,836

See notes to the interim financial statements

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	4,137,529	2,499,373	4,137,529	2,499,373
Items to reconcile net income to net cash flows from operations :				
Doubtful accounts (Reversal)	-28,249	-26,957	-6,207	-
Depreciation	449,167	457,889	383,237	398,429
Amortization	11	-	-	-
Provision for diminution in value of inventories (Reversal)	-6,373	-4,916	-6,373	-4,916
Additional (deduction in) interest on debt restructuring	-1,530	157,539	-	161,516
Realized gain on exchange	-1,159	-164,885	-1,159	-164,885
Unrealized gain on exchange	-19,331	-15,115	-19,331	-15,115
Gain on sales of temporary investment	-	-15,036	-	-
Gain on sales of property, plant and equipment	-1,213	-383	-1,172	-383
Loss on disposal of property, plant and equipment	161,207	39,169	160,988	38,927
Gain on redemption of debentures before maturity	-5,853	-	-5,853	-
Share of profit from investment using the equity method	-	-	-95,643	-109,047
Minority interest	84,780	100,515	-	-
Net income from operations before changes in operating assets and liabilities	4,768,986	3,027,193	4,546,016	2,803,899
Operating assets (increase) decrease				
Trade accounts and notes receivable - related parties	551,997	-357,142	546,619	-356,500
Trade accounts and notes receivable - others	-203,159	-263,748	-202,567	-263,721
Inventories	163,853	2,346,979	169,497	2,368,354
Short-term loans and advances to related parties	-53	58	-70	135
Advances to director	-	2,742	-	-
Advance payments	-396,986	-188,372	-398,512	-188,386
Refundable valued-added tax	-53,559	76,743	-55,746	79,079
Other receivables	22,039	23,705	-11	1,021
Prepaid expenses	-8,797	-12,438	-8,479	-11,801
Other current assets - others	-1,871	8,577	-5,178	-2,894
Other non-current assets	27,644	-76,981	6,958	-7,057

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
(CONTINUED)				
Operating liabilities increase (decrease)				
Trade accounts and notes payable	774,573	-388,724	808,771	-395,667
Accrued expenses	-50,591	-55,031	-47,266	-54,723
Other current liabilities - others	269,800	85,557	293,110	85,503
Net cash provided by operating activities	<u>5,863,876</u>	<u>4,229,118</u>	<u>5,653,142</u>	<u>4,057,242</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid for purchases of other investment	-2,861,010	-150,000	-2,878,505	-
Cash paid for purchases of property, plant and equipment	-1,452,364	-572,152	-1,237,093	-442,974
Proceeds from sales of property, plant and equipment	1,583	1,197	1,543	1,197
Proceeds from sales of temporary investment	-	367,531	-	-
Short-term loans and advances to related parties	-2,000	-3,000	-2,000	-3,000
Net cash used in investing activities	<u>-4,313,791</u>	<u>-356,424</u>	<u>-4,116,055</u>	<u>-444,777</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Short-term loan decrease	-290,000	-884,000	-290,000	-884,000
Trade finance loans increase (decrease)	434,805	-1,901,784	434,805	-1,901,784
Cash repayment of long-term loans	-151,267	-4,985,996	-	-4,848,769
Proceeds from long-term loans	1,320,000	-	1,200,000	-
Cash repayment for early redemption of debentures	-744,147	-	-744,147	-
Proceeds from issuance of debentures	-	4,000,000	-	4,000,000
Cash repayment for early redemption of long-term liabilities under hire-purchase agreements	-5,867	-4,592	-5,679	-2,673
Cash repayment of liability for purchase of land	-3,000	-2,000	-	-
Net cash provided by (used in) financing activities	<u>560,524</u>	<u>-3,778,372</u>	<u>594,979</u>	<u>-3,637,226</u>

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Net increase (decrease) in cash and cash equivalents	2,110,609	94,322	2,132,066	-24,761
Cash and cash equivalents as at January 1	108,399	111,109	47,049	44,540
Cash and cash equivalents as at September 30	2,219,008	205,431	2,179,115	19,779
Supplemental cash flow information:				
Cash paid for interest	378,547	476,520	359,392	454,586
Non-cash transaction:				
Vehicles acquired under hire-purchase agreements	1,012	3,659	-	3,219
Transfer of long-term loans to current portion	607,597	238,402	388,000	-
Transfer of debentures to current portion	720,000	-	720,000	-
Amortization of unrealized increment per asset appraisal	218,937	240,416	206,265	234,284

See notes to the interim financial statements