

(TRANSLATION)

AUDIT REPORT OF THE CERTIFIED PUBLIC ACCOUNTANT

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

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

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

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

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

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

S.K. ACCOUNTANT SERVICES COMPANY LIMITED



(Naris Saowalagsakul)

Authorized Auditor No. 5369

Bangkok,

February 29, 2012

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2011 and 2010

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2011 and 2010

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2011 and 2010

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2011 and 2010

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2011 and 2010

CONSOLIDATED FINANCIAL STATEMENTS

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2011 and 2010

SEPARATE FINANCIAL STATEMENTS

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

For the year ended December 31, 2011 and 2010

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

For the year ended December 31, 2011 and 2010

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****As of December 31, 2011 and 2010****1. General Information**

The Company has registered as the Company Limited in accordance with the Civil and Commercial Law Code on May 10, 1999, with the registered number 0107549000050, and registered as the Public Company Limited on March 27, 2006, with its registered head office at 272 Watchannog Lane, Rama III Road, Bangkok, Bangkok with the five following branches:

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

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

2. Basis of Preparation of the Financial Statements

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

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

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

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

3. Basis of Preparation of the Consolidated Financial Statements

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

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

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

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

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

Framework (revised 2009)

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

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

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

Accounting Standards effective on or after January 1, 2012

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

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRIC 10	Government Assistance – No Specific Relation to Operation Activities
TFRIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
TFRIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholder

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

5. Changes in Accounting Policies

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

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

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

6. Summary of Significant Accounting Policies

6.1 Revenue Recognition

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

6.2 Expense Recognition

- Expenses are recognized on an accrual basis.

6.3 Cash and cash equivalent

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

6.4 Temporary investment

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

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

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

6.6 Inventories

Inventories for steel business

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

Inventories for pile business

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

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

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

6.7 Assets Held for Sale

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

6.8 General Investment

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

6.9 Investments in subsidiary company

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

6.10 Investment Property

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

- Building and construction 5 - 38 years

6.11 Property, plant and equipment

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

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

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

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

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

6.12 Intangible asset

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

6.13 Impairment

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

Calculation of recoverable amount

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

Reversals of impairment

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

6.14 Trade accounts payable and others payable

Accounts payable and others payable were shown in cost method.

6.15 Long-Term Lease Agreement

- Where the Group is the lessee

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

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

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

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

- Where the Group is the lesser

Operating leases

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

6.16 Loan

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

6.17 Provisions for employee benefits

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

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

6.18 Foreign currencies

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

6.19 Financial instruments

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

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

6.20 Provisions

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

6.21 The appropriation of retained earnings

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

6.22 Basic Earnings(loss) per share

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

7. Inter-Business Transaction

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

7.1 Inter – Revenues and Expenses

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

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

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

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

7.2 Inter – Assets and Liabilities

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

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

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

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

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

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

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

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

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

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

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

7.3 Key Managements Personnel Compensation

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

7.4 Nature of Relationship

Consist of:

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

8. Non - Cash Transactions

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

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

9. Cash and Cash Equivalents

Consists of:

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

10. Temporary Investment

Consists of:

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

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

Consists of:

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

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

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

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

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

In the consolidated and separate financial statements as of December 31, 2011 and 2010, the Company factored some notes receivable in the amount of Baht 26.87 million and Baht 68.09 million, respectively, to discount with one financial institution according to note no.25. The Company still has to take responsibility in the notes receivable if the financial institution cannot collect debt repayment from such notes receivable.

In the consolidated and separate financial statements as of December 31, 2011, a part of trade accounts receivable in the amount of Baht 8.18 million and Baht 4.46 million, respectively, had been transferred the right of collection to one financial institution according to note no. 25. The Company still has to take responsibility in the trade accounts receivable if the financial institution cannot collect debt repayment in accordance with such trade accounts receivable.

In the consolidated financial statements as of December 31, 2011, trade accounts and notes receivable of the subsidiary company in the amount of Baht 191.98 million, which the subsidiary company has been fully recorded as an allowance for doubtful debts. However, the transactions occurred before the Company has an investment in the subsidiary Company. Currently, the meetings of subsidiary company's board of directors no. 13/2011 resolved to write off such trade accounts receivable and its allowance as in note No. 17.

12. Trade Accounts Receivable-Related Companies – Net

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

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

13. Inventories - Net

Consist of:

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

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

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

14. Accrued Interest-Other Companies

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

15. Advance Payment for Goods - Net

Consists of:

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

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

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

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

16. General Investment – Net

Consists of:

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

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

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

18. Investment in Subsidiary Companies - Net

Consist of:

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

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

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

Investment in 2011

In accordance with minute of the board of directors meeting no. 8/2010 on December 23, 2010, it resolves to acquire ordinary shares in the SIAM FERRO INDUSTRY CO., LTD. (Siam Ferro) in number of 10,954,556 shares at par value of Baht 100 per share, equivalent to proportion of 76.88% of registered capital that already repaid at the price of Baht 73 per share being amount of Baht 799.68 million in order to purchase asset for expand production capacity and reserve for the Company's growth in future.

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

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

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

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

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

Assets	Cost Acquired	Book Value	Asset		Increase(Decrease) Appraised Prices
			Appraisal February 8, 2011	Appraisal June 28, 2010	
Land	284	208	220	216	4
Buildings	582	49	428	439	(11)
Machinery and Fixture	753	16	429	447	(18)
Total	<u>1,619</u>	<u>273</u>	<u>1,077</u>	<u>1,102</u>	<u>(25)</u>

Unit: Million Baht

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

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

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

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

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

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

Baht 5.30 million, As a result, the value of investments in subsidiary company decreased remain in amount of Baht 794.39 million.

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

Net assets by book value adjusted by net market price method of subsidiary company as of December 31, 2011 as follows:

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

However, the Company recognizes discrepancy that occurs between net asset by book value adjusted by net market price of interest in subsidiary company that being adjusted out from selling and fair value of remuneration that received under accounting caption of excess from change of interest in the subsidiary companies and presents in shareholders' equity since the change of interest of the Company in subsidiary companies does not cause the Company losing power in controlling.

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

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

Investment in 2010

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

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

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

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

19. Investment Property - Net

Consist of:

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

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

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

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

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

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

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

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

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

20. Property, Plant and Equipment – Net

Consist of:

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

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

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

Ended on December 31, 2011

117,170,930.88

Ended on December 31, 2010

51,167,300.16

Separate Financial Statements

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

Separate Financial Statements

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

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

Ended on December 31, 2011

14,874,328.02

Ended on December 31, 2010

20,969,569.29

Consolidated Financial Statements

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

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

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

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

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

Separate Financial Statements

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

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

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

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

21. Other Account Receivable-Advance Payment Goods

Consist of:

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

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

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

The consolidated and separate financial statements, as of December 31, 2011, the whole amount is other account receivable from the Company had made the advance payment for goods to a hot-rolled coil steel producer and distributor company which it had pledged the machines, in accordance with the machines pledging agreement on October 4, 2010, as in note No.15. During 2011, the management has re-assessed the fair value of such machinery by the independent appraiser according to the report of appraisal in November 2011. The machinery has the fair value in amount of Baht 898.98 million and the force sell value in amount of Baht 500.00 million. Presently, such debtor company is in the process of company restructuring and it has not delivered the goods to the Company as agreed so the Company had temporarily ceased the business transaction and requested such company to return the advance payment to the Company. However, on November 1, 2011, the debtor company has issued the letter of request for gradually debt repayment, (the debt as of the letter of

request for gradually debt repayment date was in amount of Baht 328.07 million, and such debt was exclude value added tax.) Which the debtor will lead the cash from increased capital from investors or the loan place will where suppose to finish within April 2012, to pay the Company in amount not less than 50% of the outstanding debt and debtor will gradually repay remainder debt as per month, by settle during November – December 2011 in amount of Baht 3.00 million per month, during January – March 2012 in amount of Baht 6.00 million per month, during April – December 2012 in amount of Baht 10.00 million per month, during January – March 2013 in amount of Baht 11.00 million per month and April 2013 for the remaining.

Later, the debtor is unable to restructure the company as planned which may cause it is unable to repay the debt as the term and condition in the request letter for term of repayment extension dated November 1, 2011. After the financial statements date, the Company has received the additional repayment in amount of Baht 19.16 million. Presently, the debtor and the Company are in the process of negotiation for mutual agreed resolution of term of payment for such debt. Hereby, the Company's management has considered to recognize a part of allowance for doubtful accounts in amount of Baht 161.24 million and believe that such allowance is proper and adequate for the loss which may incur. However, the Company will retain the right to force on pledged machinery until the debtor has repaid to the Company completely.

22. Long-Term Other Account Receivable

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

23. Credit Facilities and Guarantee

The Group has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring and by granted the total credit line as of December 31, 2011 and 2010, in amount of Baht 1,374.56 million and Baht 1,100.56 million respectively, and credit line for forward contract in amount of Baht 33.00 million and credit line for forward contract in amount of US Dollars 4.00 million, the same two periods. It is pledged by the Company's mortgage register of land plus building and some part machine of the Company, some part land plus building and machine of subsidiary company, land plus building of a director and related companies, notes receivable of a company by a part of deposit at bank and guaranteed director, related companies and subsidiary company and beneficiary from insurance in building, machinery and equipment to commercial bank and financial institutions.

24. Loans that Due for Repayment

Consist of:

	Consolidate Financial Statements		Separate Financial Statements	
	As of		As of	
	December 31, 2011 Baht	December 31, 2010 Baht	December 31, 2011 Baht	December 31, 2010 Baht
Trust Receipts	104,391,791.67	371,872,097.75	104,391,791.67	371,872,097.75
Promissory Note	379,899,817.68	4,700,000.00	379,899,817.68	4,700,000.00
Long-Term Loans from Financial Institutions	261,427,895.69	650,779,490.62	261,427,895.69	650,779,490.62
<u>Less Amortization of Deferred Service Fee in</u>				
Borrowing	-	(5,121,722.77)	-	(5,121,722.77)
Total	<u>745,719,505.04</u>	<u>1,022,229,865.60</u>	<u>745,719,505.04</u>	<u>1,022,229,865.60</u>

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

The first financial institution

The consolidated and separate financial statements, as of December 31, 2010, the loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan in amount of Baht 532.98 million However, the Company had entered debt restructuring agreement dated August 16, 2011, which the Company had already complied with the conditions specified in the debt restructuring agreement, thence reclassified such debt as short-term loan from financial institution as in note No. 25 and long-term loan from financial institution as in note No. 28.

The second financial institution

The consolidated and separate financial statements, as of December 31, 2011 and 2010, the loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan in amount of Baht 745.72 million and Baht 494.37 million respectively, However, the Company had entered into the 5th debt restructuring agreement dated September 30, 2011, such agreement had relented the terms and conditions of debt repayment to the Company. However, as of December 31, 2011, the Company did not completely repay the debt in accordance with the debt restructuring agreement, thence reclassified such debt as the loan which due to payment. The Company has shown loans due for repayment, the Company is under negotiation term of new repayment with such finance institute.

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

Consist of:

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

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

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

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

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

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

As of December 31, 2011 and 2010, partly trust receipt in amount of Baht 104.39 million and Baht 371.87 million respectively, is trust receipt that due for repayment. The Company has presented the whole amount of such loan as liability that due for repayment in accordance with note No. 24.

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

As of December 31, 2011 and 2010, partly promissory note in amount of Baht 379.90 million and Baht 4.70 million respectively, is promissory note that due for repayment. The Company has presented the whole amount of such loan as liability that due for repayment in accordance with note No. 24.

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

26. Short – Term Loans from Other Persons and Companies

The consolidated financial statement as of December 31, 2011, the whole amount is short – term loans from other persons and company, carried interest rate of 15% per annum, while the subsidiary company mortgaged land plus building is collateral of loans. By the subsidiary company and the lender makes the mortgage land contract and considered this as evidence of the loans contract, while the mortgages has term to redeem for three months (maturity date of June 21, 2011) and when due, the subsidiary company and the lender have loan contract and agreed to extend the term to due on March 20, 2012, which it has charged the extension fee and interest in the rate of 15% per annum.

27. Liabilities under Financial Lease Agreement - Net

Consist of:

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

The consolidated financial statement as of December 31, 2011 and 2010, the Group comprises asset under the financial leased agreement in the type of vehicle. The net book value of Baht 2.22 million and Baht 3.00 million respectively, and the separate financial statements as of December 31, 2011 and 2010, There is net book value of Baht 1.97 million and Baht 2.68 million respectively. The Group will receive ownership in such asset when the Company completely repays debt to creditors in accordance with the financial leased agreement.

28. Long Term Loans from Financial Institutions – Net

Consist of:

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

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

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

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

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

The first financial institution

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

Term of the performance of debt restructuring contract

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

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

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

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

Term of the performance of debt restructuring contract

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

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

- 28.4 The consolidated and separate financial statement as of December 31, 2011, trust receipt in amount of Baht 274.04 million is carried by interest rates of 9.00% - 21.00%. The ownership of merchandise purchased from the contract performance of trust receipt is still belonged to the merchant bank until there will be repayment of trust receipt to the merchant bank derived from the performance of debt restructuring contract with the creditor of finance institutes by latest version the performance of debt restructuring contract on August 16, 2011, by has term of repayment as follows :

Term of the performance of debt restructuring contract

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

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

The second financial institution

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

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

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

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

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

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

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

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

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

29. Provision of Employee Benefit

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

Provisions of Employees Benefit are detail as follows:

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

Provisions of Employees Benefit are detail as follows:

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

30. Share Capital

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

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

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

- Change approval of ordinary shares par value of the Company from the formerly value of Baht 0.10 per share to value of Baht 1.00 per share. As a result, the Company's ordinary shares drop from 10,000 million shares to 1,000 million shares. The Company is proceeding with register of the Company's shares value amendment and number of shares plus correcting articles of association letter to the Commercial Business Development Department of the Ministry of Commerce, completed on March 15, 2011.
- Increment approval of registered capital from the formerly 1,000 million shares to 1,500 million shares by issuing newly ordinary shares in number of 500 million shares at value of Baht 1.00 per share in order to offer to restricted persons. There is purpose to be working capital and reserve for entity expansion of the Company and subsidiary company. The Company has registered with the Ministry of Commerce, completed on March 15, 2011.

31. The Compensation of Accumulated Loss

In accordance with the minute of the Annual General Shareholders' Meeting of 2011, dated on April 29, 2011, unanimously resolved to approve to transfer premium on share capital in amount of Baht 156.37 million to compensate accumulated losses in the separate financial statements as of December 31, 2010, in amount of Baht 156.37 million.

32. Corporate Income Tax

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

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

33. The Basic Earnings (Loss) Per Share

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

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

34. Expenses by Nature

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

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

35. Presentation of Financial Data Segregated by Business Sector

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

36. Obligations and Contingent Liabilities

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

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

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

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

36.3 The Company comprises obligation commitment according to the contract of labor engagement to produce steel with one company. The contract holds the life of one year ended on August 31, 2011 and 2012. It is determined that the life is automatically renewed for the period of 1 year. The engagement fee is in the rate of Baht 142,500.00 per month on August 1, 2011; it has changed the wage rate to actual wage rate and charged the handling fee with 3.50% per annum of the actual wage as of December 31, 2010, the Company holds the total engagement fee which has to fully repay until the contract is complete in amount of Baht 1.14 million.

37. Financial Instruments

37.1 Policy to Manage Financial Risks

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

37.2 Risk on Interest Rate

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

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

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

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

37.3 Risk on exchange rates

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

37.4 Credit risk

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

37.5 Fair value

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

38. Capital Management

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

The consolidated financial statement as of December 31, 2011 and 2010, debt to equity ratio are 1.67 : 1 and 1.42 : 1 respectively.

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

39. Approval of the Financial Statement

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