

**(TRANSLATION)**

**AUDIT REPORT OF THE CERTIFIED PUBLIC ACCOUNTANT**

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

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

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

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

**S.K. ACCOUNTANT SERVICES COMPANY LIMITED**

(Naris Saowalagsakul)

Authorized Auditor No. 5369

Bangkok,

February 28, 2011

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

**BALANCE SHEETS**

**As of December 31, 2010 and 2009**

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

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

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

**BALANCE SHEETS**

**As of December 31, 2010 and 2009**

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

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

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

**BALANCE SHEETS**

**As of December 31, 2010 and 2009**

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

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

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

**STATEMENTS OF INCOME**

**For the year ended on December 31, 2010 and 2009**

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

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

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

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the year ended on December 31, 2010**

**CONSOLIDATED FINANCIAL STATEMENTS**

	<b>ISSUED AND PAID-UP SHARE CAPITAL</b>	<b>PREMIUMS ON SHARE CAPITAL</b>	<b>RETAINED EARNINGS (DEFICIT) UNAPPROPRIATED</b>	<b>TOTAL</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<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>
Net Profit(loss)	-	-	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>

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

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

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the year ended on December 31, 2010 and 2009**

**SEPARATE FINANCIAL STATEMENTS**

	<b>ISSUED AND PAID-UP SHARE CAPITAL</b>	<b>PREMIUMS ON SHARE CAPITAL</b>	<b>RETAINED EARNINGS (DEFICIT) UNAPPROPRIATED</b>	<b>TOTAL</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Balance as of December 31, 2008</b>	<b>1,000,000,000.00</b>	<b>571,791,672.96</b>	<b>(174,939,437.97)</b>	<b>1,396,852,234.99</b>
Net Profit(loss)	-	-	23,377,010.90	23,377,010.90
<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>
Net Profit(loss)	-	-	(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>

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

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

**STATEMENTS OF CASH FLOW**

**For the year ended on December 31, 2010 and 2009**

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

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



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

**STATEMENTS OF CASH FLOW**

**For the year ended on December 31, 2010 and 2009**

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

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

# **RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

### **1. General Information**

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

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

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

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

2.1 The Company had prepared the financial statements in accordance with Thai Accounting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions, with generally accepted accounting principles in Thailand and in accordance with the determination of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

2.2 The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

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

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

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

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

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

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

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

#### **4. Basis of the Consolidation Financial Statements Preparation**

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

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

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

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

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

## **5. Summary of Significant Accounting Policies**

### **5.1 Recognition of revenues**

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

### **5.2 Recognition of expenses**

- Expenses are recognized on accrual basis.

### **5.3 Cash and cash equivalent**

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

#### 5.4 Temporary investment

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

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

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

#### 5.6 Inventories

Inventories for steel business

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

Inventories for pile business

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

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

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

#### 5.7 Investments in subsidiary company

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

## 5.8 Property, plant and equipment

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

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

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

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

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

## 5.9 Land not used for operation

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

## 5.10 Intangible asset

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

## 5.11 Impairment

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

#### Calculation of recoverable amount

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

#### Reversals of impairment

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

#### 5.12 Accounts payable and others payable

Accounts payable and others payable were shown in cost method.

#### 5.13 Accounting for leases

- Where the Group is the lessee

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

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



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

- Where the Group is the lesser

#### Operating leases

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

#### 5.14 Loan

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

#### 5.15 Provisions

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

#### 5.16 Employees benefit

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

#### 5.17 Foreign currencies

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

#### 5.18 Financial instruments

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

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

#### 5.19 Earnings(loss) per share

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

#### 5.20 The appropriation of retained earnings

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

### **6. Business Transaction with the Related Companies**

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

## 6.1 Inter – Revenues and Expenses

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

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

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

## 6.2 Inter – Assets and Liabilities

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

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

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

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

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

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

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

### 6.3 The Company's Relationship

Consist of:

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

## 7. Non Cash Items

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

## 8. Cash and Cash Equivalent

Consist of:

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

## 9. Temporary Investment

Consist of:

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

## 10. Accounts and Notes Receivable Other Companies - Net

Consist of:

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



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

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

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

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

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

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

#### 11.Accounts Receivable Related Companies – Net

Consist of:

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

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

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

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

## 12. Inventories - Net

Consist of:

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

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

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

### 13. Accrued Interest

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

### 14. Advance Payment – Goods - Net

Consist of:

	Consolidate Financial Statements As of December 31, 2010 Baht	Separate Financial Statements As of December 31, 2010 Baht	As of December 31, 2009 Baht
Advance Payment – Goods	605,529,716.73	604,970,744.74	578,996,929.73
<u>Less</u> Allowance for Declining in Value of Inventories	-	-	(9,201,920.26)
Net	<u>605,529,716.73</u>	<u>604,970,744.74</u>	<u>569,795,009.47</u>

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

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

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

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

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

## 16. Investment in Subsidiary Company

Consist of:

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

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

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

	Fair Value As of May 31, 2010 Baht
Current Assets	224,436,843.70
Non-Current Assets	688,770,411.54
Current Liabilities	(142,555,111.20)
Non-Current Liabilities	(302,320.08)
Total Assets-Net as Fair Value as of Purchasing Date	770,349,823.96
Fair Value in Proportion as the Company Investment in the rate of 100 %	770,349,823.96
Premium in Fair Value of Subsidiary Company Over Cost (recognized income in the consolidated statements of income)	(130,872,212.48)
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	432,010,777.89

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

## 17. Property, Plant and Equipment – Net

Consist of:

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

Depreciation was shown in statement of income for the year

Ended on December 31, 2010	56,180,055.17
Ended on December 31, 2009	32,894,338.69



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

#### Consolidated Financial Statements

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

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

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

Separate Financial Statements

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

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

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

**18.Land not Used for Operation - Net**

Consist of:

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

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

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

## **19. Deposit Payment for Investment**

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

## **20. Long Other Account Receivable**

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

## **21. Guarantee Against the Merchandise Order**

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

## 22. Credit Facilities and Guarantee

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

## 23. Loans that Due for Repayment

Consist of:

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

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

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

Consists of:

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

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

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

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

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

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

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

## 25. Liabilities under Financial Lease Agreement - Net

Consists of:

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

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

## 26. Long Term Loans from Financial Institutions – Net

Consist of:

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

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

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

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

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

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

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

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

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

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

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



## **27.Management Benefit Expenses**

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

## **28.Income Tax**

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

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

## 29. Expenses by Nature

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

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

## 30. Provident Fund

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

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

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

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

							(‘000 Baht)
Consolidate Financial Statements							
For the year ended on December 31, 2010							
	Steel Business		Business Piles		Other	Eliminate	Total
	Distribution of Material	Distribution of Finished Good	Produce and Distribution	Service			
Sales and Service	1,211,176	3,146,279	218,727	46,880	4,453	(1,093)	4,626,422
Profit(Loss) from Operation	49,098	71,837	37,231	1,641	203	(20,457)	139,553
Others Income							140,981
Common Expenses							(52,664)
Finance Costs							(91,818)
Corporate Income Tax							(7,336)
Net Profit(Loss)							128,716
Fixed Assets	———— 234,262 ————		———— 643,528 ————				877,790
Other Assets							2,873,961
Total Assets							3,751,751

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

				(‘000 Baht)
For the year ended on December 31, 2009				
	Distribution of Material	Production and Distribution of Finished Good	Other	Total
Sales	968,445	3,011,734	5,391	3,985,570
Profit(Loss) from Operation	45,627	70,441	(1,238)	114,830
Others Income				49,046
Common Expenses				(58,896)
Financial Costs				(81,603)
Net Profit(Loss)				23,377
Fixed Assets				257,212
Other Assets				2,312,498
Total Assets				2,569,710

### 32. Obligations and Contingent Liabilities

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

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

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

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

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

### 33. Financial Instruments

#### 33.1 Policy to manage financial risks

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

#### 33.2 Risk on interest rates

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

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

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

### 33.3 Risk on exchange rates

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

### 33.4 Credit risk

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

### 33.5 Fair value

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

## 34. Subsequent Events

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

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

Unit: Million Baht			
Assets	Cost Acquired	Book Value	Appraised Prices
Land	284	208	216
Buildings	582	49	439
Machinery and Fixture	753	16	447
Total	1,619	273	1,102

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

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

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

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

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

### **35. Capital Management**

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

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

### **36. Approval of the Financial Statement**

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

---