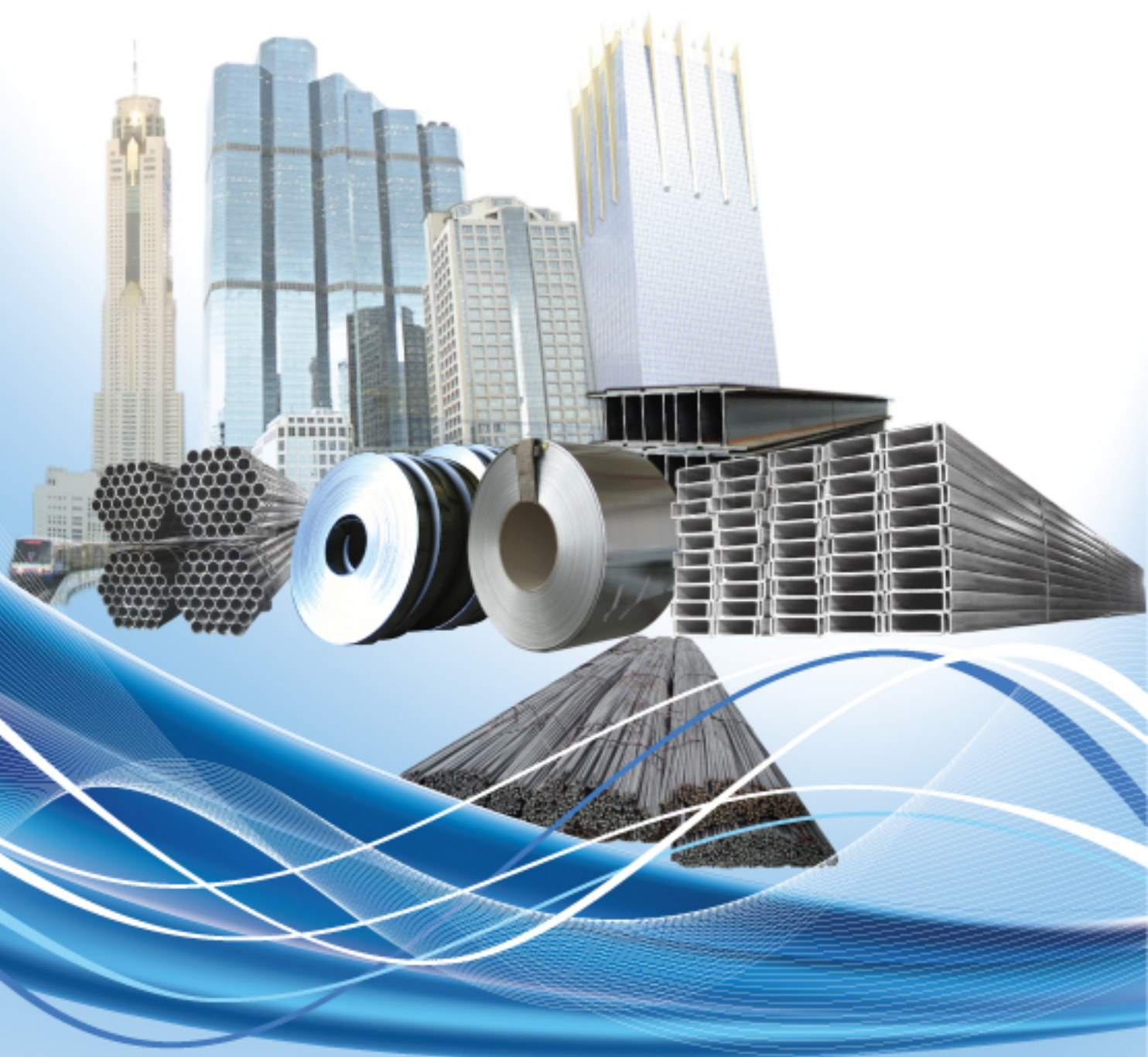


Annual Report 2012

รายงานประจำปี 2555





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Appendix

Financial Statements of the Company and its subsidiaries for the year ended
December 31, 2012



Message from Board of Directors

In 2012, the Company's business operation still be continually affected by the country spread flood in 2011. Nevertheless, the economic situation in 2012 has been recovered especially the industry related to the country's infrastructure which is impacted by several government policies to stimulate local economic. For the Company and subsidiaries' business operation have been in the second half of 2012. Thus, the Company attempt to adapt the Company's strategy and policy in order to solve long term problems throughout 2012.

For 2013, according to the government's explicit investment policy in infrastructure projects and the stability of economic situation, the Company confident that such projects will affect to a tremendous revenue to the Company and subsidiaries which operated in construction industry and the Company can solve all problems of financial structure and liquidity.

The Board of Directors would like to commit to govern and manage to solve all problems of the Company and subsidiaries for their turn around growth. The Company would like to express gratitude the shareholders, business partners and customers on trust and support to our business operation including all colleagues who have been patient and hard working for the Company.



General 

(Watanachai Chaimuanwong)

Chairman




(Ms. Angkarn Tantiviroon)

Chief Executive Officer



BOARD OF DIRECTORS



General Watanachai Chaimuanwong

Chairman

(Independent Director)



Mr. Surapong Churangsarit

Vice Chairman /

Chairman of Audit Committee

(Independent Director)



Pol.Lt.Gen. Mongkol Kamolbutra

Independent Director /

Audit Committee

(Appointed on February 27, 2013)



Asst.Prof.Dr. Nakhun Thoraneenitiyan

Independent Director /

Audit Committee



Ms. Angkarn Tantiviroon

Director



Mr. Somkiat Vongsarajana

Director



Mr. Teera Phoncharoensuk

Director



Dr. Rittirong Intarajinda

Director



Mrs. Phimsiri Keeratithiansiri

Director



EXECUTIVE COMMITTEE



Ms. Angkarn Tantiviroon
Chief Executive Officer



Mr. Somkiat Vongsarajana
Managing Director



Mr. Teera Phoncharoensuk
Production Director



Mrs. Nusara Taravanich
Chief Financial Officer



Audit Committee Report

At present, Audit committee of Rich Asia Steel Public Company Limited consisting of 3 independent directors as follows:

- | | |
|--|----------------------------------|
| 1. Mr. Surapong Churangsarit | Chairman of Audit Committee |
| 2. Pol.It.Gen. Mongkol Kamolbutra * | Audit Committee |
| 3. Asst.Prof. Dr. Nakhun Thoraneenitiyan | Audit Committee |
| and Mr. Vorapoj Chaisantana | Secretary to the Audit Committee |

Remark * Director has been appointed in the Meeting of Board of Directors No. 1 / 2013 on February 27, 2013 as Independent Director and Audit Committee instead of Asst.Prof.Dr.Apicha Boonpattarakan, who resigned on November 5, 2012.

The Audit Committee has followed and responsible for assigned functions. The mission and major responsibilities has included reviewing financial statements to be conformed with accounting standards and adequately information disclosure, reviewing systems of internal control and appropriated internal audit, review the company's compliance with applicable laws and principles of corporate governance in order to avoid the conflict of interest and consider for the accuracy and complete disclosure of related transaction including consideration the appointment of Certified Public Accountant (external auditor) for the company.

For the fiscal year ended December 31, 2012, 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 *	2/5
Asst.Prof. Dr. Nakhun Thoraneenitiyan	5/5

Remark * resigned on November 5, 2012.

1. Reviewed company's quarterly and audited financial statements of 2012 which have reported financial status and operation in 2012 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 submission to the Shareholders meeting's approval to nominate Mr. Boonlert Kaewphanpurk and/or Mr. Naris Saowalaksakul of BPR Audit and Advisory Co., Ltd. as the company's auditor for 2012 accounting period (instead of S.K. Accountant Services Co., Ltd canceled the letter of receive the auditor due to limitation of personnel to perform their work.) with audit service fee of Baht 1,210,000 exclusive of others audit expenses, i.e. traveling expense, stamp duty, preparation of financial statements expense (if any). The proposed rate is the same rate of auditing fee in 2011.

The Audit Committee has carefully examined the works under responsibility and providing advice to the company and company's management has given good cooperation and solving within an appropriate period. The Audit committee has conclusion that the company conform a good corporate governance and adequate internal control system including company's financial report audited by the Certified Public Accountant 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	:	636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6277 Fax. 0 2453 6288
Factory	:	141/3-141/4 Moo 3, Tambol Bangprong, Amphur Muang Samut Prakarn, Samutprakarn 10270 Tel. 0 2383 0485 Fax. 0 2383 0485
Distribution Centers	:	116/7 Moo 5, Tambol Pantainorasingh, Amphor Muang Samutsakorn, Samutsakorn 74000 Tel. 0 3487 2255 Fax. 0 3487 2254
Registration No.	:	0107549000050
Home Page	:	http://www.richasiasteel.com
Customers Care Center	:	Tel. 0 2453 6277 ext. 219
(Customers' Complain Center)	:	E-mail : customerscare@richasiasteel.com
Registered Capital	:	4,000,000,000 Baht
Ordinary Shares	:	4,000,000,000 Shares
Par Value	:	1.00 Baht per share
Paid-up Capital	:	1,002,913,226 Baht
Paid-up Ordinary Shares	:	1,002,913,226 Shares



Referrals and Their Locations

Common Stock Registrar

Thailand Securities Depository Co., Ltd.

62 Ratchadaphisek Road

Klongtoey, Bangkok 10110

Tel. 0 2229 2878

Fax. 0 2654 5642, 0 2654 5645

Auditor

1. Mr. Boonlert Kaewphanpurk CPA No. 4165

2. Mr. Naris Saowalagsakul CPA No. 5369

BPR Audit and Advisory Co., Ltd.

152 Chartered Square Building, 12A Floor, Suite 08,

North Sathorn Road, Silom, Bangrak,

Bangkok 10500

Tel. 0 2634 5398

Fax. 0 2634 5399



The corporate name that the company holds 10 percent or more of Issued and Paid-up Share Capital as of December 2012

Items	Company/Location	Type of Business	Type of Share	Issued and Paid-up Share Capital	Number of Shares	%
1	Thai National Product Co., Ltd. 33/3 Moo 4, Bang Bua Thong - Suphanburi Rd., Tambol Sai Yai, Amphur Sai Noi, Nonthaburi 11150 Tel. 0 2985 5300 Fax. 0 2985 5309	Spun pile manufacturer	Ordinary Shares	26,100,600,000	26,100,599,998	100.00%
2	Siam Ferro Industry Co., Ltd. 88 Moo 2 Tambol Kahlong Amphur Muang Samutsakhon Samutsakhon 74000 Tel. 0 3485 1018 – 21 Fax. 0 3485 1028	Steel pipe and tube manufacturer	Ordinary Shares	14,248,427	7,392,450	51.88%



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 and in 2012 has increased registered capital of million Baht 4,000 with the purpose to increase the company's and/or subsidiaries' financial liquidity and operating potential.

Currently, the company has paid-up share capital of Baht 1,002,913,226. The business has managed by Miss Angkarn Tantiviroon, who has majority proportion 7.91% of issued and paid-up capital. The total production capacity is 118,200 tones per year. In 2012, the company has portion of revenue from trading, Hiring other steel plants and manufacturing, ratio was 77.36, 11.13 and 11.51 of the revenue from the sale.

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
- 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.



- 2008 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.
- 2011 March - Registration of the alteration of par value from the existing par value of Baht 0.10 (Ten Satang) each of 10,000,000,000 shares (Ten thousand million shares) to be at the par value of Baht 1 (One baht) each of 1,000,000,000 shares (One thousand million shares) and the amendment of Clause No. 4 of the Company's Memorandum of Association in accordance with the alteration of the par value and number of the Company's shares.
- Increase of the Company's registered capital from Baht 1,000,000,000 to Baht 1,500,000,000 by issuing 500,000,000 new ordinary shares at a par value of Baht 1.00 to reserve for the company and subsidiaries' working capital and / or to reserve for business expansion of the company and subsidiary company.



-
- August - Officially closed the factory and distribution center located on 64/7 Moo 1, Rama 2 Road, Tambol Kok-krabue, Amphur Muang Samutsakorn, Samutsakorn due to the rental contract was expired and there was no extension.
- December - The Meeting of the Board of Directors No.8/2011 held on December 2, 2011 passed a resolution approving the sale of partial ordinary shares of Siam Ferro Industry Co., Ltd. ("Ferro") held by the Company in a total amount of 3,562,106 shares each of Bt. 31 par value, representing 25.00% of Ferro's total issued and paid-up capital, at the price of Bt. 80 each, in the total amount of Bt. 284,968,480 to Wealth Fortune Assets Ltd total of 2,849,685 shares and Mr. Sunthorn Chitboonthaweek total of 712,421 shares.
- 2012 March - Officially closed the distribution center located at 33/8 Moo 5, Tambol Bangpleeyai, Amphur Bangplee, Samutprakarn 10540 due to the company has terminated the land and building lease agreement.
- July - Decrease the registered capital from Baht 1,500,000,000 to Baht 1,000,000,000 by deducting the unissued registered shares of 500,000,000 shares with the par value of Baht 1.00 per share before increase the new capital.
- August - Increase the registered capital from Baht 1,000,000,000 to Baht 4,000,000,000 by issuing 3,000,000,000 new ordinary shares with the par value of Baht 1.00 per share which consists of issue and offer 2,000,000,000 new ordinary shares to the existing shareholders and reserve for exercising the right of Warrant-PP allotted to through private placement the lenders who agrees to grant loan to the Company and/or its subsidiaries in the amount of not exceeding 1,000,000 shares.
- September - Registered the paid-up capital from Baht 1,000,000,000 to Baht 1,002,913,226 and amended Clause No. 4 of the Company's Memorandum of Association with Department of Business Development, Ministry of Commerce.
- October - Officially closed the distribution center located at 207/1 Moo 3, Tambol Lamsai, Amphur Wangnoi, Ayudhaya 13000 due to the Company has sold such property to the third party.
- December - Relocate Head Office from 272 Soi Wat Channok, Rama III Road, Bangkoklaem, Bangkok 10120 to 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 due to the rental contract was expired.



Financial Highlights

Financial Data	2012	2011	2010
Statement of Income (Million Baht)			
Revenue from sale and services	3,017.84	4,190.41	4,626.42
Gross Profit	(88.54)	(2.96)	139.55
Profit (loss) before finance cost and tax	(110.89)	(203.82)	227.87
Net Profit (Loss) for the year	(375.45)	(389.23)	128.72

Statement of Financial Position (Million Baht)			
Total Assets	4,284.27	4,317.79	3,751.75
Total Liabilities	3,072.29	2,703.34	2,202.81
Share capital - common shares			
- Authorized share capital	4,000.00	1,500.00	1,000.00
- Issued and fully paid - up share capital	1,002.91	1,000.00	1,000.00
Total equity attributable to owners of the parent	812.73	1,190.14	1,548.95
Non - controlling interests	399.25	424.31	-

Financial Ratio			
Gross Profit (%)	(2.93)	(0.07)	3.02
Net Profit (%)	(12.26)	(9.18)	2.70
Debt to Equity (times)	3.78	2.27	1.42

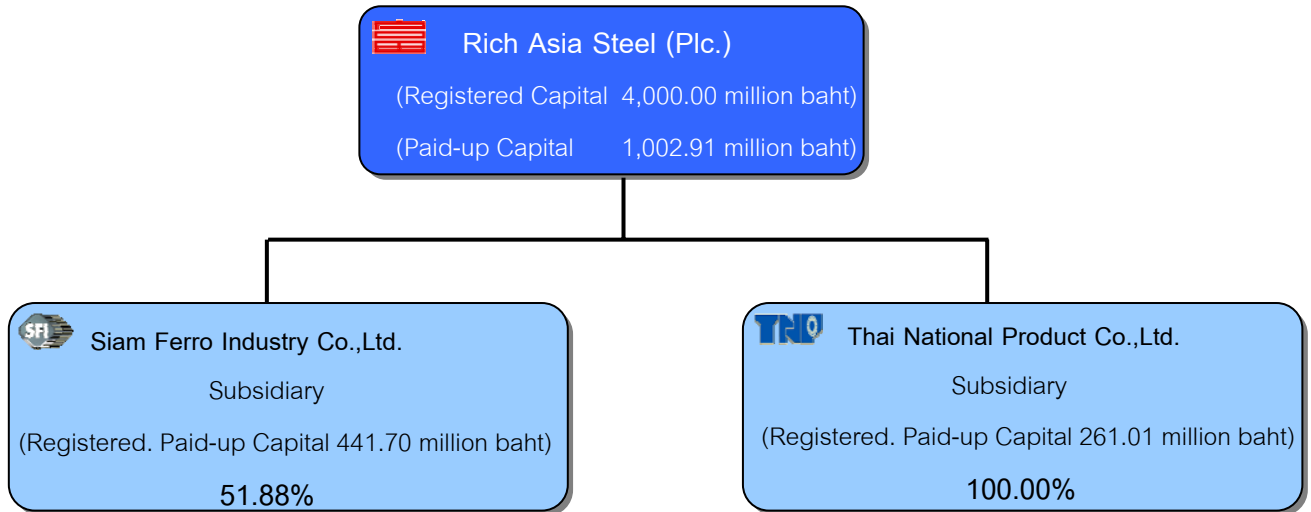
Nature of Business

Rich Asia Steel Public Company Limited is a trader and distributors 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 distributors 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.

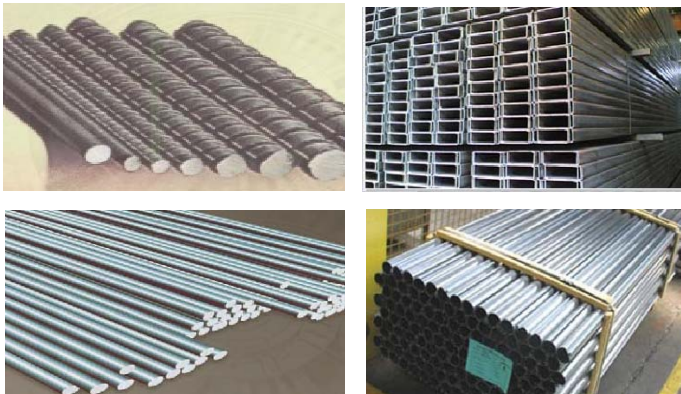


The Company has two subsidiaries, namely Siam Ferro Industry Co Ltd, a company operate in the business of production and distribution of steel pipe, steel scrap, steel products and services to produce steel pipe, which is related in the current business for enhance the production and distribution and support customers' demand immediately and Thai National Product Co., Ltd., which operates in spun pile manufacturing and pile driving. The details of shareholding stated in the chart below.

Chart of shareholders in subsidiaries:



Steel Industry



Pile Industry



● Siam Ferro Industries Co., Ltd.

Siam Ferro Industry Co., Ltd. is located in Muang Samut Sakhon district, Samut Sakhon province, operate in the business of production of steel pipe and services to produce steel pipe and distribution steel product. In 2013, the company has been approved the establishment of Bonded Warehouse that can take tax privilege under the Customs Act which will benefit to company's production and revenue in the future.



● **Thai National Product Co.,Ltd.**

Thai National Products Co., Ltd. is located on Sainoi District, Nonthaburi Provincel, holding of the company 100%, operate in spun pile manufacturing and pile driving with the capacity of 40,000 tons per month, the company has been trusted from government and private sectors to construct and drive spun pile foundation in variety large projects, such as electric train, power plants, bridges, express way, office building, factories and other buildings. In which major raw material cost of spin pile is steel that can be supported and benefit to the company.

The company's products can be classified as follows:

1. Procurement and trading various steel products

The Company procured and trading product of steel 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 and trading of steel pipes, which can be classified into 3 categories such as square tubes, black steel pipes and rectangular tubes with standard length 6 meters, diameter 0.50” – 3” and thickness 1.00-4.50 millimeters. Currently, the Company has a machine with total capacity of 28,000 tons per year (In 2010 and 2011 the company has 2 machines with total capacity of 75,000 tons per year). In 2011 company,



capacity was utilized until to April due to the factory lease is terminated and moved the equipments to Siam Ferro Industry Co., Ltd. In 2012 the company sold a machine to Siam Ferro Industry Co.,Ltd.. The actual utilization rate in 2010 and 2011 was 4.22% and 0.83% of machine capacity respectively. For the year 2012, not have production.

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. In 2010 and 2011 the Company has a machine with total capacity of 50,000 tones per year. The actual utilization rate in 2010 was 6.69% and 2011 equal 2.85% of machine capacity, due to in 2011 company, capacity was utilized until to April due to the factory lease is terminated and moved the equipments to Siam Ferro Industry Co., Ltd. In 2012 the Company sold a machine to Siam Ferro Industry Co.,Ltd., so that in 2012 not have machine for production

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.

2.3 Industrial structural steel

The Company produced and sold industrial structural steel for use in structural works and construction. The company has a machine with total capacity of 90,000 tons per year. In 2010 not have production, In 2011 the company began production in August. The actual utilization rate in 2011 was 8.19 of machine capacity and in 2012, the rate of capacity was 13.13 of capacity of total machinery.

Revenue Structure

For 2012, revenue in consolidated statement of the company and subsidiaries total amount of 3,063 million baht, which consist of sale and services 3,018 million baht, revenue of the company 2,186 million and revenue of subsidiaries, Siam Ferro Industry Co.,Ltd., total revenue amount of 564 million baht, which is sale and services amount 560 million baht (proportion of holding shares of the company 51.88%)and Thai National Product Co.,Ltd., total revenue amount of 296 million baht, which is sale and service amount of 287 million baht (proportion of holding shares of the company 100.00%).

Product/Group of business	Operated by	2012		2011		2010	
		Revenue (million baht)	%	Revenue (million baht)	%	Revenue (million baht)	%
Structural steel and other steel	Company and Subsidiary	2,731.0	89.2	4,013	94.7	4,280	89.8
Pile , Delivery and Driving	Subsidiary	287.0	9.4	178	4.2	346	7.3
Others	Company and Subsidiary	45.0	1.4	48	1.1	141	2.9
Total		3,063.0	100.0	4,239	100.0	4,767	100.0



Remark : Other revenue i.e. gain on sales of assets, gain on a bargain purchase of subsidiary company, revenue from written off accrued expenses and other expenses

Revenue Structure of the company

Sources of Revenue	2012		2011		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	237.77	10.51	394.34	11.03	493.72	11.33
1.2 Black steel pipe	75.59	3.34	115.09	3.22	161.64	3.71
1.3 Rectangular tube	271.1	11.98	429.47	12.01	581.21	13.34
1.4 Lipped channel	601.1	26.57	1,137.09	31.81	896.77	20.59
1.5 Angle Bar	0.21	0.01	1.16	0.03	1.13	0.03
1.6 Deformed Bar	493.11	21.8	222.59	6.23	78.63	1.80
2. Hot rolled steel coil and Sheets	109.02	4.82	691.87	19.36	1,197.16	27.48
3. Billet	17.12	0.76	-	-	-	-
4. Other *	381.38	16.86	541.76	15.15	932.39	21.40
Total Revenue from sales	2,186.40	96.65	3,533.37	98.84	4,342.64	99.68
Other revenue **	75.82	3.35	41.63	1.16	13.74	0.32
Total Revenue	2,262.22	100.00	3,575.00	100.00	4,356.38	100.00

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

** Other revenue consists of gain on sales of assets, gain on a bargain purchase of subsidiary company, revenue from written off accrued expenses, interest revenue, receive from management instead of trading account receivable and Others Income.

Revenue of the Company from sales can be categorized by type of business using the proportion of procurement of products as follows:

Sources of Revenue	2012		2011		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Supplying						
1.1 Trading	1,691.37	77.36	3,086.75	87.36	3,758.56	86.55
1.2 Hiring other steel plants	243.25	11.13	248.04	7.02	462.06	10.64
Total revenue from supplying			3,334.79	94.38	4,220.62	97.19
2. Manufacturing	251.77	11.51	198.58	5.62	122.02	2.81
Total revenue from sales	2,186.40	100.00	3,533.37	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 distributors 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.

The company has policy to increase the subsidiaries' production capacity in order to utilize maximum efficiency of the machine for production by increasing the production for trading in both domestic and export. For the operation of subsidiary in spun pile business, the company also has policy to increase the production and driving service in order to reduce production costs and generate revenue for the business which can earn maximize returns to the company.

Customer Characteristic and main customer group

The major's target customer is enterprise who are 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 Channel

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 end users is 95:5.

Competition

Currently, company's steel pipe products targeted to serve to general usage market (Mass Market) which is in great and continuing 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. The company has potential in competitiveness due to the machine is capable of producing in a large number. The company plan to increase competition for export to international market, In 2012 the subsidiary has



been approved for Bonded Warehouse, which will receive Tax Privilege from import raw materials to manufacture and export to international market.

In 2012 the products that has a great increase is Flat Products increased 27.95% which hot rolled coil increased 21.45% and cold rolled steel increased by 7.28% as a result of the expansion of the automotive industry, most of Flat Products imported from Japan. For long product increased 2.91% due to growth in real estate sector, utilities, and repair of the buildings in the damage. Since the second quarter, there is growth in the construction sector. Such growth referred by real estate indicators, such as the licensing of land allocated for housing, allowing registration for condominium and apartments, including the increasing of cement sales. Thus hot rolled coil decreased 7.70% due to the high competition on the import HRC which is cheaper especially from China which affect to liquidity problems and increase capital of the local steel manufacturer and stop their production.

The steel industry trend in the year 2013 , flat steel products that used in the automotive industry, including, hot rolled Pickling and Oiling (HR sheet P & O) cold rolled (CR carbon steel) and Galvanized sheet (EG) is expected to increase domestic demand , due to the first automobile policy of the government that still pending to deliver to the consumer. For long steel products is expected to be steady, due to the steady trend in real estate projects of government and private sectors which resulted to the production and demand for long steel products in steady as well.

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, angle bar, 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 82.15%, 5.51 % and 12.34 % respectively in 2010, 2011 and 2012.

Raw materials purchasing policy

The Company will order hot rolled coil 1 month in advance with approximately 10,000 tons per order by purchase raw materials by domestic and import in order 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 plans to expand the market of steel production in automotive part industry in domestic market and export market for increasing the utilization of production capacity of the company and to increase customers and revenues to the company in the future.

Risk factors

1. Risk from fluctuation of raw material price

The company's major raw material was Hot Rolled Coil (HRC) both type of roll and sheet .for sale and manufacture of steel pipes and structural steel of C-Channel. Purchasing of hot rolled steel was 10.61% of total value of raw material purchased. And in 2012 the company purchased billet for raw materials in production of deformed bar, accounted for 12.34% of total value of raw material purchased. In 2011 purchasing of inventories and raw materials from domestic manufacturers 92.44% and import 7.56%. In addition, the hot rolled steel prices was adjusted according to world price and demand & supply situation which are important factors to impacted raw material costs and gross margins due to the major cost of Hot Rolled Coil.

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. Thus, the purchasing of raw materials from import is increased from the last year, in order to manage costs in the price of steel and administrative costs to a minimum, which will impact a good the results of operations of the Company.

The policy of setting selling price, the company will be based on costs and price of market at that time to reduce the risk from fluctuation of raw material price.

2. Risk from products procurement

In 2012, the company has a policy to hedge the purchase of raw materials by procurement of raw materials from various distributors including increased orders from abroad that based on the direction of the price fluctuation and the negotiations of payment term. In 2012, the company has ordered hot rolled coils from the manufacturers and suppliers total of 14 distributors. The top 5 suppliers was raw materials in hot rolled coil was 33.94%, 17.49%, 12.39% ,10.97% and 8.25% respectively.



However, in 2010 the company has 4 main distributors representing 16.70%, 15.70%, 12.15% and 12.07%, respectively. In 2010, the company has only one supplier of raw materials represented 54.27%. Such policy of company is expected to reduce the risk of supply as well as to increase supplier and raw materials price negotiation.

In addition in 2012, the company purchased the raw materials of billets from 4 major manufacturers and distributors, which represents the order of the billets 41.56%, 37.89%, 18.42% and 2.14% respectively. For purchasing such billet, the Company has same policy as Hot Rolled Coil in order to reduce the risk of supply and to increase negotiation power.

3. Risks from loan due for payment

The company has liabilities which was due for repayment to bank and financial institute, which part of the debt due to debt restructuring agreements with financial institutions, which the period of repayment under the contract. In 2012 the company repaid the principal part of the financial institutions to reduce both the principal and interest. In order to, the company planned to manage financial by will reserve the particular cash for loans that due for repayment by prepare cash flow projection to manage cash flow that adequate performance and to prevent and reduce the risk from that may arise from the payment of that due for repayment.

4. Risk from competitive law change

Current production capacity of hot-rolled steel (7225 Coordinate group) were 7-8 million tons per year, while the demand for a quantity of 5-6 million tons per year, subsequently there are increased imports from abroad, particularly from China, Japan, South Korea and India , that proportion more than 90% by imports rising steadily since 2010 increased 72% from the year 2009 and the year 2011, increased 97% from the year 2010 and in the first half of 2012 increased 72% from the same period of 2011.

Impact of such imports that damage to the steel production in the country. Entrepreneurs applied to the Ministry of Commerce determined dumping measures, subsidies. (ADC), and to take measures to protect this product from all countries around the world for boron alloy steel and importing of goods and steel alloy compounds such as chromium, which import increased by import taxes imposed by such countries. 33.11% increase in the rate of tariff is between 0-5%, which the exception for the importer who had privilege under the law of Estate of Thailand, the law of investment (BOI) and the law of Customs Department shall be effective for a period of 200 days from the Minister of Commerce, signed and issued notice to the Government.

In addition, according to the Department of Foreign Trade has announced that it is dumping investigation on November 23, 2012 at the request of a company. In order to have an anti-dumping or (AD) by the tariff rate for high carbon steel wire, 15.98%, is expected to begin the consideration in February 2013.



Hence, the measure of AD will lead to higher tax steel from China, which the current will be exempt from the tax and this will affect the price increase of about 10-15%, due to the domestic production is not sufficient and import mainly from China about 75%, that affect to the supply chain both government and private construction projects in accordance of government policy and the some business is required to use steel wire for production, that will problems that led to the production of quality products, due to domestic manufacturers have problems of quality production that affect the long-term target consumers.

In addition, that affect to continuously user such as piles, electric poles, beam bridge, slabs, which are small and medium enterprises or SME will affect more than 1 thousand users, that affected to products at a higher cost and the problem is aggravated due to the current high wages.

Shareholding Structure

Major Shareholders as of January 17, 2013 (Valued 1 Baht per share)

Ranking	Shareholders	Number of shares	Percentage
1.	Miss Angkakarn Tantiviroon's group		
	1.1 Miss Angkakarn Tantiviroon	43,550,000	4.34
	1.2 Mrs. Phimsiri Keeratithiansiri	33,450,000	3.33
	1.3 Mr. Chen Marcus	1,475,000	0.15
	1.4 Miss Chen Ming Ming	890,625	0.09
	รวม	79,365,625	7.91
2.	Mr. Silchai Seemawonganant	49,569,070	4.94
3.	Mr.Komol Jungrungruangkit	40,867,153	4.07
4.	Miss Arporn Seneeprakornkrai	40,500,000	4.04
5.	Miss Nada Thepawatanasuk	38,594,690	3.85
6.	Mr. Anuroj Seneeprakornkrai	23,000,000	2.29
7.	Mr. Jatuporn Wongthongsan	18,000,000	1.79
8.	Thai NDVR Co. Ltd.	17,909,820	1.79
9.	Mr. Krit Purisinsit	15,930,000	1.59
10.	Miss Supinya Leeswadtrakul	14,048,700	1.40
	Total	337,785,058	33.68
	Other Shareholders	665,128,168	66.32
	Total Shareholders	1,002,913,226	100.00

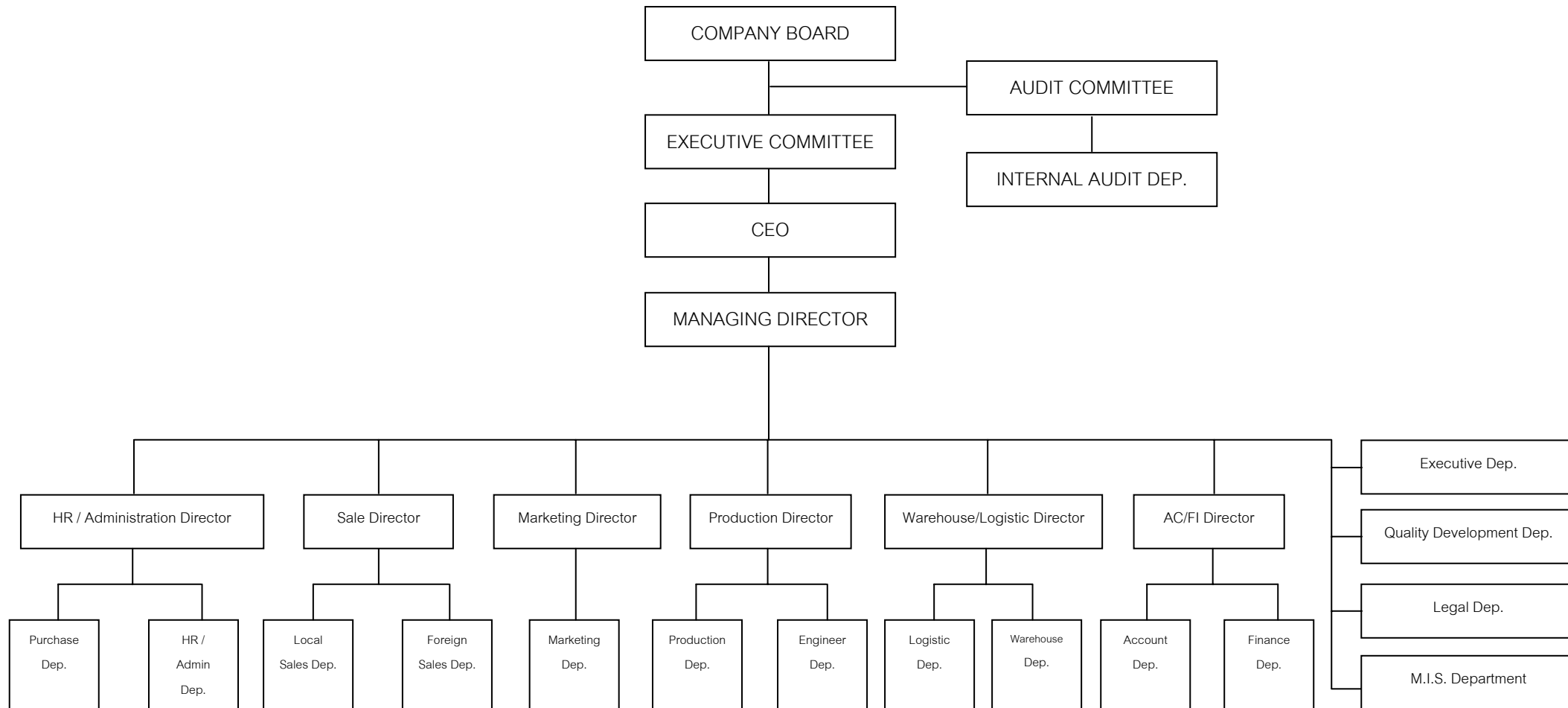
Dividend Policy

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.

At Present, Board of Directors comprises of 9 members:

- 3 Executive Directors
- 2 Non-Executive Directors
- 4 Independent Directors

The company has 4 Independent Directors represent to 44.44% of total directors

Board of Directors' Name

1. Gen. Watanachai	Chaimuanwong	Chairman (Independent Director)
2. Mr. Surapong	Churangsarit	Vice Chairman / Chairman of Audit Committee (Independent Director)
3. Mrs. Phimsiri	Keeratithiansiri	Director (Non-Executive Director)
4. Mr. Rittirong	Intarajinda	Director (Non-Executive Director)
5. Miss Angkakarn	Tantiviroon	Director (Executive Director)
6. Mr. Somkiat	Vongsarojana	Director (Executive Director)
7. Mr. Teera	Phoncharoensuk	Director (Executive Director)
8. Asst.Prof.Dr. Nakhun	Thoraneenitiyan	Director / Audit Committee (Independent Director)
9. Pol.Lt.Gen. Mongkol	Kamolbutra ¹⁾	Director / Audit Committee (Independent Director)

Remark 1) Appointed in the Meeting of Board of Directors No. 1 / 2013 on February 27, 2013 as Independent Director and Audit Committee instead of Asst.Prof.Dr.Apicha Boonpattarakan, who resigned on November 5, 2012.

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

The company will arrange to have Board of Directors' meeting at least once a quarter. All subjects and the meeting agenda will be send to all directors at least 7 days in advance which given an adequate information to consider each agenda (Exception the case of consideration the urgency agenda which may be required to submit documents to Director less than seven days in advance). The company secretary has duty to prepare and keep all meetings' record and resolution correctly.

In 2012, Board of Directors' meetings have been occurred 8 times as the following attendance:

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

Remark 1) Resigned on November 5, 2012.

Committee

Board of Directors has appointed 2 sub committees as follows:

1. 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. Nakhun | Thoraneenitiyan | Audit Committee / Independent Director |
| 3. Pol.Lt.Gen. Mongkol | Kamolbutra ¹⁾ | Audit Committee / Independent Director |

Remark 1) Appointed in the Meeting of Board of Directors No. 1 / 2013 on February 27, 2013 as Independent Director and Audit Committee instead of Asst.Prof.Dr.Apicha Boonpattarakan, who resigned on November 5, 2012.

Members of the Audit Committee No.1 and 2 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 2012, 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. Nakhun Thoraneenitiyan	Audit Committee	5/5
3. Asst.Prof.Dr. Apicha Boonpattarakan ¹⁾	Audit Committee	2/5

Remark 1) Resigned on November 5, 2012.

2. Executive committee

At present, all 4 Executive Committees consist of following:

1. Miss Angkakarn Tantiviroon Chief Executive Officer
2. Mr. Somkiat Vongsarojana Executive Committee
3. Mrs. Nusara Taravanich ¹⁾ Executive Committee
4. Mr. Teera Phoncharoensuk Executive Committee

Remark 1) Appointed in the Meeting of Board of Directors No. 3 / 2012 on March 30, 2012 instead of Dr. Ream Sajjam, who resigned on March 10, 2012.

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 experience, knowledge 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

At present, 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. Mrs. Nusara | Taravanich | Chief Financial Officer |
| 4. Mr. Teera | Phoncharoensuk | Production Director |

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, who graduated in accounting and passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" 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 2012 on April 27, 2012 has resolved to fix the remuneration for Board of Directors for year 2012 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 2012 at the rate 10% of dividend paid in 2012 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 2012 the Company has paid remuneration to each director for accounting period of December 31, 2012 as follows:

Name	Position	Remuneration ¹⁾ (Baht)
1. Gen. Watanachai Chaimuanwong	Chairman	160,000
2. Mr. Surapong Churangarit	Vice Chairman / Chairman of Audit Committee	220,000
3. Mrs. Phimsiri Keeratithiansiri	Director	80,000
4. Mr. Rittirong Intarajinda	Director	60,000
5. Miss Angkakarn Tantiviroon ²⁾	Director	-
6. Mr. Somkiat Vongsarojana ²⁾	Director	-
7. Mr. Teera Phoncharoensuk ²⁾	Director	-
8. Asst.Prof.Dr.Nakhun Thoraneenitiyan	Director / Audit Committee	130,000
9. Asst.Prof.Dr.Apicha Boonpattarakan ³⁾	Director / Audit Committee	70,000
Total		720,000

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

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

3) Director who resigned as a director on November 5, 2012.

In 2012, the company does not pay bonus on operation of the Board.

Managements Remuneration

In 2012 the company has 4 Management for accounting period of December 31, 2012 the company has paid remuneration to Managements as follows:

Total Managements Remuneration

Type of Remuneration	Amount (Baht)
Salary	8,575,600
Provident Fund	51,420
Total	8,627,020

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 since May 2006 as mentioned 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, 2012 the Company has a total of 55 staff (exclude 4 Managements). The Company compensated the employees who are not Management for a total of 18.37 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 2012 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 7 internal training programs and 15 external training programs which total numbers of 9 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, 2012.

Division	Employee amount (person)
Purchase	2
Human Resource & Administration	9
Sale	3
Production	21
Accounting	6
Finance	4
Internal Audit	1
Law	1
Information Technology	2
Logistics	2
C.E.O. Office	4
Total	55

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. Such code has been disclosed to the public through the website www.richasiasteel.com in the topic "Good Corporate Governance". Due to The Stock Exchange of Thailand has improved corporate governance for listed companies in 2012 (latest version) in order to comply with the corporate governance practices of listed companies under the ASEAN CG Scorecard. Currently, the company is under studying to update the policy of good corporate governance and business ethics to be in accordance with the above principle of good corporate governance for listed companies which set by the Stock Exchange of Thailand. In 2012, the company has practiced according to principles of corporate governance as follows.

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.

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 been 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 2013, starting



from September 27, 2012 to December 31, 2012. The detail guidelines and procedure have been disclosed in the Company's website at www.richasiasteel.com.

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.

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 2012 AGM Assessment Program, the Company received the score range 90-99 in level "Excellent". The Company set up formality for AGM as follows:

In 2012, the Company held the Annual General Meeting of Shareholders as follows.

1. Annual General Meeting of Shareholders 2012

- The meeting held on April 27, 2012 at the Meeting Room, Siam Ferro Industry Co., Ltd., a subsidiary of the company, located at 88 Moo 2, Tambol Kalong, Ampur Muangsamutsakorn, Samutsakhon 74000. Chairman, Chairman of Audit Committee, Chief Executive Officer and 5 directors, a total of 8 persons, auditor and advisor attended the meeting.

The Company invited the shareholder to visit subsidiaries after finishing the Annual General Meeting. In order to facilitate the Company's shareholders, the company has arranged a coach for meeting and visiting subsidiaries. The Coach parked at the parking valet of Tesco Lotus, Rama II and the company also registered shareholders who travel by coach.

- Disclosing adequate information for shareholders' decision making, disseminating to them in advance information and an invitation letter to the meeting. Also, the meeting information is published in advance on www.richasiasteel.com 31 days before the meeting date and announced these information to SET for the shareholders to study before the meeting. The document was sent to shareholders in advance 15 days before the meeting date.

- 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.

- Preparing for stamp duties to affix to the proxy form with free of charge.

- Before the meeting, Master of ceremony informed procedures, how to vote and counting of votes for the consideration of each agenda.

- 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 disclosure voting results of each agenda.

- 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.

- No change sequence in the agenda for the meeting and no matters other that does not specified in the meeting.

2. Extraordinary General Meeting of Shareholders No.1/2012

- The meeting held on Friday, July 20, 2012 at Best Western Plus Grand Howard Hotel, Spring Garden Ballroom, 8th Floor, 50 Charoen-Raj Road, Bangkhlo, Bangkok, Bangkok 10120.

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.



Disclosure and Transparency

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.

The company published information such as financial statements, results of operations, annual report includes the information disclosed to the public through the electronic system of SET to investors on equally and completely disclosure. The person who interest can read and / or download the information from website www.richasiasteel.com in the topic "Investors information" and always updating.

In 2012 the company set an opportunity for shareholders to visit factory of Siam Ferro Industry Co., Ltd., a subsidiary of the company, after the Annual General Meeting finished on April 27, 2012 for the shareholders to understand the operations of the company.

Investor Relations

The company was assigned company's secretary to communicate with the investors / shareholders to provide company's information. If the investors and shareholders have any questions or doubt, They can contact the company secretary at telephone no. 0 2453 6277 or visit the website www.richasiasteel.com or e-mail address: secretary@richasiasteel.com.

Responsibilities of the Board

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 defined 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. (The details of responsibilities of directors is disclosed in the Management chapter.)

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.

Report of directors and management's stake form

The Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that directors and the management have to report to the Company his/her or connected persons' stakes connected with the



business operations of the Company or its subsidiaries. The Company has therefore prepared the above-mentioned form for its directors and management to fill out and report any change to the Company. The Corporate Secretary will forward a copy of the form to the Chairman of the Audit Committee to ensure that the directors and management perform their duties with carefully and honestly.

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.

Corporate Social Responsibility (CSR)

The company has supported CSR or 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.

Year 2010

- 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.

Year 2011

- 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 Ice cream party on the occasion of Children's Day at Wat Chan Nork School.
- Donate money and consumables to the employees of the company and its subsidiaries as the flood victims.

Year 2012

- Participate in lent candle offering, light bulb and others in The Buddhist Lent Day at Wat Chan Nork in order to maintain good tradition and Buddhism.
- Support community to create more income by contact institutes such as Samut Prakarn Polytechnic College and Bangkok Technology College to recruit trainee to become officer when graduate from college.



Accountability and participation to general society

Year 2010

- 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.

Year 2011

- Donate money to the Foundation for the Blind in Thailand for the purpose of the foundation.
- Donate and collecting donated materials, which are computer equipments that can not be used such as computer monitor, Computer, printer, scanner, Photocopying, Electric typewriter, Peripherals to the International Disabled Physical person Association for their future utility.

Year 2012

- Donate to Thai Pung Thai Foundation for constructing and developing at birth place of the Buddha, Sacred Gargen, Lumbini, Nepal. This activity is organized to dedicate to the Lord Buddha and to celebrate the auspicious occasion at the 84th Birthday anniversary of H.M. King Bhumibol Adulyadej and the 60th anniversary of the royal wedding of their Majesties King Bhumibol Adulyadej and Queen Sirikit.
- Donate money and support Dhamma media at Rama 9 Golden Jubilee Temple.
- 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.

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. In 2010 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 Klou 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.



Internal Audit System

Board of Director's Meeting no 1/2013 on February 27, 2013 which all 3 Audit Committees were in the meeting. They evaluated the adequacy of Internal Audit System of Rich Asia Steel Public Company Limited 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 2012 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.



Related Parties Transactions

The transactions between the Company and any person who may have conflicts of interest that occurred in 2011 and the year 2012

Company / People	Relationship	Transaction Account	2011 (Million Baht)	2012 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
G. T. Steelwork Co., Ltd. Nature of Business:. Manufacturer and distributor of steel and scrap iron.	Miss Angkakarn Tantiviroon, director and shareholder of the Company, and family held 34.81%, respectively in G.T. Steel Work Co., Ltd.	1. Payable 2. Purchase 3. Production tolling 4. Other creditors 5. Check Advances - other 6. Other expenses	8.647 12.634 0.015 - - -	8.647 - - 3.100 0.200 3.084	- Payable in 1 st and purchase in 2 nd items 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. - Production tooling 3 rd 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. - The 4 th , 5 th and 6 th items occurred by The Company purchased materials from G.T. Steel Co., Ltd. Terms and conditions are normal business transaction which can be compared with non-related customers.



Company / People	Relationship	Transaction Account	2011 (Million Baht)	2012 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
					<u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
A.T. Steel Co., Ltd. Nature of Business: Steel distributor of various types. (Current and business-related and iron).	Miss Angkakarn Tantiviroon, director and shareholder of the Company, and family held 100%, respectively in A.T. Steel Work Co., Ltd.	1. Other creditors 2. Check Advances - other 3. Other expenses such as rent and water bill	- 0.143 1.474	0.600 0.150 -	- The 1 st , 2 nd and 3 rd items 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. <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.



Company / People	Relationship	Transaction Account	2011 (Million Baht)	2012 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Miss Angkakarn Tantiviroon	Chief Executive Officer director and shareholder of Rich Asia Steel PCL (As of January 17, 2013 which holding companies 4.34% of paid-up common shares)	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.
Freedom Hill Co., Ltd. Nature of Business: Alienation and management. Otherwise the land. Right to lease the land for all types of building work.	Former director of the company is Mr. Prisadarng Skolpadungket. He had been a director and shareholder. (Mr. Prisadarng Skolpadungket has resigned from the director on February 7, 2011.)	Guarantees of mortgage contracts and land without any compensation or other benefits.	No transaction	No transaction	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.



As of December 31, 2012 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 1,749.24 million Baht, all secured by the mortgage of land and buildings of the company and guaranteed by Miss Angkarn 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 Other companies in the related parties' transaction section: the company will continuously trade with other company by having referable market price.

1.2 Miss Angkakarn 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.

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 of the Financial Position and the Operating Results

1) Analysis of the Company's Statements of Financial Position and Statements of Comprehensive Income

Analysis of the Company's Financial Position

Unit : Million Baht

Statements of Financial Position	2012		2011		2010	
	Consolidated	Company	Consolidated	Company	Consolidated	Company
ASSETS						
Current assets	2,512.26	2,055.70	2,311.90	1,872.69	2,817.80	2,625.94
Restricted bank deposit	31.27	28.06	6.09	1.17	-	-
Investment in securities available for sale	129.56	129.56	-	-	-	-
Investment in subsidiary companies	-	1,069.92	-	1,199.19	-	639.48
Investment property	26.75	11.61	124.01	108.40	138.66	122.57
Property, plant and equipment	1,566.02	93.61	1,696.52	105.52	755.41	127.96
Other account receivable - advance payment for goods	-	-	161.24	161.24	-	-
Other long - term accounts receivable	-	-	-	-	11.13	-
Retention receivable	14.14	-	11.79	-	23.97	-
Other non - current assets	4.27	0.37	6.24	0.54	4.75	1.84
TOTAL ASSETS	4,284.27	3,388.84	4,317.79	3,448.75	3,751.72	3,517.79
LIABILITIES						
Current liabilities	2,621.45	2,148.11	1,857.36	1,496.81	2,200.63	2,100.47
Liabilities under finance lease agreement - net	0.54	0.46	1.36	1.20	2.15	1.90
Liabilities under debt restructuring agreement	445.88	445.88	840.69	840.69	-	-
Employee benefit obligations	4.34	1.62	3.85	1.33	-	-
Others non - current liabilities	0.08	-	0.08	-	-	-
TOTAL LIABILITIES	3,072.29	2,596.07	2,703.34	2,340.03	2,202.78	2,102.37
SHAREHOLDERS' EQUITY						
Equity attributable to owners of the parent	812.73	792.77	1,190.14	1,108.72	1,548.94	1,415.42
Non - controlling interests	399.25	-	424.31	-	-	-
Total shareholders' equity	1,211.98	792.77	1,614.45	1,108.72	1,548.94	1,415.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,284.27	3,388.84	4,317.79	3,448.75	3,751.72	3,517.79



Assets

- As the end of 2012 , Total Assets of the Company and subsidiaries were 4,284.27 million baht which consists the assets of company 3,388.84 million baht and subsidiaries which adjusted by connected transactions total of 895.43 million baht.
- Assets of the Company as the end of 2012 decreasing compared to 2011 amount of total 59.91 million Baht or 1.74% , The major changes of assets are as follows:

The significant decreased transaction

- Cash and cash equivalents and temporary investment were decreased 10.67 million baht by operating cash payment, investment in building, office equipment, machinery and vehicles for operating utilization and debt repayment to financial institutions.
- Short - term loans to subsidiary company decreased 4.18 million baht due to the subsidiaries' sales and profits were increased that result to have a sufficient liquidity to repay debt.
- Advance payment for goods decreased 359.55 million baht due to the company has delivered goods to customer that result to advance payments decreased.
- Investment in subsidiary companies decreased 129.27 million baht from the sale of investments in subsidiaries amounting 51.66 million baht and the recognition of allowance for impairment of investments in subsidiaries increased from 2011 amount of 77.60 million baht.
- Investment property decreased 120.01 million baht partially from transfer such properties for payments to the financial institution and in part to the depreciation of such property.
- Other account receivable - advance payment for goods decreased 161.24 million baht from 2011 due to the debtor has paid the debt by converting debt to equity that was accounted as investment in securities available for sale.
- Property, plant and equipment decreased 11.91 million baht, partially from sales of the unused property machinery and tools and partially from the depreciation of assets.

The significant increased transaction

- Trade and other accounts receivable - other companies increased 493.58 million baht due to the sale end of the year 2012, which is mostly sold with credit terms of payment, which the major of sales had credit term in payment which is consistent with trade accounts payable that augmentative with the purchase of raw materials, selling to customers.
- Inventories increased by 67.87 million baht , which is consistent with the accounts receivable due to the purchase order from a customer in the end of year , which will be delivered to customers in early 2013.



- Restricted bank deposit increased 26.89 million baht due to a deposit account with the financial obligations.

- Investment in securities available for sale increased to 129.56 million baht, which is obtained from a major commercial loans converted into equity of the Company.

Liabilities

● Total liabilities of the Company and its subsidiaries as of the end of 2012 amounted to 3,072.29 million baht , comprised of the Company's total liabilities of 2,596.07 million baht, liabilities of the subsidiary companies, which deduct connected transactions totaling 476.22 million baht, which primarily consists of loans from financial institutions , loans from loans from other persons and companies to be used as working capital for the business and trade and other accounts payable - other companies and trade and other accounts payable - related companies.

● The Company's liabilities as the end of 2012 increased to 256.03 million baht or 10.94% compared to end of the year 2011, the list of items which changes were significant liabilities

The significant increased transaction

- Short-term and long-term loans from financial institutions and its subsidiaries to be used for working capital in operations were loans that due for repayment increased 285.64 million baht which were trust receipt, promissory notes and long-term loan which was in the process of negotiating new payment terms with the financial institution , liabilities under debt restructuring agreement increased 229.01 million baht due to the transfer of long term liabilities under debt restructuring to short term liabilities under debt restructuring agreement and short term liabilities under debt restructuring agreement and short-term loans from subsidiaries increased 48.67 million baht.

- Interest payable increased 143.45 million baht due to the default rate of interest, in addition, the Company had increase line of credit facilities with banks and financial institutions.

- Trade and other accounts payable - other companies and trade and other accounts payable - related companies increased to 151.99 million baht due to at the end of the year, the Company has increased sales that to buying on credit has increased which was consistent with the increase in trade accounts receivable.

The significant decreased transaction

- Bank overdrafts and short - term loans from financial institutions decreased 133.96 million baht, that the Company has repay to a financial institution under the debt restructuring agreement.

- Advance received for goods decreased 73.32 million baht due to the payment in advance of delivery to customers in the year 2012.

- Liabilities under debt restructure agreement decreased 394.81 million baht that from repayment debt 97.69 million baht and the transfer liabilities under the short-term liabilities under debt



restructuring agreement.

Shareholders' equity

The shareholders of the Company and subsidiaries as the end of 2012 amounted to 1,211.98 million baht, a decrease of 402.47 million from 2011, which was part of the shareholders of the Company in the year 2012 of 812.73 million baht which decreased from the year 2011 of 377.41 million baht due to the reduction of the Company's net loss for the year 2012 of 449.49 million in total such as a loss attributable to shareholders' equity of the parent 375.45 million which that losses due to the finance cost of the Company and subsidiaries total amount of 337.97 million baht in 2012 and 203.61 million baht in 2011. The capital structure of the Company had debt to equity ratio increased from 2.27 times in 2011 to 3.78 times in 2012, and the rate of return on equity (37.49%)

- The shareholders' equity of the Company as the end of 2012 amount 792.77 million baht, which decreased 315.95 million baht or 28.50% compared to the end of 2011, list of the major shareholders which changed were mainly from the list follows.

- In 2012 the Company has increased registered capital was Baht 4,000 million, which was in the year 2011 of Baht 1,500 million due 2012 with the resolution of the board of directors' meeting no. 5/2012 dated September 18, 2012, which had resolution to decrease the registered capital from 1,500 million baht to 1,000 million baht by deducting the unissued registered shares of 500,000,000 shares with the par value of 1.00 baht per share and had resolution to increase the registered capital from Baht 1,000 million baht to 4,000 million baht by issuing 3,000 million shares new ordinary shares with the par value of 1.00 baht per share . In 2012 the Company has received the incremental share capital in amount of 2,913,226 shares, par value of Baht 1.00 per share. As a result, the Company issued and paid-up share capital increase to baht 1,002.91 million baht from the former 1,000 million baht which the Company has already changed its paid-up share capital with the Department of Business Development, Ministry of Commerce.

- Premium on share capital decreased 1.46 million baht due to the sale of common stock shares of 2,913,226 shares at par value of 1.00 baht per share by offering price of 0.50 baht, that result to the premium on share capital have been cut down.

- Deficit increased 305.97 million baht in 2012 was due to the loss increased due to the revenue decreased, cost of sale and services increased due to fluctuations in the price of steel and the finance cost of the Company increased and had the transaction of allowance of impairment of investments in subsidiaries increased 77.60 million baht.



Analysis of the Company's Operating Results

Unit : Million Baht

STATEMENTS OF COMPREHENSIVE INCOME	2012		2011		2010	
	Consolidated	Company	Consolidated	Company	Consolidated	Company
Revenue from sale and services	3,017.84	2,186.40	4,190.41	3,533.48	4,626.42	4,347.10
Revenue from written off accrued expenses	-	-	12.21	12.21	-	-
Gain on sales of fixed assets	23.17	57.77	-	-	-	-
Gain on sales of investments in subsidiary	-	5.33	-	20.57	-	-
Gain on a bargain purchase of subsidiary company	-	-	22.68	-	130.87	-
Other incomes	21.64	12.72	13.40	8.73	10.11	9.28
Total Revenues	3,062.65	2,262.22	4,238.70	3,574.99	4,767.40	4,356.38
Cost of sale and services	3,106.38	2,196.30	4,193.37	3,466.74	4,486.87	4,225.99
Selling and administrative expenses	83.35	53.29	80.33	52.00	64.00	54.83
Loss on impairment of assets	-	-	7.70	7.70	2.39	-
Loss on impairment of investment in subsidiary	-	77.60	-	28.01	-	2.39
Doubtful accounts (Reversal)	(26.27)	(26.38)	149.27	149.24	(24.30)	(24.28)
Management benefit expenses	10.08	10.08	11.86	11.86	10.56	10.56
Finance costs	337.97	257.30	203.61	166.15	91.82	91.70
Total Expenses	3,511.51	2,568.19	4,646.14	3,881.70	4,631.34	4,361.19
Loss before income tax	(448.86)	(305.97)	(407.43)	(306.71)	136.06	(4.81)
Income tax	(0.63)	-	-	-	(7.34)	-
Loss for the year	(449.49)	(305.97)	(407.43)	(306.71)	128.72	(4.81)
Other comprehensive income (expense)						
Change in fair value of securities available for sale	(11.43)	(11.43)	-	-	-	-
Total comprehensive loss for the year	(460.92)	(317.40)	(407.43)	(306.71)	128.72	(4.81)
Loss for the year attributable to :						
Owners of the parent	(375.45)	(305.97)	(389.23)	(306.71)	28.72	(4.81)
Non - controlling interests	(74.04)	-	(18.21)	-	-	-
	(449.49)	(305.97)	(407.43)	(306.71)	28.72	(4.81)



STATEMENTS OF COMPREHENSIVE INCOME	2012		2011		2010	
	Consolidated	Company	Consolidated	Company	Consolidated	Company
Total comprehensive loss for the year attributable to :						
Owners of the parent	(386.88)	(317.40)	(389.23)	(306.71)	28.72	(4.81)
Non - controlling interests	(74.04)	-	(18.21)	-	-	-
	(460.92)	(317.40)	(407.44)	(306.71)	28.72	(4.81)
Basic loss per share						
Owners of the parent (baht)	(0.374)	(0.305)	(0.389)	(0.307)	0.129	(0.005)

Revenue

Sales of the Company and subsidiaries in 2012 amount of 3,062.64 million baht, which total of revenue decreased 27.75% from 2011 which are summarized below

In 2012 sales revenue of the Company and subsidiaries from structural steel products and steel products about 89.20%. Revenue from sale of piles include transportation and driving which were business of subsidiaries about 9.40% , which business of piles had the revenue increased 61.24% from year 2011 due to in 2012 the company has been received many large projects such as power plants, electric trains, office building, projects plant s , residential buildings and a variety of other projects

Revenue from sales and services of the Company and subsidiaries in 2012 amount of 3,017.84 million baht, which revenues from sales and services in 2012 decreased 27.98 million baht compared to in 2011.

Revenue of the company in the year 2012 amount of 2,262.22 million baht, decreased from the 2011 amount of 1,312.78 million baht 36.72%. The company had revenue from sales and services 2,186.40 million baht, decrease from the 2011 amount of 1,347.08 million baht or 38.12% , due mainly to the decreasing of the revenue due to the flooding of the country in end of 2011, which affects the production and distribution of the company, due to many projects slow down project construction , many of the automotive industry has affected production , this affect also continued through the first quarter of 2012, the further that in 2012 the steel industry has been affected by competition from other countries such as China that to import raw materials from abroad rather , which affect the fluctuating of steel prices in the country , as a result, wholesalers, retailers and other industry were not confident in the price of product , due to reduced purchase order for stock ,as a result, the Company's revenue in 2012, decreased from the last year.

Cost of sales and services

Cost of sale and services of the Company and subsidiaries in 2012 amount of 3,106.38 million baht or 102.93% of revenue from sales and services and Cost of sale and services of the Company



amount of 2,196.30 million baht or 100.45% of revenue from sales and services.

The important factors of increasing of cost of sales and services increased in 2012 due to many important factors, such as the fluctuating of raw material prices and the estimate of the allowance for impairment of inventory of the Company and subsidiaries, which the estimate was a part of the cost of sales and part of the depreciation in the cost of production, due to the subsidiaries has the large of depreciation and the economic conditions that have affected the company in 2012 with a capacity decreasing, as a result, the allocation of depreciation was a key of factors that result in higher production costs per unit, as a result, the Company has increased the cost of sales.

Expenses

The Company and subsidiaries had the selling and administrative expenses in 2012 amount of 67.15 million baht (excluding finance costs), which decreased 182 million baht from in 2011 or 73.05%

Year 2012, the Company and subsidiaries had portion of selling administrative and other expenses decreased 182 million baht or 73.05% compared to the same period last year due to doubtful (Reversal) decrease from the same period last year amount of 175.54 million baht or 117.60%, due to the company received a major debt by issuing new shares of the debtor and other debtors to repay debt that to had the reversal doubtful account that the estimated. For Investments in common stock received from settlements, which the Company shown that an investment in securities available for sale, and in 2012 the Company did not recognize loss on impairment of assets compared with the year 2011 the loss on impairment of assets 7.70 million baht, including two items that expenses decreased 183.24 million baht, the company has the salary and wage expenses that were increasing as the government's policy since April 2012, which increasing compared to the same period last year, which not increasing of such labor expenses.

Total expenses in 2012 amount of 3,511.50 million baht or 114.66% of the total revenue, which the important expense was financial cost amount of 337.97 million baht or 11.04% of total revenues which increased 134.36 million baht from the year 2011 or increased 65.99%, in order that, due to the Company had the default rate of interest and in addition, the company used the credit facilities with banks and financial institutions increased and the total finance cost of the subsidiary companies that result to the Company had the finance cost increased compared to the same period in the last year.

For the selling administrative and other expenses (excluding finance costs) of the Company in the year 2012 amount of 114.59 million baht, decreased from the year 2011 amount of 134.22 million baht or 53.94%, which the total expenses of 2012 amount of 2,568.19 million baht, decreased amount of 1,313.51 million baht or 33.84% compared the year 2011, due to the year in 2012, the revenue from sales decreased that to less than year in 2011. And in 2012 the company had the reversal of doubtful account debt amount of 26.38 million baht, which had not the estimate for doubtful accounts of receivables, which in the year 2011 was estimated doubtful account amount 149.24 million baht, the cost of this component decreased compared the year 2011. The significant item increased in the company were finance costs



that increased amount of 91.15 million baht and the estimated loss on impairment of investments in subsidiaries, which a subsidiary had loss that to have been established in the year 2012 amount of 77.60 million baht.

Gross profit

The Company and subsidiaries' gross profit in 2012 was (88.54) million baht or (2.93)% of the revenue from sales and services in 2012.

Gross profit of the Company in 2012 was (9.90) million baht or (0.45)% of the revenue from sales and services.

As the Company's gross profit decreased, due to the volume of sales and services decreased ,while cost of sales have increased for reasons mentioned above.

Net profit

The Company and subsidiaries had a net loss for the year 2012 amount of (375.45) million baht or (12.26)% of total revenues.

In 2012, the Company and subsidiaries had a loss in the consolidated financial statements for the year amount to 449.49 million baht, which was attributable to non - controlling interests equity holders amount of 74.04 million baht , owners of the parent shareholders amount of 375.45 million baht compared the year 2011, which had a loss for the year 407.43 million baht , which was attributable to non - controlling interests equity holders amount of 18.21 million baht , owners of the parent shareholders amount of 389.23 million baht , which the loss for the year of 2012 increased 42.06 million baht .

The company's financial statement in 2012 had loss amount of 305.97 million baht, decreased amount 0.74 million baht or 0.24% compared in 2011.

In order that, due to the Company and certain subsidiaries had the revenue decreased and the portion of cost of sales and finance cost were increased. In order that, the Company contacted with the creditor bank for the negotiated a debt under restructuring agreement to clear the debt for reduce the rate of interest on default interest shall be paid at the normal rate for reduce the loss of business in the finance costs, which increased continuously.

However, considering of loss for the year attributable to owners of the parent, which exclude non controlling interests in 2012, the company had a loss of 375.45 million baht and in 2011 had a loss of 389.23 million baht, which in the year 2012 had loss decreased or profit increased amount 13.78 million from in 2011, due to a subsidiary, the Company holds 100% of the total revenue from sales and services increased. And net profit increased from the year 2012 and a subsidiary which had loss increased, the Company holds 51.88% and in 2012, the Company had not the estimate for doubtful account of receivables increased from 2011, while in 2011 was estimated to expense amount of 149.27 million baht and in 2012, had not estimated loss on impairment of assets, which in 2011 amount of 7.70 million baht.



2) Analysis of the Cash Flow Statement

Unit : million baht

Cash Flow Statement	2012		2011		2010	
	Consolidated	Company	Consolidated	Company	Consolidated	Company
Profit (loss) from operating activities before change in operating assets and liabilities	(23.61)	(38.50)	53.01	40.89	103.18	62.66
Cash received (paid) from operating activities	(57.29)	(108.35)	547.30	558.19	(368.86)	(329.81)
Net Cash Provided by (Used in) from Operating Activities	(80.90)	(146.85)	600.31	599.08	(265.68)	(267.15)
Net Cash Provided by (Used in) from Investing Activities	64.93	159.95	(808.65)	(573.22)	(435.50)	(438.11)
Net Cash Provided by (Used in) Financing Activities	9.47	(23.71)	203.91	(26.59)	715.88	715.92
Net decrease in cash and cash equivalents	(6.49)	(10.61)	(4.43)	(0.73)	14.70	10.66
Cash and Cash Equivalents - Beginning of Year	14.42	14.10	18.86	14.83	4.17	4.17
Cash and Cash Equivalents – End of Year	7.93	3.49	14.42	14.10	18.86	14.83

Cash flows

During 2012, the Company and subsidiary companies, net loss before corporate income tax 448.86 million baht , net profit (loss) from operating activities before changes in assets and liabilities as adjusted (23.61) million baht. During the year , net cash and cash equivalents used of activities net total of 6.49 million baht, consisting of cash to flow from operating activities 57.29 million baht , cash flows from investing activities 64.93 million baht and cash flows from financing activities 9.47 million, which the beginning of the year 2012, the cash and cash equivalents of the Company and subsidiaries was 14.42 million baht , at the end of 2012, the company had cash and cash equivalents equal to 7.93 million baht.

Cash flows statement of the Company for the year 2012, the company had a loss before income tax 305.97 million baht , net profit (loss) from operating activities before changes in assets and liabilities as adjusted (38.50) million baht . During the year, the Company had net cash used of activities net total of 10.61 million baht, consisting of cash to flow from operating activities 108.35 million baht, cash flows from investing activities 159.95 million, cash to flow from financing activities was 23.71 million baht, which the beginning of year 2012, the Company had cash and cash equivalents 14.10 million baht. So that in 2012, the statement of cash flows of the Company and subsidiaries had cash and cash equivalents amount 3.49 million baht, which the company used the cash in the activities following.

Net cash items in operating assets and liabilities amount of 108.35 million baht, with the following

- Net cash received (paid) from operating assets amount of (232.89) million baht, for the major items such as accounts receivable increased 526.86 million baht, inventories increased amount of 70.26



million baht and the major receive were advance receive for goods decreased 358.89 million baht, other account receivable from advance payment for goods decreased 4.93 million and other non current assets decreased 0.16 million baht.

- Net cash received (paid) from operating liabilities amount of 125.02 million baht, for the major received items such as trade and other accounts payables from other companies 195.85 million baht, Trade and other accounts of receivable from related companies 2.49 million baht and the major paid items such as advance receive for goods 73.32 million baht.

- Net cash received (paid) from other items amount of (0.53) million baht, which was paid 0.08 million baht and paid income tax and withholding tax amount of 0.61 million baht.

Net cash items in investing activities amount of 159.95 million baht, with the following

- Net cash received from sale of investment in subsidiary company 56.99 million baht, cash received from sale of property, plant and equipment from assets which not in use 40.09 million baht, cash received from sale of investment property 43.16 million baht, cash received from sale of investment in securities available for sale 43.27 million baht, cash received from short-term loans to subsidiary company 49.61 million baht. The major paid items were the restricted bank deposit increased 26.89 million baht, cash payment for short-term loans to subsidiary company 45.43 million baht and paid cash in use for investment in building, purchased the office equipment, vehicles and machinery 1.09 million baht.

Net cash items in financing activities amount of 23.71 million baht, with the following

- Net cash received from cash received from loans from subsidiary company 87.60 million baht, cash increased from in bank overdrafts and short - term loans from financial institutions 42.04 million baht, cash received from increased on share capital 1.46 million baht. The major paid items were cash payment for interest expenses 72.15 million baht and cash payment for long-term loans from financial institutions 42.82 million baht and cash payment for loan from subsidiary company 39.13 million baht.

Audit Fee

Audit fee of the external auditor in 2012 include the audit fee of 775,000 Baht and review fiscal quarter 3 times @ 145,000 Baht , grand total fee 1,210,000 Baht and other actual expenses in auditing such transportation, allowance, residence expenses for auditing and fiscal checking inventories (if any).

Audit fee of the external auditor of subsidiaries include the audit fee of 405,000 Baht and review fiscal quarter 3 times @ 70,000 Baht , grand total fee 615,000 Baht and other actual expenses in auditing such transportation, allowance, residence expenses for auditing and fiscal checking inventories (if any).

The external auditors and firm was BPR Audit and Advisory Co.,Ltd. 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, 2012

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Jan. 17, 2013	Experience	
General Watanachai Chaimuanwong Age : 69 Chairman (Independent Director)	Bachelor of Science Chulachomkiao Royal Military Academy Command and Staff College#51 Royal Thai Army War College#28 National Defence College of Thailand#399 Director Accreditation Program (DAP) 89/2011	-None--	-None--	18 Mar. 2011 – Present 2010 – Present 2002 – 2003 2001 – 2002 1999 - 2001	- Chairman Rich Asia Steel Public Company Limited - Chairman Royal Turf Club of Thailand under Royal Patronage - Deputy Commander in Chief, Royal Thai Army - Assistant Commander in Chief, Royal Thai Army - Army Area Commander
Mr. Surapong Churangsarit Age : 57 Vice Chairman / Chairman of Audit Committee (Independent Director)	Master Degree Business Administration Ramkhamhaeng University Bachelor Degree Business Administration Ramkhamhaeng University Certified Internal Auditor (CIA) Director Accreditation Program (DAP) 52/2006	-None--	-None--	2010 - Present 27 Jan. 2006 - 2010 2002 - 2011 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.
Mrs. Phimsiri Keeratithiansiri Age : 62 Director	Diploma Degree Accounting Bangkok Business College Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkakarn Tantiviroon	3.33%	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)
Dr. Rittirong Intarajinda Age : 49 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 Jan. 17, 2013	Experience	
Dr. Rittirong Intarajinda (Continue)	- Bachelor Degree Electrical Engineering Rajamangala University of Technology Phra Nakhon Chotiwet Campus - Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives - Diploma, National Defence College, The State , Private Sector and Political Sectors Course Class 5 Director Accreditation Program (DAP) 52/2006			1994 – Present 1991 – Present	- Managing Director Team Vis Construction Co.,Ltd. - Managing Partner Team Electric Engineering Partnership (Install Electrical system, Air-condition system and Communication system)
Ms. Angkarn Tantiviroon Age : 48 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	4.34%	1 Oct. 2005 - Present 2011 - Present 2010 - Present 10 May 1999 – 30 Sep. 2005 2003 – 21 Jun. 2010 1989 – 2001	- Director / Chief Executive Officer Rich Asia Steel Public Company Limited - Director Siam Ferro Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Director Rich Asia Steel Public Company Limited - Planner Administrator Siam Ferro Industry Co., Ltd. - Manufacturing Director GT Steel Works Co., Ltd.
Mr. Somkiat Vongsarajana Age : 50 Director / Managing Director	- Bachelor Degree Business Administration (First Honor) Bangkok University Director Accreditation Program (DAP) 51/2006	-None--	0.20%	1 Oct. 2005 – Present 2011 - Present 2010 - Present 1 Mar. – 30 Sep. 2005 2001 – 2005	- Director / Managing Director Rich Asia Steel Public Company Limited - Director Siam Ferro Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Asst. Managing Director Rich Asia Steel Public Company Limited - Project Finance Manager Felix Hotel Management Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Jan. 17, 2013	Experience	
				1993 – 2001	- Project Finance Manager Siam Ferro Industry Co., Ltd.
Mr. Teera Phoncharoensuk Age : 42 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 2011 - Present 2010 - Present 1 Apr. - 30 Sep. 2005 1999 - 2004	- Director / Production Director Rich Asia Steel Public Company Limited - Director Siam Ferro Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Production Manager Rich Asia Steel Public Company Limited - Factory Manager, GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Asst.Prof.Dr. Nakhun Thoraneenitiyan Age : 37 Director / Audit Committee (Independent Director)	- Doctoral Degree Banking and Finance The University of Queensland, Australia - Master Degree Banking and Finance Sripatum University - Bachelor Degree Finance Bangkok University - Bachelor Degree Business Economics Sukhothai Thammatirat Open University - Bachelor Degree , Law Sukhothai Thammatirat Open University - Bachelor of Accountancy, Sukhothai Thammatirat Open University - Bachelor of Public Administration (Human Resources Management), Sukhothai Thammatirat Open University	-None--	-None-	2010 - Present 2011 - Present 2009 - Present 2007 - Present 2007 – 2008 2007 – 2008 2000 - 2009 1998 – 2000	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Lecturer, Master of Business Administration Program for Finance Manager, Faculty of Business Administration, Kasetsart University - 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.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Jan. 17, 2013	Experience	
	Director Accreditation Program (DAP) 84/2010			1997 - 1998	- Securities Marketing Officer Jardine Flaming Thanakorn Co., Ltd.
Pol.Lt.Gen. Mongkol Kamolbutra Age : 69 Director / Audit Committee (Independent Director)	Master of Public Administration, Major Public Management, Chulalongkorn University Bachelor of Public Administration, Major Police Management, Royal Police Cadet Academy Director Accreditation Program (DAP) 89/2011	-None--	-None-	27 Feb. 2013 – Present 2012 – Present 2007 – Present 2007 – 2008 2005 – 2008 2006 – 2007 2004 – 2006	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Instructor, Advanced Power Management Program, Ministry of Energy - Advisor, Chairman, Royal Turf Club of Thailand under Royal Patronage - Chairman, Police Printing Bureau - Lecturer, Master of Public Administration Program, Bansomdejchaopraya Rajabhat University - Advisor, Advisor of the Prime Minister's Office - Chief Inspector, SME Bank
Mrs. Nusara Taravanich Age : 39 Chief Financial Officer	Master Degree Business Administration (Accounting) Dhurakijpundit University Bachelor Degree Accounting Dhurakijpundit University	-None--	-None-	Mar.15, 2012 – Present Oct. 1, 2011- Mar.14. 2012 May 2011 – Aug. 2011 Nov. 2010 – Apr. 2011 Aug. 2005 – Oct. 2010 May. 2001 – Jul. 2005	- Chief Financial Officer Rich Asia Steel Public Company Limited - Finance & Accounting Manager PMK –Central Glass Co.,Ltd. - Finance & Accounting Manager Berli Jucker Public Co.,Ltd. - Finance & Accounting Advisor Y-Design Co.,Ltd. Jarusrungroj Co.,Ltd. Nationtech Steel Co.,Ltd. - Accounting Manager Empire Steel Center Co., Ltd. - Head of Accounting Department Faculty of Business Administration Southeast Bangkok College

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, 2012

Name	Position in the Company	Position in subsidiaries	
		Thai National Product Co.,Ltd. The company owns 100%	Siam Ferro Industry Co., Ltd. The company owns 51.88%
1. Gen. Watanachai Chaimuanwong	W	-	-
2. Mr. Surapong Churangsarit	X, N	-	-
3. Mrs. Phimsiri Keeratithiansiri	/	-	-
4. Dr. Rittirong Intarajinda	/	-	-
5. Ms. Angkakarn Tantiviroon	/, V, //, U	/	/
6. Mr. Somkiat Vongsarojana	/, //, ///, U	/	/
7. Mr. Teera Phoncharoensuk	/, //, U	/	/
8. Asst.Prof.Dr. Nakhun Thoraneenitayan	/, Z	-	-
9. Mrs. Nusara Taravanich	//, U	-	-

Remark:

W = Chairman

N = Chairman of Audit Committee

X = Vice Chairman

Z = Audit Committee

/ = Director

// = Executive Committee

V = Chief Executive Officer

/// = Managing Director

U = Management

Appendix

RICH ASIA STEEL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

Financial Statements

For the Years Ended December 31, 2012

and Independent Auditor's Report

BPR AUDIT AND ADVISORY CO., LTD.

Independent Auditors

Independent Auditor's Report

To the Shareholders of Rich Asia Steel Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Rich Asia Steel Public Company Limited and its subsidiaries, and of Rich Asia Steel Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2012 and the financial performance and cash flows for the year then ended of Rich Asia Steel Public Company Limited and its subsidiaries and of Rich Asia Steel Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.



(Mr. Naris Saowalagsakul)
Certified Public Accountant
Registration No. 5369

BPR AUDIT AND ADVISORY CO., LTD.
Bangkok
February 27, 2013

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

		In Baht					
		Consolidated financial statements			Separate financial statements		
Notes	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011	
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	7	7,930,149	14,421,148	18,855,882	3,482,095	14,102,847	14,833,051
Temporary investment	8	213,642	258,960	789,828	213,642	258,960	789,828
Trade and other accounts receivable - other companies	9	1,888,769,979	1,345,398,320	1,872,089,109	1,523,201,059	1,029,620,333	1,713,802,372
Trade and other accounts receivable - related companies	5,10	-	-	-	2,351,734	5,460,745	1,168,541
Short - term loans to subsidiary company	5	-	-	-	-	4,180,000	5,000,000
Inventories	11	441,467,442	407,971,897	316,101,625	363,833,150	295,961,422	284,007,874
Advance payment for goods - net	12	167,854,980	539,381,086	605,529,717	161,575,230	521,127,158	604,970,745
Other current assets		6,022,301	4,474,477	4,431,501	1,045,902	1,975,677	1,363,246
Total current assets		2,512,258,493	2,311,905,888	2,817,797,662	2,055,702,812	1,872,687,142	2,625,935,657
NON - CURRENT ASSETS							
Restricted bank deposit	20,35.1	31,270,191	6,092,401	-	28,062,681	1,174,306	-
General Investment	13	-	-	-	-	-	-
Investment in securities available for sale	14	129,558,173	-	-	129,558,173	-	-
Investment in subsidiary companies	15	-	-	-	1,069,923,957	1,199,191,154	639,477,612
Investment property	16	26,748,000	124,013,612	138,659,981	11,610,205	108,401,544	122,573,640
Property, plant and equipment	17	1,566,019,565	1,696,517,629	755,406,078	93,611,397	105,524,929	127,963,976
Other account receivable - advance payment for goods	18	-	161,235,767	-	-	161,235,767	-
Other long - term accounts receivable		-	-	11,132,885	-	-	-
Retention receivable		14,139,378	11,784,298	23,974,938	-	-	-
Other non - current assets		4,271,440	6,243,537	4,752,482	371,574	535,761	1,836,022
Total non - current assets		1,772,006,747	2,005,887,244	933,926,364	1,333,137,987	1,576,063,461	891,851,250
TOTAL ASSETS		4,284,265,240	4,317,793,132	3,751,724,026	3,388,840,799	3,448,750,603	3,517,786,907

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

		In Baht					
		Consolidated financial statements			Separate financial statements		
Notes	December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011	January 1, 2011	
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Loans that due for repayment	20	1,031,357,753	745,719,505	1,022,229,866	1,031,357,753	745,719,505	1,022,229,866
Bank overdrafts and short - term loans from financial institutions	21	103,768,841	217,541,410	693,566,761	79,855,751	213,819,224	693,566,761
Trade and other accounts payable - other companies	22	627,680,389	472,546,131	419,674,181	533,198,318	384,446,525	330,864,557
Trade and other accounts payable - related companies	5,23	13,371,796	9,388,691	-	13,939,617	10,702,752	-
Current portion							
- Liabilities under finance lease agreement	25	819,158	774,722	739,843	742,523	698,032	656,415
- Liabilities under debt restructuring agreement	26	248,666,609	19,664,781	-	248,666,609	19,664,781	-
Short - term loans from other persons and companies	24	305,000,000	300,000,000	-	-	-	-
Short - term loans from related person and companies	5	-	-	316,000	48,465,508	-	-
Income tax payable		288,336	1,171,078	5,251,842	-	-	-
Accrued interest		274,492,237	48,087,506	13,305,809	182,472,338	39,021,507	13,305,809
Advance received for goods	5	9,411,221	40,678,697	39,840,473	9,411,221	82,733,408	39,840,473
Other current liabilities		6,586,368	1,787,481	5,700,335	-	-	-
Total current liabilities		2,621,442,708	1,857,360,002	2,200,625,110	2,148,109,638	1,496,805,734	2,100,463,881
NON - CURRENT LIABILITIES							
Liabilities under finance lease agreement - net	25	539,181	1,358,340	2,153,276	459,007	1,201,531	1,899,563
Liabilities under debt restructuring agreement	26	445,877,839	840,691,345	-	445,877,839	840,691,345	-
Employee benefit obligations	27	4,344,664	3,852,038	-	1,622,185	1,335,220	-
Others non - current liabilities		80,706	80,706	-	-	-	-
Total non - current liabilities		450,842,390	845,982,429	2,153,276	447,959,031	843,228,096	1,899,563
TOTAL LIABILITIES		3,072,285,098	2,703,342,431	2,202,778,386	2,596,068,669	2,340,033,830	2,102,363,444

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	Notes	In Baht					
		Consolidated financial statements			Separate financial statements		
		December 31,2012	December 31,2011	January 1,2011	December 31,2012	December 31,2011	January 1,2011
SHAREHOLDERS' EQUITY							
Share capital - common shares	28						
- Authorized share capital - 10,000,000,000 shares, Baht 0.10 par value in 2010							
- Authorized share capital - 1,500,000,000 shares, Baht 1.00 par value in 2011							
- Authorized share capital - 4,000,000,000 shares, Baht 1.00 par value in 2012		4,000,000,000	1,500,000,000	1,000,000,000	4,000,000,000	1,000,000,000	
Issued and fully paid - up share capital							
- 10,000,000,000 shares, Baht 1 par value in 2010							
- 1,000,000,000 shares, Baht 1 par value in 2011							
- 1,002,913,226 shares, Baht 1 par value in 2012		1,002,913,226	1,000,000,000	1,000,000,000	1,002,913,226	1,000,000,000	
Premium on share capital	28,29	413,966,850	415,423,463	571,791,673	413,966,850	415,423,463	
Deficit		(631,153,445)	(255,704,192)	(22,846,033)	(612,676,342)	(306,706,690)	
Other component of equity		27,003,739	30,419,757	-	(11,431,604)	-	
Total equity attributable to owners of the parent		812,730,370	1,190,139,028	1,548,945,640	792,772,130	1,108,716,773	
Non - controlling interests		399,249,772	424,311,673	-	-	-	
Total shareholders' equity		1,211,980,142	1,614,450,701	1,548,945,640	792,772,130	1,108,716,773	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,284,265,240	4,317,793,132	3,751,724,026	3,388,840,799	3,517,786,907	

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2012

	Notes	In Baht			
		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
REVENUES					
Revenue from sales		2,926,666,552	4,122,631,649	2,186,399,365	3,533,368,039
Revenue from services		91,169,227	67,776,175	-	114,542
Revenue from written off accrued expenses		-	12,214,725	-	12,214,725
Gain on sales of fixed assets		23,166,513	-	57,770,513	-
Gain on sales of investments in subsidiary	15	-	-	5,328,909	20,565,644
Gain on a bargain purchase of subsidiary company	15	-	22,676,053	-	-
Other incomes		21,641,388	13,402,931	12,724,498	8,733,506
Total Revenues		3,062,643,680	4,238,701,533	2,262,223,285	3,574,996,456
EXPENSES					
Cost of sales		3,001,383,550	4,127,498,852	2,196,296,763	3,466,706,657
Cost of services		104,995,084	65,869,320	-	36,901
Selling expenses		8,488,655	9,722,199	4,374,869	6,730,975
Administrative expenses		74,861,309	70,607,415	48,919,264	45,269,203
Loss on impairment of assets		-	7,698,352	-	7,698,352
Loss on impairment of investment in subsidiary	15	-	-	77,602,426	28,013,486
Doubtful accounts (Reversal)		(26,273,314)	149,265,562	(26,381,191)	149,235,768
Management benefit expenses	5	10,076,328	11,860,871	10,076,328	11,860,871
Finance costs		337,970,698	203,612,527	257,304,478	166,150,933
Total Expenses		3,511,502,310	4,646,135,098	2,568,192,937	3,881,703,146
LOSS BEFORE INCOME TAX		(448,858,630)	(407,433,565)	(305,969,652)	(306,706,690)
Income tax	30	(630,618)	-	-	-
LOSS FOR THE YEAR		(449,489,248)	(407,433,565)	(305,969,652)	(306,706,690)
Other comprehensive income (expense)					
Change in fair value of securities available for sale		(11,431,604)	-	(11,431,604)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(460,920,852)	(407,433,565)	(317,401,256)	(306,706,690)
Loss for the year attributable to :					
Owners of the parent		(375,449,253)	(389,226,369)	(305,969,652)	(306,706,690)
Non - controlling interests		(74,039,995)	(18,207,196)	-	-
		(449,489,248)	(407,433,565)	(305,969,652)	(306,706,690)
Total comprehensive loss for the year attributable to :					
Owners of the parent		(386,880,857)	(389,226,369)	(317,401,256)	(306,706,690)
Non - controlling interests		(74,039,995)	(18,207,196)	-	-
		(460,920,852)	(407,433,565)	(317,401,256)	(306,706,690)
BASIC LOSS PER SHARE					
Owners of the parent (baht)	32	(0.374)	(0.389)	(0.305)	(0.307)

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012

In Baht									
Consolidated financial statements									
Other component of equity									
Other comprehensive income (expense)									
Notes	Issued and fully paid - up share capital	Premium on share capital	Unappropriated (deficit)	Excess from change in equity interest	Change in fair value of securities available for sale	Total Other component of equity	Total equity attributable to owners of the parent	Non - controlling interests	Total shareholders' equity
Balance as at January 1, 2011	1,000,000,000	571,791,673	(22,846,033)	-	-	-	1,548,945,640	-	1,548,945,640
Compensation accumulated loss by premium on share	29	-	(156,368,210)	156,368,210	-	-	-	-	-
Excess from change in equity interest in subsidiaries	15	-	-	30,419,757	-	30,419,757	30,419,757	(30,419,757)	-
Non - controlling interests increase		-	-	-	-	-	-	472,938,626	472,938,626
Total comprehensive loss for the year		-	(389,226,369)	-	-	-	(389,226,369)	(18,207,196)	(407,433,565)
Balance as at December 31, 2011	1,000,000,000	415,423,463	(255,704,192)	30,419,757	-	30,419,757	1,190,139,028	424,311,673	1,614,450,701
Adjust for change in equity interest in subsidiaries		-	-	178,533	-	178,533	178,533	(178,533)	-
Excess from change in equity interest in subsidiaries	15	-	-	7,837,053	-	7,837,053	7,837,053	(7,837,053)	-
Increase in share capital	28	2,913,226	(1,456,613)	-	-	-	1,456,613	-	1,456,613
Non - controlling interests increase		-	-	-	-	-	-	56,993,680	56,993,680
Total comprehensive loss for the year		-	(375,449,253)	-	(11,431,604)	(11,431,604)	(386,880,857)	(74,039,995)	(460,920,852)
Balance as at December 31, 2012	1,002,913,226	413,966,850	(631,153,445)	38,435,343	(11,431,604)	27,003,739	812,730,370	399,249,772	1,211,980,142

The accompanying notes are an integral part of these financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012

In Baht						
Separate financial statements						
	Notes	Issued and fully paid-up share capital	Premium on share capital	Unappropriated (Deficit)	Other component of equity	Total shareholders' equity
					Other comprehensive income (expense) Excess from change in equity interest	
Balance as at January 1, 2011		1,000,000,000	571,791,673	(156,368,210)	-	1,415,423,463
Compensation accumulated loss by premium on share	29	-	(156,368,210)	156,368,210	-	-
Total comprehensive loss for the year		-	-	(306,706,690)	-	(306,706,690)
Balance as at December 31, 2011		1,000,000,000	415,423,463	(306,706,690)	-	1,108,716,773
Increased share capital	28	2,913,226	(1,456,613)	-	-	1,456,613
Total comprehensive loss for the year		-	-	(305,969,652)	(11,431,604)	(317,401,256)
Balance as at December 31, 2012		1,002,913,226	413,966,850	(612,676,342)	(11,431,604)	792,772,130

The accompanying notes are an integral part of these financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012

In Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(448,858,630)	(407,433,565)	(305,969,652)	(306,706,690)
Adjustments for				
Depreciation	135,520,526	122,281,300	17,175,858	19,510,425
Doubtful account (reversal)	(26,273,314)	149,265,563	(26,381,191)	149,235,768
Loss of non-refundable withholding tax	1,516,597	-	1,298,093	-
Amortization of prepaid expenses	-	1,534,090	-	1,450,773
Amortization of intangible asset	-	371,210	-	341,121
Loss from write off of investment in the expired warrants	-	9,711	-	9,711
Unrealized (gain) loss from investment in trading security	45,318	521,157	45,318	521,157
(Gain) loss from sale investment in securities available for sale	3,725,011	-	3,725,011	-
Gain on sale of investment in subsidiary company	-	-	(5,328,909)	(20,565,644)
Unrealized (gain) loss from exchange rate	(3,752,531)	3,130,655	(3,752,531)	3,130,655
(Gain) loss from sale fixed assets	(23,166,513)	(242,387)	(57,770,513)	(18,277)
Loss from written off fixed assets	4,895	-	4,895	-
Gain on a bargain purchase of subsidiaries company	-	(22,676,053)	-	-
Loss from impairment of investment in subsidiary company	-	-	77,602,426	28,013,486
Loss on impairment of assets	-	7,698,352	-	7,698,352
Loss from impairment of other deposit	-	626,703	-	626,703
Loss from write off of retention receivable	-	2,397,810	-	-
Loss from declining in value of inventories (Reversal)	(871,874)	6,265,338	3,041,618	3,988,594
Revenue from written - off accrued expenses	-	(12,214,725)	-	(12,214,725)
Amortization of deferred finance charge in borrowing	5,834,998	5,776,642	5,834,998	5,776,642
Employee benefit	351,350	3,126,499	224,197	1,289,482
Interest income	(160,977)	(182,498)	(305,629)	(553,683)
Interest expenses of employee benefits	141,276	137,721	62,768	45,738
Interest expenses	332,338,691	192,614,498	252,034,036	159,311,788
Profit (loss) from operating activities before change in operating assets and liabilities	(23,605,177)	53,008,021	(38,459,207)	40,891,376
Decrease (Increase) in operating assets				
Trade and other accounts receivables - other companies	(636,643,480)	532,578,100	(524,666,066)	437,915,652
Trade and other accounts receivables - related companies	-	-	(2,192,863)	(4,292,204)
Inventories	(32,472,683)	(8,470,246)	(70,256,119)	(15,721,517)
Advance payment for goods	371,375,117	(54,228,389)	358,894,701	(269,672,055)
Other current assets	(1,547,824)	(42,976)	241,275	(612,430)
Other account receivable - advance payment for goods	4,926,993	23,872,130	4,926,993	23,872,130
Other long - term accounts receivable	-	11,132,885	-	-
Retention receivable	(2,355,080)	9,792,829	-	-
Other non - current assets	1,972,097	(22,231)	164,187	132,560
Increase (Decrease) in operating liabilities				
Trade and other accounts payables - other companies	259,778,796	21,176,516	195,853,337	332,823,351
Trade and other accounts payables - related companies	3,983,105	9,388,691	2,488,279	10,499,157
Advance receive for goods	(31,267,476)	838,224	(73,322,186)	42,892,935
Other current liabilities	7,161,718	(7,993,617)	-	-
Cash received (paid) from operating activities	(78,693,894)	591,029,937	(146,327,669)	598,728,955
Cash payment for corporate income tax and withholding tax	(2,359,092)	(4,938,221)	(609,593)	(200,294)
Cash received from interest income	158,770	14,219,211	82,613	552,991
Net Cash Provided by (Used in) from Operating Activities	(80,894,216)	600,310,927	(146,854,649)	599,081,652

The accompanying notes are an integral part of these financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012

In Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) Decrease in restricted bank deposit	(25,177,790)	(5,316,309)	(26,888,374)	(1,174,306)
Cash received from sale of investment in subsidiary company	-	-	56,993,680	227,224,800
Cash received from sale of property, plant and equipment	6,114,947	242,394	40,085,190	18,280
Cash received from sale of investment property	43,161,264	-	43,161,264	-
Cash received from sale of investment in securities available for sale	43,271,581	-	43,271,581	-
Cash payment for purchase of investment in subsidiary company	-	(799,240,768)	-	(799,682,587)
Cash received from short-term loans to subsidiary company	-	-	49,608,591	29,570,000
Cash payment for short-term loans to subsidiary company	-	-	(45,428,591)	(28,750,000)
Cash payment for purchase of property, plant and equipment	(2,435,459)	(4,339,503)	(1,086,392)	(430,849)
Cash received from interest revenue in short-term loans to subsidiary company	-	-	228,486	-
Net Cash Provided by (Used in) from Investing Activities	64,934,543	(808,654,186)	159,945,435	(573,224,662)
CASH FLOW FROM FINANCING ACTIVITIES				
Cash received from sale of investment in subsidiary company	56,993,680	227,224,800	-	-
Increase (Decrease) in bank overdrafts and short - term loans from financial institutions	62,229,612	106,363,732	42,038,710	102,641,547
Cash payment for account payable for assets	-	(9,250,361)	-	(382,739)
Cash payment for liabilities under finance lease agreement	(774,722)	(920,370)	(698,032)	(797,160)
Cash payment for long-term loans from financial institutions	(42,819,343)	(15,619,516)	(42,819,343)	(15,619,516)
Cash received from loans from subsidiary company	-	-	87,597,907	36,575,000
Cash payment for loan from subsidiary company	-	-	(39,132,399)	(36,575,000)
Cash payment for short - term loan from related person	-	(316,000)	-	-
Cash received from short - term loan from other person and company	5,000,000	50,000,000	-	-
Cash payment for short - term loan from other person and company	-	(21,407,698)	-	-
Cash received from premium on share capital	1,456,613	-	1,456,613	-
Cash payment for interest expenses	(72,617,166)	(132,166,062)	(72,154,994)	(112,429,326)
Net Cash Provided by (Used in) Financing Activities	9,468,674	203,908,525	(23,711,538)	(26,587,194)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,490,999)	(4,434,734)	(10,620,752)	(730,204)
Cash and Cash Equivalents - Beginning of Year	14,421,148	18,855,882	14,102,847	14,833,051
CASH AND CASH EQUIVALENTS - END OF YEAR	7,930,149	14,421,148	3,482,095	14,102,847

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended December 31, 2012

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the directors on February 27, 2013.

1. GENERAL INFORMATION

The Company has registered as the Company Limited in accordance with the Civil and Commercial Law Code on May 10, 1999, with the registered number 0107549000050, and registered as the Public Company Limited on March 27, 2006, with its registered head office at 636 Bangkhuntien-Chaitaley Road Thakham, Banghunting Bangkok 10150

The Company and its subsidiaries operate in the business of production and distribution of steel pipe, steel scrap, steel products and services to produce steel pipe and another subsidiary company operates in foundation pile manufacturing, distribution, delivery and hammering. (The Company and its subsidiaries are called as "the Group".)

The consolidated financial statements as at December 31, 2012 and 2011, include the accounts of the Company and its subsidiaries as follows:

Name of Companies	Type of business	In Million Baht		Percentage of direct and indirect holding (%)	
		2012	2011	2012	2011
Thai National Product Co., Ltd	Foundation pile manufacturing, delivery and hammering	261	261	100.00	100.00
Siam Ferro Industry Co., Ltd	Production and distribution of steel production and all steel pipe and service to produce steel pipe	442	442	51.88	56.88

In year 2011, the Company has an investment in Siam Ferro Co., Ltd., which is the subsidiary company as in note 15 , since the consolidate financial statement for the year ended December 31, 2011 are included the financial position and result of operating of such subsidiary company since April 1, 2011 (the acquisition date) to December 31, 2011

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS") and guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

3. NEW ACCOUNTING STANDARDS, AMENDMENTS TO ACCOUNTING STANDARDS AND NEW INTERPRETATION

The following new accounting standards, amendments to accounting standards and new interpretation are mandatory for the accounting periods beginning on or after 1 January 2013, but the Group has not early adopted them:

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Group's management has determined that the new accounting standards, amendments to accounting standards and new interpretation will not significantly impact to financial statement being presented, except

TAS 12: This deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Group will apply this standard retrospectively with effect from 1 January 2013, with the expectation of incurring a deferred tax account and changes in deficit and income tax expense. The management is currently assessing the impact of applying this standard.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If subsidiaries of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to their financial statements in preparing the consolidated financial statements.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted or as an investment available-for-sale investment depending on the level of influence retained.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Transactions eliminated on consolidation

Intra-group balances and transactions, and any revenue and expense, are eliminated in full in preparing the consolidated financial statements.

Foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions

Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging. Bad debts are written off when incurred

Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less accumulated impairment losses.

Investments in other debt and other equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group/Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortised cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group/Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost determined by the weighted average method. Cost comprises both purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Investment properties

Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

Investment properties of the Group/Company are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5-38 years. Depreciation of the investment properties is included in determining in profit or loss.

No depreciation is provided on investment properties - land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other expense in profit or loss.

Leased assets

Leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognised as income over the lease term.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group/Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and Improvements	5, 20, 36	years
Machines	5, 10, 15	years
Furniture, fixtures and office equipment	5	years
Tools and equipment	5	years
Vehicles	5, 7	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Intangible assets

Other intangible assets that are acquired by the Group/Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software license	5	Years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate

Impairment of Assets

The carrying amounts of the Group/Company's assets are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of the assets' 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

An 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.

Trade and Other Accounts Payable

Trade and other accounts payable are stated at cost.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

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 profit or loss. Fee for providing loans arising from the provision of short-term borrowing limit for use as working capital in a period of one year is amortised to 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 is amortised to financial costs by over the period of the borrowings by using the effective rate method.

Provisions

Provision is recognized in the statements of financial position when the Group/Company have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Provident Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group/Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group/Company recognises all actuarial gains and losses arising from defined benefit plans in profit or loss.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sales of goods

Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income

Service income is recognized as services are provided.

Service income from foundation pile hammering is recognized when service is provided, according to the completed hammering services

Rental income

Rental income from operating lease contracts is recognised in profit or loss on a straight line basis over the term of the lease.

Dividend income

Dividend income is recognised in profit or loss on the date the Group/Company's right to receive payments is established.

Interest income

interest income are recognised in profit or loss on the accrual basis.

Expenses

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Group/Company and its subsidiary treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The subsidiary company has contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and believes that no significant loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

5. RELATED PARTIES TRANSACTIONS

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa.

<u>Name of Companies</u>	<u>Type of business</u>	<u>Type of relationship</u>
Thai National Product Co., Ltd	Foundation pile manufacturing, delivery and hammering	Subsidiary
Siam Ferro Industry Co., Ltd	Production and distribution of steel production and all steel pipe and engagement of steel	Subsidiary since April 1, 2011
A.T. Steel Co., Ltd.	Distribution of steel product	Related by closed cousin of executive officer are director and shareholders
G.T. Steel Works Co., Ltd.	Production and distribution of steel product	Related by closed cousin of executive officer are director and shareholders
Max Metal Corporation Public Co.,Ltd.	Procurement and distribution of steel product	Related by exclusive strategic operator to provide management service of business affairs since April 1,2012 and ended of relationship at July 1, 2012
MSP Metal Co.,Ltd.	Procurement and distribution of steel product	Related via subsidiary of Max Metal Corporation Pcl. and ended of relationship at July 1, 2012
Ms. Angkarn tantiviroon		Director

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

Pricing policies for each transactions are described as follows:

Type of transactions	Pricing policies
Revenues from sale	Price can be comparative against outside parties
Other income	Mutual agreement / Contract price
Purchases of goods	Price can be comparative against outside parties
Cost of service	Mutual agreement / Contract price
Interest income	Interest rate 6.62% - 7.25% per annum
Interest expense	Interest rate 6.87% - 7.13% per annum
Value from sales fixed assets	Price reference with appraisal value by independent appraisal

Significant revenues and expenses derived from transactions with related parties for the years ended December 31, 2012 and 2011 are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Transaction with related companies				
Purchase of goods	133,804	12,634	-	12,634
Management Fees	1,126	-	-	-
Subcontract production cost	-	15	-	15
Others expense	-	1,474	3,084	1,474
Transaction with subsidiary companies (Eliminated from consolidated financial statements)				
Revenues from sales	-	-	3,292	3,255
Revenues from sales of raw materials	-	-	-	217,026
Revenues from transportation	-	-	-	7
Interest income.	-	-	223	536
Others income	-	-	94	54
Purchase of goods	-	-	7,906	511
Subcontract production cost	-	-	4,603	2,028
Others expense	-	-	64	331
Interest expense	-	-	959	305
Value from sales fixed assets	-	-	35,075	8

Significant outstanding balances with its related companies as at December 31, 2012 and 2011 are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts receivable				
Thai National Product Co., Ltd	-	-	2,336	165
Siam Ferro Industry Co., Ltd	-	-	5,312	5,296
Total	-	-	7,648	5,461
Less : Allowance for doubtful debt	-	-	(5,296)	-
Net	-	-	2,352	5,461

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term loans to				
Thai National Product Co., Ltd	-	-	-	4,180
Trade and other accounts payable				
Thai National Product Co., Ltd	-	-	952	203
G.T. Steel Works Co., Ltd.	11,947	8,647	11,947	8,647
Siam Ferro Industry Co.,Ltd.	-	-	215	1,710
A.T.Steel Co.,Ltd	743	143	743	143
Director	682	599	83	-
Total	<u>13,372</u>	<u>9,389</u>	<u>13,940</u>	<u>10,703</u>
Advance received for goods				
Siam Ferro Industry Co.,Ltd.	-	-	42,055	-
Loan from				
Thai National Product Co., Ltd	-	-	48,466	-

Movements of Short term loan from related party are as follows:

	In Thousand Baht			
	Consolidated financial statements			
	December 31, 2011	Increase	Decrease	December 31, 2012
Short-term loan to subsidiaries				
Thai National Product Co., Ltd	4,180	45,429	49,609	-
	In Thousand Baht			
	Separate financial statements			
	December 31, 2011	Increase	Decrease	December 31, 2012
Short-term loan to subsidiaries				
Thai National Product Co., Ltd	5,000	28,750	29,570	4,180

As at December 31, 2012 and 2011, the short-term loans to subsidiary company were in type of loan contract with the repayment when it is called, carried interest rate at 7.13% - 7.25% per annum and 6.62% - 7.25% per annum, respectively

Movements of Short term loan from related party are as follows:

	In Thousand Baht			
	Separate financial statements			
	December 31, 2010	Increase	Decrease	December 31, 2011
Short - term loan from subsidiary				
Thai National Product Co., Ltd	-	87,598	39,132	48,466

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

	In Thousand Baht			
	Separate financial statements			
	December 31, 2010	Increase	Decrease	December 31, 2011
Short - term loan from subsidiary				
Thai National Product Co., Ltd	-	36,575	36,575	-

As at December 31, 2012 and 2011, the short-term loans from subsidiary company were loan in type of the repayment when it is called, carried interest rate at 7.00 - 7.13% and 6.87 - 7.25% per annum, respectively

For the years ended December 31, 2012 and 2011, Key Managements Personnel Compensation are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Key Managements Personnel Compensation				
Short-term Employee Benefits	9,860	10,740	9,860	10,740
Post-Employment Benefits	216	1,121	216	1,121
Total	10,076	11,861	10,076	11,861

Significant contract during the Group and related parties are summarized as follows:

On March 30, 2012, Siam Ferro Industry Company Limited (“Subsidiary”) entered to the contract to engage Max Metal Corporation Public Company Limited to act as exclusive strategic operator who has a duty to provide services in relation to the operation and management of the business affairs of subsidiary. The service includes procurement of raw materials, financial production of products, sale, marketing promotion and distribution of product. The contract has year period with effective from April 1, 2012, which the operating fee at the rate of 20% of EBITDA, earning before interest tax, depreciation and amortization of subsidiary company.

Later, on July 6, 2012, the Subsidiary and Max Metal Corporation Public Company agree to terminate such Operator Service Agreement with effective from July 1, 2012.

6. NON - CASH TRANSACTIONS

For the years ended December 31, 2012 and 2011 significant non-cash transactions are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Purchase of fixed assets with credit	-	109	-	85
Sale of fixed assets with credit	12,646	-	12,646	-
Short-term loans from financial institutions decrease from transfer investment property to settle	54,871	9,536	54,871	9,536
Transfer long-term loans to debt due to repayment	1,031,358	843,623	1,031,358	-
Offsetting between trade accounts receivable and trade account payable	98,900	262,914	43,349	262,914

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Offsetting between other accounts receivable and advance received for goods	-	6,951	-	6,951
Other accounts receivable – increase from transferred advance payment for goods	-	353,295	-	353,295
Cash payment for purchase investment in subsidiary company decreased from other receivable from decreased shares capital of the subsidiary company	-	5,296	-	5,296
Share capital decreased from other payable from decreased shares capital of the subsidiary company	-	1,593	-	-
Unrealized loss from investment in available for sale security	11,432	-	11,432	-
Assets and liabilities increased from business combinations				
Current assets	-	602,248	-	-
Non current assets	-	1,065,357	-	-
Current liabilities	-	597,713	-	-
Non current liabilities	-	669	-	-

7. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	92	159	64	72
Saving account	1,202	2,565	57	2,550
Current account	6,636	11,697	3,361	11,481
Total	7,930	14,421	3,482	14,103

8. TEMPORARY INVESTMENT

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Investment in trading security				
Cost	647	647	647	647
Change in fair value of investment	(433)	(388)	(433)	(388)
Fair value	214	259	214	259

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

9. TRADE AND OTHER ACCOUNT RECEIVABLE - OTHER COMPANIES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade account receivable				
Post dated cheques	117,667	189,694	81,668	189,694
Account receivable-returned cheques	8,108	997	-	-
Trade accounts receivable	1,790,585	1,179,393	1,435,079	840,040
Total	1,916,360	1,370,084	1,516,747	1,029,734
Less : Allowance for doubtful debt	(52,713)	(47,308)	(9,905)	(9,905)
Net	1,863,647	1,322,776	1,506,842	1,019,829
Other account receivable				
Revenue department receivable	1,388	13,091	452	7,170
Other receivable	20,711	7,733	13,579	1,340
Others	3,024	1,798	2,328	1,281
Total	25,123	22,622	16,359	9,791
Grand Total	1,888,770	1,345,398	1,523,201	1,029,620

As at December 31, 2012 and 2011, the trade accounts and note receivable-other companies are classified by aging as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Within credit term	589,757	793,031	413,954	692,647
Over due 1 to 90 days	365,509	491,230	237,003	318,246
Over due 91 to 180 days	784,284	10,400	736,456	8,936
Over due 181 to 365 days	123,006	28,157	119,429	-
Over due over 1 year	53,804	47,266	9,905	9,905
	1,916,360	1,370,084	1,516,747	1,029,734
Less : Allowance for doubtful debt - trade account	(52,713)	(47,308)	(9,905)	(9,905)
Net	1,863,647	1,322,776	1,506,842	1,019,829

For the years ended December 31, 2012 and 2011, the movements of allowance for doubtful debt are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Bad debts and doubtful debts expense (Reversal)	5,492	(11,970)	-	(12,000)
Allowance for doubtful accounts increase from business acquisition	-	191,976	-	-
Write-off bad debt previously fully provided for (no effect to statement of income for the year)	(87)	(191,976)	-	-

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012**

In the consolidated financial statements as of December 31, 2012 and 2011, the Group factored some post dated cheques in the amount of Baht 27.68 million and Baht 28.87 million respectively, the separate financial statements in amount of Baht 27.00 million and Baht 28.87 million respectively, to discount with the financial institution according to note 21. The Group/Company still has to take responsibility in the notes receivable if the financial institution cannot collect debt repayment from such notes receivable.

In the consolidated financial statements as at December 31, 2012 and 2011, a part of trade accounts receivable in the amount of Baht 23.23 million and Baht 4.84 million respectively, had be transferred the right of collection to one financial institution according to note no 20. The Group still has to take responsibility in the trade accounts receivable if the financial institution cannot collect debt repayment in accordance with such trade accounts receivable.

In the consolidated financial statements as at December 31, 2012, account receivable over credit term over 1 year, partly in amount of Baht 5.70 million is account receivable who purchase goods and services from the Group and rendering service to government sector. Such receivable has gradually debt repayment, the management believes that no risk for debt collection.

10. TRADE AND OTHER ACCOUNT RECEIVABLE – RELATED COMPANIES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade account receivable	-	-	2,297	147
Other receivable	-	-	5,351	5,314
Total	-	-	7,648	5,461
Less : Allowance for doubtful debt-other account receivable	-	-	(5,296)	-
Net	-	-	2,352	5,461
Bad debts and doubtful debts expense for the year	-	-	5,296	-

As at December 31, 2012 and 2011, the trade accounts receivable-other companies are classified by aging as follows:

	In Thousand Baht			
	Consolidated		The Company only	
	2012	2011	2012	2011
Within credit term	-	-	2,239	147
Over due 1 to 90 days	-	-	58	-
Total	-	-	2,297	147
Less : Allowance for doubtful debt-trade accounts receivable	-	-	-	-
Total	-	-	2,297	147

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

11. INVENTORIES - NET

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Finished goods	320,817	161,403	256,498	84,532
Work in process	415	853	-	-
Raw materials	119,791	248,748	109,879	214,332
Supplies	14,446	11,992	4,116	1,372
Total	455,469	422,996	370,493	300,236
Less Allowance for declining in value of inventories	(14,002)	(15,024)	(6,660)	(4,275)
Net	441,467	407,972	363,833	295,961
The cost of inventories which is recognised as an expense and included in cost of goods sold for the year.				
- Cost of goods sold	2,829,003	4,039,637	2,160,074	3,426,800
- Loss of Allowance for declining in value of inventories	2,899	10,820	2,385	4,367
- Allowance for declining in value of inventories (Reversal)	(3,921)	(5,282)	-	(599)
Total	2,827,981	4,045,175	2,162,459	3,430,568

In the consolidated and separate financial statements as at December 31, 2011, inventories in amount of Baht 201.14 million are pledge as collateral with financial institutes according to Note No.19.

12. ADVANCE PAYMENT FOR GOODS - NET

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Advance payment for goods	168,733	540,108	162,453	521,348
Less : Allowance for declining in value of inventories	(878)	(727)	(878)	(221)
Net	167,855	539,381	161,575	521,127
Loss from Allowance for declining in value of inventories for the year	657	727	657	221
Allowance for declining in value of inventories for the year (Reversal)	(506)	-	-	-

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

13. GENERAL INVESTMENT

	Consolidated Financial Statements					
	Percentage of direct and indirect Holding (Percent)		In Thousand Baht			
			Paid-up capital		Investment value Cost method	
	2012	2011	2012	2011	2012	2011
• Pan Asia Storage and Terminal Co., Ltd.	0.00003	0.00003	1,929,618	1,929,618	1	1
• Siam Integrated Cold Rolled Steel Public Co., Ltd.	0.055	0.055	12,000	12,000	6	6
• First Steel Industry Co., Ltd.	0.18	0.18	357,500	357,500	635	635
• Inter Metal Tube Alliance (Thailand) Co.,Ltd.	0.05	0.05	270,000	270,000	124	124
<u>Less</u> Allowance for Impairment of Investment					(766)	(766)
General Investment - Net					-	-

14. AVAILABLE FOR SALE INVESTMENT

	In Thousand Baht
	Consolidated and Separate financial statements
	2012
Cost value	140,990
Change in fair value of investment	(11,432)
Fair value	129,558

The whole amount of investment available for sale security, the Company has pledge to collateral for the debt under restructuring agreement with a financial institute.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

15. INVESTMENT IN SUBSIDIARIES

	Separate financial statements					
	Percentage of direct and indirect Holding (Percent)		In Thousand Baht			
			Paid-up capital		Investment value Cost method	
2012	2011	2012	2011	2012	2011	
SUBSIDIARIES						
• Thai National Product Co., Ltd	100.00	100.00	261,006	261,006	639,478	639,478
• Siam Ferro Industry Co., Ltd	51.88	56.88	441,701	441,701	536,062	587,727
Less : Allowance for impairment loss of investment in subsidiary					(105,616)	(28,014)
Net					<u>1,069,924</u>	<u>1,199,191</u>
Loss from impairment for the year					<u>77,602</u>	<u>28,014</u>

2011

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 par value of Baht 100 per share, equivalent to proportion of 76.88% of registered capital that already repaid at the price of Baht 73 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 Company has transferred all shares of 10,954,556 shares (100% of the shares purchased), already on April 1, 2011.

The Company has appointed the independent appraiser to appraise the fair value of identifiable assets acquired and the liability. The Company allocation cost of acquisition to the identifiable assets acquired and the liabilities by using independent appraisers report. It finds surplus of the fair value of the identifiable net assets acquired over the cost of acquisition of the subsidiary company in amount of Baht 22.68 million and recognizes the whole amount of surplus to gain on bargain purchase of subsidiary company in the consolidated profit or loss for the year 2011.

Fair value of assets and liabilities of Siam Ferro Industry Co., Ltd. before the merger as follows:

	Fair Value As of March 31, 2011 In Thousand Baht
Current Assets	602,690
Property, Plant and Equipment-Net	1,061,914
Non-Current Assets	3,443
Current Liabilities	(597,713)
Non-Current Liabilities	(669)
Total Net Assets as Fair Value as of Purchasing Date	<u>1,069,665</u>

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012**

	Fair Value As of March 31, 2011 <u>In Thousand Baht</u>
Fair Value in Proportion as the Company Investment in the rate of 76.88%	822,359
Gain from Purchase Business (recognized in consolidated statements of comprehensive income)	<u>(22,676)</u>
Cost of purchase Subsidiary Company	799,683
<u>Less</u> Cash and Cash Equivalent of Subsidiary Company	<u>(442)</u>
Net Cash flow paid from Purchasing Subsidiary Company	<u>799,241</u>

In accordance with the minute of the extra-ordinary shareholders meeting of Siam Ferro Industry Co., Ltd., no. 1/2011 on May 18, 2011, it resolves to change registered ordinary shares par value of the Subsidiary Company from the formerly value of Baht 100.00 per share to value of Baht 31.00 per share. As a result, the subsidiary company's ordinary shares decreased from Baht 1,424.84 million to Baht 441.70 million, equivalent to Baht 983.14 million. The reducing of the value of such shares to compensate beginning accumulate losses of the subsidiary company in amount of Baht 976.25 million, remaining value that will pay to shareholders in amount of Baht 6.89 million, equivalent part of the Company in amount of Baht 5.30 million, As a result, the value of investments in subsidiary company decreased remain in amount of Baht 794.39 million.

In accordance with the board of director meeting No. 8/2011, held on December 2, 2011, it has passed a resolution to dispose the investments in Siam Ferro Industry Company Limited in amount of 3,562,106 shares, par value Baht 31 per share, in the price Baht 80 per share totaling Baht 284,968,480.00 to another company 2,849,685 shares and another person 712,421 shares. The Company already had received the amount for the share disposal from that company on December 23, 2011. Therefore, the shareholding ratio decreases from 76.88% to 56.88% which the details are as follows:

Net assets value of subsidiary company that being adjusted out from selling are as follows:

	<u>In Thousand Baht</u>	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
	2011	2011
Net assets value of subsidiary company that being adjusted out from selling	196,805	-
Investment value in subsidiary that being adjusted out	-	206,659
Net cash received from sale	<u>227,225</u>	<u>227,225</u>
Excess from changes of interest in subsidiary company	<u>(30,420)</u>	-
Gain from sale of investment in subsidiary company	<u>-</u>	<u>(20,566)</u>

2012

In accordance with minute of the board of directors meeting no. 8/2011 on December 2, 2011, it resolves to dispose the investment in Siam Ferro Industry Company Limited in amount of 712,421 shares, in the price Baht 80 per share totaling Baht 56.99 million to other person. Therefore, the shareholding ratio decreases from 56.88% to 51.88% which the detail are as follows:

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

Net assets value of subsidiary company that being adjusted out from selling are as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
	2012	2012
Net assets value of subsidiary company that being adjusted out from selling	49,157	-
Investment value in subsidiary that being adjusted out	-	51,665
Net cash received from sale	56,994	56,994
Excess from changes of interest in subsidiary company	(7,837)	-
Gain from sale of investment in subsidiary company	-	(5,329)

However, In Consolidated financial statements, the Company recognizes discrepancy that occurs between net asset value of interest in subsidiary company that being adjusted out from selling and fair value of remuneration that received under accounting caption of excess from change of interest in the subsidiary companies and presents in shareholders' equity since the change of interest of the Company in subsidiary companies does not cause the Company losing control. In separate financial statements, the Company recognizes discrepancy that occurs between the investment value that being adjusted out from selling and fair value of remuneration that received under accounting caption of gain on sale investment in subsidiary.

16. INVESTMENT PROPERTY - NET

	In Thousand Baht		
	Consolidated financial statements		
	Land	Buildings	Total
<u>Cost</u>			
Balance as at January 1, 2011	72,744	115,884	188,628
Acquisitions	-	-	-
Disposal/write - off	(17,423)	-	(17,423)
Balance as at December 31, 2011	55,321	115,884	171,205
Acquisitions	-	-	-
Disposal/write - off	(53,443)	(74,316)	(127,759)
Balance as at December 31, 2012	1,878	41,568	43,446
<u>Accumulated depreciation</u>			
Balance as at January 1, 2011	-	26,408	26,408
Depreciation for the year	-	5,110	5,110
Disposal/write - off	-	-	-
Balance as at December 31, 2011	-	31,518	31,518
Depreciation for the year	-	4,799	4,799
Disposal/write - off	-	(19,619)	(19,619)
Balance as at December 31, 2012	-	16,698	16,698

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

	In Thousand Baht		
	Consolidated financial statements		
	Land	Buildings	Total
<u>Allowance for impairment</u>			
Balance as at January 1, 2011	23,560	-	23,560
Impairment for the year	-	-	-
Disposal/write - off	(7,887)	-	(7,887)
Balance as at December 31, 2011	15,673	-	15,673
Impairment for the year	-	-	-
Disposal/write - off	(15,673)	-	(15,673)
Balance as at December 31, 2012	-	-	-
<u>Net book value</u>			
December 31, 2011	39,648	84,366	124,014
December 31, 2012	1,878	24,870	26,748
<u>Depreciations included in profit or loss for the years</u>			
2011			5,110
2012			4,799

	In Thousand Baht		
	Separate financial statements		
	Land	Buildings	Total
<u>Cost</u>			
Balance as at January 1, 2011	72,744	92,722	165,466
Acquisitions	-	-	-
Disposal/write - off	(17,423)	-	(17,423)
Balance as at December 31, 2011	55,321	92,722	148,043
Acquisitions	-	-	-
Disposal/write - off	(53,443)	(74,316)	(127,759)
Balance as at December 31, 2012	1,878	18,406	20,284
<u>Accumulated depreciation</u>			
Balance as at January 1, 2011	-	19,332	19,332
Depreciation for the year	-	4,636	4,636
Disposal/write - off	-	-	-
Balance as at December 31, 2011	-	23,968	23,968
Depreciation for the year	-	4,325	4,325
Disposal/write - off	-	(19,619)	(19,619)
Balance as at December 31, 2012	-	8,674	8,674

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012**

	In Thousand Baht		
	Separate financial statements		
	Land	Buildings	Total
<u>Allowance for impairment</u>			
Balance as at January 1, 2011	23,560	-	23,560
Impairment for the year	-	-	-
Disposal/write - off	(7,887)	-	(7,887)
Balance as at December 31, 2011	15,673	-	15,673
Impairment for the year	-	-	-
Disposal/write - off	(15,673)	-	(15,673)
Balance as at December 31, 2012	-	-	-
<u>Net book value</u>			
December 31, 2011	39,648	68,754	108,402
December 31, 2012	1,878	9,732	11,610
<u>Depreciations included in profit or loss for the years</u>			
2011			4,636
2012			4,325

The separate financial statements as at December 31, 2012 and December 31, 2011, the Group's investment property in the book value of Baht 11.61 million and Baht 108.40 million, respectively, as collateral for loans granted by financial institutions as in note No. 19.

The consolidated financial statements as at December 31, 2012 and December 31, 2011 the Group's investment property in the book value of Baht 15.14 million and Baht 7.20 million, respectively, as collateral against the merchandise orders and pledge for collateral for loan from other person.

The consolidated and separate financial statements as at December 31, 2012, investment property had the fair value which appraise by an independence appraiser, that appraise the fair value of a land by market comparison approach method and the cost approach method for buildings, according to appraisal report during on July, 2010 and February, 2012, which had the total of fair value as in the consolidate financial statements amount of Baht 32.95 million and as in the separate financial statements amount of Baht 16.59 million.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

17. PROPERTY, PLANT AND EQUIPMENT – NET

	In Thousand Baht												
	Consolidated												
	Land and improvement	Buildings	Building improvement	Improvement office	Machinery	Improvement Machinery	Tools and Equipment	Vehicle	Tools Pile	Water/Fence Wells/Road /Culvert	Work in Process	Machinery and Equipment in Process	Total
<u>Cost</u>													
Balance as at January 1, 2011	366,835	232,896	7,245	579	578,715	9,419	171,465	33,872	278,030	81,600	5,399	-	1,766,055
Increased from Purchase Business	274,248	833,025	-	-	1,129,989	-	7,940	10,810	-	-	-	-	2,256,012
Acquisitions /Transfers in	-	-	-	-	39	-	1,535	564	-	-	2,311	-	4,449
Transfer out on investment in subsidiaries	-	(13,467)	(1,884)	-	(10,520)	-	(2,377)	-	-	-	-	-	(28,248)
Disposal/Transfer out	-	-	-	-	-	-	(63)	(1,972)	-	-	-	-	(2,035)
Balance as at December 31, 2011	641,083	1,052,454	5,361	579	1,698,223	9,419	178,500	43,274	278,030	81,600	7,710	-	3,996,233
Acquisitions /Transfers in	-	290	50	-	383	-	805	395	-	-	651	442	3,016
Disposal/Transfer out	-	-	-	(579)	(46,888)	-	(2,332)	(11,128)	-	-	(290)	(4)	(61,221)
Balance as at December 31, 2012	641,083	1,052,744	5,411	-	1,651,718	9,419	176,973	32,541	278,030	81,600	8,071	438	3,938,028
<u>Accumulated depreciation</u>													
Balance as at January 1, 2011	-	145,259	624	522	333,931	5,497	157,445	29,458	260,661	71,252	-	-	1,010,649
Increased from Purchase Business	47,118	413,263	742	-	716,520	-	7,922	8,532	-	-	-	-	1,194,097
Acquisitions /Transfers in	323	24,652	315	57	75,421	1,884	5,244	1,695	3,500	4,080	-	-	117,171
Transfer out on investment in subsidiaries	-	(7,022)	(631)	-	(10,520)	-	(1,994)	-	-	-	-	-	(20,167)
Disposal/Transfer out	-	-	-	-	-	-	(63)	(1,972)	-	-	-	-	(2,035)
Balance as at December 31, 2011	47,441	576,152	1,050	579	1,121,352	7,381	168,554	37,713	264,161	75,332	-	-	2,299,715
Acquisitions /Transfers in	423	33,502	269	-	83,728	1,889	4,122	1,617	3,500	1,962	-	-	131,012
Disposal/Transfer out	-	-	-	(579)	(46,861)	-	(2,328)	(8,950)	-	-	-	-	(58,718)
Balance as at December 31, 2012	47,864	609,654	1,319	-	1,158,219	9,270	170,348	30,380	267,661	77,294	-	-	2,372,009

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

	In Thousand Baht												
	Consolidated												
	Land and land improvement	Buildings	Building improvement	Improvement office	Machinery	Improvement Machinery	Tools and Equipment	Vehicle	Tools Pile	Water/Fence Wells/Road /Culvert	Work in Process	Machinery and Equipment in Process	Total
<u>Net book value</u>													
December 31, 2011	593,642	476,302	4,311	-	576,871	2,038	9,946	5,561	13,869	6,268	7,710	-	1,696,518
December 31, 2012	593,219	443,090	4,092	-	493,499	149	6,625	2,161	10,369	4,306	8,071	438	1,566,019
<u>Depreciations included in profit or loss for the years</u>													
2011													117,171
2012													130,722

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

	In Thousand Baht									
	Separate financial statements									
	Land	Buildings	Building improvement	Improvement office	Machinery	Improvement Machinery	Furniture and Equipment	Vehicle	Machinery and Equipment in Process	Total
<u>Cost</u>										
Balance as at January 1, 2011	41,538	26,467	7,245	579	137,022	9,419	24,945	14,561	-	261,776
Acquisitions /Transfers in	-	-	-	-	-	-	292	224	-	516
Transfer out to non current assets held for sale	-	(13,467)	(1,884)	-	(10,520)	-	(2,377)	-	-	(28,248)
Disposal/Transfer out	-	-	-	-	-	-	(63)	(42)	-	(105)
Balance as at December 31, 2011	41,538	13,000	5,361	579	126,502	9,419	22,797	14,743	-	233,939
Acquisitions /Transfers in	-	-	50	-	-	-	489	105	442	1,086
Disposal/Transfer out	-	-	-	(579)	(46,726)	-	(2,328)	(318)	(4)	(49,955)
Balance as at December 31, 2012	41,538	13,000	5,411	-	79,776	9,419	20,958	14,530	438	185,070
<u>Accumulated depreciation</u>										
Balance as at January 1, 2011	-	8,560	1,366	522	88,947	5,497	17,969	10,950	-	133,811
Acquisitions /Transfers in	-	984	315	57	7,065	1,884	3,389	1,181	-	14,875
Transfer out to non current assets held for sale	-	(7,022)	(631)	-	(10,520)	-	(1,994)	-	-	(20,167)
Disposal/Transfer out	-	-	-	-	-	-	(63)	(42)	-	(105)
Balance as at December 31, 2011	-	2,522	1,050	579	85,492	7,381	19,301	12,089	-	128,414
Acquisitions /Transfers in	-	652	269	-	6,767	1,888	2,246	1,028	-	12,850
Disposal/Transfer out	-	-	-	(579)	(46,725)	-	(2,327)	(174)	-	(49,805)
Balance as at December 31, 2012	-	3,174	1,319	-	45,534	9,269	19,220	12,943	-	91,459

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

	In Thousand Baht									
	Separate financial statements									
	Land	Buildings	Building improvement	Improvement office	Machinery	Improvement Machinery	Furniture and Equipment	Vehicle	Machinery and Equipment in Process	Total
<u>Net book value</u>										
December 31, 2011	41,538	10,478	4,311	-	41,010	2,038	3,496	2,654	-	105,525
December 31, 2012	41,538	9,826	4,092	-	34,242	150	1,738	1,587	438	93,611
<u>Depreciations included in profit or loss for the years</u>										
2011										14,875
2012										12,850

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012**Consolidated Financial Statements

As at December 31, 2012 and December 31, 2011, The Group mortgaged land and building in book value of Baht 452.45 million and Baht 459.09 million respectively, and some machine in book value of Baht 56.03 million and Baht 75.06 million respectively, is collateral for loans from the financial institution with note No.19.

As at December 31, 2012 and December 31, 2011, The Group mortgaged land and building in the book value of Baht 594.35 million and Baht 645.56 million, is collateral for loans from other person and company as in note No.24.

As of December 31, 2012 and December 31, 2011, The Group had assets with the depreciation fully calculated but still operate which had a cost value of Baht 334.98 million and Baht 387.62 million respectively. The net book value was Baht 4,335.00 million and Baht 4,166.00 million respectively.

Separate Financial Statements

As of December 31, 2012 and December 31, 2011, the Company mortgaged land and building in book value of Baht 55.45 million and Baht 56.33 million respectively, and some machine in book value of Baht 23.19 million and Baht 29.95 million respectively, is collateral for loans from the financial institution with note No.19.

As of December 31, 2012 and December 31, 2011, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 36.49 million and Baht 86.97 million respectively. The net book value was Baht 649.00 million and Baht 487.00 million respectively

18. OTHER RECEIVABLE – ADVANCE PAYMENT GOODS-NET

	In Thousand Baht	
	Consolidated and Separate financial statements	
	2012	2011
Other receivable-advance payment goods	-	322,472
Less Allowance for doubtful	-	(161,236)
Net	-	161,236
Bad debts and doubtful debts expense (Reversal) for the year.	(31,678)	161,236

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

The consolidated and separate financial statements as at December 31, 2011, the whole amount is other account receivable from the Company had made the advance payment for goods to a hot-rolled coil steel producer and distributor which it had pledged the machines, in accordance with the machines pledging agreement on October 4, 2010. During 2011, the management has re-assessed the fair value of such machinery by the independent appraiser according to the report of appraisal in November 2011. The machinery has the fair value in amount of Baht 898.98 million and the force sell value in amount of Baht 500 million. In 2011, such debtor company has not delivered the goods to the Company as agreed so the Company had temporarily ceased the business transaction and requested such company to repayment the advance to the Company. However, on November 1, 2011, the debtor company has issued the letter of request for gradually debt repayment, (the debt as of the letter of request for gradually debt repayment date was in amount of Baht 328.07 million, and such debt was exclude value added tax.) Which the debtor will lead the cash from increased capital from investors or the financial institute which suppose to finish within April 2012, to pay the Company in amount not less than 50% of the outstanding debt and debtor will gradually repay remainder debt as per month, by settle during November – December 2011 in amount of Baht 3.00 million per month, during January – March 2012 in amount of Baht 6.00 million per month, during April – December 2012 in amount of Baht 10.00 million per month, during January – March 2013 in amount of Baht 11 million per month and April 2013 for the remaining. However, the debtor is unable to repay the debt as the term and condition in the letter of request gradually repayment dated November 1, 2011. Thus, the Company's management has recognized some allowance for doubtful accounts in amount of Baht 161.24 million and believe that such allowance is proper and adequate for the loss which may incur. However, the Company will retain the right to force on pledged machinery until the debtor has repaid to the Company completely.

Later, the debtor has proposed compromise agreement to the Company which offer a new condition to hair cut some debt and the remaining amount will settle by converting the debt into newly issued shares of the debtor which is listed on the Stock Exchange of Thailand, in amount of 508,071,269 shares, at the price of Baht 0.50 which the Company's management has agreed and accept in such compromise agreement. On September 21, 2012, the Company has received newly ordinary shares of the debtor in amount of 508,071,269 shares, which fair value in amount of Baht 174.74 million to be settled all debt repayment and has reversed allowance for doubtful account in amount of Baht 31.68 million. For the investment received, the Company has classified as available for sale investment as in note no No.13.

19. CREDIT FACILITIES AND GUARANTEE

The Group has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2012 and December 31, 2011, in amount of Baht 2,043.06 million and Baht 1,374.56 million respectively, and credit line for forward contract in amount of US Dollars 4.00 million, equally for both periods. It is pledged by the Company's mortgage register of land and building and some part machine of the Company, some part land and building and machine of subsidiary company, land plus building of a director and related companies, notes receivable and inventories of a company, a part of deposit at bank and guaranteed director, related companies and subsidiary company and beneficiary from insurance in building, machinery and equipment to commercial bank and financial institutions.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012****20. LOANS THAT DUE FOR REPAYMENT**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trust receipts	462,127	104,391	462,127	104,391
Promissory note	195,499	379,900	195,499	379,900
Long-term loans from financial institutions	373,732	261,429	373,732	261,429
Total	<u>1,031,358</u>	<u>745,720</u>	<u>1,031,358</u>	<u>745,720</u>

The loans that due for repayment is loans from two financial institutions as follows:

The first financial institution

The consolidated and separate financial statements as at December 31, 2012, the loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan in amount of Baht 1,031.36 million. However, the Company had entered into debt restructuring agreement dated August 16, 2011, However, as of December 31, 2012, the Company did not completely repay the debt in accordance with the debt restructuring agreement, thence reclassified such debt as the loan which due to payment, the Company is under negotiation of new repayment term with such finance institute.

The consolidated and separate financial statements as at December 31, 2012, the company has the restricted bank deposit in amount of Baht 28.06 million with such financial institute.

The second financial institution

The consolidated and separate financial statements as at December 31, 2011, the loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan in amount of Baht 745.72 million which the Company had entered into debt restructuring agreement dated September 30, 2011, such agreement had relented the terms and conditions of debt repayment to the Company. However, as at December 31, 2011, the Company did not completely repay the debt in accordance with the debt restructuring agreement, thence reclassified such debt as the loan which due to payment. However, the Company and the financial institution have agreed to sign the debt restructuring agreement no. 5, dated June 27, 2012, so the Company reclassify such loan to the account of debt under restructuring agreement as in note No 26.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

21. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Bank overdrafts	9,976	10,584	9,976	10,584
Bill of exchange and discount post date cheque	27,679	26,872	26,996	26,872
Account payable factoring	23,230	8,179	-	4,457
Trust receipts	26,884	262,381	26,884	262,381
Promissory note	16,000	395,900	16,000	395,900
<u>Less</u> Loans that due for repayment	-	(484,292)	-	(484,292)
Amortization of deferred service fee in borrowing	-	(2,083)	-	(2,083)
Net	<u>103,769</u>	<u>217,541</u>	<u>79,856</u>	<u>213,819</u>

21.1 The consolidated and separate financial statement as at December 31, 2012 and December 31, 2011, the Company took bill of exchange and notes receivable to discount with merchant bank are carried by interest rates of 7.00% - 7.87% and 6.75% - 7.25% per annum, respectively.

21.2 The consolidated and separate financial statement as at December 31, 2011, account payable factoring arisen from the Company took account receivable to discount with merchant bank are carried by interest rates of 8.75% - 8.87% per annum.

21.3 The consolidated and separate financial statement as at December 31, 2012 and December 31, 2011, trust receipt is carried by interest rates of 6.00 - 6.13% per annum and 5.87% - 15.00% per annum. 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 at December 31, 2011, partly trust receipt in amount of Baht 104.39 million respectively, 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.20.

21.4 The consolidated and separate financial statement as at December 31, 2012 and December 31, 2011, short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 7.00 - 7.13% per annum and 5.00% - 7.13% per annum, respectively.

As at December 31, 2011, partly promissory note in amount of Baht 379.90 million, is promissory note 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.20.

Such above loan from financial institutions constitutes have collateral according to note No.19.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

22. TRADE AND OTHER ACCOUNTS PAYABLE – OTHER COMPANIES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade account payable				
Trade account payables	595,350	449,475	512,447	373,367
Other account payable				
Accrued expenses	12,773	12,811	5,415	5,479
Other account payable	19,403	10,098	15,306	5,570
Others	154	162	30	30
Total	<u>32,330</u>	<u>23,071</u>	<u>20,751</u>	<u>11,079</u>
Grand Total	<u>627,680</u>	<u>472,546</u>	<u>533,198</u>	<u>384,446</u>

23. TRADE AND OTHER ACCOUNTS PAYABLE – RELATED PARTIES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade account payable				
Trade Account Payable	8,647	8,647	8,647	10,226
Other account payable				
Accrued expenses	1,805	599	952	203
Other Payable	2,920	143	4,141	274
Others	-	-	200	-
Total	<u>4,725</u>	<u>742</u>	<u>5,293</u>	<u>477</u>
Grand Total	<u>13,372</u>	<u>9,389</u>	<u>13,940</u>	<u>10,703</u>

24. SHORT-TERM LOANS FROM OTHER PERSON AND COMPANY

The consolidated financial statement as at December 31, 2012 and 2011, the part amount of Baht 300 million is short – term loans from other person and company, carried interest rate of 15% per annum, while the subsidiary company mortgaged land and building is collateral of loans. By the subsidiary company and the lender makes the mortgage land contract and considered this as evidence of the loans contract, while the mortgages has term to redeem for three months (maturity date of June 21, 2011) and when due, the subsidiary company and lender agree to continue extended the due period for next 3 months, in each time of extended, the borrower has charged the extended fees in the rate of 11.40% per annum and interest in the rate of 15.0% per annum, The final maturity date is October 22, 2012 which the subsidiary has not extended the maturity date, due to under negotiation of new condition to repayment.

The consolidated financial statement as at December 31, 2012, the part amount of Baht 5.00 million is short – term loans from other person, carried interest rate of 12% per annum, while the subsidiary company mortgaged investment property is collateral of loans.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

25. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Liabilities under financial lease agreement	1,475	2,375	1,269	2,066
<u>Less</u> Deferred Interest	(117)	(242)	(67)	(166)
Net	1,358	2,133	1,202	1,900
<u>Less</u> Current portion	(819)	(775)	(743)	(698)
Net	539	1,358	459	1,202
Present value of minimum lease payment				
Within one year	819	775	743	698
After one year but within five years	539	1,358	459	1,202
Total	1,358	2,133	1,202	1,900

Future minimum lease payments required under the finance lease agreements were as follows:

	In Thousand Baht					
	Consolidated financial statements					
	2012		2011			
	Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payment	Interest	Present value of minimum lease payment
Within one year	900	(81)	819	900	(125)	775
After one year but within five years	575	(36)	539	1,475	(117)	1,358
Total	1,475	(117)	1,358	2,375	(242)	2,133

	In Thousand Baht					
	Separate financial statements					
	2012		2011			
	Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payment	Interest	Present value of minimum lease payment
Within 1 year	797	(54)	743	797	(99)	698
1-5 years	472	(13)	459	1,269	(67)	1,202
Total	1,269	(67)	1,202	2,066	(166)	1,900

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012**

The consolidated financial statement as at December 31, 2012 and December 31, 2011, the Group comprises asset under the financial leased agreement in the type of vehicle. The net book value of Baht 1.43 million and Baht 2.22 million respectively, and the separate financial statements as at December 31, 2012 and December 31, 2011, There is net book value of Baht 1.27 million and Baht 1.97 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. DEBT UNDER RESTRUCTURING AGREEMENT

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Long term loans from financial institutions	1,481,302	1,104,700	1,481,302	1,104,700
Accrued interest pending for waiving	20,836	20,836	20,836	20,836
Accrued interest expenses under restructuring agreement	56,515	-	56,515	-
<u>Less</u> Current portion	(248,667)	(19,665)	(248,667)	(19,665)
Amortization of deferred service fee in borrowing	-	(3,752)	-	(3,752)
Net	1,309,986	1,102,119	1,309,986	1,102,119
<u>Less</u> Loans that due for repayment	(864,108)	(261,428)	(864,108)	(261,428)
Net	445,878	840,691	445,878	840,691

For the years ended December 31, 2012 and 2011, the movement of long-term loans are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance as of beginning	864,108	650,779	864,108	650,779
Transfer out to loan that due for repayment	(843,272)	(261,428)	(843,272)	(261,428)
Transfer to accrued interest	(20,836)	-	(20,836)	-
Transfer from loan that due to repayment	792,646	490,376	792,646	490,376
Realized debt under restructuring agreement to reduce interest expense	(411)	-	(411)	-
Repayment	(97,690)	(15,619)	(97,690)	(15,619)
Balance as of ending	694,545	864,108	694,545	864,108

The debt under restructuring agreement are loans from two financial institutions as follows:

The first financial institution

26.1 The consolidated and separate financial statement as at December 31, 2012 and December 31, 2011, the Company loan credit line of Baht 400 million is already repayable remaining amount of Baht 373.73 million equally for two period, interest rates of 7.75% – 9.00% per annum, derived from the debt restructuring contract with the financial institutes dated August 16, 2011, the term of repayment are as follows :

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012**Term of the debt restructuring contract

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (In Million Baht)	<u>Interest Rates(%)</u> <u>(Per Annum)</u>
July 2011	5.41	SPRL+1
August 2011 – June 2012	2.54	SPRL+1
July 2012 – May 2017	6.20	SPRL+1
June 2017	Outstanding	SPRL+1

In accordance with the condition of debt restructuring agreement as above, the financial institution will bring the installment paid since July 2011 to May 2017 to settle all accrued interest payable every month, the remaining will be settled the old accrued interest payable and the principal respectively. The interest pending for waiving is in amount of Baht 0.61million.

- 26.2 The consolidated and separate financial statement as at December 31, 2012 and December 31, 2011, short term loan from the financial institutes is borrowing in form of promissory note in amount of Baht 195.50 million equally for two period, carried interest rate of 7.75% – 9.00% per annum derived from the debt restructuring contract with the financial institutes dated August 16, 2011, the term of repayment are as follows :

Term of the debt restructuring contract

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (In Million Baht)	<u>Interest Rates(%)</u> <u>(Per Annum)</u>
July 2011	2.92	SPRL+1
August 2011 – May 2013	1.37	SPRL+1
June 2013	Outstanding	SPRL+1

In accordance with the condition of debt restructuring agreement as above, the financial institution will bring the installment paid since July 2011 to May 2013 to settle all accrued interest payable every month, the remaining will be settled the old accrued interest payable and the principal respectively. The interest pending for waiving is in amount of Baht 6.09 million.

- 26.3 The consolidated and separate financial statement as at December 31, 2012 and December 31, 2011, trust receipt in amount of Baht 274.04 million equally for two period, is carried by interest rates of 7.75% - 9.00% per annum , 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, derived from the debt restructuring contract with the financial institutes dated August 16, 2011, the term of repayment are as follows :

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2012

Term of the performance of debt restructuring contract

<u>Installment</u>	<u>Principal Repayable per Installment</u>	<u>Interest Rates(%) (Per Annum)</u>
	(In Million Baht)	
July 2011	4.21	SPRL+1.25
August 2011 – May 2013	1.98	SPRL+1.25
June 2013	Outstanding	SPRL+1.25

In accordance with the condition of the debt restructuring agreement as above, the financial institution will bring the installment paid since July 2011 to May 2013 to settle all accrued interest payable every month, the remaining will be settled the old accrued interest payable and the principal respectively. The interest pending for waiving is in amount of Baht 14.13 million.

As at December 31, 2012, the Company does not repay the debt to comply with the debt restructuring agreement. The Company has shown the amount of loan to loans due for repayment as in note No.20.

The second financial institution

26.4 The consolidated and separate financial statement as at December 31, 2011, loan in credit line of Baht 334.87 million which the outstanding loan amount of Baht 261.43 million, which is loan that derived from the debt restructuring contract dated September 30, 2011, with the creditor of finance institution. The contract determine the Company has to pledge additional securities within March, 2012, and has term of repayment according in the contract. However As at December 31, 2011, the Company did not pay the loan installment according in the contract; the Company has shown such loan amount to loans due for repayment as in note 20.

Later, the Company and the financial institute has entered in to the debt restructuring contract no. 5 dated September, 27, 2012. The contract has define important condition such as finding additional securities, transferred assets to settle the debt. The contract has classify the debt to 3 tranches which as following :

First tranche : The principal amount of Baht 261.43 million, accrued interest amount of Baht 24.87 million, remaining balance amount of Baht 277.07 million, the financial institution agree to discount interest rate from default rate to former contract rate. An accrued interest after discount amount of Baht 16.82 million which agree to monthly installments in amount of Baht 500,000, commencing in January 2013 onward and will completely repayment in October 2015. The principle debt bear interest rate at MLR per annum, the principle is repayable on a monthly basis commencing on January 2013 which has term of repayment as followings :

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<u>Installment</u>	<u>Principal Repayment per Installment</u> (Million Baht)
January 2013 - December 2013	2.0
January 2014 - November 2017	5.0
December 2017	Outstanding

Second tranche : The principal amount of Baht 262.56 million, accrued interest amount of Baht 24.10 million, remaining balance amount of Baht 209.25 million, the financial institution agree to discount interest rate from default rate to former contract rate. An accrued interest after discount amount of Baht 8.78 million which agree to monthly installments in amount of Baht 500,000, commencing in January 2013 onward and will completely repayment in October 2014. The principle debt bear interest rate at MLR per annum, the principle is repayable on a monthly basis commencing on January 2013 which has term of repayment as followings :

<u>Installment</u>	<u>Principal Repayment per Installment</u> (Million Baht)
January 2013 - December 2013	1.0
January 2014 - August 2015	12.0
September 2015	Outstanding

Third tranche : The principal amount of Baht 211.73 million, accrued interest amount of Baht 17.18 million, remaining balance amount of Baht 208.22 million, the financial institution agree to discount interest rate from default rate to former contract rate. An accrued interest after discount amount of Baht 8.85 million which agree to monthly installments in amount of Baht 500,000, commencing in January 2013 onward and will completely repayment in September 2014. The principle debt bear interest rate at MLR per annum, the principle is installment repayment for every three months, commencing September 2012 and will be completely repayment within December 2013 which has term of repayment as followings :

<u>Installment</u>	<u>Minimum Principal Repayment per Installment</u> (Million Baht)
September 2012	17.1
December 2012 - September 2013	30.0
December 2013	Outstanding

Such above loan from financial institutions constitutes collateral according to note No.19

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For the year ended December 31, 2012

27. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits obligations is compensations on employee's retirement, was as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Defined benefit obligations at January 1	3,852	2,718	1,335	1,037
Current service costs	352	409	224	252
Interest on obligation	141	137	63	46
Service cost in prior year of subsidiary from purchased business	-	588	-	-
Defined benefit obligations at December 31, 2012	<u>4,345</u>	<u>3,852</u>	<u>1,622</u>	<u>1,335</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Prior year service cost	-	2,718	-	1,037
Current service costs	352	409	224	252
Interest on obligation	141	137	63	46
Total expenses in profit or loss	<u>493</u>	<u>3,264</u>	<u>287</u>	<u>1,335</u>
Line items under which such expenses are include in profit or loss				
Cost of goods sold and services	44	1,089	7	134
Selling expenses	30	660	1	4
Administrative expenses	62	266	1	39
Management benefits expense	216	1,112	215	206
Total	<u>352</u>	<u>3,127</u>	<u>224</u>	<u>1,289</u>

Principal actuarial assumptions at the valuation date were as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(%)	(%)	(%)	(%)
Discount rate	3.36 - 4.41	3.36 - 4.41	3.36 - 4.41	3.36 - 4.41
Salary increase rate	0.33 - 3.73	0.33 - 3.73	0.33 - 3.73	0.33 - 3.73
Mortality rate	50-100	50-100	50-100	50-100
(Thai Mortality Ordinary Table 2008)	of mortality	of mortality	of mortality	of mortality
Disability rate	10 - 15	10 - 15	10 - 15	10 - 15
	of mortality	of mortality	of mortality	of mortality
Employee turnover rate	0 - 57	0 - 57	0 - 57	0 - 57

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For the year ended December 31, 2012

28. SHARE CAPITAL

Authorized share capital and paid up share capital are movement as follows :

	Par Value	Consolidated and Separate financial statements				
		2012			2011	
		Number of Share	Amount	Book value	Number of Share	Amount
		<u>Thousand shares</u>	<u>Thousand Baht</u>	<u>Baht</u>	<u>Thousand shares</u>	<u>Thousand Baht</u>
<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>		
Authorized share capital						
Ordinary shares at beginning of the period	1.00	1,500,000	1,500,000	0.10	10,000,000	1,000,000
<u>Less</u> Change in Ordinary shares value	-	-	-	1.00	(9,000,000)	-
<u>Add</u> Increase ordinary shares	1.00	3,000,000	3,000,000	1.00	500,000	500,000
<u>Less</u> Decrease ordinary shares	1.00	(500,000)	(500,000)	-	-	-
Ordinary shares at ending of the period	<u>1.00</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>1.00</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issue and paid-up share capital						
Ordinary shares at beginning of the period	1.00	1,000,000	1,000,000	0.10	10,000,000	1,000,000
<u>Less</u> Change in Ordinary shares value	-	-	-	1.00	(9,000,000)	-
<u>Add</u> Increase ordinary shares	1.00	2,913	2,913	-	-	-
Ordinary shares at ending of the period	<u>1.00</u>	<u>1,002,913</u>	<u>1,002,913</u>	<u>1.00</u>	<u>1,000,000</u>	<u>1,000,000</u>

2011

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

1. 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 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, completed on March 15, 2011.
2. 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. The Company has registered with the Ministry of Commerce, completed on March 15, 2011.

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For the year ended December 31, 2012

2012

According to the resolution of the extra shareholder meeting no 1/2012 dated July 20, 2012 and according to the resolution of the board of directors' meeting no. 5/2012 dated September 18, 2012, which could be summarized as a significant resolution as follows :

1. Had resolution to decrease the registered capital from Baht 1,500,000,000 to Baht 1,000,000,000 by deducting the unissued registered shares of 500,000,000 shares with the par value of Baht 1.00 per share.
2. Had resolution to increase the registered capital from Baht 1,000,000,000 to Baht 4,000,000,000 by issuing 3,000,000,000 new ordinary shares with the par value of Baht 1.00 per share. Currently, the Company has already changed its registered capital with the Department of Business Development, Ministry of Commerce.
3. Had resolution to issue and offer the warrant to purchase the ordinary share of the Company to the private placement investors who support loan to the Company and/or its Subsidiaries in the amount of not more than 1,000,000,000 units with no charge. The warrant would be 3 year term. The exercise ratio would be 1 unit of warrant per 1 ordinary share and the exercise price would be at Baht 0.50 per share.
4. Had resolution to issue and offer 2,000,000,000 new ordinary shares with the par value of Baht 1.00 per share to the existing shareholders of the Company at ratio of 1 old share to 2 new shares (subscription over the right is allowed) at the offering price of Baht 0.50 per share .

The Company has received the incremental share capital in amount of 2,913,226 shares, par value of Baht 1.00 per share. As a result, the Company issued and paid-up share capital increase to Baht 1,002,913,226 from the former Baht 1,000,000,000. The Company has already changed its paid-up share capital with the Department of Business Development, Ministry of Commerce.

29. THE COMPENSATION OF ACCUMULATED LOSS

In accordance with the minute of the Annual General Shareholders' Meeting of 2011, dated on April 29, 2011, unanimously resolved to approve to transfer premium on share capital in amount of Baht 156.37 million to compensate accumulated losses.

30. CORPORATE INCOME TAX

For the years ended December 31, 2012 and 2011, the Group calculates tax at 23% (For the years ended December 31, 2011 calculates tax at 30%). The Group computed tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which mainly are accumulated loss carried not over 5 years, doubtful debt, depreciation that far rate which specify in the Revenue Code and loss from declining in value, etc.

31. PROVIDENT FUND

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.2530, in the name of "TISCO 2 Registered Provident Fund". The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees' salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognised as expenses in the year in when they are incurred. For the year ended 2012 and 2011, the company has provident fund expense in amount of Baht 131,619 and Baht 346,744, respectively.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012****32. EARNINGS (LOSS) PER SHARE**

For the year ended December 31, 2012 and 2011, the Company calculates earnings (loss) per share as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Earnings (loss) per share				
Profit (loss) for the year	(375,449)	(389,226)	(305,970)	(306,707)
The weighted average of number of ordinary shares (Thousand shares)	1,002,913	1,000,000	1,002,913	1,000,000
Basic earnings (loss) per share	(0.374)	(0.389)	(0.305)	(0.307)

33. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changing within finished goods and work in process	(158,976)	136,929	(171,966)	190,422
Raw material used	1,100,873	2,029,603	620,540	1,142,726
Value of purchase finish goods for sale	1,887,266	1,873,106	1,711,500	2,093,652
Loss from declining in value of inventories (Reversal)	(872)	6,265	3,042	3,989
Employee expenses	78,933	42,212	31,532	19,798
Depreciation	135,520	122,281	17,176	19,510
Transportation and pilling expenses	53,077	31,423	-	-
Loss from impairment of investment in subsidiary companies	-	-	77,602	28,013
Loss from impairment of assets	-	7,698	-	7,698
Doubtful accounts (Reversal)	(26,273)	149,266	(26,381)	149,236
Unrealized loss from exchange rate	-	3,131	-	3,131
Unrealized (gain) loss from investment in trading security	45	521	45	521
(Gain) loss from investment in trading security	3,725	-	3,725	-
Interest expenses	337,960	203,613	257,304	166,151
Other expenses	100,224	40,087	44,074	56,856
Total	<u>3,511,502</u>	<u>4,646,135</u>	<u>2,568,193</u>	<u>3,881,703</u>

34. SEGMENT FINANCIAL INFORMATION

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 engagement of steel production and all steel pipe, which include in other business and operates in one geographical area only in Thailand. Thus all income,

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2012

profit and entire assets shown in the financial statements are related to the said business sector and geographical area.

The segment financial information of the Company and its subsidiaries for the years ended December 31, 2012 and 2011 are as follows:

	In Thousand Baht					
	Consolidated financial statements					
	For the year ended December 31, 2012					
	Steel Business		Business Piles	Other	Eliminate	Total
	Distribution of Material	Distribution of Finished Good	Produce and Distribution	Service		
Sales and service	181,603	2,557,295	198,968	87,751	7,779	3,017,836
Profit(loss)from Operation	28	(20,363)	(15,462)	(8,871)	(43,875)	(88,543)
Others income						44,808
Common expenses						(67,152)
Finance costs						(337,971)
Corporate income tax						(631)
Profit(loss) for the period						(449,489)
Non – controlling interests						74,040
Profit(loss) for the equity holders of the company						(375,449)
Fixed assets	————1,040,205 ———		————525,814 ———			1,566,019
Other assets						2,718,246
Total assets						4,284,265

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For the year ended December 31, 2012

In Thousand Baht							
Consolidated financial statements							
For the year ended December 31, 2011							
	Steel Business		Business Piles		Other	Eliminate	Total
	Distribution of Material	Distribution of Finished Good	Produce and Distribution	Service			
Sales and service	747,911	3,484,499	111,014	67,211	2,593	(222,820)	4,190,408
Profit(loss)from Operation	1,181	40,603	(25,054)	(10,750)	(8,940)		(2,960)
Others income							48,294
Common expenses							(249,154)
Finance costs							(203,613)
Corporate income tax							-
Profit(loss) for the period							(407,433)
Non – controlling interests							18,207
Profit(loss) for the equity holders of the company							(389,226)
Fixed assets	————1,119,531 ———		————576,987 ———				1,696,518
Other assets							2,621,275
Total assets							4,317,793

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2012****35. OBLIGATIONS AND CONTINGENT LIABILITIES**

35.1 A part from liabilities shown on the financial statements, the Group still remains other obligations and contingent liabilities with commercial banks as follows :

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Contingent liabilities with Commercial banks				
- Letters of credit Credit line 462.00 million, credit used	-	91.97	-	91.97
- Letters of guarantee	4.97	4.97	1.99	1.99
Contingent liabilities with other person				
- Advance note payable for pledged	9.75	-	-	-

The consolidated financial statement as at December 31, 2012 and December 31, 2011, letter of guarantee restriction bank deposit pledge for collateral in amount of Baht 3.21 Million and Baht 4.92 million.

35.2 The Company comprises obligation commitment according to the contract of labor engagement to produce steel with one company. The contract holds the life of one year ended on August 31, 2012 and 2013. It is determined that the life is automatically renewed for the period of 1 year. The engagement fee is in the rate of Baht 142,500.00 per month on August 1, 2011; it has changed the wage rate to actual wage rate and charged the handling fee with 3.50% per annum of the actual wage.

36. FINANCIAL INSTRUMENT

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and trade account payable, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

36.1 Policy to Manage Financial Risks

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rate and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

36.2 Risks on Interest Rate

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.

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For the year ended December 31, 2012

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

	Consolidated financial statements			
	Amount (Million Baht)		Interest rate per annum	
	2012	2011	2012	2011
Saving deposit	1.20	2.56	0.25 - 0.85	0.50 - 0.87
Restriction bank deposit	31.27	6.09	0.25 - 0.85	0.87
Loans that due for repayment	1,031.36	745.72	8.75 - 21.00	5.00 - 15.00
Short-term loans from financial institutions	103.77	217.54	3.40 - 7.87	5.00 - 15.00
Short-term loan from other person and other company	300.00	300.00	15.00	15.00
Liabilities under financial lease	1.48	2.37	3.40 - 7.00	3.40 - 7.00
Long-term loans from financial institutions	694.54	860.36	7.00 - 7.13	7.25 - 21.00
	Separate financial statements			
	Amount (Million Baht)		Interest rate per annum	
	2012	2011	2012	2011
Saving deposit	0.06	2.55	0.25 - 0.85	0.87
Short-term loans to subsidiary company	-	4.18	7.13 - 7.25	6.62 - 7.25
Restriction bank deposit	28.06	1.17	0.25 - 0.85	0.87
Loans that due for repayment	1,031.36	745.72	8.75 - 21.00	5.00-15.00
Short-term loans from financial institutions	79.86	213.82	6.00 - 7.87	5.00 - 15.00
Liabilities under financial lease	1.23	2.00	3.40 - 7.00	3.40 - 7.00
Long-term loans from financial institutions	694.54	860.36	7.00 - 7.13	7.25 - 21.00

36.3 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.

The balances of financial assets and liabilities denominated in foreign currencies are summarized below.

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For the year ended December 31, 2012

		In million baht			
		Consolidated financial statements			
		Financial assets		Financial liabilities	
Currency		2012	2011	2012	2011
US Dollar		-	-	3.11	2.44

		In million baht			
		Separate financial statements			
		Financial assets		Financial liabilities	
Currency		2012	2011	2012	2011
US Dollar		-	-	3.11	2.44

36.4 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

36.5 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.

37. 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, 2012 and 2011, debt to equity ratio are 2.53 and 1.67 : 1, respectively.

The Separate financial statement as of December 31, 2012 and 2011, debt to equity ratio are 3.27 and 2.11 : 1, respectively.

38. LITIGATION

As at 31 December 2012, two lawsuits had been filed against a subsidiary , claiming in the amount Baht 47.59 Million This comprised debt of Baht 46.82.million arising from the purchase of goods and interest charges of Baht 0.77 million plus interest until the payment is settled. The subsidiary has recorded the full amount of this cost in its accounts. However, the amount payable has not yet been finalised because the case is being heard by the Court, However, the management of the Company and the subsidiary believe that no significant damage will be suffered by the Company and the subsidiary and no provision has been recorded in respect of the accrued interest in connection with these claims.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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39. RECLASSIFICATION OF ACCOUNTS

The Company has reclassified the comparative statement of financial position as at December 31, 2011 and January 1, 2011 to conform with the presentation of current period as follow.

	In Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	December 31, 2011			December 31, 2011		
	<u>As previously reported</u>	<u>Reclassified</u>	<u>As currently reported</u>	<u>As previously reported</u>	<u>Reclassified</u>	<u>As currently reported</u>
Statement of financial position						
Trade and other account receives – Other companies	1,322,776	22,622	1,345,398	1,019,829	9,791	1,029,620
Trade and other account receives – Related parties	-	-	-	147	5,314	5,461
Account receivable - revenue department	13,092	(13,092)	-	7,170	(7,170)	-
Non-current assets held for sale	8,081	(8,081)	-	8,081	(8,081)	-
Other non-current assets	13,623	(9,148)	4,475	9,529	(7,553)	1,976
Restricted bank deposit	-	6,092	6,092	-	1,174	1,174
Properties, plant and equipment	1,688,819	7,698	1,696,517	97,827	7,698	105,525
Other non - current assets	12,336	(6,092)	6,244	1,710	(1,174)	536
Trade and other account payable-Other companies	458,122	14,424	472,546	382,014	2,433	384,447
Trade account payable and other payable-Related parties	-	9,389	9,389	1,579	9,124	10,703
Accrued income tax	-	1,171	1,171	-	-	-
Accrued interest	44,022	4,066	48,088	39,225	(204)	39,021
Accrued expenses	16,084	(16,084)	-	5,509	(5,509)	-
Other current liabilities	14,753	(12,966)	1,787	5,844	(5,844)	-

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For the year ended December 31, 2012

	In Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	January 1, 2011			January 1, 2011		
	<u>As previously reported</u>	<u>Reclassified</u>	<u>As currently reported</u>	<u>As previously reported</u>	<u>Reclassified</u>	<u>As currently reported</u>
Statement of financial position						
Trade and other account receives – Other companies	1,831,113	40,976	1,872,089	1,691,892	21,910	1,713,802
Trade account receives and other receives – Related parties	-	-	-	1,154	15	1,169
Account receivable - revenue department	19,866	(19,866)	-	19,866	(19,866)	-
Other current assets	25,556	(21,124)	4,432	3,422	(2,059)	1,363
Trade and other account payable - Other companies	384,517	35,157	419,674	311,373	19,492	330,865
Accrued expenses	20,390	(20,390)	-	16,797	(16,797)	-
Other current liabilities	39,034	(33,334)	5,700	2,695	(2,695)	-
Accrued income tax	-	5,252	5,252	-	-	-
Accrued interest	-	13,306	13,306	-	-	-

