

**รายงานประจำปี 2554**

**Annual Report 2011**





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Financial Statements of the Company and its subsidiaries for the year ended  
December 31, 2011



## Message from Board of Directors

In year 2011, Thailand and other countries were faced economic crisis among the several disasters around the world. For Thailand was also faced crisis and suffered from serious floods in history which damaged a tremendous loss to industrial sector and agricultural sector and also affected to the interruption and deceleration of economic transaction in construction sector and investment sector including steel industry has been affected by the fluctuations of both demand and supply.

From such problem in 2011, the Government has policy to drive and stimulate local economic in order to rehabilitate and reconstruct the country from the damage occurred. Government's infrastructure investment that has continued the construction in the year end of 2011, have impacts to the improvement of development direction of various industries including domestic construction industry. Moreover, the tax measure on the first car is also support to accelerate expansion of productions in automotive industry and will affect to the whole demand of steel industry. The Company expects that the economy of the country in the first quarter of 2012 will be in the rehabilitation situation from the flood disaster and will be improved in the second quarter of 2012 due to the growth of consumer demand and economic expansion in that period. The company confident that steel industry trend in 2012 will be in a better direction when compare to year 2011.

However, the company, although had faced problems and obstacles in last year. For year 2012 the company intend to commit the administration including improve the company's strategies and policies to overcome the obstacles and to improve the company's performance efficiency and continuously Moreover, the company has policy to continue Corporate Social Responsibility activities in order to build the trust to shareholders and all stakeholders.

Finally, the Board of Directors hereby express gratitude to our shareholders, suppliers and business partners including all stakeholders and financial institutions on your trust and contribution to the company and would like to thank our colleagues for their cooperation and commitment on working despite in the flood crisis. The Board of Directors will perform and conduct business to comply with the principles of good governance to achieve success and create ultimate value for all stakeholders.



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)



Asst. Prof. Dr. Apicha Boonpattarakan

Independent Director /

Audit Committee



Dr. Nakhun Thoraneenitiyan

Independent Director /

Audit Committee



Ms. Angkarn Tantiviroon

Director



Mr. Somkiat Vongsarajana

Director



Mr. Teera Phoncharoensuk

Director



Mr. 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



Dr. Ream Saijam  
Chief Financial Officer



## Audit Committee Report

Audit committee of Rich Asia Steel Public Company consisting of 3 independent directors as follows:

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

The Audit Committee has followed and responsible for 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, 2011, 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	5/5
Dr. Nakhun Thoraneenitiyan	4/5

1. Reviewed company's quarterly and audited financial statements of 2011 which have reported financial status and operation in 2011 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. Ampol Chamnongwat and/or Miss Wanraya Puttasatien and/or Mr. Naris Saowalaksakul of S.K Accountant Services Co., Ltd. as the company's auditor's for 2011 accounting period with audit service fee of 990,000 Baht and other actual expenses related to auditing, i.e. reviewing financial statements in English, traveling expense, allowance, residence expense for auditing and fiscal inventory checking. In case of the company invest in subsidiaries company and has to arrange consolidated financial statements and cashflow statement, the audit fee for reviewing consolidated financial statements and cashflow statement is setting up amount 40,000 Baht each quarter. The offering rate increased from year 2010, approximately 6% which are increasing of the audit fee 10,000 Baht, increasing of reviewing financial statements 5,000 Baht per quarter and increasing of reviewing the consolidated financial statements and cash flows statement 10,000 Baht per quarter, total annual fee increased 65,000 Baht due to the burden of increased tasks of the additional subsidiaries from the previous year.

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



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

Company's Name	:	Rich Asia Steel Public Company Limited
Symbol	:	RICH
Nature of Business	:	Seller and supplier of steel products which acquired from trading as well as hiring other steel plants to produce the products for the company, the company is also a trader and supplier of other types of steel products including raw materials and finished products. The finished products are composed of, for example, structural steel pipe, lipped channel, hot rolled coil and sheets, billets, and others.
Head Office	:	272 Soi Wat Channok, Praram III Road, Bangkor Laem, Bangkok 10120 Tel. 0 2689 3636 Fax. 0 2689 3688
Factory	:	141/3-141/4 Moo 3 Tambol Bangprong, Amphor Muang Samut Prakarn, Samut Prakarn Province 10270 Tel. 0 2383 0485 Fax. 0 2383 0485
Distribution Centers	:	1. 33/8 Moo 5 Tambol Bangpleeyai, Amphor Bangplee , Samut Prakarn Province 10540 Tel. 0 2755 5364 Fax. 0 2755 5364 2. 116/7 Moo 5 Tambol Pantainorasingh, Amphor Muang Samut Sakhon, Samut Sakhon Province 74000 Tel. 0 3487 2255 Fax. 0 3487 2254 3. 207/1 Moo 3 Tambol Lamsai, Amphor Wangnoi, Ayutthaya Province 13000 Tel. 0 3527 1711 Fax. 0 3527 2017
Registration No.	:	0107549000050
Home Page	:	<a href="http://www.richasiasteel.com">http://www.richasiasteel.com</a>
Customers Care Center (Customers' Complain Center)	:	Tel. 0 2689 3636 ต่อ 335 E-mail : <a href="mailto:customerscare@richasiasteel.com">customerscare@richasiasteel.com</a>
Registered Capital	:	1,500,000,000 Baht
Ordinary Shares	:	1,500,000,000 Shares
Par Value	:	1.00 Baht per share
Paid-up Capital	:	1,000,000,000 Baht
Paid-up Ordinary Shares	:	1,000,000,000 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. Ampol Chamnongwat      CPA No. 4663
2. Ms. Wanraya Puttasatien      CPA No. 4387
3. Mr. Naris Saowalagsakul      CPA No. 5369

S.K. Accountant Services Co., Ltd.

128/51 Phayatai Plaza Building,

14<sup>th</sup> Floor, Phayatai Road, Thungphayatai,

Ratchatavee, Bangkok 10400

Tel. 0 2214 6464-70

Fax. 0 2215 4772



## Background

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

Currently, the company has paid-up share capital of Baht 1,000,000,000. The business has managed by Miss Angkarn Tantiviroon, who has majority proportion 8.01% of issued and paid-up capital. The total production capacity is 215,000 tones per year. In 2011, the company has portion of revenue from trading, Hiring other steel plants and manufacturing, ratio was 87.36, 7.02 and 5.62 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.



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- 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.



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- 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.
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- 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, Province 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.

**Financial Highlights**

## Data from Financial Statement

	2009	2010	2011
Total Assets	2,569.71	3,517.79	3,448.75
Total Liabilities	1,149.48	2,102.36	2,340.03
Total Shareholders' Equity	1,420.23	1,415.42	1,108.72
Sales	3,985.57	4,347.10	3,533.48
Total Revenues	4,267.92	4,381.20	3,571.00
Gross Profit	114.83	130.39	108.25
Operating Profit (BFIT)	104.98	86.89	-140.55
Net Profit	23.38	-4.81	-306.71
Retained Earnings	-151.56	-156.37	-306.71

**Financial Ratios**

	2009	2010	2011
<b>Liquidity Ratio</b>			
Current ratio (times)	1.89	1.25	1.26
Quick ratio (times)	1.12	0.81	0.69
Cash flow liquidity ratio (times)	0.46	(0.13)	0.26
Receivables turnover (times)	4.66	2.57	3.46
Collection period (days)	78.38	142.16	105
Inventory period (times)	7.57	14.97	11.70
Inventory turnover period (days)	48.21	24.39	31
Account payable turnover (times)	19.73	13.65	9.06
Payment period (days)	18.50	26.74	40
Cash cycle (days)	108.08	139.81	96
<b>Profitability Ratio</b>			
Gross profit margin (%)	2.72	2.22	2.00
Net on EBIT (%)	1.33	0.90	0.36
Net Profit (%)	0.55	(0.11)	(8.68)
Return on equity (%)	1.66	(0.34)	(27.66)
<b>Efficiency Ratio</b>			
Return on assets (%)	0.80	(0.14)	(8.89)
Return on fixed assets (%)	20.66	(2.05)	(313.52)
Assets turnover (times)	1.47	1.24	1.02
<b>Financial Ratio</b>			
Debt to equity ratio (times)	0.81	1.49	2.11
Interest coverage (times)	1.29	0.95	(2.85)
Cash Fixed Charges Coverage Ratio	0.25	1.32	0.68
Dividend payout ratio (%)	0	0	0





## Nature of Business

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

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

### 1. Procurement and trading various steel products

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

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

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

#### 1.2 Hot rolled coil and sheets

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

#### 1.3 Billet and other products

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

### 2. Production and trading structural steel products

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

#### 2.1 Steel pipes

The Company is a manufacturer of steel pipes consisting of square tubes, black steel pipes and rectangular tubes with standard length 6 meters, diameter ½ " – 3" and thickness 1.00-



4.50 millimeters. Currently, the Company has 2 machines with total capacity of 75,000 tons per year. The actual utilization rate in 2011 was 0.83% of machine capacity respectively. 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.

## 2.2 Lip channel

The Company produces 5"- 8" lip channel with thickness 1.60-3.20 millimeters and also produces 8" chassis used as a component of a truck. Currently, the Company has 1 machine with total capacity of 50,000 tones per year. The actual utilization rate in 2011 was 2.85% of machine capacity. 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.

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 1 machine with total capacity of 90,000 tons per year. In 2011 the company began production in August. The actual utilization rate in 2011 was 8.19 of machine capacity.

### Revenue Structure

Sources of Revenue	2009		2010		2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	357.01	8.85	493.72	11.33	394.34	11.03
1.2 Black steel pipe	171.29	4.25	161.64	3.71	115.09	3.22
1.3 Rectangular tube	318.22	7.89	581.21	13.34	429.47	12.01
1.4 Lipped channel	561.44	13.92	896.77	20.59	1,137.09	31.81
1.5 Angle Bar	1.14	0.03	1.13	0.03	1.16	0.03
1.6 Deformed Bar	404.21	10.02	78.63	1.80	222.59	6.23
2 Hot rolled steel coil and Sheets	812.81	20.15	1,197.16	27.48	691.87	19.36
3 Billet	152.76	3.79	-	-	-	-
4 Other *	1,206.69	29.91	932.39	21.40	541.76	15.15
<b>Total Revenue from sales</b>	<b>3,985.57</b>	<b>98.78</b>	<b>4,342.64</b>	<b>99.68</b>	<b>3,533.37</b>	<b>98.84</b>
Other revenue **	49.05	1.22	13.74	0.32	41.63	1.16
<b>Total Revenue</b>	<b>4,034.62</b>	<b>100.00</b>	<b>4,356.38</b>	<b>100.00</b>	<b>3,575.00</b>	<b>100.00</b>

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



\*\* Other revenue consists of gain from Sale of Investment in Subsidiary Company Revenue from Written Off Accrued Expenses, Interest Revenue, Other Revenue from Debt Repayment Receipt from Management instead of Trading Account Receivable and Others Income.

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

Sources of Revenue	2009		2010		2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Supplying						
1.1 Trading	2,593.51	65.06	3,758.56	86.55	3,086.75	87.36
1.2 Hiring other steel plants	1,096.52	27.52	462.06	10.64	248.04	7.02
Total revenue from supplying	3,601.20	92.58	4,220.62	97.19	3,334.79	94.38
2. Manufacturing	295.54	7.42	122.02	2.81	198.58	5.62
<b>Total revenue from sales</b>	<b>3,985.57</b>	<b>100.00</b>	<b>4,342.64</b>	<b>100.00</b>	<b>3,533.37</b>	<b>100.00</b>

#### Goals and Objectives of the Company

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

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

#### Customer Characteristic and main customer group

The major's target customer is enterprise who are 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 endusers is 95:5. The Company has 3 distribution centers. 1 distribution center is located in Samut Prakarn province. 1 distribution centers is located in Samut Sakhon province and 1 distribution centers is located in Ayutthaya province.

#### Competition

Currently, company's steel pipe products targeted to serve to general usage market (Mass Market) which is in great demand, such as construction in housing and office building. There are four major competitors which are in the same customer base, but the competition is not severe even though there are many competitors because each competitor focus on different target group of customers. In 2011 Thailand economic was slowing due to flooding in many areas. As a result, growth of investment was slow down in the end of the year. The economic outlook in the year 2012, there will be growth in the construction sector for investment in infrastructure and maintenance the damage properties

#### 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 85.65%, 8.04 % and 6.31 % respectively in 2011.

#### Raw materials purchasing policy

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

#### Production policy

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

#### Environmental Effects

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



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

#### Future Projects

The company plans to expand the market of steel production in automotive part industry for increasing the utilization of production and capacity of the company and to increase customers and revenues to the company in the future as well.

#### **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 32.58% of total value of raw material purchased. And in 2012 the company purchased billet for raw materials in production of deformed bar, accounted for 4.53% of total value of raw material purchased. In 2011 all purchasing was 100% order from domestic manufacturers and suppliers. In addition, the prices of hot rolled steel prices was adjusted in line with world price demand and supply which are important factors that was impacted to raw material costs and gross margins due to hot rolled price is the major cost.

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

##### 2. Risk from products procurement

The company mainly purchases Hot Rolled Coil from four of major domestic supplier and manufactures, in proportion of 16.70%, 15.70% , 12.15% and 12.07% of total value of raw material purchase of hot rolled coil in 2011. The company policy was to reduce risk in the supply of raw materials which less than in year 2010, which purchased from one major supplier in proportion of 54.27%. The company to be an adequate supply to demand that to will affect the delivery of goods to the company.

And the company mainly purchases billet from four of major domestic supplier and manufactures, in proportion of 31.11%, 23.95% , 19.27% and 18.93% of total value of raw material purchase of billet coil in 2011.

Currently, the company may face the risk of raw material procurement from the 2 HRC manufacturers who are Sahaviriya Steel Industry Public Company Limited, G Steel Public Company Limited.

In order to prevent such risks, the company has policy in purchase from various suppliers to ensure that the company has consistently delivered the goods. The company also plans to purchase raw materials by importing raw material from foreign countries.



### 3. Risks from loan due for payment

The company has liabilities which was due for repayment to bank and financial institute in December 2011. Such liabilities was trust receipts, promissory notes and long term loans which partial payable according to the conditions stated in the contract and result to the whole loan amount were due for repayment. Consequently, the company has paid the payable debt to bank and financial institute. Such bank and financial institute has considered to allow the company to accommodate short term credit and long term loan as normal thereon.

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

### 4. Risk from competitive law change

Following the free trade agreement among some countries, i.e. China, Australia, New Zealand and India inter alia the decrement permission import tax of steel pipe to 0-5% within 2018 for China. In 2008 Thailand had agreed to be economic partnership with Japan to open free trade on April 3, 2008. The agreement has come into force since November 1, 2008 to encourage trading and investment for the business. HRC and steel pipe are being in the agreement of decreasing the tax for Thailand's import special grade hot rolled coil from Japan for automobile industries following to the Thailand and Japan agreement. The effects to Thai steel industry is the import tax must be reduced to 0% immediately for the special grade HRC which can not be produced in Thailand. For HRC which able to be produced in Thailand, the import tax will be gradually reduced to 0% within 11-15 years from promulgated date. After acceptance of agreement the company may be faced effects by competitors who import HRC or steel product to sell in domestic. However, the importers who import products from foreign countries have the disadvantages of lead time and freight charges which may not cause much difference price between imported and domestic and they may faced risk to delivery on-time. Also government policy to control production standards, the importers must apply TISI standard for HRC and steel products which is caused same treats for importer.

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

In 2011 the government has passed a policy to increase the minimum wages starting on April 1, 2012, which is increased approximate 39.5% and higher than the rate of inflation and effected to businesses for the increased cost of labor which lead to the increased production costs and service costs especially to the big business that has a huge labor cost and impact to price competition when compared to small and medium-sized industries with less labor. Forecast for 2012, the cost in construction business will be increased by 9.8% and transport business will be increased by 8%, which would affect in transport of raw materials and goods in other related businesses.



## Shareholding Structure

Major Shareholders as of August 22, 2011 (Valued 1 Baht per share)

Ranking	Shareholders	Number of shares	Percentage
1.	Mr.Komol Jungrungruangkit	100,396,353	10.04
2.	Miss Angkakarn Tantiviroon's group		
	1.1 Miss Angkakarn Tantiviroon	43,550,000	4.36
	1.2 Mrs. Phimsiri Keeratithiansiri	33,450,000	3.35
	1.3 Mr. Chen Marcus	2,250,000	0.22
	1.4 Miss Chen Ming Ming	890,625	0.08
	Total	80,140,625	8.01
3.	Mr. Narong Wangcharoenwong	23,856,090	2.39
4.	Thai NDVR Co. Ltd.	22,375,520	2.24
5.	Mr. Taweesak Watchararakkawong	19,700,000	1.97
6.	Miss Nada Thepawatanasuk	18,444,600	1.84
7.	Miss Natthaya Choke-udomnirun	17,778,110	1.78
8.	Mr. Charnyuth Chatpiriyapan	17,000,000	1.70
9.	Mr. Jatuporn Wongthongsan	15,000,000	1.50
10.	Miss Wannee Sirawattanamongkol	14,347,000	1.43
	Total	329,038,298	32.90
	Other Shareholders	670,961,702	67.10
	Total Shareholders	1,000,000,000	100.00

Dividend Policy

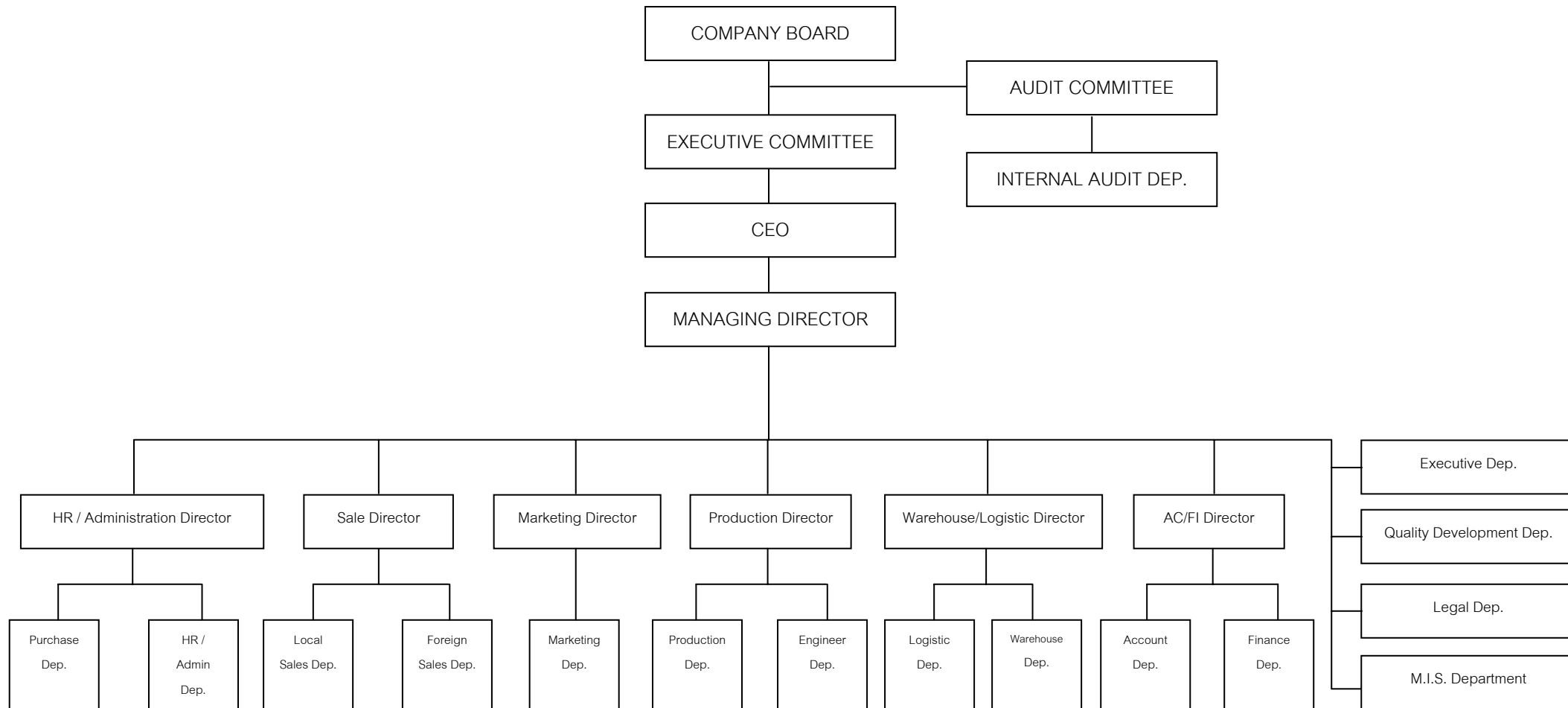
Not less than 50% of RICH's net profit after tax and legal reserve depending on its operating result, financial status, liquidity, cash requirements and any other relevant factors.





Management

Organization Chart





## Management Structure

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

### Board of Directors

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

As December 31, 2011 of the 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 <sup>1)</sup>	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. Apicha	Boonpattarakan	Director / Audit Committee (Independent Director)
9. Dr. Nakhun	Thoraneenitiyan	Director / Audit Committee (Independent Director)

Remark 1) Director has been appointed in the Meeting of Board of Directors No. 3 / 2011 on March 18, 2011 as Chairman and Independent Director.

### 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. The company secretary has duty to prepare and keep all meetings' record and resolution correctly.

In 2011, 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)	5/5
2. Mr. Surapong Churangsarit	Vice Chairman (Independent Director)	7/8
3. Mrs. Phimsiri Keeratithiansiri	Director	8/8
4. Mr. Rittirong Intarajinda	Director	6/8
5. Miss Angkakarn Tantiviroon	Director	8/8
6. Mr. Somkiat Vongsarojana	Director	8/8
7. Mr. Teera Phoncharoensuk	Director	8/8
8. Asst.Prof.Dr. Apicha Boonpattarakan	Director (Independent Director)	8/8
9. Dr. Nakhun Thoraneenitiyan	Director (Independent Director)	7/8

#### 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 /<br>Independent Director |
| 2. Asst.Prof.Dr. Apicha | Boonpattarakan  | Audit Committee / Independent Director                |
| 3. Dr. Nakhun           | Thoraneenitiyan | Audit Committee / Independent Director                |

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

#### **Authorities and responsibilities of Audit Committee**

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





- (d) An opinion on the suitability of an auditor,
  - (e) An opinion on the transactions that may lead to conflicts of interests,
  - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with charter, and
  - (h) Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
- 7) To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

#### Board of Audit Committees' Meetings

In 2011, Board of Audit Committees' meetings have been occurred 5 times as the following attendance:

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

#### 2. Executive committee

December 31, 2011 all 4 Executive Committees consist of following:

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

#### Authorities and responsibilities of Executive Committee

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

- 1) Empower to decide the significant operations by specified scope of works, purpose, discipline, policy, type or size of duties within their authorities including govern general operation, production, customer's relation and must responsible to Board of Directors.
- 2) Consider and approve procurement and purchasing, business investment including purchasing or selling company's fixed assets. The Executive Committee must propose to Board of Directors for considering and approval if such matters beyond approval authority.



- 3) Have authority approval to purchase and sell raw material and/or finished goods and/or components which is normal business transaction not over 30,000 tons.
- 4) Have authority approval of expense for normal business transaction.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Consider company's fund raising and propose to Board of Directors.
- 7) Assign and approve all counselors for the company.
- 8) Manage all administrative matters.
- 9) Consider and approve each department's operation plan and approve any requisition beyond their authorities.

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

#### Establishment of Authority Approval

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

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



expense and selling and administration expense not over 0.5 million baht per transaction. In case of beyond authorized limit, must propose to Chief Executive Officer for approval.

#### **Authorities and responsibilities of Chief Executive Officer**

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

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

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

#### **Authorities and responsibilities of Managing Director**

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

- 1) Oversee all managerial matters.



- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. It is approval to purchase and sell raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million baht per transaction. In case of beyond the budget or authorized limit, must propose to the Chief Executive Officer for approval.
- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who in charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

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

#### **Nomination of Directors**

Although there is no Nominating Committee, the Board of Directors will be the one who assign by delicate selection according to Public company law Act #68 B.E. 2535 includes other relevant laws. Moreover, the selection stressed in 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

As at 31 December 2011, the Management consists of 4 members, as follows:

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

## Company Secretary

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

## Director and Management Remuneration

### 1. Monetary Remuneration

#### Directors Remuneration

Annual General Shareholders' Meeting 2011 on April 29, 2011 has resolved to fix the remuneration for Board of Directors for year 2011 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 2011 at the rate 10% of dividend paid in 2011 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 2011 the Company has paid remuneration to each director for accounting period of December 31, 2011 as follows:

Name	Position	Remuneration <sup>1)</sup> (Baht)
1. Gen. Watanachai Chaimuanwong	Chairman	100,000
2. Mr. Surapong Churangarit	Vice Chairman / Chairman of Audit Committee	205,000
3. Mrs. Phimsiri Keeratithiansiri	Director	80,000
4. Mr. Rittirong Intarajinda	Director	60,000
5. Miss Angkarn Tantiviroon <sup>2)</sup>	Director	-
6. Mr. Somkiat Vongsarojana <sup>2)</sup>	Director	-
7. Mr. Teera Phoncharoensuk <sup>2)</sup>	Director	-
8. Asst.Prof.Dr.Apicha Boonpattarakan	Director / Audit Committee	130,000
9. Dr. Nakhun Thoraneenitayan	Director / Audit Committee	110,000
10. Dr. Prisadarng Skolpadungket <sup>3)</sup>	Director	10,000
Total		695,000

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 February 6, 2011.

In 2011, the company does not pay bonus on operation of the Board.

#### Managements Remuneration

In 2011 the company has 4 Management for accounting period of December 31, 2011 the company has paid remuneration to Managements as follows:

#### Total Managements Remuneration

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

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



2. Other remuneration

Other remuneration of the company is Provident Fund which established on May 1, 2006 in the rate of 2% of their salary, beginning on May 2006 and pay life insurance expense to Managements as 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, 2011 the Company has a total of 57 staff (exclude 4 Managements). The Company compensated the employees who are not Management for a total of 16.25 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 2011 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 11 internal training programs and 15 external training programs which total numbers of 33 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, 2011.

Division	Employee amount (person)
Purchase	3
Human Resource & Administration	10
Sale	5
Production	21
Accounting	4
Finance	4
Internal Audit	1
Law	1
Information Technology	2
Logistics	2
C.E.O. Office	4
<b>Total</b>	<b>57</b>

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](http://www.richasiasteel.com) in the topic "Good Corporate Governance". Currently, the company is updating policy of good corporate governance and business ethics to be accordance with principle of good corporate governance for listed companies in 2549 which set by the Stock Exchange of Thailand. In 2011, 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 2012, starting from September 28, 2011 to December 31, 2011. The detail guidelines and procedure have been disclosed in the Company's website at [www.richasiasteel.com](http://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 2011 AGM Assessment Program, the Company received the score range 90-99 in level "Excellent". The Company set up formality for AGM as follows:

In 2011, the Company held the Annual General Meeting of Shareholders as follows.

#### 1. Annual General Meeting of Shareholders 2011

- The meeting held on April 29, 2011 at the Yomtara room, Ramada Plaza Menam Riverside Bangkok Hotel, No. 2074, Charoen Krung Road, Bangkorlaem, Bangkok and all directors, auditor and advisor attended the meeting.

- 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](http://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 17 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](http://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.1/2011

- The meeting held on Friday, February, 2011 at the Meeting Room, Thai National Product Co., Ltd., a subsidiary of the company, located at 33/3 Moo 4 Bangbuathong – Supanburi, Tambol Saiyai, Amphur Sainoi, Nonthaburi. The Company invited the shareholder to visit subsidiaries after the Extraordinary General Meeting finished. 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 Carrefour, Rama II and the company also registered shareholders who travel by coach.

### 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](http://www.richasiasteel.com) in the topic "Investors information" and always updating.

In 2011 the company set an opportunity for shareholders to visit factory of Thai National Product Co., Ltd., a subsidiary of the company, after the Extraordinary General Meeting finished on February 25, 2011 for the shareholders to know and 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 2689 3636 or visit the website [www.richasiasteel.com](http://www.richasiasteel.com) or e-mail address: [secretary@richasiasteel.com](mailto: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.

##### 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.
- 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 Klom community will have an abundance of mangrove areas and can generate sustainable income. As soon as the targeted mangrove planting is achieved, the company will further expand the mangrove area, and also has policy to support rehabilitation environment campaign in other area or other projects thereon.



## Internal Audit System

Board of Director's Meeting no 2/2012 on February 29, 2012 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 2010 there are five times meeting to summarize internal audit report and monitoring report with Management.

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

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



## Related Parties Transactions

The transactions between the Company and any person who may have conflicts of interest that occurred in 2011 and the year 2010

Company / People	Relationship	Transaction Account	2011 (Million Baht)	2010 (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. Cut wage and Productivity	-  12.634  0.015	-  -  -	<p>- The 1<sup>st</sup> and The 2<sup>nd</sup> items The company purchases from the G.T. Steel Co., Ltd. for sale to customers in the industry. Not the production line. The commercial terms and Price as the normal business operations, when Compared to other transactions with unrelated Third parties.</p> <p>- The 3<sup>rd</sup> items Cut Wage cut and Productivity of the company hired G.T. Steel Co., Ltd. cutting raw materials to reduce The time to modify the machine. The commercial terms and Price as the normal business operations, when Compared to other transactions with unrelated Third parties.</p> <p><u>The Audit Committee.</u> List the benefits to the operations of the company. Is reasonable and normal commercial terms.</p>



Company / People	Relationship	Transaction Account	2011 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
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	-  -  1.264	- Other accounts payable in the first two entries in prepaid expenses and other items from three of the areas such as storage and distribution to customers. The land, the lease terms and rental rates in the company's interests. When paired with the rent from others who are not related. For its water supply from AT Steel back up water supply in the area for the water company. Previously charged to the company. The receipt of the water.  <u>The Audit Committee.</u>  List the benefits to the operations of the company. Is reasonable and normal commercial terms.
Miss. Angkakarn  Tantiviroon	CEO and shareholder	Guarantees of mortgage contracts and land without any compensation or other benefits.	Without considering any other benefits.	Without considering any other benefits.	Miss. Angkakarn Tantiviroon contracted a guarantee to secure loans in favour of the company to financial institution without considering any other benefits.



Company / People	Relationship	Transaction Account	2011 (Million Baht)	2010 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
					<b><u>Audit Committee's Opinion</u></b> 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.	Director of the company is MR.Prisadanrng. Skolpadungket. He is a director and shareholder of 70 percent in the company.	Guarantees of mortgage contracts and land without any compensation or other benefits.	No transaction	without considering any other benefits.	Freedom Hill Co., Ltd. contracted a guarantee and mortgage land to secure loans in favour of the company to financial institution without considering any other benefits.  <b><u>Audit Committee's Opinion</u></b> Such transaction is beneficial to company's operation and reasonable.

As at December 31, 2011 the company received loans from 3 commercial banks of the overdraft loan, short-term loan, letters of credit / trust receipt and note receivable discount , long-term loans (outstanding) total amount of 1,868.44 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 Angkarn Tantiviroon : the secure of loan of the company in the name of director including to the secure of loan for the company by using director's own asset will be carried on.

1.3 A.T. Steel Co.,Ltd. : the company will continuously rent such land in order to use it as warehouse and distribution center in the East-Bangkok. Such rent shall have rental condition and rental rate which comparable to the rent of non-related persons. Such contracts has been cancelled in November 2011 before expiry date in January 2014.

#### 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 in case the company has the necessity. The company also has the policy to set any condition according to normal business term and market price which can be compared with the price of non-related parties. The audit committee will be the one who gives opinion about the necessity and suitability of such transaction. In the case where the audit committee has no expertise to inspect the related transaction that might happen, the company will ask for the opinion about such related transaction from the companies auditor or independent experts in order to use such opinion for the consideration of the board of directors or the share holders depending on the case.

The board of directors will act in accordance with the law concerning the securities and stock exchange also rules, notifications, orders, or the regulations of the Stock Exchange of Thailand including to practice of related transactions and the acquisition or sale of the important assets of the company or its subsidiary in order to make the decision to make such transaction unable to create conflict of interest and



create the utmost benefit to all the share holders. The company will disclose the such related transactions in the annual information disclosure (form 56-1), companies' annual report, and notes to financial statements which already inspected by the auditor of the company.



Management's Discussion and Analysis Year 2011

Financial statements

	2009		2010		2011	
	Million : Baht	%	Million : Baht	%	Million : Baht	%
<b>Current Assets</b>						
Cash on hand and at banks	4.17	0.16	14.83	0.42	14.10	0.41
Temporary Investments	1.46	0.06	0.79	0.02	0.258	0.01
Note and account receivables-Net	1,034.03	40.24	1,693.05	48.13	1,019.96	29.58
Short-Term Loans to Subsidiary Company	-	-	5.00	0.14	4.18	0.12
Inventories-Net	123.69	4.81	284.01	8.07	295.96	8.58
Other current assets	589.74	22.95	628.26	17.86	545.91	15.83
<b>Total current assets</b>	<b>1,753.08</b>	<b>68.22</b>	<b>2,625.94</b>	<b>74.65</b>	<b>1,880.39</b>	<b>54.52</b>
Land Not Used for Operation-Net	21.81	0.85	-	-	-	-
Land building and equipment-Net	257.21	10.01	127.96	3.64	97.83	2.84
Investment in property			122.57	3.48	108.40	3.14
Investment in Subsidiary Company	-	-	639.48	18.18	1,199.19	34.77
Other Account Receivable from Refund of Advance Payment – Goods-Net	200.00	7.78	-	-	-	-
Deposit Payment for Investment	200.00	7.78	-	-	-	-
Other Non-current assets	137.60	5.35	1.84	0.05	162.95	4.72
<b>Total assets</b>	<b>2,569.71</b>	<b>100.00</b>	<b>3,517.79</b>	<b>100.00</b>	<b>3,448.75</b>	<b>100.00</b>
<b>Short term loans and overdraft</b>	<b>341.14</b>	<b>13.28</b>	<b>693.57</b>	<b>19.72</b>	<b>213.82</b>	<b>6.20</b>
Short-Term Loans that Due for Repayment	220.24	8.57	1,022.23	29.06	745.72	21.62
Note and account payables	245.99	9.57	311.37	8.85	383.60	11.12
Portion of long term loan due within 1 year	60.31	2.35	0.66	0.02	20.36	0.59
Other current liabilities	58.89	2.29	72.64	2.06	133.31	3.87
<b>Total current liabilities</b>	<b>926.57</b>	<b>36.06</b>	<b>2,100.46</b>	<b>59.71</b>	<b>1,496.81</b>	<b>43.40</b>
Long- term loan for financial institutions	221.77	8.63	-	-	840.70	24.38
Payable under hire-purchased-Net	1.15	0.04	1.90	0.05	1.20	0.03
<b>Total Liabilities</b>	<b>1,149.48</b>	<b>44.73</b>	<b>2,102.36</b>	<b>59.76</b>	<b>2,340.03</b>	<b>67.85</b>
Registered capital	1,000.00	38.91	1,000.00	28.43	1,500.00	43.49
Issue and fully paid	1,000.00	38.91	1,000.00	28.43	1,000.00	29.00
Premium on shares capital	571.79	22.25	571.79	16.25	415.42	12.05
Retained earnings	(151.56)	(5.90)	(156.37)	(4.45)	(306.71)	(8.89)
<b>Total Shareholders' equity</b>	<b>1,420.23</b>	<b>55.27</b>	<b>1,415.42</b>	<b>40.24</b>	<b>1,108.72</b>	<b>32.15</b>
<b>Weighted Average Ordinary Share (Million shares)</b>	<b>10,000.00</b>		<b>10,000.00</b>		<b>10,000.00</b>	
Sales	3,985.57	93.38	4,347.10	99.22	3,533.48	98.95
Reversal Allowance of Loss from Declining in Value of Inventories	233.30	5.47	24.82	0.57	(3.99)	(0.11)
Other income	49.05	1.15	9.28	0.21	41.52	1.16
<b>Total revenues</b>	<b>4,267.92</b>	<b>100.00</b>	<b>4,381.20</b>	<b>100.00</b>	<b>3,571.01</b>	<b>100.00</b>
Cost of goods sold	4,104.04	96.16	4,250.81	97.02	3,462.75	96.97
Selling and administrative expenses	84.62	1.98	67.78	1.55	99.57	2.81



Doubtful Debt (Reversal)	(25.72)	(0.60)	(24.28)	(0.55)	149.24	4.18
Interest expenses	81.60	1.91	91.70	2.09	166.15	4.65
Corporate tax	-	-	-	-	-	-
<b>Net profit</b>	<b>23.38</b>	<b>0.55</b>	<b>(4.81)</b>	<b>(0.11)</b>	<b>(306.71)</b>	<b>(8.59)</b>

**Statement of Cash Flows**

	2009	2010	2011
Cash flows from operating activities			
Net profit (Loss)	23.38	(4.81)	(306.71)
Adjustment to reconcile net profit to net cash provided from operation			
Depreciation and amortized	32.89	25.61	19.51
Doubtful Debt (Reversal)	(25.72)	(24.28)	149.24
Loss on devalue of inventories (Reversal)	(233.30)	(24.82)	3.99
Amortization of Prepaid Expenses	1.92	2.00	1.45
Amortization of intangible asset	0.34	0.34	0.34
(Gain) Loss from Unrealized of Investment in Trading	0.09	0.67	0.52
Loss from amortization of investment in the warrants expire	-	-	0.01
(Gain) Loss from Sale of Investment in Subsidiary Company	-	-	(20.57)
Gain (Loss) from sale of property, plant and equipment	(2.97)	(2.85)	(0.02)
Gain (Loss) from property transfer for settlement	-	(0.29)	-
Loss from unrealized exchange rate	-	-	3.31
Loss on impairment of asset	-	2.39	7.70
Loss on impairment of Investment in Subsidiary Company	-	-	28.01
Loss on impairment of other deposit	-	-	0.63
Amortization of Deferred Service Fee in Borrowing	-	5.94	5.77
Provision of employee benefit	-	-	1.29
Interest Revenue	(26.79)	(1.30)	(0.55)
Interest expense from employee benefit	-	-	0.05
Interest Expenses	80.70	84.06	159.31
Gain on operating before changed in operating assets and liabilities	(149.45)	62.66	40.90
Decrease (increase) in operating assets			
Trade accounts receivable	(228.37)	(1,128.03)	422.15
Inventories	1,032.08	(144.70)	(15.72)
Advance payment - goods	(238.61)	(25.97)	(269.67)
Other receivable- Advance payment - goods	-	-	23.87
Account Receivable - Revenue department	55.26	(8.00)	12.70
Other current assets	3.02	(0.86)	(1.84)
Cash Received in Other Account Receivable from Refund of			
Advance Payment - Goods	50.00	200.00	-
Cash Received in guarantee against order	-	100.00	-
Cash Received in Over Paid Corporate Income Tax	-	34.94	-





Other Non-current asset	(0.62)	-	0.13
Increase(Decrease) in operating liabilities			
Trade accounts payable	75.87	641.70	338.95
Advance Receipt for Goods	5.39	3.04	42.90
Accrued Expense	-	(0.93)	(0.76)
Other current liabilities	(3.40)	(2.12)	3.44
Cash Payment Income Tax and Withholding Tax	( 0.81)	( 0.34)	(0.20)
Cash Received in Interest Revenue	31.13	1.30	0.55
<b>Net cash provided from (used in) operating activities</b>	<b>631.48</b>	<b>(267.15)</b>	<b>599.08</b>
Cash flows from investing activities			
(Increase) Decrease in Pledged deposit at financial institution	207.00	-	(1.17)
Cash Received from Short-Term Loans from Subsidiary Company	-	-	29.57
Cash Payment from Short-Term Loans to Subsidiary Company	-	(5.00)	(28.75)
Cash Payment for Purchased of Investment in Subsidiary	-	(435.00)	(799.69)
Cash Received from Sale of Investment in Subsidiary Company	-	-	227.22
Cash Received from account receivable from sales assets	8.03	-	-
Purchase of property plant and equipments	(31.91)	(1.66)	(0.43)
Cash Received from sale of property, plant and equipment	34.01	3.55	0.02
<b>Net cash provided from (used in) investing activities</b>	<b>217.13</b>	<b>(438.11)</b>	<b>(573.22)</b>
Cash flows from financing activities			
Increase (Decrease) in Bank overdrafts and loan from finance institution	(760.85)	516.18	102.64
Cash Payment from account payable of assets	-	-	(0.38)
Cash payment for long term loan from Financial institutions	(37.35)	(30.99)	(15.62)
Cash Received from Long -Term Loan from Financial Institutions	-	400.00	-
Cash Payment for Short -Term Loans from Other Company	-	(83.03)	-
Cash Payment in Interest Expenses	(61.59)	(70.77)	(112.43)
Cash payment for Liabilities under financial lease agreement	(0.29)	(0.42)	(0.80)
Cash Payment for Service Fee in Borrowing	-	(15.05)	-
<b>Net cash provided from (used in) financing activities</b>	<b>(860.08)</b>	<b>715.92</b>	<b>(26.59)</b>
<b>Net cash on hand and cash equivalents increase (decrease)</b>	<b>(11.47)</b>	<b>10.67</b>	<b>(0.73)</b>
Cash on hand and cash equivalents as at the beginning	15.63	4.17	14.83
Cash on hand and cash equivalents as at the ending	4.17	14.83	14.10

**Financial Ratios**

	2009	2010	2011
<b>Liquidity Ratio</b>			
Current ratio (times)	1.89	1.25	1.26
Quick ratio (times)	1.12	0.81	0.69
Cash flow liquidity ratio (times)	0.46	(0.13)	0.26
Receivables turnover (times)	4.66	2.57	3.46
Collection period (days)	78	142	105
Inventory period (times)	7.57	14.97	11.70
Inventory turnover period (days)	48	24	31
Account payable turnover (times)	19.73	13.65	9.06
Payment period (days)	19	27	40
Cash cycle (days)	108	140	96
<b>Profitability Ratio</b>			
Gross profit margin (%)	2.72	2.22	2.00
Net on EBIT (%)	1.33	0.90	0.36
Net Profit (%)	0.55	(0.11)	(8.68)
Return on equity (%)	1.66	(0.34)	(27.66)
<b>Efficiency Ratio</b>			
Return on assets (%)	0.80	(0.14)	(8.89)
Return on fixed assets (%)	20.66	(2.05)	(313.52)
Assets turnover (times)	1.47	1.24	1.02
<b>Financial Ratio</b>			
Debt to equity ratio (times)	0.81	1.49	2.11
Interest coverage (times)	1.29	0.95	(2.85)
Cash Fixed Charges Coverage Ratio	0.25	1.32	0.68
Dividend payout ratio (%)	0	0	0

**Sales**

Sales for the year ended December 31, 2011 the company revenue decreasing compared to 2010. The revenue proportion of structural steel products which sales revenue of 2,299.74 million baht or 64.33% of total revenues has been increased from 2010 which sales revenue from structural steel products equivalent to 2,213.10 million baht or 50.80% of total revenue. The decreased revenue from structural steel products are square tubes, black steel pipes and rectangular tubes. The increased revenue of steel products is C-Channel, structural steel angle pipes and deformed bars. The decreased revenue from steel products is hot rolled coils, steel sheets, billets and scraps.

The factors of company's sale revenue decreasing in 2011 from the domestic economy has suffered from flooding and effected to the decreased demand and supply of products.

**Cost of goods sold**

In 2011 the company's cost of goods sold was 3,466.74 million baht, or 98.11 % of total revenue. Cost of goods sold was increased 0.99% compared to last year. The increased cost of goods sold was in accordance with the increased price of raw material.

**Selling and administrative expenses**

Selling and administrative expenses in 2011 was 248.81 million baht or 7.04 % of total revenue. The proportion of sale and administrative expenses in 2011 has increased compared to the selling and administrative expenses in 2010. In 2011 the company had loss on impairment of Investment in subsidiary company 28.1 million, loss on impairment of assets of 7.70 million Baht In 2011 the company had loss on impairment of Investment in subsidiary company 28.1 million, loss on impairment of assets of 7.70 million baht and set up allowance for doubtful accounts net which settle from transaction of reversal amount 149.24 million Baht (allowance for doubtful accounts of 161.24 million Baht which occurred from a major debtor was unable to pay debts and the debtor to negotiate a repayment plan and company had reversal from other accounts receivable amount of 12 million Baht).

**Gross margin**

Company's gross margin in 2011 was 66.74 or 2.00% of total revenue which was decreased from 2010 due to the decreasing of sale revenue and reverse of allowance of loss from declining in value of inventories amount 3.99 million Baht.

**Net profit**

In 2011, company had loss for 306.71 million Baht equal to 8.59% of total revenue was the result of the decreasing of income 810.19 million Baht , loss on impairment of Investment in subsidiary company and loss on impairment of asset 35.71 million Baht , which increased amount of 33.33 million Baht compared to year 2010 , reversal of doubtful debt 149.24 million Baht (allowance for doubtful accounts of 161.24 million Baht which occurred from a major debtor was unable to pay debts and the debtor to negotiate a repayment plan and company had reversal from other accounts receivable amount of 12 million Baht), which increased amount of 173.51 million Baht from year 2010 and finance cost amount of 166.15 million Baht which is increased amount of 74.45 million baht from year 2010 due to in 2011 the interest rates have increased and some of loan default rate of interest. In addition, the company has borrowed loans from financial institutions increase from last year.



## Financial status

### Assets

On December 31, 2011 the total asset was 3,448.75 million Baht decreased from amount of 3,517.79 million Baht in 2010 which was decreased by current assets 745.55 million Baht , account receivable and note receivable decreased from the last year amount 1,693.05 million Baht to 1,019.98 million Baht in 2011, non-current assets increased for investment in subsidiary company amount of 559.71 million Baht, increased of non-current assets on other account receivable from refund of advance payment-goods amount 161.24 million Baht, decreased of Investment in property amount of 44.31 million Baht. For this reason, total asset was decreased from year 2010 amount of 69.04 million Baht, the details of significant increasing and decreasing are as following;

At the end of 2011, accounts receivable-related company was 0.15 million Baht which within credit term or 100%. The company's credit policy of trading on average 60 days.

At the end of 2011, accounts receivable-other was 692.65 million Baht, 67.26 % was within credit term, 30.91 % was over due 1-90 days and 0.87% was over due 91-180 days. For the accounts receivable which overdue over than 365 day amount 9.90 million Bath was the transaction occurred since 2005. In 2011 this account was adjusted from accounts receivable-related company to other account for increase of allowance for doubtful account of 9.90 million baht.

At the end of 2011 the company had inventories of 295.96 million Baht (net of declining in value of inventories amount 4.27 million Baht), increased from previous year 12.96 million Baht or 4.21 % of total inventories. The majority of the inventories were raw materials or 72.42 % due to the company had been approved credit line for the purchase of raw materials to produce finished goods.

As of December 31, 2011 the company had other non-current assets amount of 9.53 million Baht increased from year 2010 amount of 6.11 million Baht which was the result of the total other non-current assets decreased amount of 82.35 million Baht or value amount of 545.91 million Baht.

As of December 31, 2011 the company had property, plant and equipment net valued amount of 97.83 million Baht decrease from year 2010 amount of 30.14 million Baht which had transaction of transferring to assets held for sale which depreciation of year 2011 equivalent to 14.87 million Baht.

The transaction of investment in property (net) amount of 108.40 million Baht decreased from year 2010 amount of 14.17 million Baht due to the company had transfer part of investment in property for repayment to financial institution under debt restructuring agreements. The net depreciation for the year 2011 was 4.64 million baht.

**Cash flows**

In 2011, the company's cash flow from operations to use 599.08 Million Baht. The major items consists increase in inventories 15.72 million baht, advance payments for goods of 269.67 million baht, other current assets 8.00 million Baht , accounts payable 338.95 million Baht and increase in cash received from advance receipt for goods 42.90 million Baht. Net cash flow from investing activities was 573.22 million Baht which included investments in subsidiaries 799.68 million Baht, short-term loans to subsidiaries 28.75 million Baht and cash payment for purchased land, plant and equipment 0.43 million. For cash flow from financing activities amounting to 26.59 million Baht was cash payment from account payable of assets amount of 0.38 million Baht, cash payment for Liabilities under financial lease agreement amount of 0.80 million Baht, long-term loans from financial institutions amount of 15.62 million Baht and cash payment in interest expenses amount of 112.43 million Baht. At the end of 2011 the company had cash and cash equivalents equal to 14.10 million Baht.

**Source of Financial Capital****Liabilities**

At the end of 2011, current assets decreased from year 2010 amount of total 603.66 million Baht as a result of loan due as the end year 2011. Non-current liabilities were 843.23 million Baht increased amount of 841.33 million Baht from the end of 2010 as a result of the increase in long-term loans for investment in subsidiary company and payment the loan at maturity. The total liabilities of the company at the end of 2011 was 2,340.03 million Baht increase from the year 2010 amount of 237.67 million Baht, or increase 11.30%. The liability of companies is utilized for investment and working capital for operations.

**Shareholder's equity**

As at December 31, 2011, the company shareholder's equity was amount of 1,108.71 million Baht which decreased amount of 306.71 million Baht from 2010 due to there was loss for 2011 amount 306.71 million Baht.

The company's capital structure (debt to equity ratio) was increased from 1.49 times in 2010 to 2.11 times in 2011.

**Audit Fee**

Audit fee of the external auditor in 2011 include the audit fee of 720,000 Baht and review fiscal quarter 3 times @ 90,000 Baht, review audit fees total 4 quarters @ 40,000 Baht and review financial statements in English 4 quarters @ 15,000 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) The external auditors and firm was S.K. ACCOUNTANT SERVICES COMPANY LIMITED who are not related or there are conflicts of interest with the company and subsidiaries, executive directors, the major shareholders, or related to such person.



Resume of Directors and Managements of Rich Asia Steel Public Company Limited as of December 31, 2011

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Aug. 22, 2011	Experience	
General Watanachai Chaimuanwong Age : 68 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--	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 Churangarit Age : 56 Vice Chairman / Chairman of Audit Committee (Independent Director)	Master Degree Business Administration Ramkhamhaeng University  Bachelor Degree Business Administration Ramkhamhaeng University  Director Accreditation Program (DAP) 52/2006 Certified Internal Auditor (CIA)	-None--	-None--	2010 - Present  27 Jan. 2006 - 2010  2002 - 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.
Ms. Angkarn Tantiviroon Age : 47 Director / Chief Executive Officer	Bachelor Degree Economics Ramkhamhaeng University  Bachelor Degree Business and Finance Hasting College UK. University  Director Accreditation Program (DAP) 51/2006	Granddaughter of Mrs. Phimsiri Keeratithiansiri	4.36%	1 Oct. 2005 - Present  10 May 1999 – 30 Sep. 2005  2003 – 21 Jun. 2010  1989 – 2001	- Director / Chief Executive Officer Rich Asia Steel Public Company Limited  - Director Rich Asia Steel Public Company Limited  - Planner Administrator Siam Ferro Industry Co., Ltd.  - Manufacturing Director GT Steel Works Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Aug. 22, 2011	Experience	
Mrs. Phimsiri Keeratithiansiri Age : 61 Director	Diploma Degree Accounting Bangkok Business College  Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkakarn Tantiviroon	3.35%	27 Jan. 2006 – Present  2000 – 2003    1992 - 1999	- Director Rich Asia Steel Public Company Limited  - Accounting Manager Thanasam Import-Export Ltd.(Agricultural)   - Auditor Assistant GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Mr. Rittirong Intarajinda Age : 48 Director	Ph.D Candidate Electrical Engineering Thammasat University Master Degree Engineering King Mongkut's institute of Technology North Bangkok Bachelor Degree Electrical Engineering Rajamangala University of Technology Phra Nakhon Chotiwet Campus  Director Accreditation Program (DAP) 52/2006  Advanced Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute No.14	-None--	-None-	27 Jan. 2006 - Present  2007 - Present    1994 – Present  1991 – Present	- Director Rich Asia Steel Public Company Limited  - Managing Director Team Service System Co., Ltd. (Management Electrical system, water system and Air-condition system)  - Managing Director Team Vis Construction Co.,Ltd.  - Manager Partner Team Electric Engineering Partnership (Install Electrical system, Air-condition system and Communication system)
Mr. Somkiat Vongsarajana Age : 49 Director / Managing Director	Bachelor Degree Business Administration (First Honor) Bangkok University  Director Accreditation Program (DAP) 51/2006	-None--	0.20%	1 Oct. 2005 - Present  1 Mar. – 30 Sep. 2005  2001 – 2005   1993 – 2001	- Director / Managing Director Rich Asia Steel Public Company Limited  - Asst. Managing Director Rich Asia Steel Public Company Limited  - Project Finance Manager Felix Hotel Management Co., Ltd.  - Project Finance Manager Siam Ferro Industry Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Aug. 22, 2011	Experience	
Asst.Prof.Dr. Apicha Boonpattarakan Age : 50 Director / Audit Committee (Independent Director)	Doctoral Degree Marketing University of Maryland at College Park, USA Master Degree Marketing and Operations Management Ohio State University, USA Bachelor Degree Management Bangkok University Bachelor of Laws (LL.B.) Ramkhamhaeng University Director Accreditation Program (DAP) 51/2006	-None--	-None--	27 Jan. 2006 – Present 2010 – Present  2004 - 2010  2002 – 2004  2000 – 2002  2000	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Lecturer and Researcher Business Administration Bangkok University - Dean, School of Business Administration Bangkok University - Lecturer School of Business Administration Bangkok University - Asst. Dean, School of Business Administration Bangkok University - Chairman, Department of Marketing, School of Business Administration Bangkok University
Mr. Teera Phoncharoensuk Age : 41 Director / Production Director	Bachelor Degree Engineering King Mongkut's University of Technology Thonburi Director Accreditation Program (DAP) 51/2006	-None--	0.15%	1 Oct. 2005 - Present 1 Apr. - 30 Sep. 2005 1999 - 2004	- Director / Production Director Rich Asia Steel Public Company Limited - Production Manager Rich Asia Steel Public Company Limited - Factory Manager GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Dr. Nakhun Thoraneenitayan Age : 36 Director / Audit Committee (Independent Director)	Doctoral Degree Banking and Finance The University of Queensland, Australia Master Degree Banking and Finance Sripatum University Bachelor Degree Accounting Sukhothai Thammatirat Open University Bachelor Degree	-None--	-None--	2010 - Present  2009 - Present  2007 - Present  2007 – 2008	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Head of Finance and Banking Department Faculty of Business Administration Sripatum University - Visiting Lecturer King Mongkut's Institute of Technology Ladkrabang - Advisor Thai Rating Information Service Co., Ltd.





Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Aug. 22, 2011	Experience	
Dr. Nakhun Thoraneenitayan (Continue)	Law Sukhothai Thammatirat Open University Bachelor Degree Business Economics Sukhothai Thammatirat Open University Bachelor Degree Finance Bangkok University  Director Accreditation Program (DAP) 84/2010			2007 – 2008  2000 - 2009  1998 – 2000  1997 - 1998	- Performance Auditor Ministry of Natural Resources and Environment  - Lecturer, Department of Finance and Banking Faculty of Business Administration Sripatum University  - Business Analyst P.S. Consulting Group Co., Ltd.  - Securities Marketing Officer Jardine Flaming Thanakorn Co., Ltd.
Dr. Ream Sajjam Age : 44 Chief Financial Officer	D.B.A. (Doctor of Business Administration) Marketing Eastern Asia University Master Degree Economics Kaerk University Master Degree Business Administration Sukhothai Thammatirat University  Bachelor Degree General Management and Business Economics Sukhothai Thammatirat University Bachelor Degree Accounting Prince of Songkla University	-None--	0.15%	1 Oct. 2005 – Present  19 Sep. 2005 – 30 Sep. 2005 2005  2002 – 2004	- Chief Financial Officer Rich Asia Steel Public Company Limited  - Accounting Director Rich Asia Steel Public Company Limited - Asst. Managing Director (Accounting & Finance) Cotco Plastic Ltd.  - Finance & Accounting Manager Cotco Metal Works Ltd.

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, 2011

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 76.88%
1. Gen. Watanachai Chaimuanwong	W	-	-
2. Mr. Surapong Churangsarit	X, N	-	-
3. Mrs. Phimsiri Keeratithiansiri	/	-	-
4. Mr. Rittirong Intarajinda	/	-	-
5. Ms. Angkakarn Tantiviroon	/, V, //, U	/	/
6. Mr. Somkiat Vongsarojana	/, //, ///, U	/	/
7. Mr. Teera Phoncharoensuk	/, //, U	/	/
8. Asst.Prof.Dr. Apicha Boonpattarakan	/, Z	-	-
9. Dr. Nakhun Thoraneenitiyan	/, Z	-	-
10. Dr. Ream Saijam	//, 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

**(TRANSLATION)**

**AUDIT REPORT OF THE CERTIFIED PUBLIC ACCOUNTANT**

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

I have audited the accompanying consolidated statements of financial position and the separate statements of financial position as of December 31, 2011 and 2010, the related consolidated statements of comprehensive income and the separate statements of comprehensive income, the consolidated statements of changes in shareholders' equity and the separate statements of changes in shareholders' equity and the consolidated statements of cash flow and the separate statements of cash flow for the year then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiaries and the separate of RICH ASIA STEEL PUBLIC COMPANY LIMITED. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position as of December 31, 2011 and 2010, the results consolidated and separate operations and the consolidated and separate cash flows for the year then ended of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiaries and also the separate of RICH ASIA STEEL PUBLIC COMPANY LIMITED, respectively, in accordance with generally accepted accounting principle.

As I have ever presented a qualified review report to the financial statements for the quarter 3 of year 2011, because I cannot reviewed to be satisfied in the difference between costs of purchase investment lower than interest of the Company's in fair value of net asset of the subsidiary company as in note to the financial statements No. 18. Presently, the Company's management was assessed the accuracy of identification in fair value of net asset again by appointed the new independent appraiser, which the Company received the new appraisal report for public purpose. However, the Company was reallocated the cost of business combination with the fair value of net assets as in the new appraisal report by retrospective adjustment to the acquisition date which according to the Financial Reporting Standards No. 3 (revised 2009) regarding Business Combinations. Thus my opinion to the financial statements for the year ended 2011, regarding such matters are different from those previously report.

As described in note to the financial statements No. 4.1, for the year ended December 31, 2011, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions and applied them in its preparation and presentation of the accompanying financial statements, which are effective for accounting periods beginning on or after January 1, 2011. Accordingly the comparative the consolidated and separate financial statements for the year ended December 31, 2010, have been new format presented in accordance with the consolidated and separate financial statements for the year ended December 31, 2011.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED



(Naris Saowalagsakul)

Authorized Auditor No. 5369

Bangkok,

February 29, 2012

## RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2011 and 2010

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
		Baht	Baht	Baht	Baht
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	(Note 9)	14,421,147.87	18,855,881.64	14,102,847.59	14,833,051.32
Temporary Investment	(Note 10)	258,960.00	789,828.00	258,960.00	789,828.00
Trade Accounts and Notes Receivable - Other Companies-Net	(Note 11)	1,322,776,430.20	1,831,113,383.87	1,019,828,931.00	1,691,892,130.95
Trade Accounts Receivable - Related Companies	(Note 7.2,12)	-	-	146,614.89	1,153,821.13
Short-Term Loans to Subsidiary Company	(Note 7.2)	-	-	4,180,000.00	5,000,000.00
Inventories-Net	(Note 13)	407,971,896.83	316,101,624.73	295,961,421.76	284,007,873.52
Other Current Assets					
Accrued Interest - Other Company	(Note 14)	-	14,036,713.14	-	-
Advance Payment for Goods	(Note 15)	539,381,085.61	605,529,716.73	521,127,158.33	604,970,744.74
Account Receivable - Revenue Department		13,091,547.45	19,866,309.61	7,170,461.89	19,866,309.61
Asset Held for Sales	(Note 20)	8,080,564.09	-	8,080,564.09	-
Others		13,622,606.63	11,531,155.53	9,528,534.62	3,421,897.84
<b>TOTAL CURRENT ASSETS</b>		<b>2,319,604,238.68</b>	<b>2,817,824,613.25</b>	<b>1,880,385,494.17</b>	<b>2,625,935,657.11</b>
<b>NON-CURRENT ASSETS</b>					
General Investment-Net	(Note 16)	-	-	-	-
Loans and Account Receivable - Other Companies and					
Other Persons - Net	(Note 17)	-	-	-	-
Investment in Subsidiary Companies	(Note 18)	-	-	1,199,191,153.48	639,477,611.48
Investment Property - Net	(Note 19)	124,013,611.97	138,659,980.74	108,401,544.27	122,573,640.01
Property, Plant and Equipment - Net	(Note 20)	1,688,819,276.87	755,406,078.52	97,826,576.71	127,963,976.31
Other Non-Current Assets					
Other Account Receivable-Advance Payment for Goods-Net	(Note 21)	161,235,767.81	-	161,235,767.81	-
Other Long-Term Accounts Receivable	(Note 22)	-	11,132,884.60	-	-
Retention Receivable		11,784,298.15	23,974,937.67	-	-
Others		12,335,937.43	4,752,482.51	1,710,066.86	1,836,021.98
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,998,188,892.23</b>	<b>933,926,364.04</b>	<b>1,568,365,109.13</b>	<b>891,851,249.78</b>
<b>TOTAL ASSETS</b>		<b>4,317,793,130.91</b>	<b>3,751,750,977.29</b>	<b>3,448,750,603.30</b>	<b>3,517,786,906.89</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2011 and 2010**

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
		Baht	Baht	Baht	Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Loans that Due for Repayment	(Note 24)	745,719,505.04	1,022,229,865.60	745,719,505.04	1,022,229,865.60
Bank Overdrafts and Short-Term Loans from Financial Institutions	(Note 23,25)	217,541,409.74	693,566,760.99	213,819,223.87	693,566,760.99
Trade Accounts and Notes Payable-Other Companies		458,122,081.69	384,534,360.81	382,013,974.58	311,372,698.61
Trade Accounts Payable-Subsidiary and Related Companies	(Note 7.2)	-	-	1,578,515.26	-
Current Portion					
Liabilities under Finance Lease Agreement	(Note 27)	774,721.54	739,842.62	698,032.56	656,415.28
Loans from Financial Institutions	(Note 28)	19,664,780.83	-	19,664,780.83	-
Short-Term Loans from Related Persons	(Note 7.2)	-	316,000.00	-	-
Short-Term Loans from Other Persons and Companies	(Note 26)	300,000,000.00	-	-	-
Other Current Liabilities					
Accrued Interest		44,021,506.84	-	39,225,102.12	13,305,809.31
Advance Receipt for Goods		40,678,696.93	39,840,472.59	82,733,407.67	39,840,472.59
Accrued Expenses		16,083,869.93	20,390,020.28	5,509,387.95	16,796,538.00
Others		14,753,428.70	39,034,738.38	5,843,804.26	2,695,319.45
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,857,360,001.24</b>	<b>2,200,652,061.27</b>	<b>1,496,805,734.14</b>	<b>2,100,463,879.83</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under Finance Lease Agreement-Net	(Note 27)	1,358,339.74	2,153,275.96	1,201,530.33	1,899,563.57
Long-Term Loans from Financial Institutions-Net	(Note 23,28)	840,691,345.25	-	840,691,345.25	-
Provision for Employee Benefit	(Note 29)	3,852,037.58	-	1,335,219.99	-
Others		80,706.38	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>845,982,428.95</b>	<b>2,153,275.96</b>	<b>843,228,095.57</b>	<b>1,899,563.57</b>
<b>TOTAL LIABILITIES</b>		<b>2,703,342,430.19</b>	<b>2,202,805,337.23</b>	<b>2,340,033,829.71</b>	<b>2,102,363,443.40</b>

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

## RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2011 and 2010

	CONSOLIDATED		SEPARATE	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital (Note 30)				
Authorized Share Capital				
1,500,000,000 Ordinary Shares @ 1.00 Baht	1,500,000,000.00	-	1,500,000,000.00	-
10,000,000,000 Ordinary Shares @ 0.10 Baht	-	1,000,000,000.00	-	1,000,000,000.00
Issued and Paid-up Share Capital				
1,000,000,000 Ordinary Shares @ 1.00 Baht	1,000,000,000.00	-	1,000,000,000.00	-
10,000,000,000 Ordinary Shares @ 0.10 Baht	-	1,000,000,000.00	-	1,000,000,000.00
Premiums on Share Capital (Note 31)	415,423,463.49	571,791,672.96	415,423,463.49	571,791,672.96
Other Component of Equity (Note 18)	30,419,757.10	-	-	-
Retained Earnings (Deficit)	(255,704,192.12)	(22,846,032.90)	(306,706,689.90)	(156,368,209.47)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,190,139,028.47</b>	<b>1,548,945,640.06</b>	<b>1,108,716,773.59</b>	<b>1,415,423,463.49</b>
<b>Non-Controlling Interests</b>	<b>424,311,672.25</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,614,450,700.72</b>	<b>1,548,945,640.06</b>	<b>1,108,716,773.59</b>	<b>1,415,423,463.49</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,317,793,130.91</b>	<b>3,751,750,977.29</b>	<b>3,448,750,603.30</b>	<b>3,517,786,906.89</b>



## RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2011 and 2010

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Sale Revenue	4,122,631,648.82	4,575,089,030.92	3,533,368,038.91	4,342,644,022.26
Service Revenue	67,776,174.97	51,333,279.38	114,542.40	4,452,837.11
Total Sale and Service Revenue	4,190,407,823.79	4,626,422,310.30	3,533,482,581.31	4,347,096,859.37
Cost of Sales	(4,121,233,513.61)	(4,462,750,123.99)	(3,462,718,062.87)	(4,246,556,218.10)
Cost of Services	(65,869,319.99)	(49,489,541.25)	(36,900.89)	(4,249,745.07)
(Loss from Declining in Value of Inventories)Reversal	(6,265,337.71)	25,370,255.93	(3,988,594.23)	24,816,922.60
Total Cost of Sales and Services	(4,193,368,171.31)	(4,486,869,409.31)	(3,466,743,557.99)	(4,225,989,040.57)
<b>Gross Profit (Loss)</b>	<b>(2,960,347.52)</b>	<b>139,552,900.99</b>	<b>66,739,023.32</b>	<b>121,107,818.80</b>
Gain from Purchase Business (Note 18)	22,676,052.61	130,872,212.48	-	-
Gain from Sale of Investment in Subsidiary Company (Note 18)	-	-	20,565,643.80	-
Revenue from Written Off Accrued Expenses	12,214,725.00	-	12,214,725.00	-
Other Income	13,402,931.26	10,108,977.84	8,733,506.16	9,282,709.84
Total Other Income	48,293,708.87	140,981,190.32	41,513,874.96	9,282,709.84
<b>Profit Before Expenses</b>	<b>45,333,361.35</b>	<b>280,534,091.31</b>	<b>108,252,898.28</b>	<b>130,390,528.64</b>
Selling Expenses	(9,722,198.99)	(16,577,293.84)	(6,730,975.27)	(14,737,370.40)
Administrative Expenses	(70,607,415.71)	(47,445,818.98)	(45,269,203.14)	(40,096,671.22)
Loss from Impairment of Investment in Subsidiary Company (Note 18)	-	-	(28,013,486.35)	-
Loss from Impairment of Assets	(7,698,352.20)	(2,385,000.00)	(7,698,352.20)	(2,385,000.00)
Doubtful Account (Reversal)	(149,265,562.01)	24,299,590.00	(149,235,767.81)	24,275,590.00
Management Benefit Expenses (Note 7.3)	(11,860,870.44)	(10,555,968.20)	(11,860,870.44)	(10,555,968.20)
<b>Total Expenses</b>	<b>(249,154,399.35)</b>	<b>(52,664,491.02)</b>	<b>(248,808,655.21)</b>	<b>(43,499,419.82)</b>
<b>Profit(Loss) before Finance Costs and Corporate Income Tax</b>	<b>(203,821,038.00)</b>	<b>227,869,600.29</b>	<b>(140,555,756.93)</b>	<b>86,891,108.82</b>
Finance Costs	(203,612,527.08)	(91,817,725.93)	(166,150,932.97)	(91,696,891.22)
<b>Profit(Loss) before Corporate Income Tax</b>	<b>(407,433,565.08)</b>	<b>136,051,874.36</b>	<b>(306,706,689.90)</b>	<b>(4,805,782.40)</b>
Corporate Income Tax (Note 32)	-	(7,335,480.19)	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(407,433,565.08)</b>	<b>128,716,394.17</b>	<b>(306,706,689.90)</b>	<b>(4,805,782.40)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(407,433,565.08)</b>	<b>128,716,394.17</b>	<b>(306,706,689.90)</b>	<b>(4,805,782.40)</b>
<b>PROFIT(LOSS) ALLOCATION</b>				
Equity attributable to the Company's shareholders	(389,226,368.69)			
Equity attributable to non-controlling interests	(18,207,196.39)			
	<b>(407,433,565.08)</b>			
<b>BASIC EARNINGS(LOSS) PER SHARE</b>				
Equity attributable to the Company's shareholders (Baht) (Note 33)	(0.389)	0.129	(0.307)	(0.005)
The Number of Ordinary Shares ( Shares)	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

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

## RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2011 and 2010

## CONSOLIDATED FINANCIAL STATEMENTS

	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUMS ON SHARE CAPITAL	OTHER COMPONENT OF EQUITY		TOTAL COMPANY'S SHAREHOLDERS' EQUITY	NON - CONTROLLING INTERESTS	TOTAL
			EXCESS FROM CHANGES OF INTEREST IN SUBSIDIARY COMPANY	RETAINED EARNINGS (DEFICIT)			
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Balance as of December 31, 2009</b>	<b>1,000,000,000.00</b>	<b>571,791,672.96</b>	-	<b>(151,562,427.07)</b>	<b>1,420,229,245.89</b>	-	<b>1,420,229,245.89</b>
Total Comprehensive Income for the Period	-	-	-	128,716,394.17	128,716,394.17	-	128,716,394.17
<b>Balance as of December 31, 2010</b>	<b>1,000,000,000.00</b>	<b>571,791,672.96</b>	-	<b>(22,846,032.90)</b>	<b>1,548,945,640.06</b>	-	<b>1,548,945,640.06</b>
Transfer Premiums on Share Capital to							
Compensate Accumulated Loss (Note 31)	-	(156,368,209.47)	-	156,368,209.47	-	-	-
Excess from change of interest in subsidiary company (Note 18)	-	-	30,419,757.10	-	30,419,757.10	(30,419,757.10)	-
Increase in Non-Controlling Interests	-	-	-	-	-	472,938,625.74	472,938,625.74
Total Comprehensive Income for the Period	-	-	-	(389,226,368.69)	(389,226,368.69)	(18,207,196.39)	(407,433,565.08)
<b>Balance as of December 31, 2011</b>	<b>1,000,000,000.00</b>	<b>415,423,463.49</b>	<b>30,419,757.10</b>	<b>(255,704,192.12)</b>	<b>1,190,139,028.47</b>	<b>424,311,672.25</b>	<b>1,614,450,700.72</b>

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

## RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2011 and 2010

## SEPARATE FINANCIAL STATEMENTS

	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUMS ON SHARE CAPITAL	RETAINED EARNINGS (DEFICIT)	TOTAL
	Baht	Baht	Baht	Baht
<b>Balance as of December 31, 2009</b>	<b>1,000,000,000.00</b>	<b>571,791,672.96</b>	<b>(151,562,427.07)</b>	<b>1,420,229,245.89</b>
Total Comprehensive Income for the Period	-	-	(4,805,782.40)	(4,805,782.40)
<b>Balance as of December 31, 2010</b>	<b>1,000,000,000.00</b>	<b>571,791,672.96</b>	<b>(156,368,209.47)</b>	<b>1,415,423,463.49</b>
Transfer Premiums on Share Capital to				
Compensate Accumulated Loss (Note 31)	-	(156,368,209.47)	156,368,209.47	-
Total Comprehensive Income for the Period	-	-	(306,706,689.90)	(306,706,689.90)
<b>Balance as of December 31, 2011</b>	<b>1,000,000,000.00</b>	<b>415,423,463.49</b>	<b>(306,706,689.90)</b>	<b>1,108,716,773.59</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOW**

**For the year ended December 31, 2011 and 2010**

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit (Loss) before Corporate Income Tax	(407,433,565.08)	136,051,874.36	(306,706,689.90)	(4,805,782.40)
Adjustments to Profit (Loss) before Corporate Income Tax for Cash Received (Paid) from Operations				
Depreciation	122,281,299.65	56,180,055.17	19,510,424.67	25,605,665.03
Gain from Purchase Business	(22,676,052.61)	(130,872,212.48)	-	-
Deoubtful Account (Reversal)	149,265,562.01	(24,299,590.00)	149,235,767.81	(24,275,590.00)
Amortization of Prepaid Expenses	1,534,089.56	2,048,609.85	1,450,772.71	1,998,996.32
Amortization of Intangible Asset	371,210.11	356,318.37	341,121.34	341,121.34
Loss from Write Off of Investment in the Expired Warrants	9,711.00	-	9,711.00	-
Unrealized (Gain)Loss from Investment in Trading Security	521,157.00	666,822.00	521,157.00	666,822.00
Gain from Sale of Investment in Subsidiary Company	-	-	(20,565,643.80)	-
Unrealized (Gain)Loss from Exchange Rate	3,130,654.99	-	3,130,654.99	-
Gain from Sale of Property, Plant and Equipment	(242,386.52)	(2,846,753.17)	(18,277.37)	(2,846,753.17)
Gain from Land Transfer to Pay Debt	-	(290,000.00)	-	(290,000.00)
Loss from Write Off of Property, Plant and Equipment	-	442,789.37	-	1,711.71
Loss from Impairment of Investment in Subsidiary Company	-	-	28,013,486.35	-
Loss from Impairment of Assets	7,698,352.20	2,385,000.00	7,698,352.20	2,385,000.00
Loss from Impairment of Other Deposit	626,702.70	-	626,702.70	-
Loss from Write Off of Retention Receivable	2,397,810.24	-	-	-
Loss from Declining in Value of Inventories(Reversal)	6,265,337.71	(25,370,255.93)	3,988,594.23	(24,816,922.60)
Revenue from Written-Off Accrued Expenses	(12,214,725.00)	-	(12,214,725.00)	-
Amortization of Deferred Finance Charge in Borrowing	5,776,642.30	5,942,579.40	5,776,642.30	5,942,579.40
Provision for Employee Benefit	3,126,499.00	-	1,289,482.03	-
Interest Revenue	(182,498.02)	(1,298,150.68)	(553,683.22)	(1,302,898.99)
Interest Expenses of Employee Benefits	137,721.58	-	45,737.96	-
Interest Expenses	192,614,497.99	84,082,685.93	159,311,787.59	84,060,631.98
Profit(Loss) from Operating Activities before Change in Operating Assets and Liabilities	53,008,020.81	103,179,772.19	40,891,375.59	62,664,580.62
(Increase) Decrease in Trade Accounts and Notes Receivable-Other Companies	506,434,727.09	(1,221,835,286.47)	421,149,026.80	(1,127,303,420.63)
(Increase) Decrease in Trade Accounts Receivable - Related Companies	-	430,999.80	1,007,206.24	(722,821.33)
(Increase) Decrease in Inventories	(8,470,245.68)	(70,772,156.81)	(15,721,516.78)	(144,702,482.98)
(Increase) Decrease in Advance Payment for Goods	(54,228,388.97)	(25,712,808.68)	(269,672,054.60)	(25,973,815.01)
(Increase) Decrease in Account Receivable-Revenue Department	28,462,234.82	(2,867,278.95)	12,695,847.72	(8,000,357.74)
(Increase) Decrease in Other Current Assets	(2,361,837.76)	4,771,097.32	(1,841,063.42)	(863,093.19)
Cash Received from Refund of Advance Payment for Goods from Other Account Receivable	-	200,000,000.00	-	200,000,000.00
Cash Received in Guarantee Against the Merchandise Order	-	100,000,000.00	-	100,000,000.00
(Increase) Decrease in Other Accounts Receivable-Advance Payment for Goods	23,872,129.69	-	23,872,129.69	-
Cash Received in Other Long-Term Accounts Receivable	11,132,884.60	14,000,000.00	-	-
(Increase) Decrease in Retention Receivable	9,792,829.28	1,048,366.55	-	-
Cash Received in Over Paid Corporate Income Tax	-	34,936,203.06	-	34,936,203.06
(Increase) Decrease in Other Non-Current Assets	(22,230.76)	(1,800.00)	132,560.00	-
Increase(Decrease) in Trade Accounts and Notes Payable-Other Companies	27,369,476.36	585,123,808.75	337,376,144.14	643,575,775.65

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOW**

**For the year ended December 31, 2011 and 2010**

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
<b>CASH FLOW FROM OPERATING ACTIVITIES (CONTINUED)</b>				
Increase(Decrease) in Trade Accounts Payable-Subsidiary and Related Companies	-	(1,876,006.90)	1,578,515.26	(1,876,006.90)
Increase(Decrease) in Advance Receipt for Goods	838,224.34	3,037,416.63	42,892,935.08	3,037,416.63
Increase(Decrease) in Accrued Expenses	(3,726,716.53)	(651,395.25)	927,574.95	(759,034.19)
Increase(Decrease) in Other Current Liabilities	(1,071,170.06)	(465,860.99)	3,440,273.81	(2,121,520.40)
Cash Receipt (Paid) from Operating Activities	591,029,937.23	(277,654,929.75)	598,728,954.48	(268,108,576.41)
Cash Payment for Corporate Income Tax and Withholding Tax	(4,938,221.43)	(1,773,950.37)	(200,294.04)	(335,592.82)
Cash Received from Interest Revenue	14,219,211.16	13,745,191.08	552,991.59	1,298,120.35
<b>Net Cash Provided(Used in) from Operating Activities</b>	<b>600,310,926.96</b>	<b>(265,683,689.04)</b>	<b>599,081,652.03</b>	<b>(267,146,048.88)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Increase) Decrease in Restricted Bank Deposit	(5,316,308.69)	-	(1,174,306.35)	-
Cash Received from Short-Term Loans to Subsidiary Company	-	-	29,570,000.00	-
Cash Payment for Short-Term Loans to Subsidiary Company	-	-	(28,750,000.00)	(5,000,000.00)
Cash Payment for Purchase of Investment in Subsidiary Company	(799,240,768.32)	(432,010,777.89)	(799,682,587.40)	(435,000,000.00)
Cash Received from Sale of Investment in Subsidiary Company	-	-	227,224,800.00	-
Cash Received from Sale of Property, Plant and Equipment	242,394.52	3,553,802.44	18,280.37	3,553,802.44
Cash Payment for Purchase of Property, Plant and Equipment	(4,339,503.38)	(7,030,468.44)	(430,848.62)	(1,663,227.68)
Cash Payment for Intangible Assets	-	(15,500.00)	-	-
<b>Net Cash Provided(Used in) from Investing Activities</b>	<b>(808,654,185.87)</b>	<b>(435,502,943.89)</b>	<b>(573,224,662.00)</b>	<b>(438,109,425.24)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in Bank Overdrafts and Short-Term Loans from Financial Institutions	106,363,732.50	516,184,711.43	102,641,546.63	516,184,711.43
Cash Received from Sale of Investment in Subsidiary Company	227,224,800.00	-	-	-
Cash Payment for Account Payable for Assets	(9,250,361.42)	(291,349.23)	(382,739.00)	-
Cash Payment for Liabilities under Finance Lease Agreement	(920,370.25)	(482,372.00)	(797,159.95)	(422,291.00)
Cash Payment for Service Fee in Borrowing	-	(15,054,220.00)	-	(15,054,220.00)
Cash Payment for Long-Term Loans from Financial Institutions	(15,619,515.64)	(30,985,553.04)	(15,619,515.64)	(30,985,553.04)
Cash Received from Long-Term Loan from Financial Institutions	-	400,000,000.00	-	400,000,000.00
Cash Received from Loans from Subsidiary Company	-	-	36,575,000.00	-
Cash Payment for Loans from Subsidiary Company	-	-	(36,575,000.00)	-
Cash Received from Short-Term Loans from Other Persons and Companies	50,000,000.00	-	-	-
Cash Payment for Short-Term Loans from Other Persons and Companies	(21,407,697.53)	(83,026,528.02)	-	(83,026,528.02)
Cash Received from Short -Term Loan from Related Persons	-	316,000.00	-	-
Cash Payment for Short -Term Loan from Related Persons	(316,000.00)	-	-	-
Cash Payment for Interest Expenses	(132,166,062.52)	(70,783,233.72)	(112,429,325.80)	(70,772,653.08)
<b>Net Cash Provided (Used in) from Financing Activities</b>	<b>203,908,525.14</b>	<b>715,877,455.42</b>	<b>(26,587,193.76)</b>	<b>715,923,466.29</b>
<b>NET CASH AND CASH EQUIVALENT INCREASE (DECREASE)</b>	<b>(4,434,733.77)</b>	<b>14,690,822.49</b>	<b>(730,203.73)</b>	<b>10,667,992.17</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD</b>	<b>18,855,881.64</b>	<b>4,165,059.15</b>	<b>14,833,051.32</b>	<b>4,165,059.15</b>
<b>CASH AND CASH EQUIVALENT AT ENDING OF THE PERIOD</b>	<b>14,421,147.87</b>	<b>18,855,881.64</b>	<b>14,102,847.59</b>	<b>14,833,051.32</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS****As of December 31, 2011 and 2010****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 272 Watchannog Lane, Rama III Road, Bangkok, Bangkok with the five following branches:

- Branch 1 is located at 64/7 Moo 1, Rama II Road, Kok Kra-Bue, Samutsakorn
- Branch 2 is located at 33/8 Moo 5, Teparak Road, Bang Plee Yai, Bang Plee, Samutprakarn
- Branch 3 is located at 207/1 Moo 3, Lam Sai, Wang Noi, Phra Nakorn Sri Ayuddhaya
- Branch 4 is located at 116/7 Moo 5, Pan tai Nora Singh, Samutsakorn
- Branch 5 is located at 141/3-4, Moo 3, Bang Prong, Samutprakarn

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

**2. Basis of Preparation of the Financial Statements**

- 2.1 The Company had prepared the financial statements in accordance with Accounting Standards, Financial Reporting Standards, including related interpretations and guidelines promulgated by the Federation of Accounting Professions rules and regulations of the Securities and Exchange Commission and with Generally Accepted Accounting Principles in Thailand.
- 2.2 The financial statements are prepared on the historical cost basis except for the disclosure in the accounting policies.
- 2.3 In order to prepare the financial statements to comply with generally accepted accounting standards, the company's management had to make some estimates and suppositions which may have an effect on the amount shown for revenue, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ the estimated amount.

2.4 The Group reclassified some items in the financial statements for comparison purpose in order to be in line with the present accounting items and it has not any affected our net profit or shareholders' equities. The detail was as follows:

	Cosolidated Financial Statements Baht	Separate Financial Statements Baht
The Statements of Financial Position		
as of December 31, 2010		
Increase in Trade Accounts Receivable and Note		
Receivable- other Companies-net	35,821,800.00	-
Increase in Allowance for Doubtful Debt	(35,821,800.00)	-
The Statements of Comprehensive Income for the year		
ended December 31, 2010		
Increase in Cost of Sale	1,566,985.75	-
Decrease in Administrative Expense	(1,566,985.75)	-

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

### 3. Basis of Preparation of the Consolidated Financial Statements

3.1 In preparing the consolidated financial statements, the Company will only take its subsidiary companies which are under the main control of RICH ASIA STEEL PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves. The percentages of shareholdings in its subsidiary companies are as follows:

Company's Name	Percentage of Shareholdings		Incorporation Country	Type of Business
	As of	As of		
	December 31, 2011	December 31, 2010		
Thai National Product Co., Ltd.	100.00	100.00	Thailand	Foundation pile manufacturing, delivery and hammering
Siam Ferro Industry Co., Ltd	56.88	-	Thailand	Production and distribution of steel production and all steel pip and engagement of steel

- 3.2 The end of the accounting period of the subsidiary companies is the same as for RICH ASIA STEEL PUBLIC COMPANY LIMITED.
- 3.3 In the preparation of consolidated financial statements, the significant inter-assets and liabilities and inter-transactions are eliminated.
- 3.4 The accounting policy for the subsidiary company of the similar transaction is the same policy as that of the Company.
- 3.5 In 2011, the Company has an investment in Siam Ferro Co., Ltd., the subsidiary company, as in Note No. 18. Therefore, the subsidiary company's financial position and operating result for the period from April 1, 2011 (the acquisition date) to December 31, 2011 are included in the consolidated financial statement for the year ended December 31, 2011.
- 3.6 In 2010, the Company had an investment in Thai National Product Co., Ltd., the subsidiary company, as in Note No. 18. Therefore, the subsidiary company's financial position and operating result for the period from June 1, 2010 (the acquisition date) to December 31, 2010 were included in the consolidated financial statement for the year ended December 31, 2010.

#### **4. Adoption of New Accounting Standards, Financial Reporting Standards and New Interpretation Accounting Standards and Amendments to Accounting Standards**

- 4.1 The Company adopted the new Accounting Standards, Financial Reporting Standards, Interpretation Financial Reporting Standards, Interpretation Accounting Standards and Revised Accounting Standards according to the Notification No. 17/2010, No. 50 to No. 55/2010 and No. 8/2011 of the Federation of Accounting Professions. These are effective for accounting periods beginning on or after January 1, 2011, as follows:

Framework (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flow
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events After the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs



TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Venture
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
SIC 31	Revenue – Barter Transactions Involving Advertising Service

4.2 Accounting standards, interpretation accounting standard and amendments to accounting standards by the Federation of Accounting Professions has issued Notification No. 16/2009 No. 17/2010, No. 51/2010 and No. 5 to No. 7/2011. These are effective for accounting periods beginning on or after January 1, 2013 and 2013, the Company does not early adopted, as follows

Accounting Standards effective on or after January 1, 2012

TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
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Accounting Standards effective on or after January 1, 2013

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
TFRIC 10	Government Assistance – No Specific Relation to Operation Activities
TFRIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
TFRIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholder

The management of the Company has assessed that those accounting standards and the interpretation accounting standards will not have any significant impacts on the financial statements for the year in which they are initially applied.

## 5. Changes in Accounting Policies

The Group has firstly applied the Accounting Standard No. 19 regarding employee benefits from January 1, 2011, onwards. In respect of the changes of accounting policy, the Group has recognized the additional liabilities of the past service under the employee benefits incurred in the past the accumulate until December 31, 2010, in full amount through the statements of comprehensive income to be conform to the requirement of that accounting standards and applied the Accounting Standard No.40 (revised 2009) regarding investment property, while there is affected result to the financial statements as follows:

	Consolidated Financial Statements	Separate Financial Statements
<u>Adjustment of Financial Statements</u>	Baht	Baht
<b>Statements of Financial Position as of December 31, 2011</b>		
Non – Current Liabilities		
Increase in Provision for Employee Benefits	2,717,722.13	1,037,141.87
<b>Statements of Comprehensive Income for the year ended</b>		
<b>December 31, 2011</b>		
Increase in Cost of Sales and Services	1,005,236.67	112,212.48
Increase in Selling Expenses	619,445.52	2,754.00
Increase in Administrative Expenses	187,308.26	16,443.71
Increase in Management Benefit Expenses	905,731.68	905,731.68
<u>Reclassification</u>		
	Consolidated Financial Statements	
	As of December 31, 2010	
	Before Reclassification	Reclassification
	Baht	Baht
		After Reclassification
		Baht
<b>Statements of Financial Position</b>		
Investment Property	-	138,659,980.74
Land Not Used for Operation – Net	16,276,000.00	(16,276,000.00)
Property, Plant and Equipment – Net	877,790,059.26	(122,383,980.74)
		755,406,078.52

<u>Reclassification</u>	Separate Financial Statements		
	As of December 31, 2010		
	Before Reclassification Baht	Reclassification Baht	After Reclassification Baht
<b>Statements of Financial Position</b>			
Investment Property	-	122,573,640.01	122,573,640.01
Land Not Used for Operation – Net	16,276,000.00	(16,276,000.00)	-
Property, Plant and Equipment – Net	234,261,616.32	(106,297,640.01)	127,963,976.31

## 6. Summary of Significant Accounting Policies

### 6.1 Revenue Recognition

- Revenue from sales is recognized when goods are delivered to customers.
- Revenue from service is recognized when service is provided to customer.
- Foundation pile hammering service revenue is recognized when service is provided, according to the completed hammering services
- Revenue from rental is recognized over the term of rental agreement
- Revenue of interest receivable is recognized in accordance with the portion of period which is computed from outstanding principle.

### 6.2 Expense Recognition

- Expenses are recognized on an accrual basis.

### 6.3 Cash and cash equivalent

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

### 6.4 Temporary investment

Temporary investment is investment in marketable security which the Company holds as trading security and is stated with the fair value. The fair value of registered security is computed as of the date in the statements of financial position from the latest price offered of The Stock Exchange of Thailand. The Company recognized the change of investment value as gain (loss) in the statement of comprehensive income, for the cost of investment disposed during the period computed according to the average method.

#### 6.5 Trade accounts receivable, other accounts receivable and allowance for doubtful debt

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

#### 6.6 Inventories

##### Inventories for steel business

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

##### Inventories for pile business

Inventories are stated at the lower of cost by the moving average method or net realizable value.

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

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

#### 6.7 Assets Held for Sale

Assets held for sale are the assets of which the recoverable amounts are from sale, not from use of assets. Assets held for sale is stated at the lower of the book value and the fair value less selling expense

#### 6.8 General Investment

Long - term investment in non-marketable securities which are held as general investment are shown at cost price and also adjusted the allowance for impairment. The Company recognized the change of the value of general investments in the statement of comprehensive income when there is a disposal of the investment or the impairment of investment.

#### 6.9 Investments in subsidiary company

Investment in the subsidiary company is recorded with cost method less allowance for impairment of investment (if any).

#### 6.10 Investment Property

The Group's investment property is their owned land and building without specific purpose of use in the future and/or exploiting for rental income or appreciation of the asset. The Group measures the investment property by the cost value, deducted the accumulated depreciation and the allowance for impairment, (if any), and calculated depreciation of building on a straight-line basis over the approximate useful-life as follows:

- Building and construction                      5 - 38 years

#### 6.11 Property, plant and equipment

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

- Building and construction                      5 - 36 years
- Machine    5 - 15 years
- Office improvement                                5 years
- Office equipment                                  5 years
- Tools and equipment                               5 years
- Vehicles    5 - 7 years

Work in process is stated at cost. Depreciation is not computed until the construction is completed and available for use according to its objective.

Repair and maintenance is recognized in the statements of comprehensive income during the period that it is incurred. Cost of significant improvement should be recognized as a part of carrying amount of assets when it is probable that the Group will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably. Cost of improvement should be depreciated by the basis of estimated useful life. Repair and maintenance expenses are recognized as expenses during the period that they are incurred.

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

#### 6.12 Intangible asset

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

### 6.13 Impairment

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

Calculation of recoverable amount

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

Reversals of impairment

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

### 6.14 Trade accounts payable and others payable

Accounts payable and others payable were shown in cost method.

### 6.15 Long-Term Lease Agreement

- Where the Group is the lessee

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

useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

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

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

- Where the Group is the lesser

#### Operating leases

Assets that are leased under the operating leases are reflected under the caption of property, plant and equipment in the statement of financial position and depreciation is calculated throughout the useful life of assets by the same basis that used with the transaction of plant and equipment which there are alike nature as that of the Company. Rental Revenue is recognized by straight-line method over rental period.

#### 6.16 Loan

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

#### 6.17 Provisions for employee benefits

The Group recognizes salary, wage, bonus, social security fund and staff provident fund as expenses on the date the transactions occurred

The Group provides for post employment benefits to or retirement indemnity employees under the labor laws applicable in Thailand. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique, and discounted benefit by the projected unit credit method. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The Group recorded provision of employee benefit is non – current liabilities. The costs associated with providing these benefits are charged to the statements of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

#### 6.18 Foreign currencies

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

#### 6.19 Financial instruments

Financial instruments presented in the statements of financial position include cash and bank deposit, investment, and trade accounts receivable. Financial liabilities presented in the financial position include accounts payable and loan for which the particular accounting policies adopted are disclosed in each individual section.

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



## 6.20 Provisions

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

## 6.21 The appropriation of retained earnings

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

## 6.22 Basic Earnings(loss) per share

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

## 7. Inter-Business Transaction

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

### 7.1 Inter – Revenues and Expenses

		Consolidated		Separate	
		Financial Statements		Financial Statements	
		For the year ended December 31,		For the year ended December 31,	
Pricing Policy	2011 Baht	2010 Baht	2011 Baht	2010 Baht	
Goods Sales					
THAI NATIONAL PRODUCT CO., LTD.	(1)	-	-	3,231,501.53	1,092,715.07
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	319,842.00	23,748.60	319,842.00
Total		-	319,842.00	3,255,250.13	1,412,557.07
Material Sales					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	217,025,998.61	-

	Pricing Policy	Consolidated		Separate	
		Financial Statements		Financial Statements	
		For the year ended December 31,		For the year ended December 31,	
		2011	2010	2011	2010
		Baht	Baht	Baht	Baht
Transportation Revenue					
SIAM FERRO INDUSTRY CO., LTD.	(3)	-	-	1,000.00	-
THAI NATIONAL PRODUCT CO., LTD.	(3)	-	-	6,074.77	20,000.02
Total		-	-	7,074.77	20,000.02
Other Revenue					
SIAMFERRO INDUSTRY CO., LTD.	(3)	-	-	11,254.46	-
THAINATIONAL PRODUCTCO.,LTD	(3)	-	-	43,047.00	19,834.58
Total		-	-	54,301.46	19,834.58
Revenue from Sale of Assets					
THAINATIONAL PRODUCTCO.,LTD	(3)	-	-	8,000.00	-
Interest Revenue					
THAI NATIONAL PRODUCT CO., LTD	(4)	-	-	536,470.88	-
Purchases of Goods					
SIAM FERRO INDUSTRY CO., LTD.	(1)	-	-	511,164.00	-
G.T. STEEL WORKS CO., LTD.	(1)	12,634,159.25	-	12,634,159.25	-
Total		12,634,159.25	-	13,145,323.25	-
Subcontracting					
SIAMFERRO INDUSTRY CO., LTD.	(2)	-	3,262,849.25	2,027,774.80	3,262,849.25
G.T. STEEL WORKS CO., LTD.	(2)	15,061.78	-	15,061.78	-
Total		15,061.78	3,262,849.25	2,042,836.58	3,262,849.25
Other Expenses					
SIAMFERRO INDUSTRY CO., LTD.	(3)	-	773,459.82	331,227.63	773,459.82
A.T. STEEL CO., LTD.	(3)	1,474,057.09	1,264,408.59	1,474,057.09	1,264,408.59
Total		1,474,057.09	2,037,868.41	1,805,284.72	2,037,868.41
Interest Expenses					
THAI NATIONAL PRODUCT CO., LTD	(5)	-	-	304,606.28	-

Pricing policies are determined in accordance with the criteria as follows:

- (1) Price which can be comparative against outside parties.
- (2) Price is complied with the prices in accordance with the contract.
- (3) Price is complied with the prices which are mutually agreed upon.
- (4) Interest rate 6.62% – 7.25% per annum.
- (5) Interest rate 6.87%-7.25% per annum.

## 7.2 Inter – Assets and Liabilities

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
<u>Inter - Assets</u>				
Trade Accounts Receivable				
THAI NATIONAL PRODUCT CO., LTD.	-	-	146,614.89	1,153,821.13
Other Accounts Receivable				
THAI NATIONAL PRODUCT CO., LTD.	-	-	12,256.27	9,941.00
Other Accounts Receivable from				
Share Capital Decrease				
SIAM FERRO INDUSTRY CO., LTD.	-	-	5,296,402.85	-
Short – term Loans to				
THAI NATIONAL PRODUCT CO., LTD.	-	-	4,180,000.00	5,000,000.00
Accrued Interest Income				
THAI NATIONAL PRODUCT CO., LTD.	-	-	5,470.27	4,778.64
<u>Inter – Liabilities</u>				
Trade Accounts Payable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	1,578,515.26	-
Other Accounts Payable				
SIAM FERRO INDUSTRY CO., LTD.	-	-	131,205.04	-
Post Dated Cheque				
A.T. STEEL CO., LTD.	-	-	142,663.50	-
Advance Receipt for Goods				
SIAM FERRO INDUSTRY CO., LTD.	-	-	42,054,710.74	-
Short-Term Loans from Related Persons				
DIRECTOR	-	316,000.00	-	-
Accrued Interest Expenses				
THAI NATIONAL PRODUCT CO., LTD	-	-	203,595.28	-

For the year ended December 31, 2011 and 2010, the movements of short-term loans to subsidiary company are as follows:

Subsidiary Company	Separate Financial Statements			
	As of	During the period		As of
	December 31, 2010	Increase	(Decrease)	December 31, 2011
	Baht	Baht	Baht	Baht
THAI NATIONAL PRODUCT CO., LTD.	5,000,000.00	28,750,000.00	(29,570,000.00)	4,180,000.00

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

As of December 31, 2011 and 2010, the short-term loans to subsidiary company were in type of promissory notes with the repayment when it is called, carried interest rate at 6.62% – 7.25% per annum and 6.12% per annum, respectively.

For the year ended December 31, 2011 and 2010, the movements of short-term loans from related persons were as follows:

Related Person	Consolidated Financial Statements			
	As of	During the period		As of
	December 31, 2010	Increase	(Decrease)	December 31, 2011
	Baht	Baht	Baht	Baht
Director	316,000.00	-	(316,000.00)	-

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

For the year ended December 31, 2011, the movement of short-term loans from subsidiary company was as follows:

Subsidiary Company	Separate Financial Statements			As of December 31, 2011 Baht
	As of December 31, 2010 Baht	During the period		
		Increase Baht	(Decrease) Baht	
THAI NATIONAL PRODUCT CO., LTD.	-	36,575,000.00	(36,575,000.00)	-

As of December 31, 2011, the short-term loan from subsidiary company was in type of repayment when it is called, with the interest rate at 6.87% – 7.25 % per annum.

### 7.3 Key Managements Personnel Compensation

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended December 31,		For the year ended December 31,	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Short-term Employee Benefits	10,739,509.35	10,555,968.20	10,739,509.35	10,555,968.20
Post-Retirement Employee Benefits	1,121,361.09	-	1,121,361.09	-
Total	<u>11,860,870.44</u>	<u>10,555,968.20</u>	<u>11,860,870.44</u>	<u>10,555,968.20</u>

### 7.4 Nature of Relationship

Consist of:

Name	Activities	Relationship
THAI NATIONAL PRODUCT CO., LTD.	Production foundation pile plus transportation and hammer foundation pile	Subsidiary company by shareholding
SIAM FERRO INDUSTRY CO., LTD.	Production and distribution of steel production and all steel pipe and engagement of steel	Related company until to June 22, 2010, because chief executive officer of company resign from executive reorganization plan and change to subsidiary company by shareholding since April 1, 2011
A.T. STEEL CO., LTD.	Distribution of steel	Closed cousin of executive officer are director and shareholders
G.T. STEEL WORKS CO., LTD.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders

## 8. Non - Cash Transactions

	Consolidated Financial Statements		Separate Financial Statements	
	For the year		For the year	
	ended December 31,		ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Purchase of Fixed Assets with Credit	109,161.94	8,811,200.60	85,000.00	357,700.00
Purchase of Fixed Assets under Financial Lease	-	1,437,014.42	-	1,437,014.42
Sale of Fixed Assets with Credit	-	94,392.52	-	94,392.52
Decrease in Short-Term Loans from Financial Institutions from Transfer of Investment Property to Repay Liabilities	9,536,000.00	3,440,000.00	9,536,000.00	3,440,000.00
Decrease in Trade Accounts Payable by Repaying with Short-Term Loans from Other Companies	-	83,026,528.02	-	83,026,528.02
Increase in Long-Term Loan from Financial Institution from Loan Due for Repayment	843,626,077.80	843,626,077.80	843,626,077.80	-
Increase in Loan Due for Repayment from Transferring out from Short-Term Loans from Financial Institutions	-	156,327,782.27	-	156,327,782.27
Current Portion of Liabilities	-	60,000,000.00	-	60,000,000.00
Long-Term Loans from Financial Institutions	-	585,657,767.85	-	585,657,767.85
Offsetting between Trade Accounts Receivable and Trade Account Payable	262,914,173.15	493,288,223.19	262,914,173.15	493,288,223.19
Increase in Investment in Subsidiary Companies from Transferring out from Investment Deposits	-	200,000,000.00	-	200,000,000.00
Prepaid Expense for Purchase of Investment	-	4,477,611.48	-	4,477,611.48
Offsetting between Other Accounts Receivable-Advance Payment for Goods and Trade Accounts Payable	6,951,350.01	-	6,951,350.01	-
Increase in Other Accounts Receivable-Advance Payment for Goods from Transferring out of Advance Payment for Goods	353,295,015.32	-	353,295,015.32	-
Purchases Investment in Subsidiary Company decreased from Other Account Receivable from decreased Shares Capital of the Subsidiary Company	5,296,402.85	-	5,296,402.85	-
Share Capital Decreased from Other Accounts Payable from decreased Shares Capital of the Subsidiary Company	1,592,778.80	-	-	-

	Consolidated Financial Statements		Separate Financial Statements	
	For the year		For the year	
	ended December 31,		ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Increase in Assets and Liabilities from				
Business CombinationTrade Accounts				
and Notes Receivable	441,018,202.81	46,241,355.85	-	-
Allowance for Doubtful Debt –				
Trade Accounts and Notes Receivable	(191,976,462.04)	(1,575,968.77)	-	-
Inventories	90,856,194.42	113,085,145.39	-	-
Allowance for Declining in Value of Inventories	(1,917,694.87)	(7,614,401.34)	-	-
Other Current Assets				
Advance Payment for Goods	233,644,859.81	819,978.32	-	-
Account Receivable - Revenue Department	21,687,472.66	5,133,078.79	-	-
Retention Receivable	-	25,023,304.22	-	-
Prepaid Interest	8,750,000.00	-	-	-
Accrued Interest	-	26,483,753.54	-	-
Others	185,597.45	13,851,375.59	-	-
General Investment	66,758,940.00	-	-	-
Allowance for Impairment of General Investment	(66,758,940.00)	-	-	-
Loans and Other Accounts Receivable-Other				
Companies and Persons	1,763,340,680.89	-	-	-
Allowance for Doubtful Debt-Loans and Other				
Accounts Receivable-Other Companies				
and Persons	(1,763,340,680.89)	-	-	-
Property, Plant and Equipment – Net	1,061,914,388.19	660,723,169.38	-	-
Other Non-Current Assets	3,442,705.71	28,047,242.16	-	-
Trade Accounts and Notes Payable-				
Other Companies	(312,953,112.69)	(70,251,307.21)	-	-
Trade Accounts and Notes Payable- Related	-	(61,362,321.89)	-	-
Companies				
Short Term Loans from Other Persons				
and Companies	(271,407,697.53)	-	-	-
Accrued Expenses	(10,464,213.66)	-	-	-
Current Portion	-	(83,427.34)	-	-
Other Current Liabilities	(2,888,291.42)	(10,858,054.76)	-	-
Liabilities under the Rehabilitation Plan	(80,706.38)	-	-	-
Provision for Employee Benefit	(587,817.00)	-	-	-
Liabilities under Financial Lease Agreement – Net	-	(302,320.08)	-	-

## 9. Cash and Cash Equivalents

Consists of:

	Consolidated Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Cash	159,099.75	114,063.75	71,524.50	94,125.75
Bank Deposit – Saving Deposit	2,565,010.50	652,472.01	2,549,997.75	640,285.67
Bank Deposit – Current Deposit	11,697,037.62	18,089,345.88	11,481,325.34	14,098,639.90
<b>Total</b>	<b>14,421,147.87</b>	<b>18,855,881.64</b>	<b>14,102,847.59</b>	<b>14,833,051.32</b>

## 10. Temporary Investment

Consists of:

	Consolidated Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Investment in Trading Security – Cost Value	1,618,500.00	1,618,500.00	1,618,500.00	1,618,500.00
Unrealized Loss in Investment of Trading Security	(1,349,829.00)	(828,672.00)	(1,349,829.00)	(828,672.00)
Loss from Write Off of Investment in the Warrants that Expired	(9,711.00)	-	(9,711.00)	-
<b>Investment in Trading Security – Fair Value</b>	<b>258,960.00</b>	<b>789,828.00</b>	<b>258,960.00</b>	<b>789,828.00</b>

## 11. Trade Accounts and Notes Receivable-Other Companies-Net

Consists of:

	Consolidated Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Notes Receivable	189,649,152.12	191,342,162.45	189,694,152.12	191,342,162.45
Account Receivable – Returned Cheques and under Persecution	997,345.28	1,009,345.28	-	-
Trade Accounts Receivable	1,179,393,142.95	1,698,040,292.09	840,039,426.06	1,522,454,615.68
<b>Total Trade Accounts and Notes Receivable</b>	<b>1,370,084,640.35</b>	<b>1,890,391,799.82</b>	<b>1,029,733,578.18</b>	<b>1,713,796,778.13</b>
<u>Less</u> Allowance for Doubtful Debt – Trade Accounts Receivable	(47,308,210.15)	(59,278,415.95)	(9,904,647.18)	(21,904,647.18)
<b>Net</b>	<b>1,322,776,430.20</b>	<b>1,831,113,383.87</b>	<b>1,019,828,931.00</b>	<b>1,691,892,130.95</b>



The aging of trade accounts and notes receivable-other companies as of December 31, 2011 and 2010, are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Within credit term	793,031,660.33	1,284,402,551.02	692,647,298.31	1,159,495,570.41
Over due 1 to 90 days	491,229,609.08	503,229,775.44	318,245,959.73	490,015,376.47
Over due 91 to 180 days	10,400,248.02	42,636,228.20	8,935,672.96	42,381,184.07
Over due 181 to 365 days	28,156,756.00	-	-	-
Over due over 1 year	47,266,366.92	60,123,245.16	9,904,647.18	21,904,647.18
Total Trade Accounts and Notes Receivable	<u>1,370,084,640.35</u>	<u>1,890,391,799.82</u>	<u>1,029,733,578.18</u>	<u>1,713,796,778.13</u>
<u>Less</u> Allowance for Doubtful Debt -				
Trade Account Receivable	<u>(47,308,210.15)</u>	<u>(59,278,415.95)</u>	<u>(9,904,647.18)</u>	<u>(21,904,647.18)</u>
Net	<u><u>1,322,776,430.20</u></u>	<u><u>1,831,113,383.87</u></u>	<u><u>1,019,828,931.00</u></u>	<u><u>1,691,892,130.95</u></u>

For the year ended December 31, 2011 and 2010, the movements of allowance for doubtful debt are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended December 31,		For the year ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Allowance for Doubtful Debt - Beginning	(59,278,415.95)	(36,275,590.00)	(21,904,647.18)	(36,275,590.00)
<u>Add</u> Increased from Purchase of Business	(191,976,462.04)	(37,397,768.77)	-	-
Transferred from Accounts Receivable- Related Companies	-	(9,904,647.18)	-	(9,904,647.18)
Increased during the period	(41,794.20)	-	-	-
<u>Less</u> Transferred out from Received	12,012,000.00	24,299,590.00	12,000,000.00	24,275,590.00
Transferred out from Writing-Off	191,976,462.04	-	-	-
Allowance for Doubtful Debt - Ending	<u><u>(47,308,210.15)</u></u>	<u><u>(59,278,415.95)</u></u>	<u><u>(9,904,647.18)</u></u>	<u><u>(21,904,647.18)</u></u>

In the consolidated and separate financial statements as of December 31, 2011 and 2010, the Company factored some notes receivable in the amount of Baht 26.87 million and Baht 68.09 million, respectively, to discount with one financial institution according to note no.25. The 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 and separate financial statements as of December 31, 2011, a part of trade accounts receivable in the amount of Baht 8.18 million and Baht 4.46 million, respectively, had been transferred the right of collection to one financial institution according to note no. 25. The Company 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 of December 31, 2011, trade accounts and notes receivable of the subsidiary company in the amount of Baht 191.98 million, which the subsidiary company has been fully recorded as an allowance for doubtful debts. However, the transactions occurred before the Company has an investment in the subsidiary Company. Currently, the meetings of subsidiary company's board of directors no. 13/2011 resolved to write off such trade accounts receivable and its allowance as in note No. 17.

## 12. Trade Accounts Receivable-Related Companies – Net

The aging of trade accounts receivable-related companies as of December 31, 2011 and 2010, are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Trade Accounts Receivable				
Within credit term	-	-	146,614.89	1,153,821.13
Total	-	-	146,614.89	1,153,821.13

### 13. Inventories - Net

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Finished Goods	161,403,255.61	298,342,973.19	84,532,078.84	274,953,609.87
Work in Process	852,836.75	1,074,050.93	-	-
Raw Materials	248,748,128.07	15,812,400.14	214,332,238.79	8,060,554.93
Spare Part	11,992,271.23	8,440,627.30	1,372,431.49	1,501,067.54
<b>Total</b>	<b>422,996,491.66</b>	<b>323,670,051.56</b>	<b>300,236,749.12</b>	<b>284,515,232.34</b>
<u>Less</u> Allowance for Declining in				
Value of Inventories	(15,024,594.83)	(7,568,426.83)	(4,275,327.36)	(507,358.82)
<b>Net</b>	<b>407,971,896.83</b>	<b>316,101,624.73</b>	<b>295,961,421.76</b>	<b>284,007,873.52</b>

For the year ended December 31, 2011 and 2010, the movements of allowance for declining in value of inventories were as follows:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the year ended December 31,		For the year ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Allowance for Declining in Value of				
Inventories- Beginning	(7,568,426.83)	(16,122,361.16)	(507,358.82)	(16,122,361.16)
<u>Add</u> Increased from Purchase of Business	(1,917,694.87)	(7,614,401.34)	-	-
Increased within Period	(10,820,036.15)	(3,869,853.00)	(4,366,522.19)	(1,491,764.78)
<u>Less</u> Sale/Reversal	5,281,563.02	20,038,188.67	598,553.65	17,106,767.12
Allowance for Declining in Value of				
Inventories- Ending	(15,024,594.83)	(7,568,426.83)	(4,275,327.36)	(507,358.82)

### 14. Accrued Interest-Other Companies

The consolidated financial statements as of December 31, 2010, the whole amount is accrued interest derived from loan to other companies, of which the subsidiary company fully received the repayment of principals. For accrued interest, the account receivable constituted a letter requesting for gradual repayment expected to be completed within April 2011. Currently, the subsidiary company fully receives the repayment.

## 15. Advance Payment for Goods - Net

Consists of:

	Consolidated Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Baht	Baht	Baht	Baht
Advance Payment for Goods	540,107,950.19	605,529,716.73	521,347,784.02	604,970,744.74
<u>Less</u> Allowance for Declining in Value				
of Inventories	(726,864.58)	-	(220,625.69)	-
Net	<u>539,381,085.61</u>	<u>605,529,716.73</u>	<u>521,127,158.33</u>	<u>604,970,744.74</u>

In the consolidated and the separate financial statement as of December 31, 2010, the advance payment for goods partly in the amount of Baht 378.43 million is advance payment in purchasing roll steel from one producer and distributor of hot rolled coils who, as of December 31, 2010, had the balancing debt with the Company in the amount of Baht 97.71 million (Listed in over due over 1 - 90 days). According to the machine pledge agreement, on October 4, 2009, this account receivable had pledged its machines, appraised by the independent appraiser according to the appraisal report of November 2009, with the fair value of Baht 978.18 million as the collateral to the Company. Such account receivable had issued the letter of request for gradual debt repayment dated November 1, 2011, with totaling 1 year and 6 months installment terms of payment. Therefore, the Company had reclassified such advance payment for goods as non-current assets in the caption of "other receivables-advance payment for goods" as in note 21.

For the year ended December 31, 2011 and 2010, the movements of allowance for declining in value of inventories were as follows:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the year ended December 31, 2011	For the year ended December 31, 2010	For the year ended December 31, 2011	For the year ended December 31, 2010
	Baht	Baht	Baht	Baht
Allowance for Declining in Value of				
Inventories- Beginning	-	(9,201,920.26)	-	(9,201,920.26)
<u>Add</u> Increased during the Period	(726,864.58)	(1,091,684.58)	(220,625.69)	(1,091,684.58)
<u>Less</u> Sale/Reversal	-	10,293,604.84	-	10,293,604.84
Allowance for Declining in Value of				
Inventories- Ending	<u>(726,864.58)</u>	<u>-</u>	<u>(220,625.69)</u>	<u>-</u>

**16. General Investment – Net**

Consists of:

	Consolidated Financial Statements				
	Paid-Up Share Capital  Baht	Percentage of Investment		Investment	
		As of	As of	As of	As of
		December 31, 2011 %	December 31, 2010 %	December 31, 2011 Baht	December 31, 2010 Baht
Pan Asia Storage and Terminal Co., Ltd.	1,929,618,095.76	0.00003%	0.00003%	589.47	589.47
Siam Integrated Cold Rolled Steel Public Co., Ltd.	12,000,000.00	0.055%	-	6,600.00	-
First Steel Industry Co., Ltd.	357,499,640.00	0.18%	-	635,120.00	-
Inter Metal Tube Alliance (Thailand) Co., Ltd.	269,999,690.00	0.05%	-	123,820.00	-
Total				766,129.47	589.47
<u>Less</u> Allowance for Impairment of Investment				(766,129.47)	(589.47)
General Investment - Net				-	-

**17. Loan and Other Accounts Receivable-Other Companies and Persons-Net**

Loans to other persons, other companies and accounts receivable from debt guarantee were the transactions of one subsidiary company occurred in the past. The balancing debts were in the amount of Baht 1,763.34 million. Since this account receivable stopped operating the business, the subsidiary company fully recognized the allowance of doubtful debt. And since such transaction was occurred before the Company had an investment in the subsidiary company and that most of accounts receivable were the related companies or the relatives of the directors of the Company in that period, and they were incapable of repay debts, However, the board of directors have a resolution to write off such accounts receivable according to the meeting of the subsidiary company's board of directors no. 13/2011.

## 18. Investment in Subsidiary Companies - Net

Consist of:

Company's Name	Paid-Up Share Capital Baht	Percentage of Shareholdings		Separate Financial Statements Cost Method		Dividend	
		As of December 31, 2011	As of December 31, 2010	As of December 31, 2011	As of December 31, 2010	For the year ended	
						December 31, 2011	December 31, 2010
Thai National Product Co., Ltd.	261,006,000.00	100.00	100.00	639,477,611.48	639,477,611.48	-	-
Siam Ferro Industry Co., Ltd.	441,701,237.00	56.88	-	587,727,028.35	-	-	-
Total Investment in Subsidiary Companies				1,227,204,639.83	639,477,611.48	-	-
<u>Less</u> Allowance on impairment Investment - Siam Ferro Industry Co., Ltd.				(28,013,486.35)	-	-	-
Net				1,199,191,153.48	639,477,611.48	-	-

For the year ended December 31, 2011 and 2010, allowance on impairment of investments has had the movement as follows:

	Separate Financial Statements	
	For the years ended	
	December 31, 2011	December 31, 2010
Allowance on impairment - Beginning	Baht -	Baht -
<u>Add</u> Increase during the period	(28,013,486.35)	-
<u>Less</u> Decrease during the period	-	-
Allowance on impairment - Ending	(28,013,486.35)	-

### Investment in 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 acquired cost of purchase investment in amount of Baht 799.68 million and the Company has transferred all shares of 10,954,556 shares (100% of the shares purchased), already on April 1, 2011, and Siam Ferro, has registered the Company as shareholder in Siam Ferro, with the Registrar, Business Development Department, Ministry of Commerce and obtained Siam Ferro's List of Shareholders (BOJ. 5) on April 4, 2011.

However, the Company has engaged one independently financial advisory company to study appropriateness of investment, benefit that the Company will receive from investment and appropriate business value of the subsidiary company, which the financial advisor has assessed shares prices by various methods. There are fair values of the Siam Ferro holding value as follows:

Assessment Share Price Methods	Business Value (Million Baht)	Value Per Share (Baht)
Book Share Value Method	280.76	19.70
Book Value Adjusted by Net Market		
Price Method	1,109.62	77.88
Share Price to Book Value Method	325.68	22.86
Discounted Cash Flow Method	438.74	30.79

The financial advisor has considered purpose of the Company to buy ordinary shares of Siam Ferro, in order to purchase asset for expand production capacity and reserve for the Company's growth in future, which did not use time in the construction of factory buildings and install machinery, consented that the shares price appraisal by book value adjusted method via net market prices will reflect the actual value of Siam Ferro more appropriately than price appraisal via other methods. However, business value according to discounted cash flow method (DCF) has difference value from book value adjusted by net market price method rather than. Because the financial has specified to the assumptions about revenues and expenses, mainly reference from information as a result of operations in 2009, which it's engagement of steel production. This is not consistent with the Company's business plan that will manage to operate production and distribution of Siam Ferro, Hereby, the share price by book value adjusted by net market price method, the financial advisor has appraised the firm value in amount of Baht 1,109.62 million, or determined in amount of Baht 77.88 per share. The shares price appraisal by book value adjusted method via net price is assessing from book value of net assets or shareholders equity in accordance with the financial statements as of June 30, 2010, of Siam Ferro and adjusted by added portion or discounted portion of fixed asset value that appraised by the independent price appraiser. However, the independent price appraiser has issued report of asset price appraisal on June 28, 2010, while there is purpose to support trading. Later, the Company is arrangement that the appraiser prepares newly version price appraisal report on February 8, 2011, for

public purpose, whereas there is information of price assessment of the subsidiary company as follows:

Assets	Cost Acquired	Book Value	Unit: Million Baht		Increase(Decrease) Appraised Prices
			Asset Appraisal February 8, 2011	Asset Appraisal June 28, 2010	
			Land	284	
Buildings	582	49	428	439	(11)
Machinery and Fixture	753	16	429	447	(18)
<b>Total</b>	<b>1,619</b>	<b>273</b>	<b>1,077</b>	<b>1,102</b>	<b>(25)</b>

Appraisal of this new evaluation report from a decline in value of the appraised value of the original appraisal report of 25.00 million, which is primarily due to an increase in accumulated depreciation of assets at the time of evaluation the new evaluation, the Company and financial advisor has taken the appraisal value in new report to calculate for Siam Ferro's share price evaluation that result to the share price by book value adjusted by net market price method equivalent to Baht 77.57 per share where as Siam Ferro's share price evaluation referred to the previous report value of Baht 77.88 per share which is decreased from the previous report Baht 0.23 per share or equivalent to 0.40%, that still also higher than the purchased share price of Baht 73 per share. However, the considering purchases ordinary shares. The Company has been considering for the performance of Siam Ferro in 2007-2009 and 6 months in 2010 stated net loss continually due to in such period Siam Ferro still being in their rehabilitation plan that cannot procure any working capital to operate their business in normal level. Siam Ferro has to operate only on production service. Nevertheless, Siam Ferro has already quit from the rehabilitation plan according to Central Bankruptcy Court's order. If the Company invest and manage the business in a manner of produce goods and sale in the normal business level. The Company expected that the operating result will be improved. The Company arranges financial advisor had studied the payback period of that case for the board of directors' consideration which found that the Company will obtain the payback within 7 – 8 years period.

However, in cost allocation of business amalgamation to asset, liabilities and contingent liabilities that derives from investment acquisition in the subsidiary company. Information of the appraisal fair value report of property, plant and equipment of the independent price appraiser in accordance with price appraisal report on February 8, 2011, it finds that surplus of the Company's interest in fair value of asset, liabilities and contingent liabilities that specifiable of the subsidiary company is greater than cost of investment acquisition in amount of Baht 36.23 million. The Company recognizes in item "premium in fair value of subsidiary company over cost of purchase" in the consolidated statements of financial position



as of June 30, 2011 and September 30, 2011, the Company was assessed the accuracy of identification in fair value of net asset again by appointed the new independent appraiser, which the Company received the new appraisal report for public purpose and reviewed data in the appraisal report, the fair value of assets amount of Baht 1,048.02 million. However, the Company was reallocated the cost of business combination with the fair value of net assets as in the new appraisal report by retrospective adjustment to the acquisition date which according to the Financial Reporting Standards No. 3 (revised 2009) regarding Business Combinations. It finds that surplus of the Company's interest in fair value of asset, liabilities and contingent liabilities that specifiable of the subsidiary company is greater than cost of investment acquisition in amount of Baht 22.68 million. The Company recognizes in gain from purchase business in the consolidated statements of comprehensive income as follows:

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

	Fair Value As of March 31, 2011 Baht
Current Assets	602,689,989.32
Property, Plant and Equipment-Net	1,061,914,388.19
Non-Current Assets	3,442,705.71
Current Liabilities	(597,713,315.30)
Non-Current Liabilities	(668,523.38)
Total Net Assets as Fair Value as of Purchasing Date	<u>1,069,665,244.54</u>
Fair Value in Proportion as the Company Investment in the rate of 76.88%	<u>822,358,640.00</u>
Gain from Purchase Business (recognized in consolidated statements of comprehensive income)	<u>(22,676,052.61)</u>
Cost of purchase Subsidiary Company	799,682,587.39
<u>Less</u> Cash and Cash Equivalent of Subsidiary Company	<u>(441,819.08)</u>
Net Cash flow paid from Purchasing Subsidiary Company	<u><u>799,240,768.31</u></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 approval of 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 reducing 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 by book value adjusted by net market price method of subsidiary company as of December 31, 2011 as follows:

	Consolidated Financial Statements Baht
Net assets by book value adjusted by net market price method of subsidiary company that being adjusted out from selling	196,805,042.90
Net cash received from sale	227,224,800.00
Excess from changes of interest in subsidiary company	<u>(30,419,757.10)</u>

However, the Company recognizes discrepancy that occurs between net asset by book value adjusted by net market price 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 power in controlling.

	Separate Financial Statements Baht
Book value of Investment in subsidiary company	206,659,156.20
Net cash received from sale	227,224,800.00
Gain from sale of investment in subsidiary company	<u>(20,565,643.80)</u>

As of December 31, 2011, The Company records allowance for impairment of investment in the SIAM FERRO INDUSTRY CO., LTD, in amount of Bath 28.01 million consideration net assets by book value adjusted by net market price method of subsidiary company.

Investment in 2010

On May 31, 2010, the Company has acquired investment in the Thai National Product Co., Ltd., while there is proportion of investment equivalent to rate of 100%. Total of purchase investment in amount of Baht 635.00 million. However, in cost allocation of business amalgamation to asset, liabilities and contingent liabilities that derives from investment acquisition in the subsidiary company, the Company has engaged independent appraiser in order to appraise fair value of property, plant and equipment. After cost allocation of business combinations, it finds that surplus of the Company's interest in net fair value of asset, liabilities and contingent liabilities that specifiable of the subsidiary company is greater than cost of investment acquisition. However, according to Interpretation Accounting Standards No. 3 (revised 2009) Business Combinations, it determines that the purchaser has to newly assess specification and value measurement of asset, liabilities and contingent liabilities that specifiable of business which is acquired. Moreover, it newly assesses cost of business combinations. If interest of purchaser in net fair value of such transactions is higher than cost price as of the purchased date, given the remaining surplus after newly assessment, it requires that the purchaser immediately recognizes in the statement of comprehensive income. The Company has engaged newly independent appraiser in order to appraise fair value of property, plant and equipment. After newly cost allocation of business combinations, it finds that surplus of interest in net fair value of the subsidiary company is higher than cost in amount of Baht 130.87 million. The Company recognizes such transactions including in the consolidated statement of comprehensive income for the year ended December 31, 2010 while there is detail as follows:

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

	Fair Value
	As of
	May 31, 2010
	Baht
Current Assets	224,436,843.70
Non-Current Assets	688,770,411.54
Current Liabilities	(142,555,111.20)
Non-Current Liabilities	(302,320.08)
Total Assets-Net as Fair Value as of Purchasing Date	770,349,823.96

	Fair Value As of May 31, 2010 Baht
Fair Value in Proportion as the Company Investment in the rate of 100 %	770,349,823.96
Gain from Purchase Business (recognized in consolidated statements of comprehensive income)	(130,872,212.48)
Cost paid Purchase Subsidiary Company (including expense for purchase in amount of Bath 4.48 million)	639,477,611.48
<u>Less</u> Prepaid for Purchase Expense	(4,477,611.48)
Deposit Payment for Investment	(200,000,000.00)
Cash and Cash Equivalent of Subsidiary Company	(2,989,222.11)
Net Cash flow paid from Purchasing Subsidiary Company	<u>432,010,777.89</u>

## 19. Investment Property - Net

Consist of:

	Consolidated Financial Statements			
	Balance As of December 31, 2010 Baht	Increased/ Transfer in Baht	Sales/ Transfer Out Baht	Balance As of December 31, 2011 Baht
Cost				
Land	72,743,440.00	-	(17,423,000.00)	55,320,440.00
Building	115,884,536.32	-	-	115,884,536.32
Total Cost	<u>188,627,976.32</u>	<u>-</u>	<u>(17,423,000.00)</u>	<u>171,204,976.32</u>
Accumulated Depreciation :				
Building	(26,408,180.58)	(5,110,368.77)	-	(31,518,549.35)
Total Accumulated Depreciation	<u>(26,408,180.58)</u>	<u>(5,110,368.77)</u>	<u>-</u>	<u>(31,518,549.35)</u>
<u>Less</u> Allowance for Impairment of Assets	(23,559,815.00)	-	7,887,000.00	(15,672,815.00)
Net	<u>138,659,980.74</u>			<u>124,013,611.97</u>

Depreciation for portion shown in Statements of Comprehensive Income for the year	
Ended December 31, 2011	5,110,368.77
Ended December 31, 2010	4,912,755.01

	Separate Financial Statements			
	Balance	Increased/	Sales/	Balance
	As of	Transfer in	Transfer Out	As of
	December 31, 2010			December 31, 2011
	Baht	Baht	Baht	Baht
Cost				
Land	72,743,440.00	-	(17,423,000.00)	55,320,440.00
Building	92,721,919.14	-	-	92,721,919.14
Total Cost	165,465,359.14	-	(17,423,000.00)	148,042,359.14
Accumulated Depreciation :				
Building	(19,331,904.13)	(4,636,095.74)	-	(23,967,999.87)
Total Accumulated Depreciation	(19,331,904.13)	(4,636,095.74)	-	(23,967,999.87)
<u>Less</u> Allowance for Impairment of Assets	(23,559,815.00)	-	7,887,000.00	(15,672,815.00)
Net	122,573,640.01			108,401,544.27

Depreciation for portion shown in Statements of Comprehensive Income for the year

Ended December 31, 2011	4,636,095.74
Ended December 31, 2010	4,636,095.74

The consolidated and separate financial statements as of December 31, 2011 and 2010, the Group's investment property is their owned land and building without specifies purpose of use in future and exploiting for rental income, which its investment property had the fair value did appraise by an independence appraiser, that provides the fair value of a land by market comparison approach method and the fair value of a building by cost approach method, According to appraisal report during on January and July, 2010, which had the total of fair value as in the consolidate financial statements as of December 31, 2011 and 2010, amount of Baht 142.78 million and Baht 154.70 million, respectively, and as in the separate financial statements as of December 31, 2011 and 2010, amount of Baht 126.42 million and Baht 138.34 million, respectively.

The consolidated and separate financial statements as of December 31, 2011 and 2010, The Company transferred investment property part of the book value of Baht 9.54 million and Baht 3.15 million respectively, to repay debts to a financial institution under the debt restructuring agreement conditions.

The consolidated and separate financial statements as of December 31, 2011 and 2010, the Group's investment property in the book value of Baht 108.40 million and Baht 121.12 million, respectively, as collateral for loans granted by financial institutions as in note No. 23.

The consolidated financial statements as of December 31, 2011 the Group's investment property in the book value of Baht 7.20 million, as collateral for against the merchandise orders.

## 20. Property, Plant and Equipment – Net

Consist of:

	Consolidated Financial Statements					Balance As of December 31, 2011 Baht
	Balance	Increased from	Increased/	Transfer out to	Sales/	
	As of	Purchase	Transfer in	Assets Held	Transfer Out	
	December 31, 2010	Business		for Sale		
Baht	Baht	Baht	Baht	Baht	Baht	
<b>Cost</b>						
Land	366,055,300.00	274,247,720.36	-	-	-	640,303,020.36
Building	240,475,721.17	833,024,576.55	-	(13,466,887.88)	-	1,060,033,409.84
Building & Construction	7,244,833.15	-	-	(1,884,141.98)	-	5,360,691.17
Improvement Office	579,020.85	-	-	-	-	579,020.85
Machinery	574,045,031.24	1,129,988,937.76	39,005.00	(10,520,000.00)	-	1,693,552,974.00
Improvement Machinery	9,419,156.01	-	-	-	-	9,419,156.01
Furniture and Equipment	157,909,699.86	-	796,865.36	(1,941,695.01)	-	156,764,870.21
Equipment	17,743,694.43	7,939,524.70	737,779.50	(434,881.60)	(62,500.00)	25,923,617.03
Vehicle	34,264,539.44	10,810,036.78	563,831.78	-	(1,971,575.90)	43,666,832.10
Tools Pile	278,029,825.12	-	-	-	-	278,029,825.12
Water Wells /Road/Fence/Culvert	81,600,477.34	-	-	-	-	81,600,477.34
Work in Progress	5,426,327.50	-	2,311,183.68	-	-	7,737,511.18
<b>Total Cost</b>	<b>1,772,793,626.11</b>	<b>2,256,010,796.15</b>	<b>4,448,665.32</b>	<b>(28,247,606.47)</b>	<b>(2,034,075.90)</b>	<b>4,002,971,405.21</b>

	Consolidated Financial Statements					Balance As of December 31, 2011 Baht
	Balance	Increased from	Increased/	Transfer out to	Sales/	
	As of	Purchase	Transfer in	Assets Held	Transfer Out	
	December 31, 2010	Business	Baht	for Sale	Baht	
	Baht	Baht	Baht	Baht	Baht	
<b>Accumulated Depreciation :</b>						
Land Improvement	-	(47,118,202.37)	(323,270.83)	-	-	(47,441,473.20)
Building	(151,316,572.56)	(413,262,813.64)	(24,651,787.15)	7,021,640.80	-	(582,209,532.55)
Building & Construction	(1,366,393.64)	(741,300.03)	(314,750.83)	631,036.86	-	(1,791,407.64)
Improvement Office	(522,227.82)	-	(56,792.03)	-	-	(579,019.85)
Machinery	(325,557,384.88)	(716,520,165.91)	(75,421,613.37)	10,519,991.00	-	(1,106,979,173.16)
Improvement Machinery	(5,496,657.60)	-	(1,883,831.01)	-	-	(7,380,488.61)
Furniture and Equipment	(143,401,500.80)	-	(3,785,146.00)	1,583,493.84	-	(145,603,152.96)
Equipment	(15,093,096.58)	(7,922,405.23)	(1,459,090.44)	410,879.88	62,498.00	(24,001,214.37)
Vehicle	(29,476,152.47)	(8,531,520.78)	(1,694,748.86)	-	1,971,569.90	(37,730,852.20)
Tools Pile	(273,905,418.52)	-	(3,499,879.05)	-	-	(277,405,297.57)
Water Wells /Road/Fence/Culvert	(71,252,142.72)	-	(4,080,021.31)	-	-	(75,332,164.03)
<b>Total Accumulated Depreciation</b>	<b>(1,017,387,547.59)</b>	<b>(1,194,096,407.95)</b>	<b>(117,170,930.88)</b>	<b>20,167,042.38</b>	<b>2,034,067.90</b>	<b>(2,306,453,776.14)</b>
<u>Less Allowance for Impairment of Assets</u>	-	-	(7,698,352.20)	-	-	(7,698,352.20)
<b>Net</b>	<b>(755,406,078.52)</b>					<b>1,688,819,276.87</b>

Depreciation for portion shown in Statements of Comprehensive Income for the year

Ended on December 31, 2011

117,170,930.88

Ended on December 31, 2010

51,167,300.16

## Separate Financial Statements

Cost	Balance	Increased/	Transfer out to	Sales/	Balance
	As of	Transfer in	Assets Held	Transfer Out	As of
	December 31, 2010		for Sale		December 31, 2011
	Baht	Baht	Baht	Baht	Baht
Land	41,537,300.00	-	-	-	41,537,300.00
Building	26,466,887.88	-	(13,466,887.88)	-	13,000,000.00
Building & Construction	7,244,833.15	-	(1,884,141.98)	-	5,360,691.17
Improvement Office	579,020.85	-	-	-	579,020.85
Machinery	137,022,299.61	-	(10,520,000.00)	-	126,502,299.61
Improvement Machinery	9,419,156.01	-	-	-	9,419,156.01
Furniture and Equipment	13,527,904.39	148,588.40	(1,941,695.01)	-	11,734,797.78
Equipment	11,416,161.66	143,428.44	(434,881.60)	(62,500.00)	11,062,208.50
Vehicle	14,561,309.38	223,831.78	-	(42,056.07)	14,743,085.09
<b>Total Cost</b>	<b>261,774,872.93</b>	<b>515,848.62</b>	<b>(28,247,606.47)</b>	<b>(104,556.07)</b>	<b>233,938,559.01</b>



## Separate Financial Statements

	Balance As of December 31, 2010 Baht	Increased/ Transfer in Baht	Transfer out to Assets Held for Sale Baht	Sales/ Transfer Out Baht	Balance As of December 31, 2011 Baht
<b>Accumulated Depreciation :</b>					
Building	(8,559,379.57)	(983,904.95)	7,021,640.80	-	(2,521,643.72)
Building & Construction	(1,366,393.64)	(314,750.83)	631,036.86	-	(1,050,107.61)
Improvement Office	(522,227.82)	(56,792.03)	-	-	(579,019.85)
Machinery	(88,947,518.93)	(7,064,826.30)	10,519,991.00	-	(85,492,354.23)
Improvement Machinery	(5,496,657.60)	(1,883,831.01)	-	-	(7,380,488.61)
Furniture and Equipment	(8,983,009.87)	(2,134,593.84)	1,583,493.84	-	(9,534,109.87)
Equipment	(8,985,478.68)	(1,255,049.43)	410,879.88	62,498.00	(9,767,150.23)
Vehicle	(10,950,230.51)	(1,180,580.54)	-	42,055.07	(12,088,755.98)
<b>Total Accumulated Depreciation</b>	<b>(133,810,896.62)</b>	<b>(14,874,328.02)</b>	<b>20,167,042.38</b>	<b>104,553.07</b>	<b>(128,413,630.10)</b>
Allowance for Impairment of Assets	-	(7,698,352.20)	-	-	(7,698,352.20)
<b>Net</b>	<b>127,963,976.31</b>				<b>97,826,576.71</b>

Depreciation for portion shown in Statements of Comprehensive Income for the year

Ended on December 31, 2011

14,874,328.02

Ended on December 31, 2010

20,969,569.29

### Consolidated Financial Statements

As of December 31, 2011, the Company has classified buildings, machinery, and equipment as assets held for sale in amount of Baht 8.08 million, and on January 10, 2012, the assets are disposed to another company.

As of December 31, 2011 and 2010, The Group mortgaged land plus building in book value of Baht 459.09 million and Baht 465.97 million respectively, and some part machine in book value of Baht 75.06 million and Baht 92.72 million respectively, is collateral of loans from the financial institutes with note No.23.

As of December 31, 2011, The Group mortgaged land plus building in the book value of Baht 645.56 million, is collateral of loans from persons and other companies as in note No.26.

As of December 31, 2011 and 2010, The Group had assets with the depreciation fully calculated but still operate which had a cost value of Baht 341.35 million and Baht 222.89 million respectively. The net book value was Baht 3,867.00 million and Baht 1,864.00 million respectively.

As of December 31, 2010, property, plant and equipment part of the book value of Baht 152.44 million, the Company has temporarily disabled.

### Separate Financial Statements

As of December 31, 2011, the Company has classified buildings, machinery, and equipment as assets held for sale in amount of Baht 8.08 million, and on January 10, 2012, the assets are disposed to another company.

As of December 31, 2011 and 2010, the Company mortgaged land plus building in book value of Baht 56.33 million and Baht 57.24 million respectively, and some part machine in book value of Baht 29.95 million and Baht 40.78 million respectively, is collateral of loans from the financial institutes with note No.23.

As of December 31, 2011 and 2010, the Company had assets with the depreciation fully calculated but still operate which had a cost value of Baht 86.97 million and Baht 79.33 million respectively. The net book value was Baht 489.00 million and Baht 303.00 million respectively.

As of December 31, 2010, property, plant and equipment part of the book value of Baht 152.44 million, the Company has temporarily disabled.

**21. Other Account Receivable-Advance Payment Goods**

Consist of:

	Consolidated / Separate Financial Statements As of December 31, 2011 Baht
Other Account Receivable-Advance Payment Goods	322,471,535.62
<u>Less</u> Allowance for Doubtful Accounts - Other Account Receivable-Advance Payment Goods	(161,235,767.81)
Net	<u><u>161,235,767.81</u></u>

For the year ended December 31, 2011, the movement of allowance for doubtful accounts are as follows:

	Consolidated / Separate Financial Statements For the year December 31, 2011 Baht
Allowance for Doubtful Accounts – Beginning	-
<u>Add</u> Increased within Period	(161,235,767.81)
Allowance for Doubtful Accounts - Ending	<u><u>(161,235,767.81)</u></u>

The consolidated and separate financial statements, as of 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 company which it had pledged the machines, in accordance with the machines pledging agreement on October 4, 2010, as in note No.15. 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 500.00 million. Presently, such debtor company is in the process of company restructuring and it has not delivered the goods to the Company as agreed so the Company had temporarily ceased the business transaction and requested such company to return the advance payment 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 loan place will where 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 11.00 million per month and April 2013 for the remaining.

Later, the debtor is unable to restructure the company as planned which may cause it is unable to repay the debt as the term and condition in the request letter for term of repayment extension dated November 1, 2011. After the financial statements date, the Company has received the additional repayment in amount of Baht 19.16 million. Presently, the debtor and the Company are in the process of negotiation for mutual agreed resolution of term of payment for such debt. Hereby, the Company's management has considered to recognize a part of 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.

## **22. Long-Term Other Account Receivable**

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

### 23. 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 and by granted the total credit line as of December 31, 2011 and 2010, in amount of Baht 1,374.56 million and Baht 1,100.56 million respectively, and credit line for forward contract in amount of Baht 33.00 million and credit line for forward contract in amount of US Dollars 4.00 million, the same two periods. It is pledged by the Company's mortgage register of land plus building and some part machine of the Company, some part land plus building and machine of subsidiary company, land plus building of a director and related companies, notes receivable of a company by 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.

### 24. Loans that Due for Repayment

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31, 2011 Baht	December 31, 2010 Baht	December 31, 2011 Baht	December 31, 2010 Baht
Trust Receipts	104,391,791.67	371,872,097.75	104,391,791.67	371,872,097.75
Promissory Note	379,899,817.68	4,700,000.00	379,899,817.68	4,700,000.00
Long-Term Loans from Financial Institutions	261,427,895.69	650,779,490.62	261,427,895.69	650,779,490.62
<u>Less Amortization of Deferred Service Fee in</u>				
Borrowing	-	(5,121,722.77)	-	(5,121,722.77)
Total	<u>745,719,505.04</u>	<u>1,022,229,865.60</u>	<u>745,719,505.04</u>	<u>1,022,229,865.60</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 of December 31, 2010, the loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan in amount of Baht 532.98 million However, the Company had entered debt restructuring agreement dated August 16, 2011, which the Company had already complied with the conditions specified in the debt restructuring agreement, thence reclassified such debt as short-term loan from financial institution as in note No. 25 and long-term loan from financial institution as in note No. 28.

The second financial institution

The consolidated and separate financial statements, as of December 31, 2011 and 2010, the loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan in amount of Baht 745.72 million and Baht 494.37 million respectively, However, the Company had entered into the 5<sup>th</sup> debt restructuring agreement dated September 30, 2011, such agreement had relented the terms and conditions of debt repayment to the Company. However, as of 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. The Company has shown loans due for repayment, the Company is under negotiation term of new repayment with such finance institute.

**25. Bank Overdrafts and Short-Term Loans from Financial Institutions**

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31, 2011 Baht	December 31, 2010 Baht	December 31, 2011 Baht	December 31, 2010 Baht
Bank Overdrafts	10,584,486.73	10,332,748.70	10,584,486.73	10,332,748.70
Bill of Exchange and Discount Post Date Cheque	26,871,697.14	68,092,508.87	26,871,697.14	68,092,508.87
Account Payable Factoring	8,179,561.15	-	4,457,375.28	-
Trust Receipts	262,380,789.72	496,843,518.94	262,380,789.72	496,843,518.94
Promissory Note	395,899,817.68	498,860,000.00	395,899,817.68	498,860,000.00
<u>Less Loans that Due for Repayment</u>	<u>(484,291,609.35)</u>	<u>(376,572,097.75)</u>	<u>(484,291,609.35)</u>	<u>(376,572,097.75)</u>
Amortization of Deferred Service Fee in Borrowing	(2,083,333.33)	(3,989,917.77)	(2,083,333.33)	(3,989,917.77)
Net	<u>217,541,409.74</u>	<u>693,566,760.99</u>	<u>213,819,223.87</u>	<u>693,566,760.99</u>

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

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

25.2 The consolidated and separate financial statement as of December 31, 2011 and 2010, the Company took bill of exchange and notes receivable to discount with merchant bank are carried by interest rates of 6.75% – 7.25% and 2.50% – 6.13% per annum respectively.

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

25.4 The consolidated and separate financial statement as of December 31, 2011 and 2010, trust receipt is carried by interest rates of 5.87% - 15.00% and 5.00% – 8.25% per annum respectively. The ownership of merchandise purchased from the contract performance of trust receipt is still belonged to the merchant bank until there will be repayment of trust receipt to the merchant bank.

As of December 31, 2011 and 2010, partly trust receipt in amount of Baht 104.39 million and Baht 371.87 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. 24.

25.5 The consolidated and separate financial statement as of December 31, 2011 and 2010, short term loan from the financial institutes is borrowing in form of promissory note, carried interest rate of 5.00% – 15.00% per annum and 3.50% – 6.13% per annum respectively.

As of December 31, 2011 and 2010, partly promissory note in amount of Baht 379.90 million and Baht 4.70 million respectively, 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. 24.

Such above loan from financial institutions constitutes collateral according to note No.23.

## **26. Short – Term Loans from Other Persons and Companies**

The consolidated financial statement as of December 31, 2011, the whole amount is short – term loans from other persons and company, carried interest rate of 15% per annum, while the subsidiary company mortgaged land plus 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 the lender have loan contract and agreed to extend the term to due on March 20, 2012, which it has charged the extension fee and interest in the rate of 15% per annum.

**27. Liabilities under Financial Lease Agreement - Net**

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Liabilities under Financial Lease Agreement	2,375,230.21	3,275,386.16	2,066,241.91	2,863,401.86
<u>Less</u> Interest Payment from Financial Lease Agreement	(242,168.93)	(382,267.58)	(166,679.02)	(307,423.01)
Net	2,133,061.28	2,893,118.58	1,899,562.89	2,555,978.85
<u>Less</u> Current Portion	(774,721.54)	(739,842.62)	(698,032.56)	(656,415.28)
Net	1,358,339.74	2,153,275.96	1,201,530.33	1,899,563.57

The consolidated financial statement as of December 31, 2011 and 2010, the Group comprises asset under the financial leased agreement in the type of vehicle. The net book value of Baht 2.22 million and Baht 3.00 million respectively, and the separate financial statements as of December 31, 2011 and 2010, There is net book value of Baht 1.97 million and Baht 2.68 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.



**28. Long Term Loans from Financial Institutions – Net**

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Long Term Loans from Financial Institutions	1,104,700,131.57	650,779,490.62	1,104,700,131.57	650,779,490.62
Accrued Interest pending for waiving	20,835,555.11	-	20,835,555.11	-
<u>Less</u> Current Portion	(19,664,780.83)	-	(19,664,780.83)	-
Amortization of Deferred Service Fee in Borrowing	(3,751,664.91)	(5,121,722.77)	(3,751,664.91)	(5,121,722.77)
Net	1,102,119,240.94	645,657,767.85	1,102,119,240.94	645,657,767.85
<u>Less</u> Loans that Due for Repayment	(261,427,895.69)	(645,657,767.85)	(261,427,895.69)	(645,657,767.85)
Net	840,691,345.25	-	840,691,345.25	-

For the year ended December 31, 2011 and 2010, the movement of long - term loans are as follows:

	Consolidate Financial Statements		Separate Financial Statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Balance as of Beginning	650,779,490.62	281,765,043.66	650,779,490.62	281,765,043.66
Transfer out from short term loans to long term loans	469,540,156.59	-	469,540,156.59	-
Increase During the Period	-	400,000,000.00	-	400,000,000.00
Repayment to Long-Term Loans	(15,619,515.64)	(30,985,553.04)	(15,619,515.64)	(30,985,553.04)
Balance as of Ending	1,104,700,131.57	650,779,490.62	1,104,700,131.57	650,779,490.62

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

The long term loans from Financial Institutions are loans from two financial institutions as follows:

The first financial institution

28.2 The consolidated and separate financial statement as of December 31, 2011 and 2010, the Company loan credit line of Baht 400.00 million is already repayable remaining amount of Baht 373.73 million and Baht 379.21 million respectively, derived from the performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on August 16, 2011, by has term of repayment as follows :

Term of the performance of debt restructuring contract

<u>Installment</u>	<u>Principal Repayable per Installment</u> (Million Baht)	<u>Interest Rates(%) (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 and 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.

As of December 31, 2010, the Company does not repay the debt as loan agreement. The Company has shown loans due for repayment for the whole amount as in note No. 24.

28.3 The consolidated and separate financial statement as of December 31, 2011, short term loan from the financial institutes is borrowing in form of promissory note in amount of Baht 195.50 million, carried interest rate of 9.00% – 21.00% per annum derived from the performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on August 16, 2011, by has term of repayment as follows :

Term of the performance of debt restructuring contract

<u>Installment</u>	<u>Principal Repayable per Installment</u> (Million Baht)	<u>Interest Rates(%) (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 and 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.

- 28.4 The consolidated and separate financial statement as of December 31, 2011, trust receipt in amount of Baht 274.04 million is carried by interest rates of 9.00% - 21.00%. 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 performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on August 16, 2011, by has term of repayment as follows :

Term of the performance of debt restructuring contract

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (Million Baht)	<u>Interest Rates(%)</u> <u>(Per Annum)</u>
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 and 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.

The second financial institution

- 28.5 The consolidated and separate financial statement as of December 31, 2011 and 2010, partly in credit line of Baht 289.87 million is already repayable remaining amount of Baht 250.70 million and Baht 256.86 million respectively, which is long term loan that derived from the performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on September 30, 2011, determine that the Company has to find out securities to additionally guarantee to be completed within March, 2012, by has term of repayment as follows :

Term of the performance of debt restructuring contract (Version 5)

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (Million Baht)	<u>Interest Rates(%)</u> <u>(Per Annum)</u>
June 2011 – September 2011	Grace period	MLR+0.50
December 2011	2.00	MLR+0.50
January 2012 – September 2015	5.00	MLR+0.50
December 2015	Outstanding	MLR+0.50

As of December 31, 2011 and 2010, the Company did not pay the loan terms in the contract; the Company has shown loans due for repayment for the whole amount as in note No. 23.

28.6 The consolidated and separate financial statement as of December 31, 2011 and 2010, partly in credit line of Baht 45.00 million is already repayable remaining amount of Baht 10.73 million and Baht 14.71million respectively. However, the Company has arrangement the performance of debt restructuring contract with the creditor of finance institutes by latest version on September 30, 2011 by has term of repayment as follows :

Term of the performance of debt restructuring contract (Version 5)

<u>Installment</u>	<u>Principal Repayable</u> <u>per Installment</u> (Million Baht)	<u>Interest Rates(%)</u> <u>(Per Annum)</u>
July 2011 – November 2011	Grace period	MLR
December 2011 – August 2012	0.75	MLR
September 2012	Outstanding	MLR

As of December 31, 2010, the Company did not pay the loan terms in the contract; the Company has shown loans due for repayment for the whole amount as in note 24.

Such above loan from financial institutions constitutes collateral according to note No. 23.

## 29. Provision of Employee Benefit

The Group applied the accounting for post employment benefits to employees or retirement indemnity following the accounting standard No. 19 “Employee Benefits”. The provision of employee benefit will be paid to employees upon retirement from the Company. The retirement indemnity is calculated annually by a qualified actuary using the projected unit credit method in order to determine the present value of the obligation and the current service cost.

Provisions of Employees Benefit are detail as follows:

	Consolidate Financial Statements Baht	Separate Financial Statements Baht
Past service costs, recognized in the current period	2,717,722.13	1,037,141.87
Current service cost	408,776.87	252,340.16
Interest expenses	137,721.58	45,737.96
Past service costs, recognized from purchases business	587,817.00	-
Present value of the obligation as of December 31, 2011	3,852,037.58	1,335,219.99

Provisions of Employees Benefit are detail as follows:

Discount rate	3.36% – 4.41% per annum
Salary increase rate	0.33% – 3.73% per annum
Mortality rate	50% - 100% of mortality from table of mortality
Disability rate	10% - 15% of mortality
Employee turnover rate	0% - 57% per annum
Retirement age	60 years old

### 30. Share Capital

Authorized share capital, issued and paid-up share capital have movement as follows:

	For the year ended December 31, 2011			For the year ended December 31, 2010	
	Par Value (Baht)	Number of Share (Shares)	Value (Baht)	Number of Share (Shares)	Value (Baht)
<b>Share Capital</b>					
Ordinary Shares the Beginning of the Period	0.10	10,000,000,000	1,000,000,000.00	10,000,000,000	1,000,000,000.00
<u>Less</u> Change in Par Value	1.00	(9,000,000,000)	-	-	-
<u>Add</u> Increase Ordinary Shares	1.00	500,000,000	500,000,000.00	-	-
Ordinary Shares the Ending of the Period	1.00	1,500,000,000	1,500,000,000.00	10,000,000,000	1,000,000,000.00
<b>Issued and Paid-up Share Capital</b>					
Ordinary Shares the Beginning of the Period	0.10	10,000,000,000	1,000,000,000.00	10,000,000,000	1,000,000,000.00
<u>Less</u> Change in Par Value	1.00	(9,000,000,000)	-	-	-
Ordinary Shares the Ending of the Period	1.00	1,000,000,000	1,000,000,000.00	10,000,000,000	1,000,000,000.00

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

- Change approval of ordinary shares par value of the Company from the formerly value of Baht 0.10 per share to value of Baht 1.00 per share. As a result, the Company's ordinary shares drop from 10,000 million shares to 1,000 million shares. The Company is 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.
- 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.

### 31. 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 in the separate financial statements as of December 31, 2010, in amount of Baht 156.37 million.

### 32. Corporate Income Tax

For the year ended December 31, 2011, the Company calculates tax at 30% (For the year end December 31, 2010 the Company calculates tax at 25%, which complies with royal decree No.475 to reduce tax from 30% to 25% of net profit not over Baht 300 million for the 3 consecutively accounting periods commenced from the first accounting period which commenced within or after January 1, 2008, for the listed companies according to the law of securities and securities market.) The Company computed tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which is mainly doubtful debt and loss from declining in value of inventories, etc.

For the years ended December 31, 2011 and 2010, the subsidiary companies calculate tax at 30%. The subsidiary company computed tax of accounting net profit after adding adjusted transaction in accordance with the Revenue Code which is mainly deficit retrospect 5 years, doubtful debts, loss from declining in value of inventories and depreciation that far rate which specify in the Revenue Code etc.

### 33. The Basic Earnings (Loss) Per Share

For the year ended December 31, 2011 and 2010, the Company calculates basic earnings (loss) per share as follows:

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year ended		For the year ended	
	December 31,		December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Profit (loss) for the Period	(389,226,368.69)	128,716,394.17	(306,706,689.90)	(4,805,782.40)
The weighted average of number of ordinary shares (shares)	1,000,000,000	10,000,000,000	1,000,000,000	10,000,000,000
Number of shares after the Change in Par Value from Baht 0.10 to Baht 1 (shares)	-	1,000,000,000	-	1,000,000,000
Basic Earnings (Loss) Per Share	(0.389)	0.129	(0.307)	(0.005)

### 34. Expenses by Nature

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

	Consolidate		Separate	
	Financial Statements		Financial Statements	
	For the year ended		For the year ended	
	December 31,		December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Changing within Finished Goods and Work in process	136,928,735.85	(202,087,259.40)	190,421,531.03	(197,945,309.05)
Raw Material Used and Overhead Expenses	2,029,602,493.76	1,985,983,315.61	1,142,726,341.76	1,830,379,481.26
Value of Purchase Finish Good for Sale	1,873,105,405.70	2,599,135,545.17	2,093,652,384.24	2,584,355,050.77
Loss from Declining in Value of Inventories (Reversal)	6,265,337.71	(25,370,255.93)	3,988,594.23	(24,816,922.60)
Employee Expenses	42,212,034.34	27,646,542.74	19,797,903.47	21,319,032.36
Depreciation	122,281,299.65	56,180,055.17	19,510,424.67	25,605,665.03
Loss from Impairment of Investment in Subsidiary Companies	-	-	28,013,486.35	-
Loss from Impairment of Assets	7,698,352.20	2,385,000.00	7,698,352.20	2,385,000.00
Doubtful Accounts (Reversal)	149,265,562.01	(24,299,590.00)	149,235,767.81	(24,275,590.00)
Unrealized loss from Exchange Rate	3,130,654.99	-	3,130,654.99	-
Unrealized loss from Investment in Trading Security	521,157.00	666,822.00	521,157.00	666,822.00
Selling Expenses	9,722,198.99	16,577,293.84	6,730,975.27	14,737,370.40
Other Expenses	61,789,338.46	102,716,431.15	50,124,640.18	37,077,860.22
Total	<u>4,442,522,570.66</u>	<u>4,539,533,900.33</u>	<u>3,715,552,213.20</u>	<u>4,269,488,460.39</u>

### 35. Presentation of Financial Data Segregated by Business Sector

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





### 36. Obligations and Contingent Liabilities

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

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
- Letters of Credit				
Credit Line 498.00 Million, Credit used	-	496.84 Million Baht	-	496.84 Million Baht
Credit Line 737.00 Million, Credit used	91.97 Million Baht	-	91.97 Million Baht	-
- Letters of Guarantee for Electricity	4.97 Million Baht	2.83 Million Baht	1.99 Million Baht	2.83 Million Baht
- Notes Payable of Guarantee	-	2.28 Million Baht	-	-

36.2 The Company comprises obligation commitment according to the contract of land lease, contract of sublet of building area, contract of truck lease, contract of automobile lease with other persons, other companies and related companies. The leased fee and service fee each contract is in the rate of Baht 87,550.00 – Baht 250,000.00 per month. As of December 31, 2011 and 2010, there is total leased fee value that has to repay until contract is completed as follows:

	Consolidate Financial Statements		Separate Financial Statements	
	As of	As of	As of	As of
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Period not exceeding 1 year	263	4,583	263	4,583
Period more 1 year – 5 year	-	3,901	-	3,901

36.3 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, 2011 and 2012. 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 as of December 31, 2010, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 1.14 million.

### 37. Financial Instruments

#### 37.1 Policy to Manage Financial Risks

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

#### 37.2 Risk 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.

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

	Consolidate Financial Statements			
	Amount		Interest rate per annum	
	As of	As of	As of	As of
	December 31, 2011 <u>Million Baht</u>	December 31, 2010 <u>Million Baht</u>	December 31, 2011 %	December 31, 2010 %
Saving Deposit	2.56	0.65	0.50 – 0.87	0.50 – 0.75
Bank Deposit that Constitutes				
Restriction in Using	6.09	-	0.87	-
Loans that Due for Repayment	745.72	1,022.23	5.00 – 15.00	6.00 – 15.00
Short-Term Loans from				
Financial Institutions	217.54	693.57	5.00 – 15.00	2.50 – 8.25
Short-Term Loan from Other Person and Other Company	300.00	-	15.00	-
Liabilities under Financial Lease	2.37	3.26	3.40 – 7.00	6.36 – 7.00
Long-Term Loans from				
Financial Institutions	390.81	-	7.25 – 21.00	-

	Separate Financial Statements			
	Amount		Interest rate per annum	
	As of	As of	As of	As of
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
<u>Million Baht</u>	<u>Million Baht</u>	%	%	
Saving Deposit	2.55	0.64	0.87	0.50-0.75
Short-Term Loans to				
Subsidiary Company	4.18	5.00	6.62 - 7.25	6.12
Bank Deposit that Constitutes				
Restriction in Using	1.17	-	0.87	-
Loans that Due for Repayment	745.72	1,022.23	5.00 – 15.00	6.00 – 15.00
Short-Term Loans from				
Financial Institutions	213.82	693.57	5.00 – 15.00	2.50 - 8.25
Liabilities under Financial Lease	2.00	2.86	3.40 -7.00	6.36-7.00
Long-Term Loans from				
Financial Institutions	860.36	-	7.25 – 21.00	-

### 37.3 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.

### 37.4 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.

### 37.5 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.

**38. 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, 2011 and 2010, debt to equity ratio are 1.67 : 1 and 1.42 : 1 respectively.

The Separate financial statement as of December 31, 2011 and 2010, debt to equity ratio are 2.11 : 1 and 1.49 : 1 respectively.

**39. Approval of the Financial Statement**

These financial statements have been approved by authorized directors of the Company on February 29, 2012.

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# RICH ASIA

RICH ASIA STEEL PUBLIC COMPANY LIMITED

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