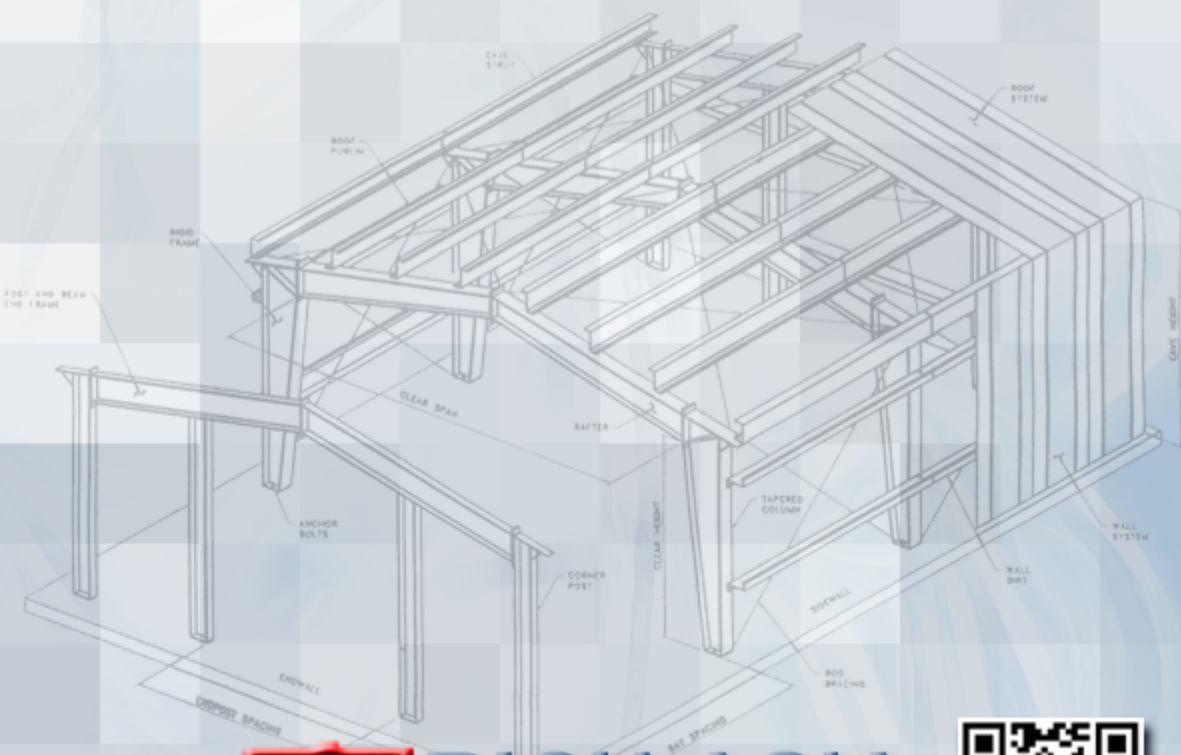


ANNUAL REPORT

รายงานประจำปี 2553

2010



RICH ASIA

RICH ASIA STEEL PUBLIC COMPANY LIMITED





Contents

Message from Board of Directors	1
Board of Directors	2
Executive Committee	3
Audit Committee Report	4
General Information	6
Background	8
Financial Highlights	12
Nature of Business	13
Risk Factors	17
Shareholding Structure	18
Management	19
Good Corporate Governance	35
Internal Audit	42
Related Parties Transactions	44
Management's Discussion and Analysis	53
Resume of Directors and Managements	59

Appendix

Financial Statements of the Company and its subsidiaries for the year ended
December 31, 2010



Message from Board of Directors

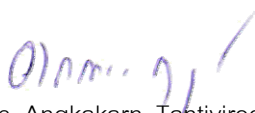
In year 2010 Thailand's economic has been continue recovered from end of year 2009 as a result of the government's economic stimulus package, expansion of export sector including the private sector's consumption, as well as the return to investment in new projects that had been postponed for clarification from the relevant authorities in the second half of year 2010, which affect to GDP's growth rate at 7.5% although it has been partially affected by the political turmoil in mid year.

The company's operations in the year 2010, the company has completely invested in subsidiary which is the largest spun pile manufacturer in the ASEAN region. The company has been supported from domestic financial institutions. The company's performance as per consolidated financial statements stated net profit of 128.72 million baht, and separate financial statements stated a net loss of 4.8 million which is the result of the increasing of the company's finance costs from investment in subsidiaries. However, after investment in such subsidiaries, during the last quarter of 2010, the subsidiary has expanded production capacity according to the increasing of customer's backlog. Furthermore, in 2011 the company has projected to invest in a steel pipes manufacturer who is the important production base of the company and the Board of Directors has approved such investment on December 24, 2010.

The Company recognizes the achievements and progress in the ongoing business which constitute from the competent and efficient human resource. The Company still continues to strengthen staffs through both internal and external training. Meanwhile, the company is also responsible to social and environment by create staff's conscious. This year, the company and staffs have accompanied in mangrove reforestation project at Klong Klom Mangrove Conservation Center, Samutsongkhram including donation for flood victims, donation in the Rural Development Volunteer Camp Project and direct donations to the victims in the southern provinces that has been assisted since mid 2009.

Lastly, Board of Directors is sincerely gratitude to our shareholders, suppliers and business partners including financial institutions for their contribution and trust continuously and praise to our colleagues who has the commitment and sacrifice to work. The Board of Directors will perform and operate business with the principles of good governance and discreet to bring ultimate benefits to all stakeholders.




(Ms. Angkarn Tantiviroon)
Chief Executive Officer




(Mr. Surapong Churangarit)
Vice Chairman



BOARD OF DIRECTORS



Mr. Surapong Churangsarit

Vice Chairman / Chairman of Audit Committee



Asst. Prof. Dr. Apicha Boonpattarakan
Director / Audit Committee



Dr. Nakhun Thoraneenitiyan
Director / Audit Committee



Ms. Angkarn Tantiviroon
Director



Mr. Somkiat Vongsarojana
Director



Mr. Teera Phoncharoensuk
Director



Mr. Rittirong Intarajinda
Director



Mrs. Phimsiri Keeratithiansiri
Director



Dr. Prasadarng Skolpadungket
Director



EXECUTIVE COMMITTEE



Ms. Angkarn Tantiviroon
Chief Executive Officer



Mr. Somkiat Vongsarajana
Managing Director



Mr. Teera Phoncharoensuk
Production Director



Dr. Ream Saijam
Chief Financial Officer



Audit Committee Report

The Meeting of Board of Directors of Rich Asia Steel Public Company Limited No. 3 / 2010 on April 2, 2010 has appointed Mr. Surapong Churangsarit to be replace as Chairman of Audit Committee instead General Naruedol Dejpradiyuth who passed away. The 2010 Annual General Meeting of shareholders on April 30, 2010 has resolved to appoint Dr. Nakhun Thoraneenitiyan to be audit committee. In 2010, the audit committee consisting of 3 independent directors as follows

- | | |
|---|----------------------------------|
| 1. Mr. Surapong Churangsarit | Chairman of Audit Committee |
| 2. Asst.Prof. Dr. Apicha Boonpattarakan | Audit Committee |
| 3. Dr. Nakhun Thoraneenitiyan | Audit Committee |
| and Mr. Vorapoj Chaisantana | Secretary to the Audit Committee |

The Audit Committee has followed and responsible for functions as assigned. The mission and major responsibilities include reviewing financial statements to accounting standards and adequately disclosed, review the system of internal control and internal audit to be appropriate, review the company compliance with applicable laws, follow the principles of corporate governance and supervise conflict of interest disclosure and consider the related parties to be accurate and complete including proposed appointment external auditor for the company.

For the fiscal year ended December 31, 2010, The Audit Committee has organized 5 times meetings to consider and review company's activities as followings.

Audit Committee	Attending Meeting / Total Meeting
Mr. Surapong Churangsarit	5/5
Asst.Prof. Dr. Apicha Boonpattarakan	4/5
Dr. Nakhun Thoraneenitiyan	3/3

1. Reviewed company's quarterly and audited financial statements of 2010 which have reported financial status and operation in 2010 and related transactions as stated in financial statement including management's clarification prior submission to the Board of Directors. The financial statements are stated in general accepted accounting principles and carried out an adequate information disclosure.



2. Reviewed the reasonability of related transactions and the operation transactions between company with related person and/or business which have been expressed a normal and general business transaction according to business necessity and company's optimized benefit.
3. Approved annual internal audit plan and quarterly review audit operation, audit report, progress of operation plan and viewed that company has an adequate, appropriate and efficient internal audit system.
4. Assess the adequacy of the company's internal control system by considering with Management and viewed that company has an adequate, efficient internal control system. The company has development and adjustment according to current circumstances and no significant errors occurred.
5. Examined company's risk management and advise the Management periodically and frequently to review and improve risk management plan to be in accordance with any change of circumstances.
6. Examined company's compliance with of Securities and Stock Exchange (SET) law and other laws relevant to company's business.
7. Advised the Management on focusing fully good corporate governance pursuant to regulations of Stock Exchange of Thailand in order to confirm confidence to the shareholders and all concerned parties.
8. Selected and proposed to the Board of Directors for their perusal for the Shareholders meeting's approval to nominate Mr. Ampol Chamnongwat and/or Miss Wanraya Puttasatien and/or Mr. Naris Saowalaksakul of S.K Accountant Services Co., Ltd. as the company's auditor's for 2010 accounting period with audit service fee of Baht 965,000 and other actual expenses related to auditing, i.e. reviewing financial statements in English, traveling expense, allowance, residence expense for auditing and fiscal inventory checking (if any) including in case of the company invest in subsidiaries company and has to arrange consolidated financial statements and cashflow statement, the audit fee for reviewing consolidated financial statements and cashflow statement is setting up amount 30,000 Baht each quarter.

The Audit Committee has carefully examined the works under responsibility and providing advice to the company with a good co-operation from company's management. The Audit committee has concluded that the company conform a good corporate governance and adequate internal control system including company's financial report audited by the approval auditor are in general accepted accounting principles and carried out an adequate information disclosure.

Mr. Surapong Churangarit

Chairman of Audit Committee



General Information**Company's Name, Location and Business Type**

Company's Name	:	Rich Asia Steel Public Company Limited
Symbol	:	RICH
Nature of Business	:	Seller and supplier of steel products which acquired from trading as well as hiring other steel plants to produce the products for the company, the company is also a trader and supplier of other types of steel products including raw materials and finished products. The finished products are composed of, for example, structural steel pipe, lipped channel, hot rolled coil and sheets, billets, and others.
Head Office	:	272 Soi Wat Channok, Praram III Road, Bangkor Laem, Bangkok 10120 Tel. 0-2689-3636 Fax. 0-2689-3688
Factory	:	1. 64/7 Moo 1 Praram II Road, Tambol Kokgrabue, Amphor Muang Samut Sakhon, Samut Sakhon Province 74000 Tel. 0-3445-8394 Fax. 03445-8162 2. 141/3-141/4 Moo 3 Tambol Bangprong, Amphor Muang Samut Prakarn, Samut Prakarn Province 10270 Tel. 0-2383-0485 Fax. 0-2383-0485
Distribution Centers	:	1. 64/7 Moo 1 Tambol Kokgrabue, Amphor Muang Samut Sakhorn, Samut Sakhon Province 74000 Tel. 0-3445-8393 Fax. 03445-8161 2. 33/8 Moo 5 Tambol Bangpleeyai, Amphor Bangplee , Samut Prakarn Province 10540 Tel. 0-2755-5364 Fax. 0-2755-5364 3. 116/7 Moo 5 Tambol Pantainorasingh, Amphor Muang Samut Sakhon, Samut Sakhon Province 74000 Tel. 0-3487-2255 Fax. 0-3487-2254 4. 207/1 Moo 3 Tambol Lamsai, Amphor Wangnoi, Ayutthaya Province 13000 Tel. 0-3527-1711 Fax. 0-3527-2017
Registration No.	:	0107549000050
Home Page	:	http://www.richasiasteel.com
Customers Care Center	:	0-2689-3682
(Customers' Complain Center)	:	http://www.customerscare@richasiasteel.com



Registered Capital	:	1,000,000,000 Baht
Ordinary Shares	:	10,000,000,000 Shares
Par Value	:	0.10 Baht per share
Paid-up Capital	:	1,000,000,000 Baht
Paid-up Ordinary Shares	:	10,000,000,000 Shares

Referrals and Their Locations

Common Stock Registrar

Thailand Securities Depository Co., Ltd.
Capital Market Academy Building, 2nd Floor
2/7 Moo 4, (North Park Project)
Vibhavadi-Rangsit Road, Tongsonghong
Laksi, Bangkok 10210
Tel. 0-2596-9000 Fax. 0-2832-4994-6

Auditor

1. Mr. Ampol Chamnongwat CPA No. 4663
2. Ms. Wanraya Puttasatien CPA No. 4387
3. Mr. Naris Saowalagsakul CPA No. 5369

S.K. Accountant Services Co., Ltd.
128/51 Phayatai Plaza Building,
14th Floor, Phayatai Road, Thungphayatai,
Ratchatavee, Bangkok 10400
Tel. 0-2214-6464-70 Fax. 0-2215-4772



Background

Rich Asia Steel Public Company Limited was established by Thai and Hong Kong investors on May 10, 1999 as Rich Asia Trading (Thailand) Co., Ltd., with an initial registered capital of Baht 1.00 million. The Company aimed to provide and distribute steel products by trading and contracting other manufacturers to produce steel products for the Company. In 2003, the Company has expanded its business to be a manufacturer of structural steel products and the Company increased registered capital to Baht 250 million providing that to purchased machinery to support production and sales increased. In 2004 increased registered capital to Baht 400 million providing that to purchased machinery, investment in distribution center for supporting the growth of sales. In 2006 The Company being listed in the Stock Exchange of Thailand and increased registered capital to Baht 500 million for business expansion, investment of land, plants, machinery for industrial structural steel and for working capital. In 2007 increased registered capital of Baht 1,000 million to support expansion of sales and working capital.

Currently, the company has paid-up share capital of Baht 1,000,000,000. The business has managed by Miss Angkarn Tantiviroon, who has majority proportion 8.01% of issued and paid-up capital. The total production capacity is 215,000 tones per year with the actual utilization rate of 5.20% of total production capacity in 2010.

The Company's background and major development can be summarized as follows:

- | | | |
|---------------|---|--|
| 1999 May | - | Established the company named "Rich Asia Trading (Thailand) Co., Ltd." with initial registered capital of Baht 1.00 million to operate as a trading company to provide steel products such as hot rolled coil and sheets, structural steels, lip channel steels, billets and other steel products. |
| 2000 January | - | Employed Siam Ferro Industry Co., Ltd. to provide steel production services. |
| February | - | Employed Inter Metal Tube Alliance Co., Ltd. to provide steel processing services. |
| 2001 January | - | Increased its registered capital to Baht 5.00 million to be used as working capital. |
| 2002 June | - | Increased its registered capital to Baht 75.00 million to be used as working capital. |
| 2003 June | - | Set up plant and warehouse to expanded its business to become a manufacture of steel pipes. |
| November | - | Launch its processing steel products for sale in domestic. |
| December | - | Increased its registered capital to Baht 250.00 million to purchase a steel pipe machine. |
| 2004 December | - | Increased its registered capital to Baht 400.00 million to be used as working capital. |



-
- 2005 August - Purchase C-Channel machine.
- 2006 March - Changed the name from “Rich Asia Trading (Thailand) Co., Ltd.” to “Rich Asia Steel Plc.”
- Increased registered capital from Baht 400 million to Baht 500 million and changed par value from Baht 100.00 to Baht 1.00 each which resulted in an increase in the number of ordinary shares from 400,000,000 shares to 500,000,000 shares and converted the company to be public company with the intention to be listed on the Stock Exchange of Thailand.
- August - Listing date as at 31 August 2006 (Trading commencement on 31 August 2006 by Initial Public Offering totaling 100 million shares)
- October - Achieved the approval certificate from Thai Industrial Standards Institute 107-2533 for Hollow structural steel.
- November - Achieved the approval certificate from Thai Industrial Standards Institute 1228-2537 Cold-formed structural steel.
- Operated the third local Distribution Center (D/C) at Tambol Pantainorasingh, Amphor Muang Samut Sakhon, Samut Sakhon Province
- 2007 January - Operated the fourth local Distribution Center (D/C) at Tambol Lamsai, Amphor Wangnoi, Ayutthaya Province
- February - Purchase land located in Tambol Bangpai Amphor Muang Chachoengsao Province for setting up Distribution Center.
- April - Signed agreement for buying land and building at Tambol Bangprong Amphor Muang Samutprakarn Province for set up hot rolling mill.
- June – July - Signed contract for purchasing machine for hot rolling steel.
- December - Increased registered capital from Baht 500 million to Baht 1,000 million for Allocation to existing shareholders 500 Million bath, offering price 2 baht each, par value Baht 1.00 each, the number of registered ordinary shares increased from 500,000,000 shares to 1,000,000,000 shares
- Complete installation of hot – rolling machine and test run for commercial production
- 2008 May - Changed par value of ordinary shares of the company from the value of Baht 1.00 per share to value of Baht 0.10 per share. As a result, the number of ordinary shares of the company were increased from 1,000 million shares to 10,000 millions shares.



-
- July - Increasing registered capital from 1,000 millions baht to 1,500 millions baht by issuing new ordinary shares in number of 5,000 millions shares, par value of Baht 0.10 per share for reservation convertible warrants No# 1 which offered to existing shareholders proportionally.
- December - The Board of Directors meeting no. 9/2008 held on 27 December 2008 passed a resolution approving the company's acquisition of ordinary shares of Thai National Product Co., Ltd. in a total amount of 26,100,600,000 shares each of Baht 0.01 par value, representing 100% of Thai National Product Co., Ltd total issued and paid-up shares in the amount not exceeding 650 million baht The company is under request for credit facilities from financial institutes. The company should perform this transaction within June 30, 2009.
- 2009 May - Decreasing registered capital from 1,500 millions baht to 1,000 millions baht due to the cancellation of the issue and offer of warrants to purchase new ordinary shares of the Company No. 1 in the amount of 5,000,000,000 units to the existing shareholders of the Company in proportion of shareholding.
- August - The Board of Directors meeting no. 4/2009 held on 14 August 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending June 30, 2009 to ending September 30, 2009. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- November - The Board of Directors meeting no. 5/2009 held on 14 November 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending September 30, 2009 to ending February 28, 2010. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
-



- 2010 April - The Meeting of the Board of Directors no. 3/2010 held on April 2, 2010 has resolved to approved the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from end February 28, 2010 to be ended May 31, 2010. The seller group has agreed and not object to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- May - The Company has obtained credit facilities support and performed investment transaction in Thai National Product Co., Ltd. by acquisition of ordinary shares in a total amount of 26,100,599,998 shares each of 0.01 Baht par value representing 100% of Thai National Product Co., Ltd. paid-up capital and has registered as shareholder in Thai National Product Co., Ltd. with the Registrar, Business Development Department, Ministry of Commerce. Hence the company has negotiated and agreed to purchase ordinary share at the price Baht 635.00 Million.
- December - The Meeting of the Board of Directors no. 8/2010 held on December 23, 2010 has resolved to approved the Company's acquisition of ordinary shares of Siam Ferro Industry Co., Ltd. in a total amount of 10,954,556 shares each of Baht 100 par value, representing 76.88% of Siam Ferro Industry Co., Ltd.'s total issued and paid-up capital, at the price of Bt.73 each, in the total amount of Baht 799,682,588.

**Financial Highlights**

Data from Financial Statement

	2008	2009	2010
Total Assets	3,246.20	2,569.71	3,517.79
Total Liabilities	1,849.34	1,149.48	2,102.36
Total Shareholders' Equity	1,396.85	1,420.23	1,415.42
Sales	4,550.65	3,985.57	4,347.10
Total Revenues	4,654.08	4,267.92	4,381.20
Gross Profit	-11.59	114.83	130.39
Operating Profit (BFIT)	-73.21	104.98	86.89
Net Profit	-204.57	23.38	-4.81
Retained Earnings	-174.94	-151.56	-156.37

Financial Ratios

	2008	2009	2010
Liquidity Ratio			
Current ratio (times)	1.38	1.89	1.25
Quick ratio (times)	0.43	1.12	0.81
Cash flow liquidity ratio (times)	(0.67)	0.46	(0.13)
Receivables turnover (times)	5.48	4.66	2.57
Collection period (days)	66.63	78.38	142.16
Inventory period (times)	6.51	7.57	14.97
Inventory turnover period (days)	56.06	48.21	24.39
Account payable turnover (times)	25.76	19.73	13.65
Payment period (days)	14.17	18.50	26.74
Cash cycle (days)	69.10	108.08	139.81
Profitability Ratio			
Gross profit margin (%)	(0.25)	2.72	2.22
Net on EBIT (%)	(1.61)	1.33	0.90
Net Profit (%)	(4.40)	0.55	(0.11)
Return on equity (%)	(20.47)	1.66	(0.34)
Efficiency Ratio			
Return on assets (%)	(7.69)	0.80	(0.14)
Return on fixed assets (%)	(60.11)	20.66	(2.05)
Assets turnover (times)	1.75	1.47	1.24
Financial Ratio			
Debt to equity ratio (times)	1.32	0.81	1.49
Interest coverage (times)	(0.56)	1.29	0.95
Cash Fixed Charges Coverage Ratio	(0.48)	0.25	1.32
Dividend payout ratio (%)	0	0	0



Nature of Business

Rich Asia Steel Public Company Limited is a trader and supplier of other types of steel products including raw materials and finished products. The finished products are composed of, for example, structural steel pipes, hot rolled coil and sheets, billets, and others. With company's policy of being a manufacturer, trader and supplier of all types and sizes of steel products; hence, the company can be deemed as a "One-Stop-Service Company" by the coordinate of purchasing planning, production planning and hiring other steel plants to produce, and the efficiency of inventory control managing to provide the product for meeting the customer demand by prompt quality and quantity.

The company's products and services can be classified into 3 categories as follows:

1. Procurement and trading various steel products

The Company procured steel products for trading as well as hiring other steel plants to produce the products for the Company including raw material and finished products as follows

1.1 Structural steel pipes which are steel pipes and lip channel steel

The Company contracts manufacturers to produce square tube, black steel pipe and rectangular tube with standard length 6 meters, diameter ½" – 8" and thickness 1.00-4.50 millimeters. In addition, the Company provides trading of steel products to fulfill customers' need for general usage such as construction and water pipes.

1.2 Hot rolled coil and sheets

The Company purchases hot rolled steel coil and sheets from distributors and resell them to customers who are wholesalers and manufacturers in various industries such as construction, automobile industries and furniture etc. The product has thickness 1.20-12.00 millimeters with varying sizes according to customers' specifications, mainly used for construction, shipyard, heavy industry, for example, sugar factory and oil refinery etc.

1.3 Billet and other products

Beside procurement and sale of structural steel pipe, lip channel, hot rolled coil and plate, the company still also procure and sell long products and other steel products, for example, checkered plate, flat bar, angle bar, channel, galvanize steel pipe, fitting, structural steel H-beam and I-beam, round bar and wide flange beam etc. With the One-Stop-Service policy, the company makes best endeavor to serve the customers.

2. Production and trading structural steel products

Besides procurement and trading various steel products, the company has established production lines for structural steel as follows:



2.1 Steel pipes

The Company is a manufacturer of steel pipes consisting of square tubes, black steel pipes and rectangular tubes with standard length 6 meters, diameter ½ " – 3" and thickness 1.00-4.50 millimeters. Currently, the Company has 2 machines with total capacity of 75,000 tons per year. The actual utilization rate in 2010 was 4.22% of machine capacity respectively.

2.2 Lip channel

The Company produces 5"- 8" lip channel with thickness 1.60-3.20 millimeters and also produces 8" chassis used as a component of a truck. Currently, the Company has 1 machine with total capacity of 50,000 tones per year. The actual utilization rate in 2010 was 6.69% of machine capacity.

For the products which the Company cannot produce or costly for changing its production line to produce, the Company will contract other manufacturers to produce for the company.

3. Industrial structural steel

The Company produced and sold industrial structural steel for use in structural works and construction. The company has 1 machine with total capacity of 90,000 tons per year. In 2010 there was no production due to the impacts of foreign economic crisis and domestic politics that affect the overall demand for such products

Revenue Structure

Sources of Revenue	2008		2009		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	537.64	11.55	357.01	8.85	493.72	11.33
1.2 Black steel pipe	269.04	5.78	171.29	4.25	161.64	3.71
1.3 Rectangular tube	339.52	7.29	318.22	7.89	581.21	13.34
1.4 Lipped channel	462.14	9.93	561.44	13.92	896.77	20.59
1.5 Angle Bar	54.85	1.18	1.14	0.03	1.13	0.03
1.6 Deformed Bar	599.04	12.87	404.21	10.02	78.63	1.80
2 Hot rolled steel coil and Sheets	1,040.59	22.34	812.81	20.15	1,197.16	27.48
3 Billet	801.73	17.22	152.76	3.79	-	-
4 Other *	446.40	9.59	1,206.69	29.91	932.39	21.40
Total Revenue from sales ⁽¹⁾	4,550.65	97.74	3,985.57	98.78	4,342.64	99.68
Other revenue **	105.43	2.26	49.05	1.22	13.74	0.32
Total Revenue	4,656.08	100.00	4,034.62	100.00	4,356.38	100.00

* Others consists of scrap, steel strapping, cold roll coil, round steel bars, H-beam, wide flange beams



** Other revenue consists of gain (loss) from exchange rate, revenue from truck rental and transportation service, interest earned revenue from debt repayment receipt form management instead of trading account receivable and others

Remark : (1) Revenue from sales can be categorized by type of business using the proportion of procurement of products as follows:

Sources of Revenue	2008		2009		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Supplying						
1.1 Trading	997.75	21.93	2,593.51	65.06	3,758.56	86.55
1.2 Hiring other steel plants	2,217.97	48.74	1,096.52	27.52	462.06	10.64
Total revenue from supplying	3,215.72	70.67	3,601.20	92.58	4,220.62	97.19
2. Manufacturing	1,334.93	29.33	295.54	7.42	122.02	2.81
Total revenue from sales	4,550.65	100.00	3,985.57	100.00	4,342.64	100.00

Goals and Objectives of the Company

Under the quality policy of “Maintain production standards, Faster friendship with customers, Develop Human Resources, Better prepared for the future.” the company is one of the leaders in trading and supplying steel products. The company has a policy of being a stable provider and manufacturer of steel products including raw materials and finished products. The Company's objective is to operate as a full range trader and supplier providing its customers various types and sizes of steel products as “One-Stop-Service”. The company also provides fast and promptly delivery service with the purpose of responding to customer needs promptly.

The company targeted to develop its business to be a leader in steel production to enhance stability of company's production capacity and products variety by launching new products for example; Project of producing structural steel for using in automotive industry and construction industry including procurement SGHRC (Special grade Hot Rolled Coil) for the gas cylinder industries to expand customer base and enhance company's margin.

Customer Characteristic and main customer group

The major's target customer is enterprise who are the seller of structural steel and various steel products, foreign customers and other companies in related industries which use the company's products as raw materials.

Sales and Distribution sections

The company sell products to approximately 200 wholesalers located throughout Bangkok, suburban and other provinces, which sell products to customers. Moreover, the company directly sells to enterprises



which use the Company's products as raw materials. The sale proportion of wholesalers and direct endusers is 95:5. Currently, the Company has 4 distribution centers. 1 distribution center is located in Samut Prakarn province. 2 distribution centers are located in Samut Sakhon province and 1 distribution centers is located in Ayutthaya province.

Competition

Currently, company's steel pipe products targeted to serve to general usage market (Mass Market) which is in great demand, such as construction in housing and office building. There are four major competitors which are in the same customer base, but the competition is not severe even though there are many competitors because each competitor focus on different target group of customers. In 2010 world economic and Thailand economic have been recovered from the crisis in 2008, as the result to expansion of construction industries sector and mega project has been started in mid 2010.

Products procurement

The Company' raw materials and main products are hot rolled coil and steel sheet, steel pipe, cold formed C-Channel, and other types of steel products (billet, rectangular steel, square steel, water tube, slit, joint, steel bar ,etc.) The company procures various steel products through trading, hiring and producing for selling to the customers which are 86.55%, 10.64% and 2.81% respectively in 2010,

Raw materials purchasing policy

The Company will order hot rolled coil 1 month in advance with approximately 10,000 tons per order consistency to have enough raw materials with quality as required by customers.

Production policy

The Company has a policy to utilize its existing machines to focus on steel products with special specifications (made to order) and to produce standard steel products if there is no order for special specification products. The Company will mainly subcontract orders to other manufacturers to produce only general standard products. Thus, The Company will subcontract only steel products, which company's plants cannot produce due to size and quality or it is costly for changing or adjust its production line to produce such products.

Environmental Effects

Major environmental influences of Rich's operation are noise from operation and the collected and sold scraps. For noise, the company's operation conforms to the regulations of the Department of Labor Protection & Welfare. Since operating the factory, the company has never been filed by any lawsuit relating to environmental influences or any warning or fine from government agencies following the



regulated acts, including Factory Act AD 2535 and Environmental Act AD. 2535. Moreover, the factory has been continues to renew license and permits by regulator every year.

Future Projects

The company has expanded business into related industry in 2009 which is concrete spun pile business that mainly used in government's mega projects i.e. Electrical train, Bridge, Tank farm and other projects which needed strengthen foundation. Such business will be create additional revenue to the company

Risk factors

1. Risk from fluctuation of raw material price

The company's major raw material is Hot Rolled Coil (HRC) which accounted for 40.64% of total value of raw material purchased. In 2010 all purchasing was 100% order from domestic manufacturers and suppliers. In addition, the prices of hot rolled steel prices was adjusted in line with world price demand and supply which are important factors that was impacted to raw material costs and gross margins due to hot rolled price is the major cost.

In order to control risk from fluctuation of HRC, the managements promptly monitors steel price and evaluates trend of world price and domestic price of HRC, market situation as well as cost of goods sold and set its selling price which its level could reduce the risk from fluctuation of raw material price.

2. Risk from products procurement

The company mainly purchases Hot Rolled Coil from one of major domestic supplier and manufactures, G Steel and subsidiaries in proportion of 54.27% of total value of raw material purchase in 2009. Hence, the company may face the risk of relying on supplier, who may supply inadequate raw materials for production. Currently, there are only 2 HRC manufacturers who are Sahaviriya Steel Industry Public Company Limited, G Steel Public Company Limited.

However, and the company has never experienced any shortage of raw material with this supplier due to a consistency placing order and the company is able to reduce the risk by importing raw material from foreign countries.

3. Risks from loan due for payment

The company has liabilities which was due for repayment to bank and financial institute in December 2010. Such liabilities was trust receipts, promissory notes and long term loans which partial payable according to the conditions stated in the contract and result to the whole loan amount were due for repayment. Consequently, the company has paid the payable debt to bank and financial institute. Such bank and financial institute has considered to allow the company to accommodate short term credit and long term loan as normal thereon.

In order to prevent such risks which may occurred in future, the company will reserve the particular cash for repayment in each installment and prepare cash flow projection to accommodate loan repayment in each period to prevent shortage of cash flow in future.

4. Risk from competitive law change

Following the free trade agreement among some countries, i.e China, Australia, New Zealand and India inter alia the decrement permission import tax of steel pipe to 0-5% within 2018 for China. In 2008 Thailand had agreed to be economic partnership with Japan to open free trade on April 3, 2008.



The agreement has come into force since November 1, 2008 to encourage trading and investment for the business. HRC and steel pipe are being in the agreement of decreasing the tax for Thailand's import special grade hot rolled coil from Japan for automobile industries following to the Thailand and Japan agreement. The effects to Thai steel industry is the import tax must be reduced to 0% immediately for the special grade HRC which can not be produced in Thailand. For HRC which able to be produced in Thailand, the import tax will be gradually reduced to 0% within 11-15 years from promulgated date. After acceptance of agreement the company may be faced effects by competitors who import HRC or steel product to sell in domestic. However, the importers who import products from foreign countries have the disadvantages of lead time and freight charges which may not cause much difference price between imported and domestic and they may faced risk to delivery on-time. Also government policy to control production standards, the importers must apply TISI standard for HRC and steel products which is caused same treats for importer.

The protection risk of FTAs, the company may procure lower price raw material from foreign countries to maintain its competitiveness.

Shareholding Structure

Major Shareholders as of September 16, 2010 (Valued Baht 0.10 per share)

Ranking	Shareholders	Number of shares	Percentage
1.	Mr.Komol Jungrungruangkit	910,482,530	9.10
2.	<u>Miss Angkakarn Tantiviroon's group</u>		
	1.1 Miss Angkakarn Tantiviroon	435,500,000	4.36
	1.2 Mrs. Phimsiri Keeratithiansiri	334,500,000	3.35
	1.3 Mr. Chen Marcus	22,500,000	0.22
	1.4 Miss Chen Ming Ming	8,906,250	0.08
	Total	801,406,250	8.01
3.	Miss Natthaya Choke-udomnirun	234,254,700	2.34
4.	Mr. Taweesak Watchararakkawong	197,000,000	1.97
5.	Mr. Narong Wangcharoenwong	179,397,800	1.79
6.	Miss Rangsima Pleumjitt	171,592,700	1.72
7.	Miss Wannee Sirawattanamongkol	144,500,000	1.45
8.	HSBC PRIVATE BANK (SUISSE) SA	139,000,000	1.39
9.	Mr. Jatuporn Wongthongsan	130,000,000	1.30
10	Miss Supinya Leeswadtrakul	122,415,000	1.22
	Total	3,030,048,980	30.30
	Other Shareholders	6,969,951,020	69.70
	Total Shareholders	10,000,000,000	100.00

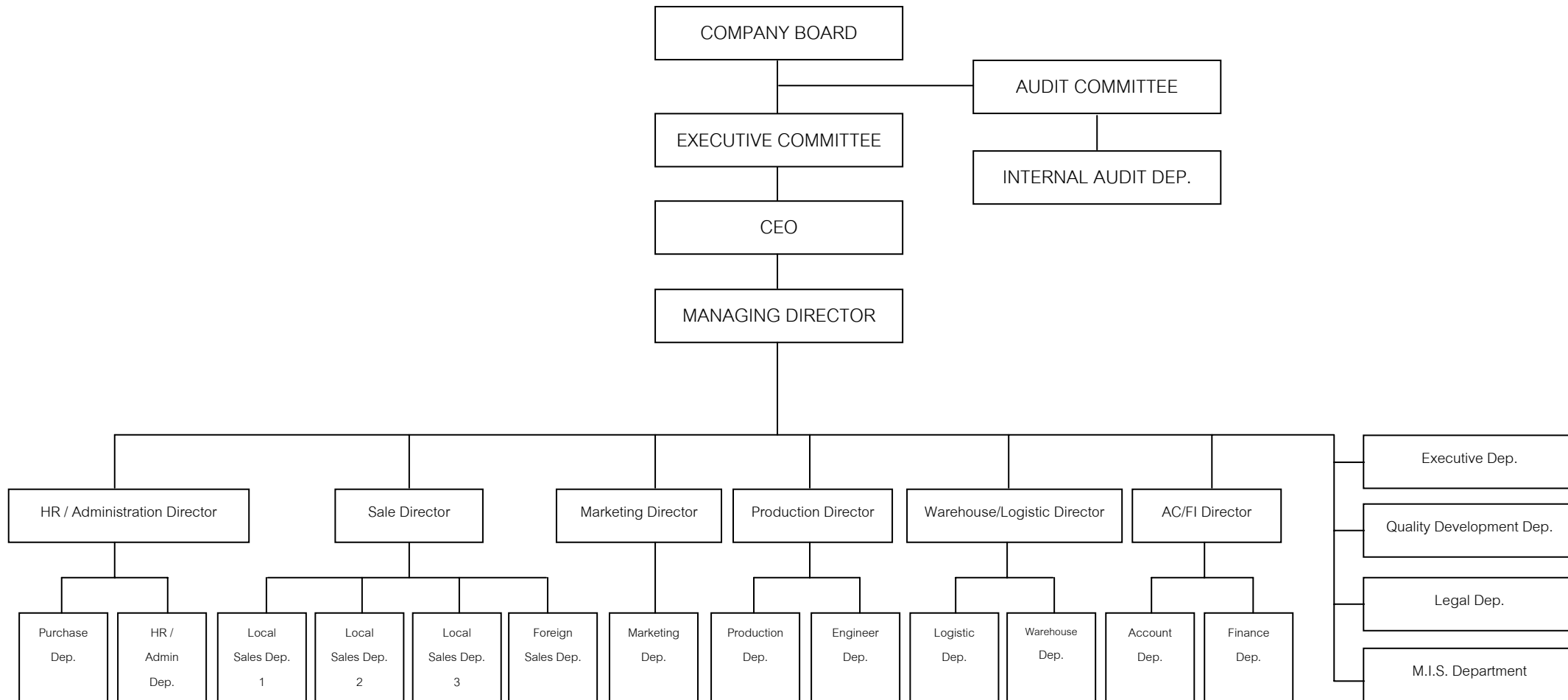
Dividend Policy

Not less than 50% of RICH's net profit after tax and legal reserve depending on its operating result, financial status, liquidity, cash requirements and any other relevant factors.



Management

Organization Chart





Management Structure

Company's Management Structure consists of Board of Directors and two Committees i.e. Audit Committee and Executive Committee.

Board of Directors

Company's regulation specifies that Board of Directors comprises at least 5 directors. Not less than one half of all directors must have domicile in Thailand. The board will be responsible for all activities of the company and has authority and duty to carry out the activities within the scope of the law, the objectives and articles of association of the company and according to the resolution of the shareholders' general meeting and has authority to do anything as specified in the Memorandum of Association or those related to such action. The board may assign any person or persons to work in any activity on behalf of the board.

As December 31, 2010 of the Board of Directors comprises of 9 members:

- 3 Executive Directors
- 3 Non-Executive Directors
- 3 Independent Directors

Board of Directors' Name

1. Mr. Surapong	Churangarit ¹⁾	Vice Chairman / Chairman of Audit Committee (Independent Director)
2. Mrs. Phimsiri	Keeratithiansiri	Director (Non-Executive Director)
3. Mr. Rittirong	Intarajinda	Director (Non-Executive Director)
4. Miss Angkakarn	Tantiviroon	Director (Executive Director)
5. Mr. Somkiat	Vongsarojana	Director (Executive Director)
6. Mr. Teera	Phoncharoensuk	Director (Executive Director)
7. Asst.Prof.Dr. Apicha	Boonpattarakan	Director / Audit Committee (Independent Director)
8. Dr. Nakhun	Thoraneenitiyan ²⁾	Director / Audit Committee (Independent Director)
9. Dr. Prisadarng	Skolpadungket ²⁾	Director (Non-Executive Director)

Remark 1) Director has been appointed in the Meeting of Board of Directors No. 3 / 2010 on April 2, 2010 as Vice Chairman / Chairman of Audit Committee instead General Naruedol Dejpradiyuth, Chairman of Audit Committee who passed away and no longer be mentioned position from March 29, 2010 onward.

2) Director has been appointed from the 2010 Annual General Meeting of shareholders on April 30, 2010.

Director's Authority on behalf of the Company

Miss Angkakarn Tantiviroon or Mrs. Phimsiri Keeratithiansiri co-sign with Mr. Somkiat Vongsarojana or Mr. Teera Phoncharoensuk together 2 persons and affix company's seal.



Independent Director

The current Board of Directors comprises of 3 Independent Director, which is one third of the total number. Chairman is an Independent who does not hold the title of top Management. Board of Directors resolves to define the qualifications of Independent Directors which was updated to comply with requirements of the Capital Market Supervisory Board as follows:

- 1) Holding shares not exceeding one per cent of the total number of shares with voting rights of the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
- 2) Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the applicant, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of filing an application with the Office. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the applicant;
- 3) Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the applicant or its subsidiary company;
- 4) Neither having nor used to have a business relationship with the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office.

The term 'business relationship' under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the applicant or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the



Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

- 5) Neither being nor used to be an auditor of the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office;
- 6) Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office;
- 7) Not being a director appointed as representative of directors of the applicant, major shareholder or shareholder who is related to major shareholder;
- 8) Not undertaking any business in the same nature and in competition to the business of the applicant or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the applicant or its subsidiary company;
- 9) Not having any other characteristics which cause the inability to express independent opinions with regard to the applicant's business operations.

Authorities and responsibilities of the Board of Directors

Board of Director's meeting no.1/2006 held on February 3, 2006, there is a setting of authorities and responsibilities of the Board of Directors.

The authorities and responsibilities are as following:

- 1) Assign the company policy especially in management, financial, and also manage all company's risks.
- 2) Investment consideration, authorize the budget and any investment project for the company. Also manage all projects to follow the company's plan and policy.



- 3) Oversee the management of the company to reach the highest target. And also plan the way to solve any problems that may occur during doing any projects.
- 4) Arrange the general data report and the Company's financial report to the shareholder, the beneficent or general investor correctly with update and legally data.
- 5) Acknowledge all important reports from Audit committee, internal auditor, auditor and company's counselor. And also provide discipline for improvement and correction any significant mistakes.
- 6) Ensure that the company has an adequate and appropriate internal audit and risk management.
- 7) Issuing the succession plan for top management level.
- 8) Assigning Audit committee and approve the duties of Audit committee.
- 9) Assigning management committee or authorize one or more committees, or other person to be an authorized person. Therefore, the authorized person must not have authority to approve anything for any committee who will be the beneficiary or conflict of interest to the company or subsidiaries. (Definition of "The person who may has conflict" means according to the announcement of Securities and Exchange Commission)

Except that project pass the shareholder's meeting. However, the committee who possibly be the beneficiary or conflict of interest to the company or subsidiaries, will be the one who cannot vote about these matters.

- legal matter that must pass the shareholder's meeting
- making some transaction by the beneficent committee that might already appears in rules and regulation of the stock market, that must pass the shareholder's meeting.
- therefore, these following matters must agree by the shareholder's meeting and Board of Director's meeting with the lowest of $\frac{3}{4}$ of all shareholder's vote.
 - Sale or transfer all management of the company or some essential part of it to other person.
 - Accept the purchasing or transferring of other public company, private company to be their company.
 - Doing, improving or canceling any contracts involve with the management renting of the whole company or some essential part of it. Assigning other person to control the company or merging with other person the sharing them the profit.



- Issuing new stock for paying to the creditor according to the changing debt to investment project.
- Decreasing the registered capital of the company by decreasing the value of stock and the amount of stock.
- Increasing capital, decreasing capital, issuing bond, merging or termination the company.
- Other matters according to laws.

Board of Directors' Meetings

In 2010, Board of Directors' meetings have been occurred 8 times as the following attendance:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Mr. Surapong Churangsarit	Vice Chairman (Independent Director)	8/8
2. Mrs. Phimsiri Keeratithiansiri	Director	8/8
3. Mr. Rittirong Intarajinda	Director	7/8
4. Miss Angkakarnt Tantiviroon	Director	8/8
5. Mr. Somkiat Vongsarajana	Director	8/8
6. Mr. Teera Phoncharoensuk	Director	8/8
7. Asst.Prof.Dr. Apicha Boonpattarakan	Director (Independent Director)	7/8
8. Dr. Nakhun Thoraneenitiyan	Director (Independent Director)	5/5
9. Dr. Prisdarnng Skolpadungket	Director	3/5

Audit Committees

The current Audit Committee consists of 3 members, all of whom are Independent Directors and not being a director assigned by the board of directors to take part in the business decision of the company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person and not being a director of the parent company, subsidiary company or same-level subsidiary company which is a listed company, of which nominated by Board of Directors. All members of the Audit Committee have sufficient knowledge and experience to review the reliability of financial statements. The Audit Committee is legally assigned from Board of Directors to responsible as defined in Charter of Audit Committee. Board of Directors has approved the updated policy on the scope of authority of the Audit Committee to comply with the Stock Exchange of Thailand announced with regular meetings at least once quarterly.



The Audit Committee named as follow:

- | | | |
|-------------------------|-----------------|---|
| 1. Mr. Surapong | Churangsarit | Chairman of Audit Committee /
Independent Director |
| 2. Asst.Prof.Dr. Apicha | Boonpattarakan | Audit Committee / Independent Director |
| 3. Dr. Nakhun | Thoraneenitiyan | Audit Committee / Independent Director |

All members of the Audit Committee have sufficient knowledge and experience to review the reliability of financial statements.

Authorities and responsibilities of Audit Committee

- 1) To review the company's financial reporting process to ensure that it is accurate and adequate;
- 2) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief and/or officer of an internal audit unit or any other unit in charge of an internal audit;
- 3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
- 4) To consider, select and nominate an independent person to be the Company's auditor, any to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- 5) To review the Connected Transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefits of the Company;
- 6) To prepare, and to disclosed in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) An opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) An opinion on the adequacy of the Company's internal control system,
 - (c) An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) An opinion on the suitability of an auditor,
 - (e) An opinion on the transactions that may lead to conflicts of interests,
 - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with charter, and



- (h) Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
- 7) To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Board of Audit Committees' Meetings

In 2010, Board of Audit Committees' meetings have been occurred 5 times as the following attendance:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Mr. Surapong Churangsarit	Chairman of Audit Committee	5/5
2. Asst.Prof.Dr. Apicha Boonpattarakan	Audit Committee	4/5
3. Dr. Nakhun Thoraneenitiyan	Audit Committee	3/3

Executive committee

December 31, 2010 all 4 Executive Committees consist of following:

- | | | |
|-------------------|----------------|-------------------------|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarojana | Executive Committee |
| 3. Dr. Ream | Saijam | Executive Committee |
| 4. Mr. Teera | Phoncharoensuk | Executive Committee |

Authorities and responsibilities of Executive Committee

Board of Directors' meeting no. 6/2008 held on August 14, 2008 has resolved to adjusted the authorities and responsibilities of Executive committee to manage by efficiency, as detailed in the following.

- 1) Empower to decide the significant operations by specified scope of works, purpose, discipline, policy, type or size of duties within their authorities including govern general operation, production, customer's relation and must responsible to Board of Directors.
- 2) Consider and approve procurement and purchasing, business investment including purchasing or selling company's fixed assets. The Executive Committee must propose to Board of Directors for considering and approval if such matters beyond approval authority.
- 3) Have authority approval to purchase and sell raw material and/or finished goods and/or components which is normal business transaction not over 30,000 tons.
- 4) Have authority approval of expense for normal business transaction.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.



- 6) Consider company's fund raising and propose to Board of Directors.
- 7) Assign and approve all counselors for the company.
- 8) Manage all administrative matters.
- 9) Consider and approve each department's operation plan and approve any requisition beyond their authorities.

For the purpose, the Executive Committee may authorize each Executive Committee, if any, to conduct any activities within the specified scope of work, duties and responsibilities of the Executive Committee. Therefore, the authorized persons have no authority to approve any transaction which himself or any person who will be beneficiary or conflict of interest to the company or subsidiaries. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the Exchange or laws. (Definition of "The person who may has conflict" means according to the announcement of Securities and Exchange Commission)

Establishment of Authority Approval

Executive Committee has authority to approve purchasing and procedure under the scope as specified in Regulations of Executive Committee's Authority which details as following.

1. Executive Committee has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 1,200 million baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 50 million baht per transaction. In case of beyond authorized limit, must propose to Board of Directors for approval.
2. Chief Executive Officer has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 20 million baht per transaction. In case of beyond authorized limit, must propose to the Executive Committee for approval.
3. Managing Director has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million baht per transaction. In case of beyond authorized limit, must propose to Chief Executive Officer for approval.

Authorities and responsibilities of Chief Executive Officer

Board of Directors' meeting no. 6/2008 held on August 14, 2008 has resolved to adjusted the authorities and responsibilities of Chief Executive Officer for efficiency management, as detailed in the following.



- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. Such approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million baht per transaction and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense, selling and administration expense not over 20 million baht per transaction. In case of beyond the budget or authorized limit, must propose to the Executive Committee for approval.
- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who in charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Director/Chief Executive Officer or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

Authorities and responsibilities of Managing Director

Board of Directors' meeting no. 6/2008 held on August 14, 2008 has resolved to adjust the authorities and responsibilities of Managing Director to manage by efficiency, as detailed in the following.

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. It is approval to purchase and sell raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million



baht per transaction. In case of beyond the budget or authorized limit, must propose to the Chief Executive Officer for approval.

- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who in charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Managing Director or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

Nomination of Directors

Although there is no Nominating Committee, the Board of Directors will be the one who assign by delicate selection according to Public company law Act #68 B.E. 2535 includes other relevant laws. Moreover, the selection stressed in experiences, knowledges and all essential abilities. Also all the nominated names are pass the shareholder's meeting.

Appointment of Directors and End of Directorship

1. Board of Directors is appointed by major votes of shareholders' meeting with the following principles and procedures:

- 1.1 Shareholder's votes equal to one share per one vote.
- 1.2 Each Shareholder shall use all existing votes to elect one person or several persons to be a director, but the votes cannot be divided to any person whatsoever and however.
- 1.3 The one who got the highest vote will be selected as the Board of Director respectively. If there is an equal vote, the President will be the one who assign.

2. In every ordinary annual meeting, the directors shall leave the positions for at least one-third of total Directors. If the number of directors cannot be divided into three portions, the number of directors to retire shall be the nearest number of one-third portion.

The directors retiring from the positions in the first year and the second year after registering the company, shall draw lots to know who will retire. In the subsequent years, the director who is in the position for the longest time, will retire from the position.

The directors retiring from the positions may be elected to the positions.



3. Other than retiring from the positions according to the schedule, the directors may retire from the position in case of:

- 3.1 Death
- 3.2 Resigning from the company
- 3.3 Lacking of qualifications or having any prohibited nature under the public limited company law.
- 3.4 The shareholders' meeting has resolution for the directors to retire from position.
- 3.5 The court's order to retire from position.

4. In case the position of the director is vacant because of other causes other than retiring according to the rotation, the board will choose a person having qualifications and having no prohibited nature under the public limited company law, to be substitute director in the next board meeting, except the period of the directors was less than two months.

The persons who is the substitute director, will be in the position of directors only for the remaining period of the director that he/she is the substitute for that director.

Nomination of Audit Committee

Board of Directors or Annual General Shareholders' Meeting nominate Audit Committee which consisting at least 3 members and all of whom are Independent Directors by selecting from any members of Board of Directors and at least one of the selected must have sufficient knowledge and experience to review the reliability of financial statements.

Nomination of Executive Committee

Board of Directors Nominate Executive Committee which consisting 3-5 members by selecting from any Director or employee who have experience and not being member of Audit Committee. Executive Committee has duty to manage all administrative matters and directly responsible to Board of Directors.

Management

As at 31 December 2010, the Management consists of 4 members, as follows:

- | | | |
|-------------------|----------------|---|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarojana | Managing Director/
HR / Administration Director (Deputy)/
Sales Director (Deputy) |
| 3. Dr. Ream | Saijam | Chief Financial Officer |
| 4. Mr. Teera | Phoncharoensuk | Production Director |

(Details of Director and Management appear in Appendix 1)



Company Secretary

Board of Directors' meeting no. 1/2008 held on February 1, 2008 has resolved to appointed Miss Nongluck Sarochsuwan, to be Company Secretary to support in practice Board of Directors and the Company's duty pursuant to the relevant laws and regulations.

Director and Management Remuneration

1. Monetary Remuneration

Directors Remuneration

Annual General Shareholders' Meeting 2010 on April 30, 2010 has resolved to fix the remuneration for Board of Directors for year 2010 i.e. remuneration, Bonus on operation as follows:

1) Remuneration of Board of Directors' meeting as follows.

Chairman	20,000 Baht / time
Vice Chairman	15,000 Baht / time
Directors	10,000 Baht / time

(Only for attending Directors)

2) Bonus on operation for 2010 at the rate 10% of dividend paid in 2010 but not excess 7 Million Baht.

Director who is managements will received salary as remuneration.

3) Remuneration for Sub-committee i.e. Audit Committee, directors who have been nominated as member of Sub-committee will received additional remuneration on meeting as follows.

Chairman of Audit Committee	20,000 Baht / time
Audit Committee	10,000 Baht / time

(Only for attending Directors)

Thus, Directors' remuneration is considered from Company's performance, responsibility of the Board and compared to the remuneration of similar business in the same and similar size business.

In 2010 the Company has 9 Directors which 3 of Directors are Management. For accounting period of December 31, 2010, the company has paid remuneration to each director as follows:



Name	Position	Remuneration ¹⁾ (Baht)
1. Mr. Surapong Churangarit	Vice Chairman / Chairman of Audit Committee	185,000
2. Mrs. Phimsiri Keeratithiansiri	Director	80,000
3. Mr. Rittirong Intarajinda	Director	70,000
4. Miss Angkakarn Tantiviroon ²⁾	Director	-
5. Mr. Somkiat Vongsarojana ²⁾	Director	-
6. Mr. Teera Phoncharoensuk ²⁾	Director	-
7. Asst.Prof.Dr.Apicha Boonpattarakan	Director / Audit Committee	110,000
8. Dr. Nakhun Thoraneenitayan	Director / Audit Committee	80,000
9. Dr. Prisadamng Skolpadungket	Director	30,000
10. General Naruedol Dejpradiyuth ³⁾	Chairman / Chairman of Audit Committee	20,000
Total		575,000

Remark 1) Remuneration paid upon joining meeting of each director.

2) Director who is managements will received salary as remuneration.

3) Director who passed away and no longer be mentioned position from March 29, 2010 onward.

In 2010, the company does not pay bonus on operation of the Board.

Managements Remuneration

In 2010 the company has 4 Management for accounting period of December 31, 2010 the company has paid remuneration to Managements as follows:

Total Managements Remuneration

Type of Remuneration	Amount (Baht)
Salary	9,594,000.00
Provident Fund	68,520.00
Total	9,662,520.00

Remark Only first 4 Managements starting from Chief Executive Officer who is top Management and Management who hold the position in equal level of Management No. 4.

2. Other remuneration

Other remuneration of the company is Provident Fund which established on May 1, 2006 in the rate of 2% of their salary, beginning on May 2006 and pay life insurance expense to Managements as details in the table above.



Policy and procedure to monitor the management using inside information

The company set up policy and procedure to monitor directors, management who using inside information before disclosing to the public for personal benefit including trading company's securities, as follow:

- Inform all directors and managements regarding their duties in preparing and disclosing reports of shareholding and any shareholding by their spouses and minor children to the SEC under the rules and procedures specified in Section 59 and the punishment in section 275 of the SEC Act B.E 2535.
- The company set up that management reports the changing securities holding in the company to the SEC under the rules and procedures specified in Section 59 of the SEC Act B.E 2535 and deliver such reports to the company on the same date which delivered to the SEC.
- The company has circulated to the managements that the managements who be informed significant inside information which effected to changing of securities price, must be forbidden to the trade company's securities for one month prior such financial statement or inside information disclose to the public and be forbidden to disclose such significant inside information to other person.

Given this, should anybody in the company employ inside information for personal benefit or disclose to the others which cause damage to the company, the company will consider the appropriate punishment by verbal notation, letter notation, privation or termination as the case may be.

Personnel

As of December 31, 2010 the Company has a total of 82 staff (exclude 4 Managements). The Company compensated the employees who are not Management for a total of 17.71 Million Baht in consists of salary and provident fund.

Labor dispute for last 3 years

- No -

Human Resource Development Policy

The Company has set the training program for employee which divided into 2 levels as follows:

1. Operation Level Focus on working knowledge, security in workplace, encourage to have more discipline and develop positive thinking toward organization by giving an opportunity for employee to express idea and solving problem within function.



2. Command Level Focus on management, technical and modern management. The company has conducted the training program for internal and external.

Therefore, in 2010 the company has conducted internal and external training program to improve working skill, knowledge, develop attitude of positive thinking toward organization for both operation level and command level which consists of 16 internal training programs and 11 external training programs which total numbers of 70 participants.

The company has the policy to appoint or promote employee in appropriate position every year for employee who has ability and capability according to development plan and career path. The company also supports the employee for further study which the employee can indulgent working time in appropriate to studying program.

The company has encouraged director and chief executive director to participate in Thai Institute of Directors (IOD) and other programs to develop knowledge and understand of role and ability on being a director and management team.

The table shows the numbers of employee for each division on December 31, 2010.

Division	Employee amount (person)
Purchase	3
Human Resource & Administration	10
Sale	9
Production	29
Engineering	-
Warehouse	9
Accounting	7
Finance	5
Internal Audit	1
Law	1
Information Technology	2
Logistics	2
C.E.O. Office	4
Total	82

Remark: Employee amount exclude Managements



Good Corporate Governance

Following to the Code of Best Practices policy, the company accepts such principle as company's operation guidelines which is beneficial to the operation and supporting management efficiency and transparency and create a confidence of shareholders, investors and all concerned parties. The company nominates Secretary to the company as Investor Relation. Currently, the company has practiced according to such principles as following:

1. Principle and policy of good corporate governance

- 1.1 The company set up explicit business operation which is equitable treat to shareholders and all shareholders.
- 1.2 Board of Directors and staffs will manage and cooperate with efficiency and careful for maximize benefits to the company and shareholders.
- 1.3 Operation will be process with transparency, provable and sufficient, on time and equitable information disclosure to all concerned parties.
- 1.4 Risk management has been controlled appropriately and sufficient for decision.
- 1.5 Focusing on ethics for duty operating which will not be create any hazardous to all shareholders.

2. Shareholders' Rights

All information must be generally disclosed to all shareholders equally. In every shareholders' meeting, the company has strictly follow the public company regulations such as delivery of invitation letter along with meeting agendas to every shareholder prior to the meeting date and advertise to the public according to Articles of Association of the company. The meeting has be taken in a convenience location. During the meeting, all shareholders have an equal right to express their opinion and ask questions for clarification within an appropriate time. Record of the meeting is prepared in a written report which includes all questions, clarification and opinions expressed at the meeting.

In order to following Good Corporate Governance Practice relevant to the rights of shareholders and equitable treatment of shareholders, the Company is providing the opportunity for the shareholders to propose matter to be included as an agenda, as well as propose qualified candidate to be nominated as the Company's Director ahead of the Annual General Meeting of Shareholders for the year 2011, starting from October 18, 2010 to December 31, 2010. The detail guidelines and procedure have been disclosed in the Company's website at www.richasiasteel.com.

3. Stakeholders' Rights

The company highlights the importance and recognizes each stakeholder's rights which are factor to create wealth, jobs and financial stability of company. Therefore, except duties and responsibility to shareholders, Board of Directors also recognizes to equally treat the right of all parties concerned on fair basis as following:



Staffs	: equitable treatment and reasonable benefits to all staff including arrange working environment in good quality.
Traders	: fair treatment and follow terms and conditions stated in agreement and develop business relationship.
Customers	: to main production quality control, standard of service, not disclose customer's secret and follow fair trade condition i.e. pricing, terms of goods return, quality and safety of goods etc.
Competitors	: avoid unfair competition, and practice business ethics.
Creditors	: follow payment terms.
Community/ Social	: Control company's operation which will be effected to community environment and social including follow the related law and/or regulation.

In addition to the responsibilities under good corporate governance, the company has also responsible to society and the environment by support Corporate Social Responsibility activities to restore profitability and social responsibilities as follows:

Accountability and participation to surrounding society

- Set up measures to prevent surrounding community not to be impact by the company's operation such as wastewater treatment and recycle in production flow without drained to the surrounding community.
- Employ and generate income to people who lived in nearby community.
- Participation in community activities to inherit culture, heritage or community activities such as participate and donate with Wat Chan Nork community to present robes and other needs to the monks and participate and donate with Wat Lad Bua Khao community to present robes to the monks after Buddhist Lent.

Accountability and participation to general society.

- Monthly contribute to the person who has been injured and disabled to move the body and be affected and unrest in southern provinces. Donations were started since July 2009 to the present.
- Donate money for toilet building to Wat Nong Pa Yang, Kosum Phisai, Mahasarakarm.
- Donated used materials such as computer monitors, printers, scanners, photocopier, electric typewriter etc. to Wat Suan Kaew Foundation for their further utility.
- Donate money to help victims from flooding through Thep Amnuay Foundation.
- Participate and donate to raise funds to build public library for Khao Pra Kru temple, Sriracha, Chonburi.



- Donate money to the Pathumwan Institute of Technology for the Rural Development Volunteer Camp Project to build learning building and infrastructure to Ban Pha Daeng Luang, Mae Suay, Chiang Rai Province.

Further to the responsibilities and participation to surrounding society and general society, the company also considered and attended to the environment and ecology system of the country where were deteriorated in many areas by inducing HRH Queen Sirikit's order that worried to forests and natural resources. The company and staffs were trained to build and share knowledge for recovery mangrove restoration campaign at Klong Klom Mangrove Conservation Center, Samut Songkhram province which is one of the honorary reforestation campaign presented to His Majesty the King. HRH Princess Maha Chakri Sirindhorn who also be pleasure in mangrove forests in the Klong Klom district and has come to the mangrove planting several times.

The company has policy to support and participate in such program seriously. The company will follow-up the growth and replace planting for the dead or damaged area because mangrove is both valuable as larvae and fish nursery resource and as windshield to reduce the severity of coastal winds. Whereas Klong Klom community will have an abundance of mangrove areas and can generate sustainable income. As soon as the targeted mangrove planting is achieved, the company will further expand the mangrove area, and also has policy to support rehabilitation environment campaign in other area or other projects thereon.

4. Shareholders' Meeting

The Board of Directors recognized the importance of shareholder's meetings which is basic rights of the shareholders. The meetings shall be organized and run according to the Company's regulations, Public Limited Company Act B.E. 2535 and SET rules and announcements or regulations. The Board shall encourage an equal treatment for all shareholders with transparency and simplified handing procedures and facilitate shareholders to exercise their rights to attend meetings and to obtain the Company's data and information prior to the sessions. Equal opportunities and time allocation shall be provided for all shareholders to express their opinions and raise any questions during the meeting as per the proposed agenda and issues. The minutes shall be recorded accurately for shareholders' follow-up and examination. As a half of board of directors, at least one of audit committee, auditor and other assistance attend to shareholder's meeting which is set up in appropriated date and location for all parties including shareholders to attend a shareholder's meeting.

In 2010, the Company held the Annual General Meeting of Shareholders on April 30, 2010. The Company has adjusted and developed the arrangement formality of each Shareholders' Meeting in order to set standard and comply with the AGM checklist which is evaluated by Thai Investors Association. In



2010 AGM Assessment Program, the Company received the score range 90-99 in level “Excellent”. The Company set up formality for AGM as follows:

1. Disclosing adequate information for shareholders’ decision making, disseminating to them in advance information and an invitation letter to the meeting as legally required. Also, the meeting information is published in advance on www.richasiasteel.com and announce these information to SET for the shareholders to study before the meeting.

2. Facilitating shareholders and their proxy who attend the meeting by using software system in registration in order to make its more convenience and faster and providing card for voting for each set of agenda. For agenda of the election for director, company provided card for voting separated by individual for shareholder to be able to elect director individually. Furthermore, The Company announced to all shareholders in the meeting how to give their votes, how to count the votes and also the discipline in the meeting before start the meeting.

3. Strictly conducting the meeting as per the set agenda and providing a question – answer session for clarification and fairness to shareholders and all parties concerned. Explicitly disclosing voting results of each agenda.

4. Having shareholders meeting session tape-recorded, taking main contents of enquiries in the minutes for future references and also to enable absentee shareholders to catch up with the relevant details. The Company dispatch the minutes to SET and published in www.richasiasteel.com within 14 days after the meeting and announce these information to SET.

5. Overseeing and conducting the shareholders meeting in accordance with the Company’s regulations, the Public Limited Company Act B.E. 2535, SEC and SET announcements or regulations.

5. Leadership and Vision

Board of Directors provide personal experience, knowledge and skill for setting an operating plan and target, and also follows up to ensure the company’s successful operation including define and clearly segregated duty and responsibility between Board of Directors, Management team, employees and other related parties. Board of Directors also define Audit Committee to oversee internal audit department to assess the adequacy of internal control system and appropriated risk management for maximized benefits to the company.

6. Conflict of Interest

Although, some directors, management team and employees are the company’s shareholders who have not right to vote conflicted transaction. All related parties transaction must be clearly informed to a public and disclosed in the annual report (Form 56-2) and annual registration statement (Form 56-1). In case, the changing amount of share, directors and top management must report immediately to SEC and SET, following the section 59 in Stock Exchange Regulation. Before one month of announcing a financial statement, the directors and top management could not trade their shares.



7. Business Ethics

The ethics principle for directors, management team and all employees must be conducted with transparency, honesty and morality which are practiced for operating business. Such ethics will improve the high standard of business practice and the shareholders' confidence. Code of Ethics for best practice as follows

Best practices on operation

Board of Directors, management and all staff should practice as following:

1. Action with loyalty, transparency and fair and adequate disclosure to ensure that any decision making will be optimized benefits to concerned parties.
2. Action on most carefully and ability to maintain standard of works and always develop performance.
3. Do not use company's inside information or secret for own benefit and/or related person.
4. Follow the related laws and regulations and cooperate for auditing by internal audit and external party.
5. Develop company's information for outsider understanding.

Best practice to beneficiaries

Board of Directors, managements and all staffs will practice to the beneficiaries i.e. Shareholders, Creditors, Customers, Traders, Competitors, Employees, Community and Social as follows:

1. Shareholders and Creditors; follow code of best practice and disclose adequate information i.e. accounting practices, Usage of internal information, conflict of interest to ensure that any decision making will be optimized benefit to all concerned parties.
2. Customers: to main production quality control, standard of service, not disclose customer's secret and follow fair trade condition i.e. pricing, terms of goods return, quality and safety of goods etc.
3. Traders: fair treatment and follow terms and conditions stated in agreement and develop business relationship.
4. Competitors: follow the good competition, avoid unfair competition and without truth including avoiding for access to customers' secret.
6. Employees : equitable treatment and reasonable benefits to all staff including arrange working environment in good quality. Enhance knowledge and performance and non-perform any illegal matters.
7. Community/Social : Control company's operation which will be effected to community environment and social including follow the related law and/or regulation. Including support community's activities to create cooperation and social's responsibility.



8. Balance of Power for Non-Executive Directors and Managements

In 2010, the board of director consists of 9 members as the following:

- 3 Executive Directors
- 3 Non – Executive Directors
- 3 Independent Directors

With the knowledge, experience and skill of all directors are used to conduct a managing policy for providing the best benefit to the company. All 3 independent directors represent 33.33% of total directors, showing good balance of power. For the positioning of new independent directors must be voted in shareholders' meetings, except the independent director resigns before the end of period.

9. Aggregation and Segregation of Positions

Regarding the president and Managing Director is not the same person who may be represented the same group of major shareholders, the independent directors would be able for balancing the power in the directors' meeting.

10. Directors and Management's Remuneration

The meeting remuneration for Directors being paid in the average range and can be compared to others in the same industry, which considering to the adequacy of Director's duty and responsibility. For the executive directors who participate in management of the company, have received a salary and bonus, in the amount can be compared in average range with others company. (The details of Directors and Management's remuneration are disclosed in the topic "Director and Management Remuneration" in the Management chapter.)

11. Board of Directors' Meetings

At least one meeting within three months has been requested. All subjects and the meet's agenda must send to all directors at least 7 days in advance. The meet's secretary must prepare correctly and keep all meetings' record. (The details of Directors and Management's remuneration are disclosed in the topic "Board of Directors' Meetings" in the Management chapter.)

12. Committee

Board of Directors will appoint sub committees for a good corporate governance which at least, the audit committee must be set up for the internal audit control with a period of 3 years and consists of 3 independent directors minimum. Board of Directors may appoint remuneration committee and nomination committee or other committee which is appropriate for verifying transparency to Board of Directors (The details of Committee are disclosed in the topic "Audit Committee" and "Executive Committee" in the Management chapter)



13. Internal Control and Internal Audit

The company has conducted an internal audit department for viewing and checking the financial and accounting transaction to follow the principle of internal control. The internal control report must be submitted to the audit committee whom would review compliance control and risks management and the unusual transaction of the company.

14. Statement from the Board of Directors

The board of directors is responsible for providing shareholders, investors and other related parties with an annual summary report, showing all company's information and the financial statement report.

15. Investor Relations

The board of directors recognizes the important of providing accurate and disclose of information regarding its financial and operational performance to shareholders, investors, and other related parties. The acceptant and interested of investor along with public hearing has been supported the company's representation.



Internal Audit System

Board of Director's Meeting no 2/2011 on February 28, 2011 which all 3 Audit Committees were in the meeting. They evaluated the adequacy of Internal Audit System of Rich Asia Steel PLC. in 5 areas of Internal Audit System which are organization and environment, risk management, controlling management performance, information system and follow up system. The meeting has an opinion that the company has adequate internal control system as follow:

1. Organization and Environment

The company has set up appropriate business goals, explicit and measurable investment plan to be operation criterion for employees. The operation goals are determined by assessment of possibility expectation which being careful consideration by Board of Directors prior to determine targets including monthly performance evaluation. The company has concise structured organization which can be manage effectively and also have written policy, regulations and procedure of work for operation.

2. Risk Management

The Management all time assess business and economic circumstances and analyze internal and external risk factors, opportunity and possible effects to the company in order to define measurement to reduce risk levels. Providing that there also be risk assessment by internal audit department, who presented to Audit Committee and Management for seeking the methodology of preventive and reduction risk including follow up the assessment review and information update periodically.

3. Controlling Management Performance

The company has clearly and in written set authority and approval limits for each level of management and divide important responsibilities separately for instance approval authority, accounting records and information, and assets controlling. For transactions with major shareholders, directors or Managements and related company are based on normal business transactions and treated similar to other parties which be optimized benefits to the company. The Audit Committee has considered such transactions quarterly and assigned internal auditor to verify such transactions and report to the Audit Committee including company's disclosure of details and conditions of such transaction in Notes to financial statements which reviewed by the external auditor. The company has arranged supervisors meeting in order to follow up the operation result thru Key Performance Indicator, analyze and consult inter department which would be a channel to exchange information and efficiency of controlling.



4. Information System & Communication

The company realized on information technology systems and focused to develop organization's network for efficient management which can be served information storage, the efficient and real time reporting. The company has contacted consultants to study and analyze workflow system for information systems assessment including propose and select the most appropriate information system which result to Enterprise Resources Planning (ERP) selection for replacement previous system. This ERP system can be served current and future necessity of the company and there are new functions that can be developed continually.

5. Follow up System

The company provides meeting between the Audit Committee and top executive quarterly. In 2010 there are five times meeting to summarize internal audit report and monitoring report with Management.

The company has established the Internal Audit Department on 3 October 2005 to assess, analyze risk factors and provide feedback of internal control system which is including the financial audit, operation audit, compliance audit, reviewing related transactions, and arrange audit report presented to the Audit Committee. The recommendation of the Audit Committee regarding credit term approval is in accordance. There is also a meeting with management to consider about the observations and recommendations from the review of financial statement by external auditor regarding the transaction of extension of deposit for investment.

Board of Directors conclude that the company conform good corporate governance and adequate Internal control system according to SEC'S evaluation form especially the internal control of related transaction with major shareholders, directors, management and related to such person and carried out adequate information disclosure.



Related Parties Transactions

Company / People	Relationship	Transaction Account	2009 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
<u>Siam Ferro Industry Co., Ltd (SFI)</u>	- Miss Angkakarn Tantiviroon, director and shareholder of the Company, is the plan Administrator of Siam Ferro Industry Co., Ltd. since 2003. In addition, Miss Angkakarn Tantiviroon used to be a director and a shareholder of Maximum Holding Co., Ltd. (the former name is "Rich Asia Holding Co., Ltd"), as shareholder of Siam Ferro Industry Co., Ltd. (Miss Angkakarn Tantiviroon and Mrs. Phimsiri Keeratithiansiri, director and shareholder of the Company, used to held 15% and 15% in Maximum Holding Co., Ltd. (the former name is "Rich Asia Holding Co., Ltd"), which held 30% in Siam Ferro Industry Co., Ltd., At present, Mrs. Phimsiri Keeratithiansiri and Miss Angkakarn Tantiviroon have already sold their entire stake in Maximum Holding Co., Ltd. to the third party in January 2006.)	1. Account receivable 2. Account payable 3. Accrued expenses -transportation - Tooling fee - Tooling fee 4. sales of steel pipe 5. Tooling fee 6. Other expense Transportation and maintenance	0.053 0.249 0.301 1.266 0.362 0.117 11.377 2.359	- - - 0.320 3.263 0.773	<ul style="list-style-type: none"> - The 1st and 4th items is sale of steel products to SFI which comparison the sale to non-related parties, the terms and condition sale has performed in normal way of business. - The 2nd items 3th and 5th items occurred by the company hire SFI to produce goods as per production policy of the company for the most efficiency and reduce time for machine adjustment that the company can support many purchase order for variety of size and quantity. The terms of trade and prices based on the normal trade compared to non-related parties. - Other expenses in item No.6 are delivery service fee and vehicle maintenance fee which occurred by the company has insufficient of trucks for delivery, so the company contact Siam Ferro Industries to pick up and deliver. SFI also has vehicle maintenance department their own and provide vehicle maintenance to the company. The expenses charged can be compared with non-related parties. <p><u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>



Company / People	Relationship	Transaction Account	2009 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
<u>G.T. Steel Works Co., Ltd.</u>	Miss Angkakarn Tantiviroon, director and shareholder of the Company, and family held 34.81%, respectively in G.T. Steel Work Co., Ltd.	1. Sales of steel pipes and billets. 2. Transportation revenue 3. Tooling fee	0.032 0.001 0.111	- - -	<ul style="list-style-type: none">- The sales in the 1st item occurred by G.T. Steel Works. The transaction was trading of goods which was normal terms and conditions that can be compared with non-related customers.- The transaction in 2nd item occurred by the insufficient trucks for delivery of G.T. Steel Works, and companies has provide transportation service to G.T. Steel Works Co., Ltd. Terms and conditions of business can be compared with non-related customers.- Tooling fee in 3rd item occurred by G.T. Steel Works provide service to produce machine spare parts in order to maximize efficiency and reduce time to modify machine. Terms and conditions are normal business transaction which can be compared with non-related customers. <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>



Company / People	Relationship	Transaction Account	2009 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Chaisupon Co., Ltd.	Young brother and young brother's family of Mr. Songdech Atimethin, a member of management of the Company, is a director and holding 99.99% in Chaisupon Co., Ltd. (Mr Songdech Atimethin resigned from the executive of the company on November 21, 2009.)	1. Sales of steel pipes	2.114	No transaction	<p>- The sale in 1st item, Chaisupon Co., Ltd. was a customer who purchased steel pipes from the company. The transaction was normal terms and conditions of business which can be compared with non-related parties.</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transaction's are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
<u>Mahalap Metal Co., Ltd.</u>	Young brother and young brother's family of Mr. Songdech Atimethin, a member of management of the Company, is a director and holding 99.99% in Mahalap Metal Co., Ltd. (Mr Songdech Atimethin resigned from the executive of the company on November 21, 2009.)	1. Sales of rectangular tubes and C-Channel. 2. Tooling fee	39.279 0.778	No transaction	<p>- The sale in 1st item that Mahalap Metal Co. Ltd. was a customer who purchased steel pipes from the company to sell normally. The transaction was normal terms and conditions of business which can be compared with non-related parties.</p> <p>- Tooling fee in 2nd item occurred by the company provide production service of goods to Mahalap Metal co., Ltd. Terms and conditions are normal business transaction which can be compared with non-related customers</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transaction's are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>



Company / People	Relationship	Transaction Account	2009 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
<u>Hansawad Ltd., Part.</u>	Mr. Songdech Atimethin's family, a member of management of the Company, is a director and holding 100.00% in Hansawad Ltd., Part. (Mr Songdech Atimetin resigned from the executive of the company on November 21, 2009.)	1. Sales of Square tubes., rectangular tubes and C-Channel.	0.877	No transaction	- The sale in 1 st item, Hansawad Co., Ltd. was a customer who purchase steel pipes from the company. The transaction was normal terms and conditions of business which can be compared with non-related parties. <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
<u>PAP Exim Co., Ltd</u>	Mr.Songdech Atimethin's, an executive management of the Company, brother and his brother's family of are directors and hold 96.80% in PAP Exim Co., Ltd. (Mr Songdech Atimetin resigned from the executive of the company on November 21, 2009.)	1. Account Receivable 2. Sales of square tubes, Black pipes and rectangular tubes.	0.378 8.445	No transaction	- The Account Receivable in 1 st item and Sales in 2 nd item occurred by PAP Exim Co., Ltd. who was a customer and purchased steel pipes from the company to sell normally. The transaction was normal terms and conditions of business which can be compared with non-related parties. <u>Audit Committee's Opinion</u> These related parties transaction's are reasonable and benefit to the company. Terms and conditions are normal business transactions.



Company / People	Relationship	Transaction Account	2009 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
<u>Thanasap Pisarn Co., Ltd.</u>	Young brother and young brother's wife of Mr. Songdech Atimethin, a member of management of the Company, is a director and holding 99.00% in Tanasup Paisarn Co., Ltd. (Mr.Songdech Atimethin resigned from the executive of the company on November 21, 2009.)	1.Account receivable	9.905	No transaction	<ul style="list-style-type: none"> - Accounts receivable in 1st item was transaction of selling steel pipes in 2003. - The Court has ordered on Red case No. 655/2549 and 2214/2549 to Thanasap Pisarn to pay debt to company - From investigation, Thanasap Pisarn, there were no any asset to be forced. - Currently, the Company was fully set allowance for doubtful account. <p><u>Audit Committee's Opinion</u></p> <p>These related parties transaction's are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
<u>A.T. Steel Co., Ltd.</u>	Miss Angkakarn Tantiviroon, director and shareholder of the Company and her family hold 10.00% and 90.00% respectively in A.T. Steel Co., Ltd.	1. advance cheques 2. Other expenses (Lease expense and water expense)	0.096 1.171	- 1.264	<ul style="list-style-type: none"> - The advance cheques in 1st and other expenses in 2nd item occurred due to the company lease land and building for being distribution center to distribute products to customers. Such leasing has good condition and the leasing fee is beneficial to the company, compared to rental free charged by non-related parties. For the public utility expense from A.T. Steel Co., Ltd. was the water supply expense that A.T. Steel advance paid and billed such expense to the company. <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions</p>



Company / People	Relationship	Transaction Account	2009 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Freedom Hill Co., Ltd.	Director of the company is MR.Prisadanrng. Skolpadungket. He is a director and shareholder of 70 percent in the company.	Guarantees of mortgage contracts and land without any compensation or other benefits.	No transaction	without considering any other benefits.	Freedom Hill Co.,Ltd. contracted a guarantee and mortgage land to secure loans in favour of the company to financial institution without considering any other benefits. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable.
Miss. Angkakarn Tantiviroon	CEO and shareholder	Guarantees of mortgage contracts and land without any compensation or other benefits.	without considering any other benefits.	without considering any other benefits.	Miss. Angkakarn Tantiviroon contracted a guarantee to secure loans in favour of the company to financial institution without considering any other benefits. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable.

As at December 31, 2010 the company received loans from 3 commercial banks of the overdraft loan, short-term loan, letters of credit / trust receipt and note receivable discount , long-term loans (outstanding) total amount of 1,868.42 million Baht, all secured by the mortgage of land and buildings of the company and guaranteed by Miss Angkakarn Tantiviroon with land and buildings of the director.



The measure or step of approval for the related transactions

In present, the company has set the measures and the step of approval for the related transaction up which the advantage of the company will be considered as the most important thing for the consideration to make such transaction and the company also compare such transaction with the transaction to the unrelated parties by prohibiting related executives to participate in the approval of such transactions. The company also allows audit committee to check and have opinion for the suitability of such transactions.

Policy and the tendency of future related transaction

1. Related transaction between the company and the related persons

1.1 SFI : the company will continuously has transaction with SFI, such as hire of production and hire of goods delivering, under the normal trade terms and conditions which the company has made a three years contract with SFI for the hire of production and hire of goods delivering. The transaction can be compared with the transaction with Inter Metal Tube Alliance (Thailand) Co., Ltd. and the transaction which IMTA produce goods for other person. The Meeting of the Board of Directors of Rich Asia Steel Public Company Limited no. 8/2010 held on December 23, 2010 has resolved to approved the Company's acquisition of ordinary shares of Siam Ferro Industry Co., Ltd. in a total amount of 10,954,556 shares each of Baht 100 par value, representing 76.88% of Siam Ferro Industry Co., Ltd.'s total issued and paid-up capital, at the price of Baht 73 each, in the total amount of Baht 799,682,588. The company will pay to complete within June 2011.

1.2 Other companies in the related parties' transaction section: the company will continuously trade with other company by having referable market price.

1.3 Miss Angkarn Tantiviroon : the secure of loan of the company in the name of director including to the secure of loan for the company by using director's own asset will be carried on.

1.4 A.T. Steel Co.,Ltd. : the company will continuously rent such land in order to use it as warehouse and distribution center in the East-Bangkok. Such rent shall have rental condition and rental rate which comparable to the rent of non-related persons. The current leasing will be expired in January 2014.

2. Policy for future related parties' transactions

2.1 Policy of the future transaction with Siam Ferro Industry Co., Ltd.

The company will define regulation for steel pipe production service and trade between the company and SFI in order to assure the actual business transactions are reasonably and maximized benefit to the company as follow:



- The accounting department will make a report of every commercial transaction between the company and SFI and pass it to internal audit department to make the comparison of price and conditions report at the end of every quarter of the year in order to submit to audit committee to examine and give opinion for important issues. This report will consist of the trading suitability issue and the reasonable price and conditions for the hire of production issue in compare with the trade and hire of production done with other person or in compare with self-production and also including practice to conditions which written in the hire of production contract. The data provide in the report will consist of cost of self-production and cost of the hire of production, gross profit (incase of self-production and incase of hire of production), reasons for the arrangement for the hire of production of the goods which can be self-produced, price and conditions for the hire of production, in compare with the hire of production of unrelated parties that hire other manufacturer to produce for them.
- Submit the report of commercial transaction between the company and SFI with the opinion of the audit committee quarterly to the companies' auditor for inspection.
- Submit the report of commercial transaction between the company and SFI with the opinion of the audit committee to the board of directors for inspection.
- The board of directors will disclose the commercial transaction between the company and SFI in the note of the quarterly financial statement and yearly financial statement.
- Make report concerning the opinion of the audit committee about the commercial transactions made with SFI during the year to disclose it in the form 56-1(annual information disclosure) and in the form 56-2 (annual report) of the company
- The change or alteration of the hire of production contract made with SFI, the audit committee will be the one who will give opinion about the suitable of such change or alteration in the significant of the contract and present it before the board of directors to make decision before taking such action.

All together, in the future, if the company has other kind of transaction that related to SFI except the trade, hire of production, and other normal commercial transaction, the audit committee will be the one who gives the opinion about suitability issue of such transactions and present to the board of director for the consideration and making decision before taking further action. The related directors will not have the right to participate to execute such transaction and the board of director will present it to the shareholders' meeting for further consideration.

In the case where the audit committee has no expertise to inspect the related transaction that might happen, the company will ask for the opinion about such related transaction from the companies auditor or independent experts.



2.2 Policy for the future other related parties' transactions

In the future, if the company has the necessity to make the related parties transaction including to the companies that used to relate with the company (presently, no more related to the company as disclosed in the related transaction table) or the company has to make the related transaction with the person who might has the conflict of interest or might has the conflict of interest in the future, such transaction will be made incase the company has the necessity. The company also has the policy to set any condition according to normal business term and market price which can be compared with the price of non-related parties. The audit committee will be the one who gives opinion about the necessity and suitability of such transaction. In the case where the audit committee has no expertise to inspect the related transaction that might happen, the company will ask for the opinion about such related transaction from the companies auditor or independent experts in order to use such opinion for the consideration of the board of directors or the share holders depending on the case.

The board of directors will act in accordance with the law concerning the securities and stock exchange also rules, notifications, orders, or the regulations of the Stock Exchange of Thailand including to practice of related transactions and the acquisition or sale of the important assets of the company or its subsidiary in order to make the decision to make such transaction unable to create conflict of interest and create the utmost benefit to all the share holders. The company will disclose the such related transactions in the annual information disclosure (form 56-1), companies' annual report, and notes to financial statements which already inspected by the auditor of the company.



Management's Discussion and Analysis Year 2010

Financial statements

	2008		2009		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets						
Cash on hand and at banks		0.48	4.17	0.16	14.83	0.42
Short term loan to other company	1.55	0.05	1.46	0.06	0.79	0.02
Note and account receivables	779.94	24.03	1,034.03	40.24	1,693.05	48.13
Short-Term Loans to Subsidiary Company					5.00	0.14
Inventories		29.58	123.69	4.81	284.01	8.07
Other current assets		23.7	589.74	22.95	628.26	17.86
Total current assets		77.84	1,753.08	68.22	2,625.94	74.65
Fixed deposit to bank	207	6.38	-	-	-	-
Investment in property	21.81	0.67	21.81	0.85	16.28	0.46
Land building and equipment-net	287.56	8.86	257.21	10.01	234.26	6.66
Investment in Subsidiary Company					639.48	18.18
Other Account Receivable from Refund of Advance Payment - Goods	-	-	200.00	7.78	-	-
Deposit Payment for Investment	200	6.16	200.00	7.78	-	-
Other assets	2.88	0.09	137.60	5.35	1.84	0.05
Total assets	3,246.20	100.00	2,569.71	100.00	3,517.79	100.00
Short term loans and overdraft	1,590.81	49.01	341.14	13.28	693.57	19.72
Short-Term Loans that Due for Repayment	-	-	220.24	8.57	1,022.23	29.06
Note and account payables	173.51	5.34	245.99	9.57	311.37	8.85
Portion of long term loan due within 1 year	9	0.28	60.31	2.35	0.66	0.02
Other current liabilities	55.78	1.72	58.89	2.29	72.64	2.06
Total current liabilities	1,829.09	56.35	926.57	36.06	2,100.46	59.71
Long term loan	20.25	0.62	221.77	8.63	-	-
Payable under hire-purchased-net	-	-	1.15	0.04	1.90	0.05
Total Liabilities	1,849.34	56.97	1,149.48	44.73	2,102.36	59.76
Registered capital	1,000.00	46.21	1,000.00	38.91	1,000.00	28.43
Issue and fully paid	1,000.00	30.81	1,000.00	38.91	1,000.00	28.43
Premium on shares capital	571.79	17.61	571.79	22.25	571.79	16.25
Retained earnings	-174.94	-5.39	-151.56	-5.90	-156.37	-4.45
Total Shareholders' equity	1,396.85	43.03	1,420.23	55.27	1,415.42	40.24
Weighted Average Ordinary Share (Million shares)	8,893.44		10,000.00		10,000.00	
Sales	4,550.65	97.78	3,985.57	93.38	4,347.10	99.22
Other Revenue from Debt Repayment Receipt from Management instead of Trading Account Receivable	58.15	1.25	-	-	-	-
Reversal Allowance of Loss from Declining in Value of Inventories	-	-	233.30	5.47	24.82	0.57
Other income	103.43	2.22	49.05	1.15	9.28	0.21
Total revenues	4,654.08	100.00	4,267.92	100.00	4,381.20	100.00



Cost of goods sold	4,305.10	92.50	4,104.04	96.16	4,250.81	97.02
Loss from Declining in Value of Inventories	257.14	5.53	-	-	-	-
Selling and administrative expenses	167.05	3.59	84.62	1.98	67.78	1.55
Doubtful Debt and (Reversal)	-2	-0.04	-25.72	-0.60	-24.28	-0.55
Interest expenses	131.36	2.82	81.60	1.91	91.70	2.09
Corporate tax	-	-	-	-	-	-
Net profit	-204.57	-4.40	23.38	0.55	-4.81	-0.11

Statement of Cash Flows

	2008	2009	2010
Cash flows from operating activities			
Net profit	(204.57)	23.38	(4.81)
Adjustment to reconcile net profit to net cash provided from operation			
Depreciation and amortized	34.68	32.89	25.61
Doubtful Debt (Reversal)	(2.00)	(25.72)	(24.28)
Loss on devalue of inventories (Reversal)	257.14	(233.30)	(24.82)
Amortization of Prepaid Expenses	2.23	1.92	2.00
Amortization of intangible asset	0.34	0.34	0.34
(Gain) Loss from Unrealized of Investment in Trading	0.31	0.09	0.67
(Gain) Loss from Sale of Investment in Trading Security	(1.70)	-	-
Gain (Loss) from sale of property, plant and equipment	(7.70)	(2.97)	(2.85)
Gain (Loss) from property transfer for settlement			(0.29)
Loss from unrealized exchange rate	18.82	(0.00)	-
Loss on impairment of asset	5.50	-	-
Amortization of Deferred Service Fee in Borrowing			5.94
Loss from Impairment of Un used Land for Operation			2.39
Interest Revenue	(21.44)	(26.79)	(1.30)
Interest Expenses	75.74	80.70	84.06
Amortized interest on hire - purchases	0.05	-	-
Gain on operating before changed in operating assets and liabilities	194.53	(149.45)	62.66
Decrease (increase) in operating assets			
Temporary investment	0.60	-	-
Trade accounts receivable	103.62	(228.37)	(1,128.03)
Inventories	(729.30)	1,032.08	(144.70)
Advance payment - goods	(599.01)	(238.61)	(25.97)
Account Receivable - Revenue department	(54.42)	55.26	(8.00)
Other current assets	(12.30)	3.02	(0.86)
Cash Received in Other Account Receivable from Refund of Advance Payment - Goods	-	50.00	200.00



Cash Received in guarantee against order			100.00
Cash Received in Over Paid Corporate Income Tax			34.94
Non other current asset	(1.27)	(0.62)	-
Increase(Decrease) in operating liabilities			
Trade accounts payable	(7.182)	75.87	641.70
Advance Receipt for Goods	31.26	5.39	3.04
Other current liabilities	(10.27)	(3.40)	(2.88)
Cash Payment Income Tax and Withholding Tax	(43.12)	(0.81)	(0.34)
Cash Received in Interest Revenue	22.37	31.13	1.30
Net cash provided from (used in) operating activities	(1,102.69)	631.48	(267.15)
Cash flows from investing activities			
(Increase) Decrease in Pledged deposit at financial institution	23.77	207.00	-
Cash Payment from Short-Term Loans to Subsidiary Company	-	-	(5.00)
Cash Payment for Purchased of Investment in Subsidiary	-	-	(435.00)
Cash Received from account receive able from sales assets	-	8.03	
Cash Payment for Deposit Payment for Investment	(200.00)	-	-
Purchase of property plant and equipments	(11.93)	(31.91)	(1.66)
Sale of property, plant and equipment	0.54	34.01	3.55
Net cash provided from (used in) investing activities	(188.88)	217.13	(438.11)
Cash flows from financing activities			
Increase (Decrease) in Bank overdrafts and loan from finance	384.86	(760.85)	516.18
Increase (Decrease) in short term loan from securities company	(24.77)	-	-
Cash payment for long term loan from Financial institutions	(9.00)	(37.35)	(30.99)
Cash Received from Long -Term Loan from Financial Institutions	-	-	400.00
Cash Payment for Short -Term Loans from Other Company	-	-	(83.03)
Cash Payment in Interest Expenses	(74.29)	(61.59)	(70.77)
Cash payment for Liabilities under financial lease agreement	(1.46)	(0.29)	(0.42)
Cash Payment for Service Fee in Borrowing	-	-	(15.05)
Cash Received from Increasing Capital	999.50	-	-
Net cash provided from (used in) financing activities	1,274.84	(860.08)	715.92
Net cash on hand and cash equivalents increase (decrease)	(16.74)	(11.47)	10.67
Cash on hand and cash equivalents as at the beginning	32.37	15.63	4.17
Cash on hand and cash equivalents as at the ending	15.63	4.17	14.83

**Sales**

Sales for the year ended December 31, 2010 the company revenue increasing 2.65% compared to previous year. The revenue proportion of structural steel products which sales revenue of 2,213.10 million baht or 50.80% of total revenues has been increased from 2009 which sales revenue from structural steel products equivalent to 1,813.31 million baht or 4.496% of total revenue. The increased revenue from structural steel products are square tubes, rectangular tubes and C-Channel. The decreased revenue of steel products is billets and scraps. The increased revenue from steel products is hot rolled coils and steel sheets.

The factors of company's sale revenue increasing in 2010 due to the increasing of demand of steel products whereas supply was decreased and the company can supply goods to response demand of steel in market

Cost of goods sold

In 2010 the company's cost of goods sold was 4,221.74 million baht, or 97.12% of total revenue. Cost of goods sold was increased 3.58% compared to last year. The increased cost of goods sold was in accordance with the increased price of raw material.

Selling and administrative expenses

Selling and administrative expenses in 2010 was 43.50 million baht or 1.00% of total revenue. The proportion of sale and administrative expenses in 2010 has decreased compared to the selling and administrative expenses in 2009 comply with the saving of expenses and due to the reversal of Doubtful Debt amount 24.28 million Baht that the debtor agreed in conciliation court to pay installment of outstanding debt to the company including there were no lose on foreign exchange rate and loss on investments in trading securities in 2010.

Gross margin

Company's gross margin in 2010 was 121.11 or 2.79% of total revenue which was increased from 2009 due to the increasing of sale revenue and reverse of allowance of loss from declining in value of inventories amount 24.82 million Baht.

Net profit

In 2010, company had loss for 4.81 million Baht equal to 0.11% of total revenue or loss ratio increased of 120.57% compared to year 2009 was the result of the decreasing of other income which including the decreasing of gain of exchange and interest revenue 39.76 million baht and finance cost amount of 91.70 million Baht which is increased amount of 10.10 million baht from year 2009 due to in 2010 the company has borrowed loans from financial institutions for working capital of the company.



Financial status

Assets

On December 31, 2010 the total asset was 3,517.79 million Baht increased from amount of 2,569.71 million Baht in 2009 which was increased by account receivable from the last year amount 1,034.03 million Baht to 1,693.05 million Baht in 2010, non-current assets increased for investment in subsidiary company amount of 639.48 million Baht, decreased of non-current assets on other account receivable from refund of advance payment-goods amount 200 million Baht, deposit payment for investment amount 200 million Baht, guarantee against the merchandise order amount 100 million Baht. For this reason, total asset was increased from year 2009, the details of significant increasing and decreasing are as following;

At the end of 2010, accounts receivable-related company was 1.15 million Baht which within credit term or 100%. For the accounts receivable-related company which overdue over than 365 day and the decreasing of doubtful debt amount 9.90 million Bath in 2009 was the transaction occurred since 2005. In 2010, there was no inter transactions due to the ended of relationship to related company that executives of the company and close relative with the director and shareholder of a related company has resigned on November 21, 2010.

At the end of 2010, accounts receivable-other was 1,159.50 million Baht, 67.66% was within credit term, 28.59% was over due 1-90 days and 2.47% was over due 91-180 days. For account receivables overdue for 181-365 days in 2009 amount of 226.56 million Baht that the company sold steel scraps to a customer who is one of big manufacturers and distribution of hot rolled steel industry. The debts gradually repayment by withholding rebates by 10% – 20% when the company purchased of goods to this account receivable. At the end of 2010 the company has received payment from such account receivable completely. The accounts receivable-other over than 365 days of 21.90 million baht was receivable agreed in conciliation court for debt repayment to the company amount of 64 million baht. The company has received payment from such debtor amount 42.10 million Baht.

At the end of 2010 the company had inventories of 284.00 million Baht (net of declining in value of inventories amount 0.51 million Baht), increased from previous year 160.31 million Baht or 129.61% of total inventories. The majority of the inventories were finished goods or 96.81%. For changing demand in previous year in steel market was demand higher than supply.

As of December 31, 2010 the company had property, plant and equipment valued amount of 234.26 million Baht decrease from year 2009 amount of 22.95 million Baht which depreciation of year 2010 equivalent to 22.22 million Baht.

As of May 31, 2010 the Company has invested in Thai International Product Co., Ltd. successfully. The Company has transfer the deposit for investment amount of 200 million Baht to be investment in subsidiary.



Cash flows

In 2010, the company's cash flow from operations to use 267.15 Million Baht. The major items consists increase in inventories 144.70 million baht, advance payments for goods of 25.97 million baht, Debtor Department of Revenue 8.00 million Baht, accounts and notes receivable 1,128.03 million Baht and decrease in accounts payable 1.88 million Baht, other current liabilities 2.88 million Baht. Net cash flow from investing activities was 438.11 million Baht which included investments in subsidiaries 435 million Baht, short-term loans to subsidiaries 5 million Baht and cash payment for purchased land, plant and equipment 1.66 million. For cash flow from financing activities amounting to 715.92 million Baht was short-term loans from financial institutions amount of 516.19 million Baht for purchasing goods and pay to account payable and long-term loans from financial institutions amount of 400 million Baht. At the end of 2010 the Company had cash and cash equivalents equal to 4.17 million Baht

3. Source of Financial Capital

Liabilities

At the end of 2010, total liabilities were 2,102.36 million Baht increased by 952.88 million Baht from the end of 2009, or 82.90% as a result of the increase in long-term loans, short-term loans from financial institutions and accounts and notes payable. The total liabilities of the company increased were mostly short-term debt for working capital in the company.

Shareholder's equity

As at December 31, 2010, the company shareholder's equity was amount 1,420.23 million Baht, decreased 4.81 million Baht from 2009 due to there was loss for 2010 amount 4.81 million Baht,

Debt to equity ratio was increased from 0.81 times in 2009 to 1.49 times in 2010.

Audit Fee

Audit fee of the external auditor in 2010 include the audit fee of 710,000 Baht and review fiscal quarter 3 times @ 85,000 Baht, grand total fees 965,000 Baht and other actual expenses in auditing such as reviewing financial statements in English, transportation, allowance, residence expenses for auditing and fiscal checking inventories (if any) including in case of the company has invested in subsidiaries company and has to arrange consolidated financial statements and cash flows statement. The reviewing fee for consolidated financial statements and cash flows statement is 30,000 Baht quarterly. The external auditors and firm was S.K. ACCOUNTANT SERVICES COMPANY LIMITED who are not related or there are conflicts of interest with the company and subsidiaries, executive directors, the major shareholders, or related to such person.



Resume of Directors and Managements of Rich Asia Steel Public Company Limited as of December 31, 2010

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Sep. 16, 2010	Experience	
Mr. Surapong Churangarit Age : 55 Vice Chairman / Chairman of Audit Committee (Independent Director)	Master Degree Business Administration Ramkhamhaeng University Bachelor Degree Business Administration Ramkhamhaeng University Director Accreditation Program (DAP) 52/2006 Certified Internal Auditor (CIA)	-None--	-None--	2010 - Present 27 Jan. 2006 - 2010 2002 - Present 1999-2001	- Vice Chairman / Chairman of Audit Committee Rich Asia Steel Public Company Limited - Independent Director / Audit Committee Rich Asia Steel Public Company Limited - First Vice President Internal Audit Department Siam City Bank PLC. - AVP. Internal Audit DBS Thai Danu Bank PLC.
Ms. Angkarn Tantiviroon Age : 46 Director / Chief Executive Officer	Bachelor Degree Economics Ramkhamhaeng University Bachelor Degree Business and Finance Hasting College UK. University Director Accreditation Program (DAP) 51/2006	Granddaughter of Mrs. Phimsiri Keeratithiansiri	4.36%	1 Oct. 2005 - Present 10 May 1999 – 30 Sep. 2005 2003 – 21 Jun. 2010 1989 – 2001	- Director / Chief Executive Officer Rich Asia Steel Public Company Limited - Director Rich Asia Steel Public Company Limited - Planner Administrator Siam Ferro Industry Co., Ltd. - Manufacturing Director GT Steel Works Co., Ltd.
Mrs. Phimsiri Keeratithiansiri Age : 60 Director	Diploma Degree Accounting Bangkok Business College Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkarn Tantiviroon	3.35%	27 Jan. 2006 – Present 2000 – 2003 1992 - 1999	- Director Rich Asia Steel Public Company Limited - Accounting Manager Thanasarn Import-Export Ltd.(Agricultural) - Auditor Assistant GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Mr. Rittirong Intarajinda Age : 47 Director	Ph.D Candidate Electrical Engineering Thammasat University Master Degree Engineering King Mongkut's institute of Technology North Bangkok	-None--	-None-	27 Jan. 2006 - Present 2007 - Present	- Director Rich Asia Steel Public Company Limited - Managing Director Team Service System Co., Ltd. (Management Electrical system, water system and Air-condition system)



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Sep. 16, 2010	Experience	
	Bachelor Degree Electrical Engineering Rajamangala University of Technology Phra Nakhon Chotiwet Campus Director Accreditation Program (DAP) 52/2006 Advanced Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute No.14			1994 – Present 1991 – Present	- Managing Director Team Vis Construction Co.,Ltd. - Manager Partner Team Electric Engineering Partnership (Install Electrical system, Air-condition system and Communication system)
Mr. Somkiat Vongsarajana Age : 48 Director / Managing Director	Bachelor Degree Business Administration (First Honor) Bangkok University Director Accreditation Program (DAP) 51/2006	-None--	0.20%	1 Oct. 2005 - Present 1 Mar. – 30 Sep. 2005 2001 – 2005 1993 – 2001	- Director / Managing Director Rich Asia Steel Public Company Limited - Asst. Managing Director Rich Asia Steel Public Company Limited - Project Finance Manager Felix Hotel Management Co., Ltd. - Project Finance Manager Siam Ferro Industry Co., Ltd.
Asst.Prof.Dr. Apicha Boonpattarakan Age : 49 Director / Audit Committee (Independent Director)	Doctoral Degree Marketing University of Maryland at College Park, USA Master Degree Marketing and Operations Management Ohio State University, USA Bachelor Degree Management Bangkok University Bachelor of Laws (LL.B.) Ramkhamhaeng University Director Accreditation Program (DAP) 51/2006	-None--	-None--	27 Jan. 2006 – Present 2010 – Present 2004 - 2010 2002 – 2004 2000 – 2002 2000	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Director of Graduate Studies, Business Administration Program Bangkok University - Dean, School of Business Administration Bangkok University - Lecturer School of Business Administration Bangkok University - Asst. Dean, School of Business Administration Bangkok University - Chairman, Department of Marketing, School of Business Administration Bangkok University



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Sep. 16, 2010	Experience	
Mr. Teera Phoncharoensuk Age : 40 Director / Production Director	Bachelor Degree Engineering King Mongkut's University of Technology Thonburi Director Accreditation Program (DAP) 51/2006	-None--	0.15%	1 Oct. 2005 - Present 1 Apr. - 30 Sep. 2005 1999 - 2004	- Director / Production Director Rich Asia Steel Public Company Limited - Production Manager Rich Asia Steel Public Company Limited - Factory Manager GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Dr. Nakhun Thoraneenitiyan Age : 35 Director / Audit Committee (Independent Director)	Doctoral Degree Banking and Finance The University of Queensland, Australia Master Degree Banking and Finance Sripatum University Bachelor Degree Accounting Sukhothai Thammatirat Open University Bachelor Degree Law Sukhothai Thammatirat Open University Bachelor Degree Business Economics Sukhothai Thammatirat Open University Bachelor Degree Finance Bangkok University Director Accreditation Program (DAP) 84/2010	-None--	-None--	2010 - Present 2009 - Present 2007 - Present 2007 – 2008 2007 – 2008 2000 - 2009 1998 – 2000 1997 - 1998	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Head of Finance and Banking Department Faculty of Business Administration Sripatum University - Visiting Lecturer King Mongkut's Institute of Technology Ladkrabang - Advisor Thai Rating Information Service Co., Ltd. - Performance Auditor Ministry of Natural Resources and Environment - Lecturer, Department of Finance and Banking Faculty of Business Administration Sripatum University - Business Analyst P.S. Consulting Group Co., Ltd. - Securities Marketing Officer Jardine Flaming Thanakorn Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Sep. 16, 2010	Experience	
Dr.Prisadarng Skolpadungket Age : 43 Director	Doctor of Philosophy in Economics City University of New York – Graduate School and University Center, New York, NY, USA Master of Science Economic Development National Institute of Development Administration (NIDA), Bangkok, Thailand Master of Laws in Commercial Laws University of Queensland, Brisbane, Queensland, Australia Master of Science in Computer Science National Institute of Development Administration (NIDA), Bangkok, Thailand Barrister at Law, 54 th Session The Thai Bar, Bangkok, Thailand Bachelor of Laws Thammasat University, Bangkok, Thailand Bachelor of Science in Physics Chulalongkorn University, Bangkok, Thailand Director Accreditation Program (DAP) 84/2010	-None--	-None--	2010 – 6 Feb. 2011 2008 - Present 2004 – 2008 2002 – 2004 2001 1999 – 2001	- Director Rich Asia Steel Public Company Limited - First Vice President, Basel II Project and Credit Scoring Models Siam City Bank PLC. - First Vice President, Credit Risk Management Dept. Siam City Bank PLC. - Vice President, Credit Risk Management Dept. Siam City Bank PLC. - Assistant Vice President, Investment Management Group, Investment Banking Dept. TMB Bank PLC. - Fund Manager, Provident Fund Management Group, Investment Banking Dept., TMB Bank PLC.
Dr. Ream Saijam Age : 43 Chief Financial Officer	D.B.A. (Doctor of Business Administration) Marketing Eastern Asia University Master Degree Economics Kaerk University Master Degree Business Administration Sukhothai Thammatirat University	-None--	0.15%	1 Oct. 2005 – Present 19 Sep. 2005 – 30 Sep. 2005 2005 2002 – 2004	- Chief Financial Officer Rich Asia Steel Public Company Limited - Accounting Director Rich Asia Steel Public Company Limited - Asst. Managing Director (Accounting & Finance) Cotco Plastic Ltd. - Finance & Accounting Manager Cotco Metal Works Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Sep. 16, 2010	Experience	
	Bachelor Degree General Management and Business Economics Sukhothai Thammarat University Bachelor Degree Accounting Prince of Songkla University				

Remark * Including share of related person under section 258 of SET Law



Authority Details of Director and Management of Rich Asia Steel Public Company Limited as of December 31, 2010

Name	Position in the Company	Position in subsidiaries	
		Thai National Product Co.,Ltd. The company owns 100%	Siam Ferro Industry Co., Ltd.
1. Mr. Surapong Churangsarit	X, N	-	-
2. Mrs. Phimsiri Keeratithiansiri	/	-	-
3. Mr. Rittirong Intarajinda	/	-	-
4. Ms. Angkakarn Tantiviroon	/, V, //, U	/	P
5. Mr. Somkiat Vongsarojana	/, //, ///, U	/	-
6. Mr. Teera Phoncharoensuk	/, //, U	/	-
7. Asst.Prof.Dr. Apicha Boonpattarakan	/, Z	-	-
8. Dr. Nakhun Thoraneenitayan	/, Z	-	-
9. Dr. Prasadarng Skolpadungket	/	-	-
10. Dr. Ream Saijam	//, U	-	-

Remark:

X = Vice Chairman

N = Chairman of Audit Committee

/ = Director

Z = Audit Committee

V = Chief Executive Officer

// = Executive Committee

U = Management

/// = Managing Director

P = Plan Administrator (Until June 21, 2010)

Appendix

(TRANSLATION)

AUDIT REPORT OF THE CERTIFIED PUBLIC ACCOUNTANT

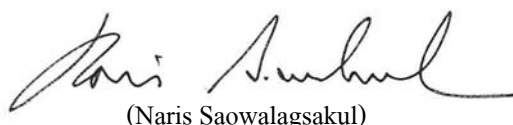
To the Shareholders and Board of Directors of **RICH ASIA STEEL PUBLIC COMPANY LIMITED**

I have audited the consolidated balance sheets as of December 31, 2010, the related consolidated statements of income, the consolidated statements of changes in shareholders' equity and the consolidated statements of cash flow for the year then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiary and the separate balance sheets as of December 31, 2010 and 2009, the separate statements of income, the separate statements of changes in shareholders' equity and the separate statements of cash flow for the year then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to report on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position as of December 31, 2010, the results consolidated operations and cash flows for the year then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiary and the separate financial statements referred to above present fairly, in all material respects, the separate financial position as of December 31, 2010 and 2009, the results separate operations and cash flows for the year then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED, respectively in accordance with generally accepted accounting principles.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED



(Naris Saowalagsakul)

Authorized Auditor No. 5369

Bangkok,

February 28, 2011

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of December 31, 2010 and 2009

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2010	2010	2010	2009
		Baht	Baht	Baht	Baht
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	(Note 8)	18,855,881.64	14,833,051.32	4,165,059.15	
Temporary Investment	(Note 9)	789,828.00	789,828.00	1,456,650.00	
Accounts and Notes Receivable Other Companies-Net	(Note 10)	1,831,113,383.87	1,691,892,130.95	1,033,601,343.51	
Accounts and Notes Receivable Related Companies-Net	(Note 6.2,11)	-	1,153,821.13	430,999.80	
Short-Term Loans to Subsidiary Company	(Note 6.2)	-	5,000,000.00	-	
Inventories-Net	(Note 12)	316,101,624.73	284,007,873.52	123,690,388.20	
Other Current Assets					
Accrued Interest	(Note 13)	14,036,713.14	4,778.64	-	
Advance Payment - Goods - Net	(Note 14)	605,529,716.73	604,970,744.74	569,795,009.47	
Retention Receivable		23,974,937.67	-	-	
Account Receivable - Revenue Department		19,866,309.61	19,866,309.61	11,865,951.87	
Other		11,531,155.53	3,417,119.20	8,078,308.04	
TOTAL CURRENT ASSETS		2,841,799,550.92	2,625,935,657.11	1,753,083,710.04	
NON-CURRENT ASSETS					
Other Account Receivable from Refund of Advance Payment - Goods	(Note 15)	-	-	200,000,000.00	
Investment in Subsidiary Company	(Note 16)	-	639,477,611.48	-	
Property, Plant and Equipment - Net	(Note 17)	877,790,059.26	234,261,616.32	257,212,492.75	
Land Not Used for Operation-Net	(Note 18)	16,276,000.00	16,276,000.00	21,811,000.00	
Deposit Payment for Investment	(Note 19)	-	-	200,000,000.00	
Other Non-Current Assets					
Long Other Account Receivable	(Note 20)	11,132,884.60	-	-	
Guarantee Against the Merchandise Order	(Note 21)	-	-	100,000,000.00	
Over Paid Corporate Income Tax Wait for Return		-	-	34,936,203.06	
Other		4,752,482.51	1,836,021.98	2,666,700.28	
TOTAL NON-CURRENT ASSETS		909,951,426.37	891,851,249.78	816,626,396.09	
TOTAL ASSETS		3,751,750,977.29	3,517,786,906.89	2,569,710,106.13	

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of December 31, 2010 and 2009

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2010	2010	2010	2009
		Baht	Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Loans that Due for Repayment	(Note 23)	1,022,229,865.60	1,022,229,865.60	220,244,315.48	
Bank Overdrafts and Short-Term Loans from Financial Institutions	(Note 22,24)	693,566,760.99	693,566,760.99	341,139,749.66	
Accounts and Notes Payable Other Companies		384,534,360.81	311,372,698.61	244,111,674.17	
Accounts and Notes Payable Related Companies	(Note 6.2)	-	-	1,876,006.90	
Current Portion					
Liabilities under Financial Lease Agreement	(Note 25)	739,842.62	656,415.28	310,706.22	
Loans from Financial Institutions	(Note 22,26)	-	-	60,000,000.00	
Loans from Related Persons	(Note 6.2)	316,000.00	-	-	
Other Current Liabilities					
Advance Receipt for Goods		39,840,472.59	39,840,472.59	36,803,055.96	
Others		59,424,758.66	32,797,666.76	22,085,024.94	
TOTAL CURRENT LIABILITIES		2,200,652,061.27	2,100,463,879.83	926,570,533.33	
NON-CURRENT LIABILITIES					
Liabilities under Financial Lease Agreement - Net	(Note 25)	2,153,275.96	1,899,563.57	1,145,283.25	
Long Term Loans from Financial Institutions - Net	(Note 22,26)	-	-	221,765,043.66	
TOTAL NON-CURRENT LIABILITIES		2,153,275.96	1,899,563.57	222,910,326.91	
TOTAL LIABILITIES		2,202,805,337.23	2,102,363,443.40	1,149,480,860.24	

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of December 31, 2010 and 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
SHAREHOLDERS' EQUITY				
Share Capital				
Authorized Share Capital				
10,000,000,000 Ordinary Share @ 0.10 Baht	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Issued and Paid-up Share Capital				
10,000,000,000 Ordinary Share @ 0.10 Baht	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Premiums on Share Capital	571,791,672.96	571,791,672.96	571,791,672.96	571,791,672.96
Retained Earnings (Deficit)	(22,846,032.90)	(156,368,209.47)	(151,562,427.07)	
TOTAL SHAREHOLDERS' EQUITY	1,548,945,640.06	1,415,423,463.49	1,420,229,245.89	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,751,750,977.29	3,517,786,906.89	2,569,710,106.13	

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

For the year ended on December 31, 2010 and 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
Sales	4,575,089,030.92	4,342,644,022.26	3,980,179,159.54	
Services	51,333,279.38	4,452,837.11	5,390,878.57	
Total Sales and Services Income	4,626,422,310.30	4,347,096,859.37	3,985,570,038.11	
Cost of Sales	(4,462,750,123.99)	(4,246,556,218.10)	(4,097,412,627.37)	
Cost of Services	(49,489,541.25)	(4,249,745.07)	(6,629,460.37)	
Reversal Allowance of Loss from Declining in Value of Inventories	25,370,255.93	24,816,922.60	233,302,031.09	
Total Cost of Sales and Services	(4,486,869,409.31)	(4,225,989,040.57)	(3,870,740,056.65)	
Gross Profit (Loss)	139,552,900.99	121,107,818.80	114,829,981.46	
Premium in Fair Value of Subsidiary Company Over Cost (Note 16)	130,872,212.48	-	-	
Gain on Exchange Rate	-	-	12,317,748.88	
Interest Revenue	1,298,150.68	1,302,898.99	26,791,337.84	
Others Income	8,810,827.16	7,979,810.85	9,936,975.99	
Total Others Income	140,981,190.32	9,282,709.84	49,046,062.71	
Profit(Loss) Before Expenses	280,534,091.31	130,390,528.64	163,876,044.17	
Selling Expenses	(16,577,293.84)	(14,737,370.40)	(26,745,468.50)	
Administrative Expenses	(49,830,818.98)	(42,481,671.22)	(45,894,577.34)	
Reversal of Doubtful Debt	24,299,590.00	24,275,590.00	25,724,410.00	
Management Benefit Expenses (Note 27)	(10,555,968.20)	(10,555,968.20)	(11,980,551.87)	
Total Expenses	(52,664,491.02)	(43,499,419.82)	(58,896,187.71)	
Profit(Loss) before Finance Costs and Corporate Income Tax	227,869,600.29	86,891,108.82	104,979,856.46	
Finance Costs	(91,817,725.93)	(91,696,891.22)	(81,602,845.56)	
Profit(Loss) before Corporate Income Tax	136,051,874.36	(4,805,782.40)	23,377,010.90	
Corporate Income Tax (Note 28)	(7,335,480.19)	-	-	
PROFIT (LOSS) FOR THE PERIOD	128,716,394.17	(4,805,782.40)	23,377,010.90	
BASIC EARNINGS(LOSS) PER SHARE (BAHT)	0.0129	(0.0005)	0.0023	
WEIGHTED AVERAGE ORDINARY SHARES (SHARES)	10,000,000,000	10,000,000,000	10,000,000,000	

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended on December 31, 2010

CONSOLIDATED FINANCIAL STATEMENTS

	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUMS ON SHARE CAPITAL	RETAINED EARNINGS (DEFICIT) UNAPPROPRIATED	TOTAL
	Baht	Baht	Baht	Baht
Balance as of December 31, 2009	1,000,000,000.00	571,791,672.96	(151,562,427.07)	1,420,229,245.89
Net Profit(loss)	-	-	128,716,394.17	128,716,394.17
Balance as of December 31, 2010	1,000,000,000.00	571,791,672.96	(22,846,032.90)	1,548,945,640.06

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended on December 31, 2010 and 2009

SEPARATE FINANCIAL STATEMENTS

	ISSUED AND	PREMIUMS	RETAINED EARNINGS	TOTAL
	PAID-UP SHARE	ON SHARE	(DEFICIT)	
	CAPITAL	CAPITAL	UNAPPROPRIATED	
	Baht	Baht	Baht	Baht
Balance as of December 31, 2008	1,000,000,000.00	571,791,672.96	(174,939,437.97)	1,396,852,234.99
Net Profit(loss)	-	-	23,377,010.90	23,377,010.90
Balance as of December 31, 2009	1,000,000,000.00	571,791,672.96	(151,562,427.07)	1,420,229,245.89
Net Profit(loss)	-	-	(4,805,782.40)	(4,805,782.40)
Balance as of December 31, 2010	1,000,000,000.00	571,791,672.96	(156,368,209.47)	1,415,423,463.49

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOW

For the year ended on December 31, 2010 and 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (Loss) before Corporate Income Tax	136,051,874.36	(4,805,782.40)	23,377,010.90	
Adjustments to Profit (Loss) before Corporate Income Tax for Cash Received (Paid) from Operations				
Depreciation	56,180,055.17	25,605,665.03	32,894,338.69	
Premium in Fair Value of Subsidiary Company Over Cost	(130,872,212.48)	-	-	
Reversal of Doubtful Debt	(24,299,590.00)	(24,275,590.00)	(25,724,410.00)	
Amortization of Prepaid Expenses	2,048,609.85	1,998,996.32	1,924,607.76	
Amortization of Intangible Asset	356,318.37	341,121.34	341,121.34	
(Gain)Loss from Unrealized of Investment in Trading Security	666,822.00	666,822.00	97,110.00	
Gain from Sale of Property, Plant and Equipment	(2,846,753.17)	(2,846,753.17)	(2,968,662.90)	
Gain from Transfer of Land Not Used for Operation with Settle	(290,000.00)	(290,000.00)	-	
Loss from Write Off of Property, Plant and Equipment	442,789.37	1,711.71	-	
(Gain)Loss from Unrealized Exchange Rate	-	-	(586.35)	
Loss from Declining in Value of Inventories(Reversal)	(25,370,255.93)	(24,816,922.60)	(233,302,031.09)	
Amortization of Deferred Service Fee in Borrowing	5,942,579.40	5,942,579.40	-	
Loss from Impairment of Land Not Used for Operation	2,385,000.00	2,385,000.00	-	
Interest Revenue	(1,298,150.68)	(1,302,898.99)	(26,791,337.84)	
Interest Expenses	84,082,685.93	84,060,631.98	80,703,715.14	
Profit(Loss) from Operating Activities before Change in Operating Assets and Liabilities	103,179,772.19	62,664,580.62	(149,449,124.35)	
(Increase) Decrease in Accounts and Notes Receivable-Other Companies	(1,221,835,286.47)	(1,127,303,420.63)	(229,552,039.41)	
(Increase) Decrease in Accounts and Notes Receivable-Related Companies	430,999.80	(722,821.33)	1,184,026.50	
(Increase) Decrease in Inventories	(70,772,156.81)	(144,702,482.98)	1,032,082,673.65	
(Increase) Decrease in Advance Payment - Goods	(25,712,808.68)	(25,973,815.01)	(409,612,381.25)	
(Increase) Decrease in Retention Receivable	1,048,366.55	-	-	
(Increase) Decrease in Accounts Receivable - Revenue Department	(2,867,278.95)	(8,000,357.74)	55,261,796.86	
(Increase) Decrease in Other Current Assets	4,771,097.32	(863,093.19)	3,020,634.01	
Cash Received in Other Account Receivable from Refund of Advance Payment - Goods	200,000,000.00	200,000,000.00	221,000,000.00	
Cash Received in Guarantee Against the Merchandise Order	100,000,000.00	100,000,000.00	-	
Cash Received in Long Other Account Receivable	14,000,000.00	-	-	
Cash Received in Over Paid Corporate Income Tax	34,936,203.06	34,936,203.06	-	
(Increase) Decrease in Other Non-Current Assets	(1,800.00)	-	(623,882.70)	
Increase(Decrease) in Accounts and Notes Payable Other Companies	585,123,808.75	643,575,775.65	74,332,944.73	
Increase(Decrease) in Accounts and Notes Payable Related Companies	(1,876,006.90)	(1,876,006.90)	1,533,886.60	
Increase(Decrease) in Advance Receipt for Goods	3,037,416.63	3,037,416.63	5,391,269.47	
Increase(Decrease) in Other Current Liabilities	(1,117,256.24)	(2,880,554.59)	(3,399,409.47)	
Cash Receipt (Paid) from Operating Activities	(277,654,929.75)	(268,108,576.41)	601,170,394.64	
Cash Received from Interest Revenue	13,745,191.08	1,298,120.35	31,126,621.75	
Cash Payment for Corporate Income Tax and Withholding Tax	(1,773,950.37)	(335,592.82)	(812,051.80)	
Cash Provided(Used) from Operating Activities - Net	(265,683,689.04)	(267,146,048.88)	631,484,964.59	

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOW

For the year ended on December 31, 2010 and 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
CASH FLOW FROM INVESTING ACTIVITIES				
Cash Payment from Short-Term Loans to Subsidiary Company	-	(5,000,000.00)	-	-
Cash Payment for Purchased of Investment in Subsidiary Company	(432,010,777.89)	(435,000,000.00)	-	-
(Increase) Decrease in Pledged Deposit at Financial Institution	-	-	207,000,000.00	-
Cash Received from Other Account Receivable from Sale Assets	-	-	8,025,000.00	-
Cash Received from Sale of Property, Plant and Equipment	3,553,802.44	3,553,802.44	34,007,958.21	-
Cash Payment for Purchased of Property, Plant and Equipment	(7,030,468.44)	(1,663,227.68)	(31,906,314.47)	-
Cash Payment for Intangible Assets	(15,500.00)	-	-	-
Cash Provided(Used) from Investing Activities - Net	(435,502,943.89)	(438,109,425.24)	217,126,643.74	-
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (Decrease) in Bank Overdrafts and Short-Term Loans from Financial Institutions	516,184,711.43	516,184,711.43	(760,851,317.92)	-
Cash Payment for Account Payable for Assets	(291,349.23)	-	-	-
Cash Payment for Liabilities under Financial Lease Agreement	(482,372.00)	(422,291.00)	(291,159.00)	-
Cash Payment for Service Fee in Borrowing	(15,054,220.00)	(15,054,220.00)	-	-
Cash Payment for Long -Term Loans from Financial Institutions	(30,985,553.04)	(30,985,553.04)	(37,350,000.00)	-
Cash Received from Long -Term Loan from Financial Institutions	400,000,000.00	400,000,000.00	-	-
Cash Payment for Short -Term Loans from Other Company	(83,026,528.02)	(83,026,528.02)	-	-
Cash Received from Loan from Related Persons	316,000.00	-	-	-
Cash Payment for Interest Expenses	(70,783,233.72)	(70,772,653.08)	(61,589,562.37)	-
Cash Provided (Used) from Financing Activities - Net	715,877,455.42	715,923,466.29	(860,082,039.29)	-
Effect from Changes in Exchange Rate of Cash and Cash Equivalent	-	-	586.35	-
CASH AND ITS EQUIVALENT INCREASE (DECREASE)-NET	14,690,822.49	10,667,992.17	(11,469,844.61)	-
CASH AND ITS EQUIVALENT ITEMS AT BEGINNING OF THE PERIOD	4,165,059.15	4,165,059.15	15,634,903.76	-
CASH AND ITS EQUIVALENT ITEMS AT ENDING OF THE PERIOD	18,855,881.64	14,833,051.32	4,165,059.15	-

Notes to the financial statements are an integral part of the above financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS****December 31, 2010 and 2009****1. General Information**

The Company has registered in accordance with the Civil and Commercial Law Code that is juristic person in type of Company Limited since May 10, 1999, registered number 0107549000050 and registered as public company on March 27, 2006, with its registered head office 272 Watchannog Lane, Phraram 3 Road, Kwaeng Bangkoleam, Khet Bangkoleam, Bangkok and have five branch constitution as follows:

- Branch1 64/7 Moo 1 Phraram 2 Road, Thambon Khogkrabuo, Amphur Moungsamuthsakorn, Changwat Samuthsakorn.
- Branch2 33/8 Moo 5 Tepharak Road, Thambon Bangpleeyai, Amphur Bangplee, Changwat Samuthprakarn.
- Branch3 207/1 Moo 3 Thambon Lumsai, Amphur Wangnoi, Changwat Pranakornsriyudhaya.
- Branch4 116/7 Moo 5 Thambon Pantainorasing, Amphur Moungsamuthsakorn, Changwat Samuthsakorn.
- Branch5 141/3-4 Moo 3 Thambon Bangprong, Amphur Moungsamuthprakarn, Changwat Samuthprakarn.

The Company operated the distribution of steel pipe, steel scrap and steel products with subsidiary company operated the distribution of foundation pile plus transportation and hammer foundation pile. (The Company and its subsidiary combine the "Group".)

2. The Basis of the Financial Statements Preparation

- 2.1 The Company had prepared the financial statements in accordance with Thai Accounting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions, with generally accepted accounting principles in Thailand and in accordance with the determination of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.
- 2.2 The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.3 In order to prepare the financial statement to comply with generally accepted accounting standards, the company's management had to make some estimates and suppositions which may have an effect on the amount shown for revenue, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ the estimated amount.

2.4 For the convenience of the user, and English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

3. Adoption to New Accounting Standards, Financial Reporting Standards and Interpretation

The Federation of Accounting Professions has issued Notification No. 17/2010 and No. 50 to No. 55/2010, regarding new accounting standards, financial reporting standards and interpretation. These are not effective for the current year, except Framework for the Preparation and Presentation of Financial Statements, which was effective immediately.

	<u>Effective date</u>
Framework for Preparation and Presentation of Financial Statements (revised 2009)	Immediately
TAS 1 (revised 2009) Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009) Inventories	1 January 2011
TAS 7 (revised 2009) Statement of Cash Flows	1 January 2011
TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009) Events After the Reporting Period	1 January 2011
TAS 11 (revised 2009) Construction Contracts	1 January 2011
TAS 12 Income Taxes	1 January 2013
TAS 16 (revised 2009) Property, Plant and Equipment	1 January 2011
TAS 17 (revised 2009) Leases	1 January 2011
TAS 18 (revised 2009) Revenue	1 January 2011
TAS 19 Employee Benefits	1 January 2011
TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates	1 January 2013
TAS 23 (revised 2009) Borrowing Costs	1 January 2011
TAS 24 (revised 2009) Related Party Disclosures	1 January 2011
TAS 26 Accounting and Reporting by Retirement Benefit Plans	1 January 2011
TAS 27 (revised 2009) Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009) Investments in Associates	1 January 2011
TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2011

		<u>Effective date</u>
TAS 31 (revised 2009)	Interests in Joint Venture	1 January 2011
TAS 33 (revised 2009)	Earnings per Share	1 January 2011
TAS 34 (revised 2009)	Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009)	Impairment of Assets	1 January 2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009)	Intangible Assets	1 January 2011
TAS 40 (revised 2009)	Investment Property	1 January 2011
TFRS 2	Share-based Payment	1 January 2011
TFRS 3 (revised 2009)	Business Combinations	1 January 2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011
TFRIC 15	Agreements for the Construction of Real Estate	1 January 2011

The management of the Company has assessed the effect of the accounting standards financial reporting standards and interpretation believe that these standards will not have any significant impact on the financial statements for the year in which they are initially applied. Except, the TAS 19 Employee Benefits, the management of the Company has been evaluating for the contingent liabilities from Retirement Benefit Plans.

4. Basis of the Consolidation Financial Statements Preparation

4.1 In preparation of the consolidated financial statements, the Company will only take its subsidiary company which is under the main control of RICH ASIA STEEL PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves, with the percentage of shareholdings in subsidiary company as follows:

Company's Name	Percentage of Shareholdings	Registration	Type of Business
	As of		
	December 31, 2010		
Thai National Product Co., Ltd.	100.00	Thai	manufacture foundation pile plus transportation and hammer foundation pile

In accordance with the minute of the board of directors meeting no. 9/2008 held on December 27, 2008, it resolves with consent to buy ordinary shares of the Thai National Product Co., Ltd., from the former shareholders in number of 26,100,600,000 shares, equivalent to 100.00% of the shares issued and called for paid-up of the Thai National Product Co., Ltd., in the price of Baht 635.00 million which the Company and counter contract party extend period of trading. There is latest period extension to be within May 31, 2010. Presently, the Company has already purchased investment in the Thai National Product Co., Ltd. There is detail regarding acquisition of investment according to note to the financial statements no. 16.

In the preparation of the consolidated financial statements for the year ended on December 31, 2010, the Company has consolidated revenue, expense and operating result of such subsidiary company from June 1, 2010. (entity's acquisition date) to December 31, 2010.

- 4.2 The accounting period of subsidiary company that was one day end of RICH ASIA STEEL PUBLIC COMPANY LIMITED.
- 4.3 The preparation of consolidated financial statements was eliminated significant inter-assets and liabilities and inter-transactions.
- 4.4 Accounting policy for subsidiary company will utilize the same policy as the Company.

5. Summary of Significant Accounting Policies

5.1 Recognition of revenues

- Revenue from sales is recognized when goods are delivered to customers.
- Service incomes is recognized when service are provided to customer.
- Foundation pile hammer service incomes are recognized when service in amount that hammers successfully.
- Revenue of rental is recognized in accordance with the period of rent contract.
- Revenue of interest receivable is recognized in accordance with the period of receipt which is computed from outstanding principle.

5.2 Recognition of expenses

- Expenses are recognized on accrual basis.

5.3 Cash and cash equivalent

Cash and cash equivalent include bank deposit in saving account, current account and not over 3 months fixed account with not obligations.

5.4 Temporary investment

Temporary investment is investment in marketable security which the Company holds as trading security is reflected by fair value. The fair value of registered security is computed as of the date in the balance sheet from the latest price offered of The Stock Exchange of Thailand. The Company recognized the change of investment value as gain (loss) transaction in the statement of income, for the cost of investment disposed during the period computed according to the average method.

5.5 Accounts receivable, other accounts receivable and allowance for doubtful debt

Accounts receivable and other accounts receivable are valued at net realizable value. For allowance for doubtful debt estimated from those accounts which are likely to be uncollectible.

5.6 Inventories

Inventories for steel business

Inventories are stated at the lower of cost or net realizable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories, such as import duties, transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and comprises raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Cost of raw materials, spare part and finished goods is calculated using the MOVING AVERAGE method.

Inventories for pile business

Inventories are stated at the lower of cost by the MOVING AVERAGE method or net realizable value.

Work in process is stated at the lower of cost or net realizable value.

The Group estimates the net realizable value by using the selling price in the ordinary course of business less selling expenses.

5.7 Investments in subsidiary company

Investment in the subsidiary company is recorded according to cost method after deducting allowance for impairment of investment which the cost method determines that the Company recognizes revenue from investment in the subsidiary company when the Company receives allocation of revenue from retained earnings of the subsidiary company after the date that invested in the subsidiary company. However, allocation of revenue that received in part that exceeds such profit, it regards that it is investment refund which will recognize transaction by reducing cost price of that investment.

5.8 Property, plant and equipment

Property are recorded at cost on the transaction date, plant and equipment are recorded at cost on the transaction date less accumulated depreciation. Depreciation is calculated on a straight-line basis over the approximate useful life as follows:

- Building & Construction	5 - 32 years
- Machine	5 - 10 years
- Improvement office	5 years
- Office equipment	5 years
- Furniture and equipment	5 years
- Vehicles	5 years

The Group did not carry depreciation for land and asset being construction.

Expenditure in respect of extension, life renewal or asset improvement which causes the present replacement price increased materially. It will combine as cost of asset. Regarding repairing fee and maintenance, it is recognized as expense in the incurred accounting period.

Gain or loss from disposal of property, plant and equipment is computed from discrepancy between net cash received and book value and recognized as other revenue or other expense in the statement of income.

5.9 Land not used for operation

Land not used for operation is recorded at cost on date the transaction occurs after deduction of allowance for impairment (if any).

5.10 Intangible asset

Intangible asset, type of computer software which included in other non-current assets account is valued at cost on the transaction date deducted accumulated amortization; amortization is calculated by reference to its cost on a straight line method over the 5 years useful life.

5.11 Impairment

Impairment of outstanding book value of asset is revised as of the balance sheet date as to whether there is indication of impairment or not. If there is indication, realizable asset value will be estimated. Loss from impairment will be recognized when book value of asset or book value of asset unit which generates cash higher than recoverable amount. Loss from impairment is recorded in the statement of income.

Calculation of recoverable amount

- The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

- The Group impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount by impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. All reversals of impairment losses are recognized as revenue in the statement of income.

5.12 Accounts payable and others payable

Accounts payable and others payable were shown in cost method.

5.13 Accounting for leases

- Where the Group is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operation leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

- Where the Group is the lesser

Operating leases

Assets that are leased under the operation leased contract are reflected under the caption of property, plant and equipment in the balance sheet and depreciation is amortized throughout the useful life of assets by the same basis that used with the transaction of plant and equipment which there are alike nature as that of the Company rental income recognized by straight-line method over periods of rent.

5.14 Loan

Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in the statement of income. Fee for providing loans arising from the provision of short-term borrowing limit for use as working capital in a period of one year by will be paid to cut financial costs by straight-line method over periods of one year loan period and fees for providing loans arising from the provision of long-term borrowing limit, by will be paid to cut financial costs by over the period of the borrowings by using the effective rate method.

5.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

5.16 Employees benefit

The Group is recognized salary, wage, bonus, social security fund and provident fund are expense on date the transaction occur.

5.17 Foreign currencies

Items denominated in foreign currencies are recorded in Baht at the prevailing exchange rate when the transactions occur, and their balances of assets and liabilities at the ended of period are converted into Baht by closing rate which is the prevailing exchange rate on that date. Profit or loss arising from such conversion is shown as revenues or expenses in the statements of income.

5.18 Financial instruments

Financial instruments; financial assets carried on the balance sheets include cash and bank deposit, investment, and accounts receivable, financial liabilities carried on the balance sheets include accounts payable, loan. The particular accounting policies adopted for each items are disclosed in each individual section.

The Group performed the forward foreign currencies contract so as to hedge against risk from fluctuation of exchange rates. The forward foreign currencies contract will determine exchange rates in the future that foreign currencies asset and liability will receive or has to be repayable. The forward foreign currencies contract as of period end will be computed by fair value and disclosed in the note to the financial statements. In addition, realized gain (loss) incurred from the forward foreign exchange contract will be recorded in the statement of income.

5.19 Earnings(loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) with the weighted averaged number of issued and paid-up shares. The Company did not calculate the fully-diluted earnings per share since it has no equivalent ordinary shares equivalents.

5.20 The appropriation of retained earnings

The appropriation of retained earnings is attributable to the Public Company Act 2535 (1992). The Company will appropriate retained earnings when it is approved at the shareholders' meeting.

6. Business Transaction with the Related Companies

The Company constitutes important business transaction with the subsidiary company, related companies and related persons. Such business transactions are complied with trading term and criteria as per mutually agreed between the Company with the subsidiary company, related companies and related persons which is complied with the normal course of business whereby it can be summarized as follows:

6.1 Inter – Revenues and Expenses

		Consolidate		Separate	
		Financial Statements		Financial Statements	
		For the year		For the year	
		ended on December 31,		ended on December 31,	
<u>Pricing</u>	2010	2010	2009		
<u>Policy</u>	Baht	Baht	Baht		
<u>Inter - Sales</u>					
THAI NATIONAL PRODUCT CO., LTD.	(1)	-	1,092,715.07	-	
SIAM FERRO INDUSTRY CO., LTD.	(1)	319,842.00	319,842.00	117,045.00	
P.A.P EXIM CO., LTD.	(1)	-	-	8,444,521.12	
CHAI SUPON CO., LTD.	(1)	-	-	2,113,895.00	
MAHALAP METAL CO., LTD.	(1)	-	-	39,278,588.72	
HARNSAWAT LTD. PART.	(1)	-	-	877,343.01	
G.T. STEEL WORKS CO., LTD.	(1)	-	-	32,289.72	
Total		319,842.00	1,412,557.07	50,863,682.57	
<u>Inter – Income from the Employment Produces</u>					
MAHALAP METAL CO., LTD.	(3)	-	-	777,635.92	
Total		-	-	777,635.92	
<u>Inter – Transportation Revenue</u>					
THAI NATIONAL PRODUCT CO., LTD.	(2)	-	20,000.02	-	
G.T. STEEL WORKS CO., LTD.	(2)	-	-	1,000.00	
Total		-	20,000.02	1,000.00	
<u>Inter – Other Revenue</u>					
THAI NATIONAL PRODUCT CO., LTD.	(3)	-	19,834.58	-	
Total		-	19,834.58	-	
<u>Inter – Subcontract</u>					
SIAM FERRO INDUSTRY CO., LTD.	(2)	3,262,849.25	3,262,849.25	11,377,358.91	
G.T. STEEL WORKS CO., LTD.	(2)	-	-	111,112.83	
Total		3,262,849.25	3,262,849.25	11,488,471.74	
<u>Inter – Other Expenses</u>					
SIAM FERRO INDUSTRY CO., LTD.	(3)	773,459.82	773,459.82	2,358,817.90	
A.T. STEEL CO., LTD.	(3)	1,264,408.59	1,264,408.59	1,171,102.57	
Total		2,037,868.41	2,037,868.41	3,529,920.47	

Pricing policy is determined in accordance with the criteria as follows:

- (1) Price which can be comparative against outside parties.
- (2) Price is complied with the prices in accordance with the contract.
- (3) Price is complied with the prices which are mutually agreed upon.

6.2 Inter – Assets and Liabilities

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009
	Baht	Baht	Baht	Baht
Inter – Accounts and Notes Receivable				
THAI NATIONAL PRODUCT CO., LTD.	-	1,153,821.13	-	-
SIAM FERRO INDUSTRY CO., LTD.	-	-	-	52,579.80
THANASUB PAISARN CO., LTD.	-	-	-	9,904,647.18
P.A.P EXIM CO., LTD.	-	-	-	378,420.00
Total	-	1,153,821.13	-	10,335,646.98
<u>Less</u> Allowance for Doubtful Debt –				
THANASUB PAISARN CO., LTD.	-	-	-	(9,904,647.18)
Net	-	1,153,821.13	-	430,999.80
Inter – Other Accounts Receivable				
THAI NATIONAL PRODUCT CO., LTD.	-	9,941.00	-	-
Total	-	9,941.00	-	-
Short-Term Loans to				
THAI NATIONAL PRODUCT CO., LTD.	-	5,000,000.00	-	-
Total	-	5,000,000.00	-	-
Accrued Interest				
THAI NATIONAL PRODUCT CO., LTD.	-	4,778.64	-	-
Total	-	4,778.64	-	-
Inter – Accounts and Notes Payable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	-	1,876,006.90
Total	-	-	-	1,876,006.90
Loans from Related Persons				
DIRECTOR	316,000.00	-	-	-
Total	316,000.00	-	-	-

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	As of
	December 31, 2010		December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Inter – Accrued Expenses, Advances Received and Notes Payable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	-	301,080.56
A.T. STEEL CO., LTD.	-	-	-	95,630.00
DIRECTOR	-	-	-	11,439.00
Total	-	-	-	408,149.56

For the year ended on December 31, 2010, short-term loans to subsidiary company have movements as follows:

	As of	During the period		As of
	December 31, 2009	Increase	(Decrease)	December 31, 2010
	Baht	Baht	Baht	Baht
Subsidiary Company				
THAI NATIONAL PRODUCT CO., LTD.	-	5,000,000.00	-	5,000,000.00

As of December 31, 2010, short-term loans to subsidiary company, it's borrows in loan agreement at call type and with calculated at 6.12% per annum.

For the year ended on December 31, 2010, short-term loans from related persons have movements as follows:

	As of	During the period		As of
	December 31, 2009	Increase	(Decrease)	December 31, 2010
	Baht	Baht	Baht	Baht
Related Persons				
Director	-	316,000.00	-	316,000.00

6.3 The Company's Relationship

Consist of:

<u>Name</u>	<u>Activities</u>	<u>Relationship</u>
THAI NATIONAL PRODUCT CO., LTD.	Production foundation pile plus transportation and hammer foundation pile	Subsidiary company by shareholding
SIAM FERRO INDUSTRY CO., LTD.	Engagement of steel production and steel cut -off	Chief executive officer of Company are executive reorganization plan resign on June 22, 2010, because the court to cancel the reorganization of the management plan is successful, the plan then.
G.T. STEEL WORKS CO., LTD.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders
GENIUS TECH TRADING CO., LTD.	Production and distribution of steel	G.T. Steel Works Co., Ltd. and closed cousin are major shareholders(Not be shareholder. on December 13, 2010)
CHAI SUPON CO., LTD.	Distribution of PVC pipes, water, and steel	Closed cousin of executive officer are director and shareholders (executive officer resign on November 21, 2009)
MAHALAP METAL CO., LTD.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders (executive officer resign on November 21, 2009)
HARNSAWAT LTD. PART.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders (executive officer resign on November 21, 2009)
P.A.P EXIM CO., LTD.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders (executive officer resign on November 21, 2009)
THANASUB PAISARN CO., LTD.	Distribution of shape steel	Closed cousin of executive officer are director and shareholders (executive officer resign on November 21, 2009)
A.T. STEEL CO., LTD.	Distribution of line steel	Closed cousin of executive officer are director and shareholders

7. Non Cash Items

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year		For the year	
	ended on December 31,		ended on December 31,	
	2010	2010	2009	
	Baht	Baht	Baht	
Purchases Assets in Credit	8,811,200.60	357,700.00	-	
Purchases Assets in Credit under Financial Lease Agreement	1,437,014.42	1,437,014.42	1,677,452.49	
Other Account Receivable from Refund of Advance Payment - Goods				
Increases from Transfer out of Advance Payment - Goods	-	-	421,000,000.00	
Sale Assets in Credit	94,392.52	94,392.52	-	
Short-Term Loans from Financial Institutions Decrease from				
Transfer of Land Not Used for Operation with Settle	3,440,000.00	3,440,000.00	-	
Convert to Long-Term Loans	-	-	289,865,043.66	
Accounts Payable Decreases from Payment by Short-Term Loans from				
Other Company	83,026,528.02	83,026,528.02	-	
Loans that Due for Repayment Increases from Transfer out				
Short-Term Loans from Financial Institutions	156,327,782.27	156,327,782.27	220,244,315.48	
Current Portion	60,000,000.00	60,000,000.00	-	
Long-Term Loans from Financial Institutions	585,657,767.85	585,657,767.85	-	
Off-Set between Accounts Receivable and Accounts Payable	493,288,223.19	493,288,223.19	-	
Investment in Subsidiary Company Increases from Transfer out of				
Deposit Payment for Investment	200,000,000.00	200,000,000.00	-	
Prepaid for Purchased of Investment Expenses	4,477,611.48	4,477,611.48	-	

8. Cash and Cash Equivalent

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010		December 31, 2010	
	Baht	Baht	Baht	December 31, 2009
Cash	114,063.75	94,125.75	76,445.50	
Bank Deposit – Saving Deposit	652,472.01	640,285.67	349,115.65	
Bank Deposit – Current Deposit	18,089,345.88	14,098,639.90	3,739,498.00	
Total	18,855,881.64	14,833,051.32	4,165,059.15	

9. Temporary Investment

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Investment of Trading Security – Cost Value	1,618,500.00	1,618,500.00	1,618,500.00	1,618,500.00
Unrealized Gain(Loss) in Investment of Trading Security	(828,672.00)	(828,672.00)	(828,672.00)	(161,850.00)
Investment of Trading Security – Fair Value	<u>789,828.00</u>	<u>789,828.00</u>	<u>789,828.00</u>	<u>1,456,650.00</u>

10. Accounts and Notes Receivable Other Companies - Net

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Notes Receivable	191,342,162.45	191,342,162.45	26,792,921.00	
Account Receivable – Return Cheques	1,009,345.28	-	-	
Account Receivable	<u>1,662,218,492.09</u>	<u>1,522,454,615.68</u>	<u>1,043,084,012.51</u>	
Total Accounts and Notes Receivable	1,854,569,999.82	1,713,796,778.13	1,069,876,933.51	
<u>Less Allowance for Doubtful Debt –</u>				
Account Receivable	<u>(23,456,615.95)</u>	<u>(21,904,647.18)</u>	<u>(36,275,590.00)</u>	
Net	<u>1,831,113,383.87</u>	<u>1,691,892,130.95</u>	<u>1,033,601,343.51</u>	

An aging analysis of accounts and notes receivable other companies as of December 31, 2010 and 2009, are as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Within credit term	1,284,402,551.02	1,159,495,570.41	699,612,919.29	
Over due 1 to 90 days	503,229,775.44	490,015,376.47	107,425,667.42	
Over due 91 to 180 days	42,636,228.20	42,381,184.07	-	
Over due 181 to 365 days	-	-	226,562,756.80	
Over due over 1 years	24,301,445.16	21,904,647.18	36,275,590.00	
Total Accounts and Notes Receivable	1,854,569,999.82	1,713,796,778.13	1,069,876,933.51	
<u>Less Allowance for Doubtful Debt -</u>				
Account Receivable	(23,456,615.95)	(21,904,647.18)	(36,275,590.00)	
Net	1,831,113,383.87	1,691,892,130.95	1,033,601,343.51	

For the year ended on December 31, 2010 and 2009, allowance for doubtful debt has movements as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year		For the year	
	ended on December 31,	ended on December 31,	ended on December 31,	ended on December 31,
	2010	2010	2009	
	Baht	Baht	Baht	
Allowance for Doubtful Debt - Beginning	(36,275,590.00)	(36,275,590.00)	(62,000,000.00)	
<u>Add</u> Increased from Purchase Business	(1,575,968.77)	-	-	
Transfer from Accounts Receivable				
Related Companies	(9,904,647.18)	(9,904,647.18)	-	
<u>Less</u> Transfer out from Received	24,299,590.00	24,275,590.00	25,724,410.00	
Allowance for Doubtful Debt - Ending	(23,456,615.95)	(21,904,647.18)	(36,275,590.00)	

The consolidated financial statements as of December 31, 2010, and the separate financial statements as of December 31, 2010 and 2009, the Company factored some bill of exchange and note receivable in amount of Baht 68.09 million and Baht 26.10 million respectively, to discount with one finance institutes according to the note no.24. The Company still has to take responsibility in the note receivable if the finance institutes cannot collect debt repayment in accordance with such note receivable.

The separate financial statements as of December 31, 2009, accounts receivable over due over 181 days in amount of Baht 226.56 million, is the merchandise sale in type of steel scrap to one client who is the producer and distributor of hot rolled coils as one of main distributor in the iron industry. Such account receivable has negotiated with the Company and constitutes the letter to notify requesting the gradually debt repayment. While account receivable will allow debt repayment deduction by providing discount of 10 – 20% from merchandise value that the Company purchases merchandise from such account receivable. (While there is debt value as of the date the letter to notify requesting the gradually debt repayment in amount of Baht 432.47 million). Presently, the Company has already received a complete refund in accordance the letter to notify requesting the gradually debt repayment.

11. Accounts Receivable Related Companies – Net

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	
Account Receivable	-	1,153,821.13		10,335,646.98
<u>Less</u> Allowance for Doubtful Debt	-	-		(9,904,647.18)
Net	-	1,153,821.13		430,999.80

An aging analysis of accounts receivable related companies as of December 31, 2010 and 2009, are as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Within credit term	-	1,153,821.13	-	-
Over due 1 to 90 days	-	-	-	430,999.80
Over due over 1 years	-	-	-	9,904,647.18
Total Accounts Receivable	-	1,153,821.13	-	10,335,646.98
<u>Less</u> Allowance for Doubtful Debt	-	-	-	(9,904,647.18)
Net	-	1,153,821.13	-	430,999.80

The consolidated financial statements and the separate financial statements as of December 31, 2010, accounts receivable over due over 1 years and allowance for doubtful debt decreases amount of Baht 9.91 million from the reclassify to accounts receivable other companies as in note No.10 since accounts receivable related company ended relation related company from executive officer are closed cousin of director and shareholders of related companies resign on November 21, 2009.

12. Inventories - Net

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Finished Goods	298,342,973.19	274,953,609.87	71,653,651.48	-
Work in Process	1,074,050.93	-	-	-
Raw Materials	15,812,400.14	8,060,554.93	61,260,975.75	-
Goods-in-Transit	-	-	-	5,354,649.34
Spare Part	8,440,627.30	1,501,067.54	1,543,472.79	-
Total	323,670,051.56	284,515,232.34	139,812,749.36	-
<u>Less</u> Allowance for Declining in Value of Inventories	(7,568,426.83)	(507,358.82)	(16,122,361.16)	-
Net	316,101,624.73	284,007,873.52	123,690,388.20	-

For the year ended on December 31, 2010 and 2009, allowance for declining in value of inventories has movements as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year		For the year	
	ended on December 31,		ended on December 31,	
	2010	2010	2009	
	Baht		Baht	
Allowance for Declining in Value of Inventories- Beginning	(16,122,361.16)	(16,122,361.16)	(211,553,556.51)	
<u>Add</u> Increased from Purchase Business	(7,614,401.34)	-	-	
Increased within Period	(3,869,853.00)	(1,491,764.78)	(10,588,468.43)	
<u>Less</u> Sale/Reversal	20,038,188.67	17,106,767.12	206,019,663.78	
Allowance for Declining in Value of Inventories- Ending	<u>(7,568,426.83)</u>	<u>(507,358.82)</u>	<u>(16,122,361.16)</u>	

13. Accrued Interest

The consolidated financial statements as of December 31, 2010, the whole amount is accrued interest that derives from loan to other company while subsidiary company received of principal a complete refund, for accrued interest, account receivable constitutes the letter to notify requests for gradual payment which will be completely repayable within April 2011.

14. Advance Payment – Goods - Net

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010		December 31, 2010	
	Baht		Baht	
Advance Payment – Goods	605,529,716.73	604,970,744.74	578,996,929.73	
<u>Less</u> Allowance for Declining in				
Value of Inventories	-	-	(9,201,920.26)	
Net	<u>605,529,716.73</u>	<u>604,970,744.74</u>	<u>569,795,009.47</u>	

The consolidated financial statements and the separate financial statements as of December 31, 2010, the advance payment - goods partly in amount of Baht 378.43 million is advance payment in purchasing roll steel to one client who is the producer and distributor of hot rolled coils. Moreover, the Company constitutes debt value of such company account receivable in amount of Baht 97.71 million (Listed in over due over 1 - 90 days) which machinery in fair value amount of Baht 978.18 million which the price is appraised by independent appraiser pledges as surety according to machinery mortgage contract on October 4, 2010.

For the year ended on December 31, 2010 and 2009, allowance for declining in value of inventories has movements as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year		For the year	
	ended on December 31,		ended on December 31,	
	2010	2010	2009	
	Baht	Baht	Baht	Baht
Allowance for Declining in Value of Inventories- Beginning	(9,201,920.26)	(9,201,920.26)	(47,072,756.00)	
<u>Add</u> Increased within Period	(1,091,684.58)	(1,091,684.58)	(9,201,920.26)	
<u>Less</u> Sale/Reversal	10,293,604.84	10,293,604.84	47,072,756.00	
Allowance for Declining in Value of Inventories- Ending	-	-	(9,201,920.26)	

15. Other Account Receivable from the Refund of Advance Payment - Goods

The consolidated financial statements as of December 31, 2010, and the separate financial statements as of December 31, 2010 and 2009, the whole amount is other account receivable from the refund of advance payment - goods with one company of merchandise distributor overseas while the Company constitutes the letter to notify the cancellation of the purchasing and selling contract and request that the seller refunds amount of Baht 250.00 million to the Company. However, the merchandise distributor constitutes the letter to notify requests for gradual repayment of advance payment - goods to be within June 2010, whereby the Company has already received a complete refund.

16. Investment in Subsidiary Company

Consist of:

Company's Name	Paid-Up Share Capital '000 Baht	Separate Financial Statements		
		Percentage of Shareholdings As of December 31, 2010 %	Cost Method As of December 31, 2010 Baht	Dividend For the year ended on December 31, 2010 Baht
Thai National Product Co., Ltd.	261,006	100.00	639,477,611.48	-
			<u>639,477,611.48</u>	<u>-</u>

On May 31, 2010, the Company has acquired investment in the Thai National Product Co., Ltd., while there is proportion of investment equivalent to rate of 100%. There is some repayment in amount of Baht 610.00 million (including deposit payable for investment in amount of Baht 200.00 million according to note no. 19). It remains as creditor – shares subscription fee in amount of Baht 25.00 million which the Company will be gradually repayable to be completed within November 30, 2010. Whereby, the Company has completely payments creditor – shares subscription fee to total of purchase investment in amount of Baht 635.00 million. However, in cost allocation of business amalgamation to asset, liabilities and contingent liabilities that derives from investment acquisition in the subsidiary company, the Company has engaged independent appraiser in order to appraise fair value of property, plant and equipment. After cost allocation of business combinations, it finds that surplus of the Company's interest in net fair value of asset, liabilities and contingent liabilities that specifiable of the subsidiary company is greater than cost of investment acquisition. However, according to accounting standard no. 27 (revised 2007) Business Combinations, it determines that the purchaser has to newly assess specification and value measurement of asset, liabilities and contingent liabilities that specifiable of business which is acquired. Moreover, it newly assesses cost of business combinations. If interest of purchaser in net fair value of such transactions is higher than cost price as of the purchased date, given the remaining surplus after newly assessment, it requires that the purchaser immediately recognizes in the statement of income. The Company has engaged newly independent appraiser in order to appraise fair value of property, plant and equipment. After newly cost allocation of business combinations, it finds that surplus of interest in net fair value of the subsidiary company is higher than cost in amount of Baht 130.87 million. The Company recognizes such transactions including in the consolidated statement of income for the year ended on December 31, 2010 while there is detail as follows:

Fair value of assets and liabilities of THAI NATIONAL PRODUCT CO., LTD before the merger as follows:

	Fair Value As of May 31, 2010 Baht
Current Assets	224,436,843.70
Non-Current Assets	688,770,411.54
Current Liabilities	(142,555,111.20)
Non-Current Liabilities	(302,320.08)
	<hr/>
Total Assets-Net as Fair Value as of Purchasing Date	770,349,823.96
	<hr/>
Fair Value in Proportion as the Company Investment in the rate of 100 %	770,349,823.96
Premium in Fair Value of Subsidiary Company Over Cost (recognized income in the consolidated statements of income)	(130,872,212.48)
	<hr/>
Cost paid Purchase Subsidiary Company (including expense for purchase in amount of Bath 4.48 million)	639,477,611.48
<u>Less</u> Prepaid for Purchase Expense	(4,477,611.48)
Deposit Payment for Investment	(200,000,000.00)
Cash and Cash Equivalent of Subsidiary Company	(2,989,222.11)
	<hr/>
Net Cash flow paid from Purchasing Subsidiary Company	<u>432,010,777.89</u>

Apart from this, the Company has engaged one independently financial advisory company to study appropriateness of investment, benefit that the Company will receive from investment and appropriate entity value of the subsidiary company. The financial advisory company has proposed studying result to the Company board of directors while it provides appropriate entity value according to discounted cash flow method being amount of Baht 794.75 million.

17. Property, Plant and Equipment – Net

Consist of:

	Consolidated Financial Statements				
	Balance	Increased from	Increased/	Sales/	Balance
	As of	Purchase	Transfer in	Transfer Out	As of
	December 31, 2009	Business			December 31, 2010
	Baht	Baht	Baht	Baht	Baht
Cost :					
Land	90,117,740.00	324,518,000.00	-	-	414,635,740.00
Building	119,188,807.02	230,371,833.29	-	-	349,560,640.31
Building & Construction	7,244,833.15	-	-	-	7,244,833.15
Improvement Office	579,020.85	-	-	-	579,020.85
Machinery	137,022,299.61	436,925,022.88	139,000.00	(41,291.25)	574,045,031.24
Improvement Machinery	9,419,156.01	-	-	-	9,419,156.01
Furniture and Equipment	14,202,973.99	141,439,468.13	6,713,566.45	(4,446,308.71)	157,909,699.86
Equipment	11,351,717.20	6,516,323.60	607,797.24	(732,143.61)	17,743,694.43
Vehicle	14,681,199.01	19,643,230.06	1,703,644.86	(1,763,534.49)	34,264,539.44
Tools Pile	-	274,468,492.12	3,561,333.00	-	278,029,825.12
Water Wells /Road/Fence/Culvert	-	81,600,477.34	-	-	81,600,477.34
Work in Progress	-	872,985.59	4,553,341.91	-	5,426,327.50
Total Cost	403,807,746.84	1,516,355,833.01	17,278,683.46	(6,983,278.06)	1,930,458,985.25
Accumulated Depreciation :					
Building	(21,931,843.69)	(141,665,957.02)	(7,327,335.25)	-	(170,925,135.96)
Building & Construction	(1,004,152.13)	-	(362,241.51)	-	(1,366,393.64)
Improvement Office	(406,423.84)	-	(115,803.98)	-	(522,227.82)
Machinery	(76,639,124.34)	(227,169,338.85)	(21,790,211.94)	41,290.25	(325,557,384.88)
Improvement Machinery	(3,612,826.59)	-	(1,883,831.01)	-	(5,496,657.60)
Furniture and Equipment	(7,946,969.82)	(134,596,172.19)	(4,297,489.64)	3,439,130.85	(143,401,500.80)
Equipment	(7,572,097.80)	(6,179,824.92)	(1,836,273.17)	495,099.31	(15,093,096.58)
Vehicle	(11,809,000.88)	(18,374,470.66)	(1,056,207.42)	1,763,526.49	(29,476,152.47)
Tools Pile	-	(258,786,879.37)	(15,118,539.15)	-	(273,905,418.52)
Water Wells /Road/Fence/Culvert	-	(68,860,020.62)	(2,392,122.10)	-	(71,252,142.72)
Total Accumulated					
Depreciation	(130,922,439.09)	(855,632,663.63)	(56,180,055.17)	5,739,046.90	(1,036,996,110.99)
Allowance for Impairment - Land	(15,672,815.00)				(15,672,815.00)
Net	(257,212,492.75)				(877,790,059.26)

Depreciation was shown in statement of income for the year

Ended on December 31, 2010

56,180,055.17

Ended on December 31, 2009

32,894,338.69

	Separate Financial Statements			
	Balance	Increased/	Sales/	Balance
	As of	Transfer in	Transfer Out	As of
	December 31, 2009			December 31, 2010
	Baht	Baht	Baht	Baht
Cost :				
Land	90,117,740.00	-	-	90,117,740.00
Building	119,188,807.02	-	-	119,188,807.02
Building & Construction	7,244,833.15	-	-	7,244,833.15
Improvement Office	579,020.85	-	-	579,020.85
Machinery	137,022,299.61	-	-	137,022,299.61
Improvement Machinery	9,419,156.01	-	-	9,419,156.01
Furniture and Equipment	14,202,973.99	1,253,900.00	(1,928,969.60)	13,527,904.39
Equipment	11,351,717.20	560,397.24	(495,952.78)	11,416,161.66
Vehicle	14,681,199.01	1,643,644.86	(1,763,534.49)	14,561,309.38
Total Cost	403,807,746.84	3,457,942.10	(4,188,456.87)	403,077,232.07
Accumulated Depreciation :				
Building	(21,931,843.69)	(5,959,440.01)	-	(27,891,283.70)
Building & Construction	(1,004,152.13)	(362,241.51)	-	(1,366,393.64)
Improvement Office	(406,423.84)	(115,803.98)	-	(522,227.82)
Machinery	(76,639,124.34)	(12,308,394.59)	-	(88,947,518.93)
Improvement Machinery	(3,612,826.59)	(1,883,831.01)	-	(5,496,657.60)
Furniture and Equipment	(7,946,969.82)	(2,314,366.34)	1,278,326.29	(8,983,009.87)
Equipment	(7,572,097.80)	(1,756,831.47)	343,450.59	(8,985,478.68)
Vehicle	(11,809,000.88)	(904,756.12)	1,763,526.49	(10,950,230.51)
Total Accumulated				
Depreciation	(130,922,439.09)	(25,605,665.03)	3,385,303.37	(153,142,800.75)
Allowance for Impairment - Land	(15,672,815.00)			(15,672,815.00)
Net	(257,212,492.75)			(234,261,616.32)
Depreciation was shown in statement of income for the year				
Ended on December 31, 2010				25,605,665.03
Ended on December 31, 2009				32,894,338.69

Consolidated Financial Statements

As of December 31, 2010, The Group mortgaged land plus building in book value of Baht 587.09 million and some part machine in book value of Baht 88.80 million is collateral of loans from the financial institutes with note No.22.

As of December 31, 2010, the Group had assets with the depreciation fully calculated but still operate which had a cost value of Baht 222.89 million. The net book value was Baht 1,864.00.

As of December 31, 2010, property, plant and equipment apart in book value of Baht 152.44 million. The Company has temporarily not use for operation.

Separate Financial Statements

As of December 31, 2010 and 2009, the Company mortgaged land plus building in book value of Baht 178.36 million, some part machinery in book value of Baht 36.86 million and Baht 126.53 million respectively, is collateral of loans from the financial institutes with note No.22.

As of December 31, 2010 and 2009, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 79.33 million and Baht 24.26 million respectively. The net book value was Baht 303.00 and Baht 146.00 respectively.

As of December 31, 2010, property, plant and equipment apart in book value of Baht 152.44 million. The Company has temporarily not use for operation.

18. Land not Used for Operation - Net

Consist of:

	Consolidated and Separate Financial Statements				
	Balance As of December 31, 2009 Baht	Increased from Purchase Business Baht	Increased/ Transfer in Baht	Sales/ Transfer Out Baht	Balance As of December 31, 2010 Baht
Land not Used for Operation	27,313,000.00	-	-	(3,150,000.00)	24,163,000.00
<u>Less Allowance for Impairment</u>	<u>(5,502,000.00)</u>	-	<u>(2,385,000.00)</u>	-	<u>(7,887,000.00)</u>
Net	<u>21,811,000.00</u>				<u>16,276,000.00</u>

The consolidated financial statements and the separate financial statements as of December 31, 2010, the Company has transferred the land not used for operation in book value of Baht 3.15 million to settle debts to one financial institution conditional debt restructuring agreement by has the right to repurchase within two years, by the applicable rules of the financial institutes.

The consolidated financial statement as of December 31, 2010, and the separate financial statements as of December 31, 2010 and 2009, some part land not used for operation in book value of Baht 6.74 million. The Company has been taken to pledge so as to be collateral of loan due to the bank in the pledged amount of Baht 10.00 million.

19. Deposit Payment for Investment

The separate financial statements as of December 31, 2009, the deposit payment for investments is the deposit payment for investments in Thai National Product Co., Ltd., that the board of directors meeting no 3/2010 held on April 2, 2010, it is resolved to approved extend the period of signing in the contract of shares purchasing and selling of Thai National Product Co., Ltd., to be within May 31, 2010. Presently, the Company has purchase the investments in Thai National Product Co., Ltd., held on May 31, 2010, The Company has transferred the deposit to payment for investments to investments in subsidiary company according to note No. 16.

20. Long Other Account Receivable

The consolidated financial statement as of December 31, 2010, the whole amount is accounts receivable from service income for consult to plan the performance of debt restructuring in 2008, while subsidiary company there is the term of settlement as installment each Baht 2.00 million per month, total in number 16 installments each are carried by interest rates of 6.00% per annum. The first installment is repayable on March 2010 ended on June 2011.

21. Guarantee Against the Merchandise Order

The consolidated financial statement as of December 31, 2010, and the separate financial statements as of December 31, 2010 and 2009, the whole amount is guarantee against the merchandise order in order to be collateral against the merchandise purchasing activity between the Company and one huge distributor. Presently, the Company has already ceased business act of merchandise purchasing order from such distributor and claimed for the full amount of guarantee amount of merchandise purchasing order. The distributor requests for repayment installments of 10 installments in Baht 10.00 million per installment by issuing as posted date cheques to the Company which repayment commences from January 2010 forwards. Such business act receives approval from the board of directors meeting no. 26/2009 held on December 29, 2009, whereby the Company has already received a complete refund.

22. Credit Facilities and Guarantee

The Group has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term loan, the letter of guarantee and note receivable discount by granted the total credit line as of December 31, 2010, for the Group and also the Company in amount of Baht 1,100.56 million and credit line for forward contract in amount of Baht 33.00 million and as of December 31, 2009, also the Company in amount of Baht 569 million and credit line for forward contract in amount of US Dollars 4.00 million. It is pledged by the Company's mortgage register of land plus building and some part machine of the Company, some part land plus building and machine of subsidiary company, land plus building of a director and related companies, notes receivable of a company and guaranteed director, related companies and subsidiary company and beneficiary from insurance in land plus property, machinery, equipment.

23. Loans that Due for Repayment

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	
Trust Receipts	371,872,097.75	371,872,097.75	220,244,315.48	
Promissory Note	4,700,000.00	4,700,000.00	-	
Long-Term Loans from Financial Institutions	650,779,490.62	650,779,490.62	-	
<u>Less Amortization of Deferred Service Fee in Borrowing</u>	<u>(5,121,722.77)</u>	<u>(5,121,722.77)</u>	<u>-</u>	
Total	<u>1,022,229,865.60</u>	<u>1,022,229,865.60</u>	<u>220,244,315.48</u>	

The consolidated and the separate financial statements as of December 31, 2010 and 2009, the whole amount of loans that due for repayment is liability from trust receipt, promissory notes and long term loans which partial payable according to the conditions stated in Borrowing Contracts by the Company which make the whole amount of loan are due for repayment. Currently the Company has paid the payable debt to commercial bank and financial institution. Such commercial bank and financial institution is in consideration to allow the Company to accommodate short term credit and long term loan as normal.

24. Bank Overdrafts and Short-Term Loans from Financial Institutions

Consists of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Bank Overdrafts	10,332,748.70	10,332,748.70	9,039,583.66	
Bill of Exchange and Discount Post Date Cheques	68,092,508.87	68,092,508.87	26,100,166.00	
Trust Receipts	496,843,518.94	496,843,518.94	220,244,315.48	
Promissory Note	498,860,000.00	498,860,000.00	306,000,000.00	
<u>Less</u> Loans that Due for Repayment	(376,572,097.75)	(376,572,097.75)	(220,244,315.48)	
Amortization of Deferred Service Fee in Borrowing	(3,989,917.77)	(3,989,917.77)	-	
Net	<u>693,566,760.99</u>	<u>693,566,760.99</u>	<u>341,139,749.66</u>	

24.1 Fees for providing loans, the fees arising from the provision of short-term borrowing limit.

For use as working capital in a period of one year by will be paid to cut financial costs by straight-line method over periods of one year loan period.

24.2 The consolidated financial statement as of December 31, 2010, and the separate financial statement as of December 31, 2010 and 2009, the Company took bill of exchange and notes receivable to discount with merchant bank are carried by interest rates of 2.50% – 6.13% and 5.87% per annum respectively.

24.3 The consolidated financial statements as of December 31, 2010, and the separate financial statement as of December 31, 2010 and 2009, trust receipt is carried by interest rates of 5.00 – 8.25% and 5.00 – 5.50% per annum respectively. The ownership of merchandise purchased from the contract performance of trust receipt is still belonged to the merchant bank until there will be repayment of trust receipt to the merchant bank. As of December 31, 2010 and 2009, trust receipt in amount of Baht 371.87 million and Baht 220.24 million is trust receipt that due for repayment. The Company has presented the whole amount of such loan as liability that due for repayment in accordance with note No. 23.

24.4 The consolidated financial statement as of December 31, 2010, and the separate financial statement as of December 31, 2010 and 2009, short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 3.50 – 6.13% per annum and 4.50 – 5.87% per annum respectively. As of December 31, 2010, promissory note in amount of Baht 4.70 million is promissory note that due for repayment a promissory note due the company has shown a loan due then to note No.23.

Such above loan from financial institutions constitutes collateral according to note No.22.

25. Liabilities under Financial Lease Agreement - Net

Consists of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	Baht	Baht	Baht	Baht
Liabilities under Financial Lease Agreement	3,275,386.16	2,863,401.86	1,649,901.00	
<u>Less</u> Interest Payment from Financial Lease Agreement	(382,267.58)	(307,423.01)	(193,911.53)	
Net	2,893,118.58	2,555,978.85	1,455,989.47	
<u>Less</u> Current Portion	(739,842.62)	(656,415.28)	(310,706.22)	
Net	2,153,275.96	1,899,563.57	1,145,283.25	

The consolidated financial statement as of December 31, 2010, the Group comprises asset under the financial leased agreement in the type of vehicle. The net book value of Baht 3.00 million and the separate financial statements as of December 31, 2010 and 2009, There is net book value by amount of Baht 2.68 million and Baht 1.82 million respectively. The Group will receive ownership in such asset when the Company completely repays debt to creditors in accordance with the financial leased agreement.

26. Long Term Loans from Financial Institutions – Net

Consist of:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	
	December 31, 2010	December 31, 2010	December 31, 2009	
	Baht	Baht	Baht	
Long Term Loans from Financial Institutions	650,779,490.62	650,779,490.62	281,765,043.66	
<u>Less</u> Current Portion	-	-	(60,000,000.00)	
Amortization of Deferred Service Fee in Borrowing	(5,121,722.77)	(5,121,722.77)	-	
Net	645,657,767.85	645,657,767.85	-	
<u>Less</u> Loans that Due for Repayment	(645,657,767.85)	(645,657,767.85)	-	
Net	-	-	221,765,043.66	

Movement of Long - Term Loans, As of December 31, 2010 and 2009, as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	
	December 31, 2010	December 31, 2010	December 31, 2009	
	Baht	Baht	Baht	
Balance as of Beginning	281,765,043.66	281,765,043.66	29,250,000.00	
Convert from Short-Term Loans to Long-Term Loans	-	-	289,865,043.66	
Increase During the Period	400,000,000.00	400,000,000.00	-	
Repayment to Long-Term Loans	(30,985,553.04)	(30,985,553.04)	(37,350,000.00)	
Balance as of Ending	650,779,490.62	650,779,490.62	281,765,043.66	

Fees for providing loans, the fees arising from the provision of long-term borrowing limit, by will be paid to cut financial costs by over the period of the borrowings by using the effective rate method.

The consolidated and the separate financial statement as of December 31, 2010, the Company loan credit line of Baht 400.00 million is already repayable remaining amount of Baht 379.21 million is loan due to one finance institute which the principal and interest is monthly repayable in number 84 installments each of which is Baht 6.20 million. The first installment is repayable on June 30, 2010, by interest is carried in the rate of SPRL+1.00 % per annum which there is interest rate equivalent to 7.75 % per annum. As of December 31, 2010, partial loans from financial institutions is due, the Company has shown a loans due for repayment for the whole amount as in note 23.

The consolidated financial statement as of December 31, 2010, and the separate financial statement as of December 31, 2010 and 2009, partly in credit line of Baht 289.87 million is already repayable remaining amount of Baht 256.86 million and Baht 261.52 million respectively, which is long term loan that derived from the performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on March 26, 2010, determine that the Company has to find out securities to additionally guarantee to be completed within September, 2011, by has term of repayment as follows :

Term of the performance of debt restructuring contract (Version 2)

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (Million Baht)	<u>Interest Rates(%)</u> (Per Annum)
April 2010 – June 2010	Grace period of principle	MLR
July 2010 – December 2010	1.00	MLR
January 2011 – December 2011	5.00	MLR
January 2012 – November 2014	6.00	MLR+1
December 2014	Outstanding	MLR+1

As of December 31, 2010, partial loans from financial institutions is due, the Company has shown a loans due for repayment for the whole amount as in note 23.

The consolidated financial statement as of December 31, 2010, and the separate financial statement as of December 31, 2010 and 2009, the Company loan credit line of Baht 45.00 million is already repayable remaining amount of Baht 14.71 million and Baht 20.25 million respectively. However, during period the Company has arrangement the performance of debt restructuring contract with the creditor of finance institutes by latest version on March 26, 2010, which the principle is monthly repayable in number 27 installments each of which is Baht 0.75 million. The first installment is repayable on April 30, 2010. Interest is monthly repayable. Interest is carried in the rate of MLR% per annum. As of December 31, 2010, partial loans from financial institutions is due, the Company has shown a loans due for repayment for the whole amount as in note 23.

Such above loan from financial institutions constitutes collateral according to note No.22.

27. Management Benefit Expenses

Management remuneration is benefit that repayable to management and directors of the Company. It is composed of remuneration that is monetary, i.e. salary, related benefit and remuneration of directors including remuneration benefit in other form. The Company's management is the persons who are defined under the Securities and Exchange Act.

28. Income Tax

For the year ended on December 31, 2010 and 2009, the Company calculates tax at 25%, which complies with royal decree No.475 to reduce tax from 30% to 25% of net profit not over Baht 300 million for the 3 consecutively accounting periods commenced from the first accounting period which commenced within or after January 1, 2008, for the listed companies according to the law of securities and securities market. The Company computed tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which is mainly doubtful debt and loss from declining in value of inventories, etc.

For the year ended on December 31, 2010, the subsidiary company calculates tax at 30%. The subsidiary company computed tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which is mainly deficit retrospect 5 years, doubtful debts, loss from declining in value of inventories and depreciation that far rate which specify in the Revenue Code etc.

29. Expenses by Nature

Expenses by nature items consist of expenses main items are as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year ended on		For the year ended on	
	December 31		December 31	
	2010	2010	2009	
	Baht	Baht	Baht	
Changing within Finished Goods and Good-in-Transit	(202,087,259.40)	(197,945,309.05)	825,982,405.18	
Raw Material Used	1,926,091,584.61	1,830,379,481.26	2,220,087,368.88	
Value of Purchase Finish Good for Sale	2,599,135,545.17	2,584,355,050.77	994,834,501.37	
Loss from Declining in Value of Inventories (Reversal)	(25,370,255.93)	(24,816,922.60)	(233,302,031.09)	
Employee Expenses	27,646,542.74	21,319,032.36	22,809,180.15	
Depreciation	56,180,055.17	25,605,665.03	32,894,338.69	
Loss from Impairment of Land not used for operation	2,385,000.00	2,385,000.00	-	
Reversal of Doubtful Debt	(24,299,590.00)	(24,275,590.00)	(25,724,410.00)	
Loss from Unrealized of Investment in Trading Security	666,822.00	666,822.00	97,110.00	
Selling Expenses	16,577,293.84	14,737,370.40	26,745,468.50	
Other Expenses	162,608,162.13	37,077,860.22	65,212,312.68	
Total	4,539,533,900.33	4,269,488,460.39	3,929,636,244.36	

30. Provident Fund

The Company has been established the provident fund which is managed by external fund manager, that staff and the company has to contribute to the fund at the rate of 2 percent of basic salary according with the funds regulation. This fund is managed by a Financial Institution as a fund manager. The Company has payment the provident fund for the year ended on December 31, 2010 and 2009 in amount of Baht 0.21 million and Baht 0.22 million respectively.

31. Presentation of Financial Data Segregated by Business Sector

The Group is operating in business sector, i.e. distribution of material type steel coil, steel slit and steel billets and distribution of finished goods type steel pipe and steel products and manufacture foundation pile plus transportation and hammer foundation pile and operates in one geographical area only in Thailand. Thus all income, profit and entire assets shown in the financial statements are related to the said business sector and geographical area.

The information on business sector operation of the Group was as follows:

('000 Baht)

Consolidate Financial Statements
For the year ended on December 31, 2010

	Steel Business		Business Piles		Other	Eliminate	Total
	Distribution of Material	Distribution of Finished Good	Produce and Distribution	Service			
Sales and Service	1,211,176	3,146,279	218,727	46,880	4,453	(1,093)	4,626,422
Profit(Loss) from Operation	49,098	71,837	37,231	1,641	203	(20,457)	139,553
Others Income							140,981
Common Expenses							(52,664)
Finance Costs							(91,818)
Corporate Income Tax							(7,336)
Net Profit(Loss)							128,716
Fixed Assets	———— 234,262 ————		—— 643,528 ——				877,790
Other Assets							2,873,961
Total Assets							3,751,751

The information on business sector operation of the Company was as follows:

('000 Baht)

For the year ended on December 31, 2009

	Distribution of Material	Production and Distribution of Finished Good	Other	Total
	Sales	968,445	3,011,734	5,391
Profit(Loss) from Operation	45,627	70,441	(1,238)	114,830
Others Income				49,046
Common Expenses				(58,896)
Financial Costs				(81,603)
Net Profit(Loss)				23,377
Fixed Assets				257,212
Other Assets				2,312,498
Total Assets				2,569,710

32. Obligations and Contingent Liabilities

32.1 Apart from liabilities shown on the balance sheets as of December 31, 2010 and 2009, the Group still remains other obligations and contingent liabilities with commercial banks as follows :

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
- Letters of Credit				
Credit Line 498.0 Million, Credit used	-	-	-	220.24 Million Baht
- Letters of Guarantee for Electricity	2.83 Million Baht	2.83 Million Baht	2.83 Million Baht	2.83 Million Baht
- Notes payable of Guarantee	2.83 Million Baht	-	-	-

32.2 The Company comprises obligation commitment according to the contract of land lease, contract of sublet of building area, contract of truck lease, contract of automobile lease with other persons, other companies and related companies. The leased fee and service fee each contract are in the rate of Baht 96,000.00 – Baht 250,000.00 per month. As of December 31, 2010 and 2009, there is total leased fee value that has to repay until contract is completed as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	As of		As of	
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Period not exceeding 1 year	4,583	4,583	4,583	4,967
Period more 1 year – 5 year	3,901	3,901	3,901	3,234

32.3 The Company comprises obligation commitment according to the contract of labor engagement to produce steel with one related company. The contract holds the life of one year ended on August 31, 2010 and 2011. It is determined that the life is automatically renewed for the period of 1 year. The engagement fee is in the rate of Baht 190,000.00 per month and on April 1, 2010, has change the engagement fee is in rate of Baht 142,500.00 per month as of December 31, 2010 and 2009, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 1.14 million and Baht 1.52 million, respectively.

33. Financial Instruments

33.1 Policy to manage financial risks

The Group obtains risk on the fluctuation of the interest and foreign currency exchange rate in the market. The Group has no policy to hold financial instruments for the purpose of speculation or trade.

33.2 Risk on interest rates

Risk on interest rates is derived from fluctuation of interest rates in the future which affects upon operation result and the cash flow. The Group risks from rate of interest in deposits at financial institutions, bank overdrafts and loan from banks and the financial institutions.

The Group had assets and liabilities instruments to hedge against this risk as follows:

	Consolidate Financial Statements			
	Amount		Interest rate per annum	
	As of		As of	
	December 31, 2010		December 31, 2010	
	<u>Million Baht</u>		%	
Cash in Bank				
Saving	0.65		0.50 – 0.75	
Short-Term Loans from Financial Institutions	693.57		2.50 – 8.25	
Liabilities under Financial Lease Agreement	2.56		6.36 – 7.00	
	Separate Financial Statements			
	Amount		Interest rate per annum	
	As of	As of	As of	As of
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	<u>Million Baht</u>	<u>Million Baht</u>	%	%
Cash in Bank				
Saving	0.64	0.35	0.50 - 0.75	0.25
Loans from Related Companies	5.00	-	6.12	-
Short-Term Loans from				
Financial Institutions	693.57	341.14	2.50 - 8.25	4.00 - 5.87
Long-Term Loans from				
Financial Institutions	-	281.76	-	4.85 - 5.85
Liabilities under Financial				
Lease Agreement	2.56	1.46	6.36 - 7.00	6.36

33.3 Risk on exchange rates

Risk on exchange rate is risk which is derived from raw material purchased and imported from overseas; as a result, the Group constitutes risk with respect to the change of exchange rate. However, the Group will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend.

33.4 Credit risk

The Group obtains credit risk to trade debts. However, the mainly customers of the Group were capability repayment. As result, the Group does not anticipate any indemnity arising from uncollectability beyond allowance for doubtful accounts receivable.

33.5 Fair value

Owing to mainly financial assets and financial liabilities were classified under short-term type and interest of loan are close to the rate of market, thus management of the company believe that the book values of such financial assets and liabilities do not materially differ from fair value.

34. Subsequent Events

- 34.1 In accordance with minute of the board of directors meeting no. 8/2010 on December 23, 2010, it resolves to acquire ordinary shares in the SIAM FERRO INDUSTRY CO., LTD. (Siam Ferro) in number of 10,954,556 Shares at value of Baht 100 per share, equivalent to proportion of 76.88% of registered capital that already repaid at the price of Baht 73.00 per share being amount of Baht 799.68 million in order to purchase asset for expand production capacity and reserve for the Company's growth in future. The financial advisor has assessed shares prices by various methods. There are fair values of the Siam Ferro holding value in the range of 280.76 - 1,109.62 million or equivalent to Baht 19.70 – 77.88 per share. However, the financial advisor has considered purpose of the Company to buy ordinary shares of the Siam Ferro and consented that the shares price appraisal by book value adjusted method via net market prices will reflect the actual value of the Siam Ferro more appropriately than price appraisal via other methods. Hereby, the stock value by book value adjusted by net market price method, the financial advisor has appraised the firm value in amount of Baht 1,109.62 million, or determined in amount of Baht 77.88 per share. The shares price appraisal by book value adjusted method via net price prices is assessing from book value of net assets or shareholders equity in accordance with the financial statements as of June 30, 2010, of the Siam Ferro and adjusted by added portion or discounted portion of fixed asset value that appraised by the independent price

appraiser. However, the independent price appraiser has issued report of asset price appraisal while there is purpose to support trading, whereas there is information of price assessment as follows:

			Unit: Million Baht
	Assets	Cost Acquired	Appraised Prices
Land		284	216
Buildings		582	439
Machinery and Fixture		753	447
	Total	<u>1,619</u>	<u>1,102</u>
		<u>208</u>	

Later on January 4, 2011, the Company and the seller-to-be have prepared memorandum to buy and to sell shares of the SIAM FERRO INDUSTRY CO., LTD., which there is important term as follows:

1. The Company agrees to repay the first portion of trading price in amount of Baht 559.78 million equivalents to 70% of trading price within completely shares transfer date.
2. The Company will repay trading price of the outstanding portion in amount of Baht 239.90 million, equivalent to 30% of trading prices via repayment installments in number of 3 installments at Baht 79.97million per installment commenced from the shares transfer date. However, the Company will deliver posted date cheques for repayment of outstanding portion of trading prices on the completely shares transfer date.
3. The Company and the seller-to-be agree to transfer ownership in ordinary shares so that the trading is perfectly effective within March 31, 2011.

However, such appraised prices refer from appraised prices of the independent appraiser who prepares for purpose to support trading. Presently, the Company is under arrangement that the appraiser prepares newly version price appraisal report for public purpose. If the appraised prices of newly version appraisal report constitute values materially different from appraised prices of the former version appraisal report. The Company and the financial advisor will raise such prices proposed to the Company's board of directors supporting considering further shares purchasing investment of the SIAM FERRO INDUSTRY CO., LTD. Presently, the Company constitutes shares subscription fee repayment to the seller in amount of Baht 524.63 million.

34.2 In accordance with the minute of the extra-ordinary shareholders meeting no. 1/2011 on February 25, 2011, it materially resolves as follows:

- Change approval of ordinary shares par value of the Company from the formerly value of Baht 0.10 per share to value of Baht 1.00 per share. As a result, the Company's ordinary shares drop from 10,000 million shares to 1,000 million shares. The Company is under proceeding with register of the Company's shares value amendment and number of shares plus correcting articles of association letter to the Commercial Business Development Department of the Ministry of Commerce.
- Increment approval of registered capital from the formerly 1,000 million shares to 1,500 million shares by issuing newly ordinary shares in number of 500 million shares at value of Baht 1.00 per share in order to offer to restricted persons. There is purpose to be working capital and reserve for entity expansion of the Company and subsidiary company. Moreover, it resolves to additionally correct articles of association letter of the Company to comply with registered capital increment.

35. Capital Management

The objectives of the Company's capital management are arrangement of appropriated financial structure and maintenance of ability in continuously business operation whereas there is policy of debt to equity ratio maintenance to hold in the rate that the Company can operate business of the Company while there is appropriated capital cost burden including policy of debt to equity ratio maintenance to comply with term in the loan contract that there are related financial institutes.

The consolidated financial statement as of December 31, 2010, and the separate financial statement as of December 31, 2010 and 2009, debt to equity ratio are 1.42 : 1 and 1.49 : 1 and 0.81 : 1 respectively.

36. Approval of the Financial Statement

These financial statements have been approved by authorized directors of the Company on February 28, 2011.



272 ซอยวิจั้นท์น็อก ถนนพระราม 3 แขวงบางกอกเหนือ เขตบางกอกเหนือ กรุงเทพฯ 10120 โทร.(66)(2)-689-3636 แฟกซ์.(66)(2)-689-3688

272 SOI WATCHANNOK, RAMA 3 ROAD, BANGKHOLAEM, BANGKOK 10120 Tel. (66)(2)-689-3636 Fax.(66)(2)-689-3688

<http://www.richasiasteel.com>