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## Message from the Chairman Of the Board

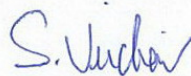
Attn.: To all Shareholders

During the past 2010, the global economy has begun recovering from the financial crisis. The flow of investment from abroad more investment in Asian countries which resulting in overall Thai economy in the year 2010 has grew in an average 7.8 percent from 2.3 percent contraction in year 2009, a recession during the global crisis. But the strong economic growth in developing countries is a key factor to recover driving the economy. It is clear that in the last quarter of the year it will benefitted the economy of year 2011, which is driven by the government stimulus measures and the value of exports has increased.

For the steel industry in the year 2010 is still continuing to grow that can be seen from the manufacturing sector that increased by 17.1 percent in the demand for the increased 44.33 percent from the industry that continuously expanded significantly. Especially for the automotive industry and the appliance industry which expected that the Steel industry in 2011 will continuously grow. The construction sector will have new opportunities, investment from the government, infrastructure and the investment in the private sector as a production base of small cars, ECO CAR is consistent with company's expansion plans to the customers that increasingly produced the auto parts and electrical appliances.

In 2011 this will be the other challenging year for the company's management team that is committed to operating with thoroughness and dedication to create a good return on the investment to the shareholders. I, and all the Board of Directors would like to thanks to all executives and employees for using your knowledge, ability and strengthen the ongoing work and enable the company passed the economic crisis well. Also has the constant good performance to the companies. Finally, I thanks to all shareholders that sponsoring company throughout the time.

Sincerely yours,



(Mr. Virachai Suteerachai)

Chairman of the Board

## Message from the Managing Director

Attn.: To all Shareholders

In 2010, the company has focused on human resource development by organizing the training skills to work continuously. Including the development of programs to suit an operation and the construction management of the second company at Phanat Nikhom District to be completed under the plan. The company have been put off investing in Hamburger Crisis in 2008-2009, the construction of almost two years later to the company was under construction in the mid-2010 to be completed in June 2011.

For the 2010, the operations of Asia Metal Company Limited (Thailand) had total revenues of Baht 5,027.33 million, an increase of 1,250.58 percent or 33.11 million and the net profit of 80.90 million, slightly lower compared to last year 2009 the tax burden and financial costs increased. The company's sales volume increased to 16.63 percent compared to last year. The Company has managed with care dedicated to the Company's good results, returns to the shareholders and moving towards the corporate governance.

On behalf of the Board of Directors. Thank you to all shareholders, trade partners, customers, financial institutions, both domestic and foreign, government and private sectors from all sectors related to always support the activities of the company. Thank you to the administrators, employees and all those who perform their duties responsibly with the cooperation of the organization to develop the potential in every aspect. To create additional value for the shareholders, stakeholders and society as a whole, and may all of you believe, the company will strive to operate the most fruitful and organizational development for continuous and steadily progress forever.

Sincerely yours,



(Mr. Chusak Yongvongphaiboon)

Managing Director

## Audit Committee Report

The Audit Committee of the Asia Metal Company Limited (Thailand) consists of three independent directors who are directors and executive secretary of the company's financial coordinator. And has been appointed by the Board of Directors of the Company to perform their duties in reviewing the information related to the financial reporting, Internal Audit and audited by auditors. At the same time the Committee has been promoting and pushing for the company in compliance with the practices of the listed companies for the Company to have good corporate governance. As well as to introduce the subject of risk management and good internal controls to the executive.

In 2010, the Audit Committee had held four meetings with the auditors. To review the accounting systems and internal controls and financial reports before submitting them to the public. There is also the meetings for auditors to review the risks and the annual audit plan. As well as independent meeting with management to discuss and practice the rules of the Office of the Securities and Exchange Commissions.

The Audit Committee has the opinion that our internal control over Asia Metal Company Limited (Thailand) is powerful enough to ensure that the assets of the Company has good prevention and maintain. Recording of accounting is appropriate and resources are used efficiently. The Audit Committee has proposed to the Board of Directors for the appointment of Ms. Nongram Lauareedilok, the Certified Public Accountant License No. 4334 and Mr. Pradit Rodloytuk, the Certified Public Accountant License No. 218, the AST Master Company Limited will be the next auditors of the Company for the year ended December 31, 2011. The appointment of the auditors and the audit fee is subject to the approval of the shareholders of the company's annual general meeting which will be held on April 27, 2011.



Pol. Gen. Jumpol Manmai  
Chairman of the Audit Committee

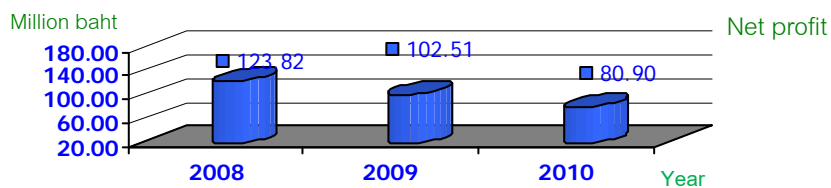
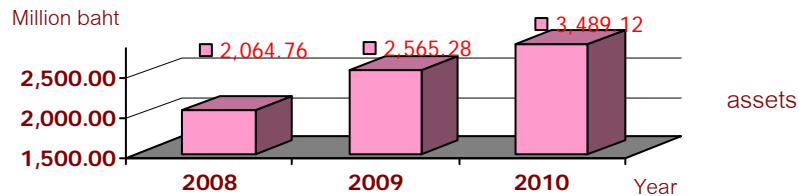
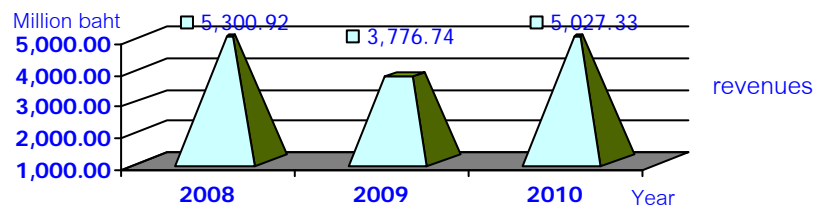
## Overall Performance

Data as on 31 December 2010

### Overall Financial Statements

(million baht)

	2008	2009	2010
Current assets	1,099.46	1,595.78	2,452.61
Property, Building and Equipment	830.37	912.85	999.74
<b>Total Assets</b>	<b>2,064.76</b>	<b>2,565.28</b>	<b>3,489.12</b>
Total current liabilities	599.53	1,072.59	1,938.16
<b>Total Liabilities</b>	<b>687.03</b>	<b>1,135.31</b>	<b>1,978.25</b>
Total ordinary share	479.94	479.94	479.94
Shareholder's equity	1,377.73	1,422.00	1,507.08
<b>Liabilities and shareholder's equity</b>	<b>2,064.76</b>	<b>2,565.28</b>	<b>3,489.12</b>
Revenues	5,300.92	3,776.74	5,027.33
Cost of selling	4,806.79	3,606.45	4,746.63
Basic profit	494.13	170.30	280.69
Selling expenses	61.08	53.67	63.58
Management expenses	53.30	49.04	62.03
Other expenses	14.18	12.88	20.88
Profit in management	263.31	140.51	156.84
Payable interest	58.43	28.01	41.66
Payable tax	81.07	9.98	34.26
<b>Net Profit</b>	<b>123.82</b>	<b>102.51</b>	<b>80.90</b>



## Data in General

Asia Metal Company Limited (Thailand) (the "Company") was established on March 9, 1993, with registered capital and paid the initial amount of 30 million baht by Chusak Yongwongpaibool. Its main business is steel service centers including the integrated steel roll (Coiled) both hot-rolled (Hot-Rolled) and cold-rolled type, (Cold-Rolled) as well as the cut-and-steel sheet (Sheet), and rolling a Little (Slitting Coil) by the size demand by the customers. And the manufacturer and the distributor of steel including steel pipe and structural steel C-shape used by various industries. As of 31 December 2010, the company has registered capital of 549.97 million and paid 479.93 million and the Yongwongpaibool group remains as the executive and the major shareholder in percent 28.10 of the paid up capital and Khunying Pattama Leesawatrakul group holding 16.67 percent of the paid-up capital including the Suthirachai group holding 17.87 percent of the paid-up capital.

The group consist of three subsidiary companies namely;

1. STC Steel Co., Ltd. holds 99.99 percent, which the company operates in manufacturing and distribution of steel pipes both round and square types with a diameter of 0.5 inches (12 mm) to 1 inch (25 mm) and with a production capacity of steel pipes of all kinds including 6,000 tons per year.
2. Asia Metal Fabric Co., Ltd. holds 55.00 percent of the business of services design to manufacture of steel and contractor facilities.
3. Vientiane Cross Border Logistics Ltd. holds 40.00 percent of the company, which operates in warehouse services. The company is still in the process of construction and the operation is not yet commenced.

Asia Metal Company Limited (Thailand) has divided the products and services according to the two types of business as follows;

1. Steel Service Center

The company has provided the services to supply the steel products in a manner of Steel Service Center such as hot rolled coil and cold rolled coil which sold to the wholesaler of steel and customers which are steel mills. That the customers will be used to process

the piece of steel and to various services, including the cutting steel according to the size of required by various customers and representing different types of steel to meet the requirements used at industrial applications. By focusing on service before and after the sale. Its focus on customer satisfaction with regard to the quality of products, which in 2010 with revenues from supplying steel products representing to 49.64 percent of total revenues.

2. The steel processing

The company has provided the cutting services of rolling plates and processed steel including iron and steel pipe-shaped structure C, which in 2010 with revenues from processing steel products representing to 50.12 percent of the total revenues.

The Group has the production capacity and steel of all types currently included 300,000 tons per year into the production capacity of companies was 294,000 tons per year of subsidiaries 6,000 tons per year, which the company is divided into power. Steel roll 54,000 tonnes per annum, capacity steel 105,000 tons per annum, capacity of steel pipe 75,000 tons per year, production capacity of steel-shaped C 66 000 tonnes per annum. By the year 2010, the company used as a total capacity of 35.88 percent of total capacity, the capacity of the subsidiary, the capacity of both types of steel pipe, round and square type 6000 tons per year. In 2010, the production capacity of 38.84 per cent of the production capacity (Detailed in Part 2 of Article 3 of each business product line.)

The Company purchased hot-rolled steel sheet, a key raw material in the production of hot-rolled steel manufacturer in the country, including the companies in the group. Sahaviriya Steel Plc. Industries, Ltd., the group of G Steel PCL and PCL. GJ Steel. The company distributed the products to the customers in all countries. The company's customers can be divided into two groups: steel wholesaler, a group of business and wholesale steel in Bangkok and its vicinity. The value of sales to these customers, representing 50 percent of the total revenue of the company and the operators in industries such as the furniture industry, appliance industry, automotive industry, etc. The value of sales to these customers, representing 50 percent of the total revenue of the company. The Company does not sell any other customer more than 10 percent of the total revenue of the company capacity.

The Company has focused on its product quality and services including the delivery on time. The C-shaped steel products and steel pipes of the mark has been the industry standard by the Ministry of Industry. In conjunction with its system of the quality management in the production of ISO 9001: 2008 used in the administration. In order to verify the customer is to focus on the quality of products and services company. The company has also prepared the building for training employees of the plant at 2 (Phanat Nikhom) in order to raise the production standards and the administration of the company's future sustainability.

The performance in the past year, the company's revenue from sales and services was 5,027.33 million baht, with net profit of 80.90 million as at December 31, 2010. The Company had total assets equal to 3,489.12 million baht, the total liabilities equivalent to 1,978.25 million Baht and shareholders' equity was 1,510.87. million Baht and the company has registered capital of 549.97 million baht divided into ordinary shares at 549.97 million shares at per value of Baht 1 per share and paid-up capital of 479.93 million Baht.

## RISK FACTORS

### 1. Risk in Business

- **Risk of reliance on major manufacturers**

In 2010, the company purchased the HRC (Hot Rolled Coil), a key raw material almost entirely from hot-rolled steel sheet 3 major groups of Thailand Plc, Sahaviriya Steel Industries Group Plc, G Steel and Steel Group PLC, GJ Steel worth a total of 62.83 percent of the total amount of purchase. In addition, a total order structural steel from Siam Yamato Steel Co., Ltd., the largest manufacturer of structural steel in the country. Representing 4.08 percent of the total value of all orders and the company has an order from a major manufacturer in the country in a high proportion compared with all orders above. Including the measures on anti-dumping tax for another renewed as the major barrier to imports that could cause the Company has the risk of shortages of raw materials in the case of 3 manufacturers that can not deliver the material to the Company as defined and its failure to obtain the materials from other sources to replace the soon plan production as received and purchases from the customers and from the good relationship of the company with the steel manufacturers and its dealers. In conjunction with its planning and policy in the store inventory to suit the economic conditions and the storage of at least 30 to 60 days to provide sufficient quantity to produce. The company believes that it will not be affected or damaged in any order materials from the manufacturer. In addition, the Company has prepared an order from abroad to replace in case of shortage of raw materials from domestic.

- **Risk of fluctuations in raw material prices**

In the year 2010 with the revenues from sales of hot rolled coil and processed steel products from hot rolled coil which representing 75.78 percent of the total revenue of the company. The steel products are sold and the value of iron objects, representing 95 percent of sales, which have changed the world market price conditions. The demand and supply manufacturers and the steel around the world and other factors might affect the prices such as exchange rate Tariff. including the special fees (Surcharge), etc., The cost of raw materials fluctuated according to the company's state of the steel in the country and around the world of all the time. The company may be at risk if the company can not sell under cost price to change.

However, the company has closely tracked the movement of raw material prices. To serve as guidelines for the management purchase of raw materials to meet the demand of goods from its customers, including the pricing of the product. The company will consider the cost of goods sold in conjunction with the market price at that time. If the raw material price is likely increase, the company will increase the purchase of raw materials. The company will use the policy cost to bring the raw material costs plus profit. The total of other expenses incurred with profit in pricing that enable the company to maintain the difference of profit due to selling prices that will periodically adjusted as the cost of raw materials prices. And if the raw material prices are likely to adjust, the company will reduce their purchase of raw materials and will accelerate the sale of raw materials and finished products faster. In order to drain the inventories as soon as possible from such tracking the movement of raw material prices and pricing policies. Making the changes in raw material prices does not affect the operation of its significance as in the year 2008 to year 2010, the price of raw material price significantly volatility, but the administrative has the good management, therefore the management has maintained the profit and is not more affected



## 2. Risks from Administration and Management

- **Risk from giving customers credit**

As of December 31, 2010, the Company had receivables outstanding 663.43 million baht or a percentage 13.27 of the total revenue of the company. In 2010 has the period to keep the average collection of 38.14 days of outstanding receivables with unsettlement of 503.34 million outstanding amount not exceeding 90 days, a total of 657.63 million,

154.28 million, representing 99.12 percent of total receivables. Its potential risk to which customers can not pay for goods under the conditions agreed to or delayed payment than the time agreed upon which may cause the Company experiencing the liquidity problems or financial losses.

However, the Company has the guidelines for determining the credit to the customers that is based on customer history the payment of debts and the credit limit. In addition, the company has a diversified customers base and a large number of the company does not give credit and the amount to any customer or any group as a special case. Thus, to prevent any risk that may arise. There is also a non-GAAP provision for doubtful accounts and long overdue in the past year. The company has an allowance for bad debts increased 1.64 million due to trade for some of its default and pending legal action in the future.

- **Risk from Interest Rates**

As of December 31, 2010, the Company had the outstanding short-term liabilities of Baht 1,938.16 million of debt resulting from borrowing from the financial institutions as of 1,938.16 million baht, mostly short-term loan in the form of promissory notes with interest rate from 2.10 percent to 3.15 percent per annum and is payable between 1-3 months to be used as working capital for the purchase of the steel plant. And if the interest rates in the country has increased it will cost the company has the higher interest rate that may affect the performance of the company.

However, from the company's product range to meet the needs of their customers immediately is enable the company to increase sales by up to 33.11 percent which compared to the last year. The company has the ability to pay interest expenses by the year 2010. The company has the financial costs (interest) was 41.66 million, representing 0.83 percent of revenues from sales and services.

The Group believed that fluctuations in market interest rates in the future not affect significantly the operating results and cash flows of the business.

- **Risk in Exchange rate**

In the year 2010 and year 2009, the company has an order from the foreign countries for approximately worth 22.61 percent and 5.34 percent of the value of all orders, respectively the order made in U.S. dollars. Therefore, the company has the risk of currency fluctuations. The company has used derivatives to reduce the uncertainty of future cash flows arising from the changes in foreign exchange rates. The strategy is to hedge and foreign exchange contracts in advance as appropriate as of December 31, 2010 and 2009 no derivatives outstanding purchase agreement.

In the future, the Company expects to continue to purchase goods from abroad. Therefore the Company will maintain its policy to reduce the impact of exchange rate risk by using the following as appropriate in the circumstances of that time

## NATURE OF BUSINESS

### History

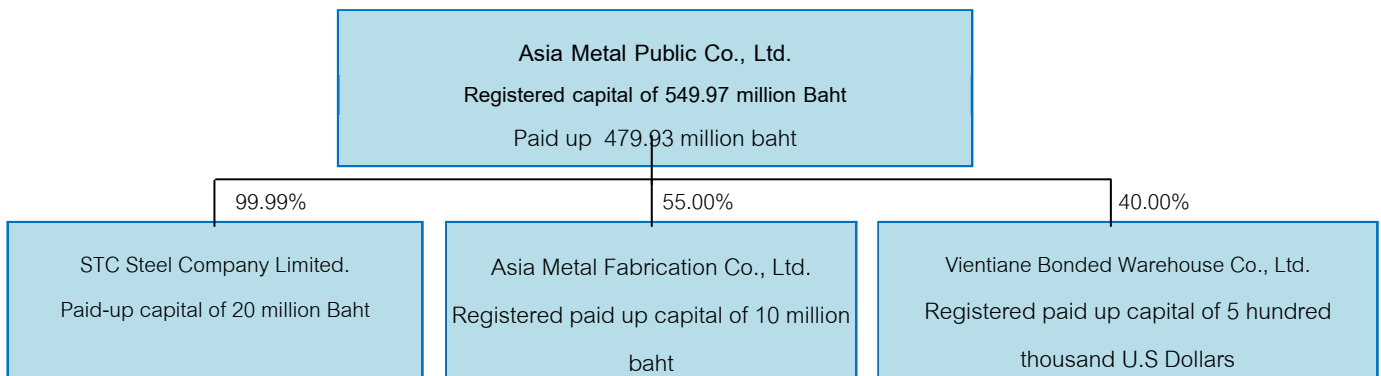
The Asia Metal Company Limited (Thailand) (the "Company") was established on March 9, 1993 with registered capital and paid the initial amount of 30 million baht, the objectives is to established for the business of steel service centers to cut the large steel coil size sheet or roll size according to customer's demand. Including the production and distribution of steel used in various industries such as steel pipes and steel C-shape.

### Changes and developments of the company

- 1993 The company operates the steel distribution centers in any way to acquired and sold.
- 2004 The company became a public company and increased its registered capital from 150 million to 200 million and changed the per value (PAR) from the share price of 100 baht per share 1 baht that design to be offered newly added shares issued to the public of 50 million share.
- 2005 The Company has increased its registered capital from 200 million to 400 million to be offered to existing shareholders at a price 1 baht to support the growth of the company.
- 2007 The company increased its registered capital from 400 million to 550 million in the offering to the public and existing Shareholders and to facilitate the conversion of the warrants.
- 2009 The company has expanded the group of customers and expand its steel products increased as in the automotive industry and the electrical appliances.
- 2010 The company has the following changes and has improved its standards of increases production as the steel service center that can accommodate the steel production of automotive industry and the industrial electrical appliances at the 2nd factory (Phanat Nikhom) will be opened in the second quarter of the year 2011.  
The Company won the BEST VENDOR AWARD from Thai Samsung Electronic Limited

### The Overall Business of the company's group

Asia Metal Company Limited (Thailand) Group Structure as of December 31, 2010



**Asia Metal Public Co., Ltd.**

Engage its business as the fully integrated steel service centers including the steel coil (Coil) and type of hot-rolled (Hot-Rolled) and cold-rolled type. (Cold-Rolled) steel galvanizing (GI) aluminum zinc coated steel (GL) coated steel and processed steel products such as steel sheet (Sheet) rolling a Little (Slitting Coil) steel pipe with a diameter of 1 inch (25 mm) to 4 inches (100 mm) C-shaped steel structure and service delivery to the customers. With production capacity of 294,000 tonnes per annum, which share a 105,000 ton per year steel, rolled sheet on coils is 54,000 tons per year, pipe 69,000 tons per year and 66,000 tons of C-shaped steel per year.

**STC Steel Company Limited**

Engage in production and distribution of steel pipes both round and square types. With a diameter of 0.5 inches (12 mm) to 1 inch (25 mm), with installed capacity of all kinds including steel pipe, 6,000 tons per year.

**Asia Metal Fabrication Co., Ltd.**

Engage in business of services to design the steel structure and construction to the team work of Asia Metal Fabrication Co., Ltd. to create the work with quality standards.

**Vientiane Bonded Warehouse Co., Ltd.**

The services of warehouse

The income structure of Asia Metal Public Co., Ltd. and subsidiary as follows;

Value of Distribution	2008		2009		2010	
	Million baht	proportion	Million baht	proportion	Million baht	proportion
● <b>Steel Service Center</b>						
1. Provides steel product	2,325.64	43.87	1,900.10	50.31	2,495.67	49.64
2. Steel cutting service	2.77	0.05	1.15	0.03	0	0
Total revenues of Steel Service Center	2,328.41	43.92	1,901.25	50.34	2,495.67	49.64
● <b>Processing of steel products</b>						
1. Steel sheet	1,422.68	26.84	739.03	19.56	889.65	17.70
2. Hot rolled strip in coils	231.33	4.36	170.84	4.52	337.79	6.72
3. Pipe	666.59	12.57	521.36	13.80	701.19	13.95
4. C-shape steel structure	596.95	11.26	431.76	11.43	591.29	11.76
Total revenues of steel processing	2,917.55	55.03	1,862.99	49.32	2,519.92	50.12
● <b>Others</b>	54.96	1.05	12.50	0.33	11.74	0.24
Total value of all distribution	5,300.92	100.00	3,776.74	100.00	5,027.33	100.00

Note : \* Other revenues are selling the scrap from production process

#### Goal of the business of the company

The target goal of the company is to be the manufacturer of quality steel pipes because the company has recognizes the importance of the steel pipe industry, which has been growing at a rate much higher at present and in the future. From the growth of the construction industry, furniture industry, automotive industry and appliance industry.

In addition, being the manufacturer of quality steel pipe the company also aims to be fully integrated steel service center as to named that the company is able to offer various steel production. According to the size demand by the customers such as rolling steel sheet that providing the customers the convenience in buying from a company that customers can make products according to the desired size. The improvement of standards at all times and in terms of knowledge of the personnel and equipment used in the production.

Including the company's policy improvement, reliable products, the company's services. As well as taking into account both internal and external environment of the company. The implementation of quality management in manufacturing to ISO 9001:2000 use in the administration. Currently, the adjustment to the standard ISO 9001: 2008 to ensure our customers that the Products purchased from the company is the standard product.

## Production Line

### Product Specification and services

The company has divided the product specification and services of the company and subsidiaries in two kinds are;

#### 1) Supply the product

The company has provided the services to supply the steel products in a manner of steel service center. Including the hot rolled coil and cold rolled coil, zinc coated steel, steel coatings both domestic and foreign for selling to the wholesaler of steel and customers of various steel industry. Which the customers will used to process the piece of steel to various services. Including the cutting of steel according to the size of various customers demand.

For the goods purchase in abroad during the year 2010, has been imported from Korea, China and Vietnam, which is hot-rolled steel products, iron and steel, cold rolled steel coated to sell to the customer in electric appliance industry, construction industry and automotive industry in 22.61 percent from the total purchases of the company.

#### 2) Steel processing

##### 2.1 Slitting Coil

The company has the services to cut into slitting coil. To cut into small strip according to the width demand by the customer and roll back steel for distribution. The company has offered the service to cut the rolled steel into slitting coil which the company has the capacity to 195,000 tons per year by dividing the raw material for production to support the production of steel pipe and products, C-shaped structure of 141,000 tons per year and the production of sales of 54,000 tons per year, which in 2010, the company has the production capacity equivalent to 32.86 per cent of installed production capacity.

##### 2.2 Cutting Sheet

The company has the services to cut the steel sheet, to re cut the steel coil to cut a steel plate across the width and length of the customers. Companies can cut steel across the width from 600 to 1,500 mm and the length from 300 to 6100 mm by a machine for cutting steel (Cutting Sheet) which have the production capacity equivalent to 105,000 tons per year, which in year 2010, the company has the production capacity equalent to 32.86 percent of the production capacity.

##### 2.3 Steel Pipe

The company has produced and sells steel pipes use in various industries. Currently the company has the machinery use to manufacture the steel pipes, which can produce the steel tube from diameter 12 mm to 100 mm with method of how to process the hot rolled coil that has been according to the demand width come into shape and the welding steel sheets with high frequency machine which is modern and efficient production that makes the quality of steel pipes and be acceptable to

the customers. The company's production capacity was 75,000 tons per year, which in 2010 the company has the production equivalent to 38.84 per cent of installed capacity, the steel tube of production patterns and spherical, quadrate and rectangles. The company can produce the width and length demand by the customers.

#### 2.4 C-shaped steel structure.

The company produced and distributed the structural steel C-shape, by using the slitting coil to cut by its size formed in C shape which will be used at the construction industry to use as a roof. The company has the machinery for the production of C-shaped steel structure of 6 machineries with production capacity equal to 66,000 tons per year, which in 2010 the company has the production capacity equivalent to 39.80 per cent of the installed production capacity.

The customers that bought the steel from the company is the raw materials in production processes in various industries, including the automotive industry, appliance industry and solvents, electrolytes, furniture industry and other industries.

In 2010, the company has distributed their products to domestic customers in 98.21 per cent from sales revenue and services and selling to customers abroad which are the entrepreneurs in various industries to 1.79 percent from the sales revenue and services

## Assets used in business.

### Fixed Assets use in business

As on 31 December 2010 the company has fixed assets use to engage in business below;

Unit : Million Baht

Type/Assets	Type of ownership	Accounting Value	Liabilities
1. Property			
- Area 16 Rais 3 Ngan 5 squareyard Location : No. 55, 55/1 Village No.2, Soi Wat Namdaeng, Srinakarin Road, Bangkaew, Bangplee, Samut Prakan Province.	Owned by the company	112.71	(1) Mortgage worth 400 million Baht
- Area 100 Rais 85 squareyard* Location: No. 90/1, Village No.10, Sasiliam, Panas Nikom, Cholburi Province	Owned by the company	44.59	(2) Mortgage worth 600 million Baht
- Area 80 Rais 28 squareyard** Location: No. 90/1 Village No. Village No.10, Sasiliam, Panas Nikom, Cholburi Province	Owned by the company	2.11	none
- Area 17 Rais 34 squareyard Location: No. 90/1 Village No.10, Sasiliam, Panas Nikom, Cholburi Province	Owned by the company	6.18	none
- Area 3 Rais, 82 squareyard Location: No. 6/10 Village No. 1, Soi Wat Namdaeng, Srinakarin Road, Bangkaew, Bangplee, Samut Prakan Province.	Owned by STC	21.23	(3) Mortgage worth 250 million Baht
2. 3Factory Buildings			
- FactoryBuilding of the company Location : No. 55, 55/1 Village No. 2, Soi Wat Namdaeng, Srinakarin Road, Bangkaew, Bangplee, Samut Prakan Province.	Owned by the company	111.20	(1)Mortgage worth 400 million Baht
- FactoryBuilding in Cholburi * * Location: No. 90/1, Village No. 10, Sasiliam, Panas Nikom, Cholburi Province	Owned by the company	228.54	(2) Mortgage worth 600 million Baht
- Factory Building of subsidiaries company Location : No. 6/10 Village No. 1, Soi Wat Namdaeng, Srinakarin Road, Bangkaew, Bangplee, Samut Prakan Province.	Owned by STC	24.10	(3) Mortgage worth 250 million Baht



Type/Assets	Type of ownership	Accounting Value	Liabilities
3. Machinery and equipments	Owned by the company	418.11	none
4. Machinery	Owned by STC	5.63	none
5. Vehicles	Owned by the company	15.15	none
6. Decorative items and office equipment	Owned by the company	10.18	none
Total		999.73	

#### Investment Policy and management of sub-sidiaries and associated companies

The investment policy of the company is that the company will consider in investing the business that support and benefited to doing business of the company or business which is in the industry with tendency to grow and considering the rate of return received from the investment as important. The company will control by sending the committee to represent the proportion of the share and if it is associated the company will not do the control much. But sending the representative from the company as the director of that company, the number of representative from the company to be the director is base on the proportion of the share holds by the company.

## Major Shareholders

Names of major shareholders as on the latest registration book 26 April 2010 (value of 1 baht per share)

No.	Name / Surname	Total Shares	% of entire shares
1	Group of Mr. Chusak Yongvongphaiboon		
	Mr. Chusak Yongvongphaiboon	76,700,000	15.98
	Miss Phenchan Yuthinaupamai	40,000,000	8.33
	Mr. Pornthep Yuthinaupamai	18,175,000	3.79
	Total group of Mr. Chusak Yongvongphaiboon	134,875,000	28.10
2	Khunying Patama Leesawatrakul	80,000,000	16.67
3	Group of Mr. Virachai Suteerachai		
	Mr. Virachai Suteerachai	45,800,000	9.54
	Mr. Win Suteerachai	40,000,000	8.33
	Total group of Mr. Virachai Suteerachai	85,800,000	17.87
4	Mr. Chanathip Traiwuth	20,000,000	4.17
5	Mr. Sompol Wongvet	12,444,000	2.59
6	Miss Orawan Pongtanyaluck	9,705,000	2.02
7	Mr. Chumpol Thanaporn	8,169,200	1.70
8	Mr. Pramot Kerdpanya	7,813,600	1.63
9	Mr. Pichit Atsakulwong	5,104,000	1.06
10	MR.LEE JUI-CHUAN	5,056,600	1.05
	Total	368,967,400	76.87

### History dividend policy in the past three years

The policy of the company is to pay the dividends to the shareholders and the rate is not less than 50 percent of net profit after tax deduction. Except in the cases where the company projects to invest in another project. The policies for subsidiaries will be paid the dividends like the company pay the dividends to the company of not less than 50 percent of the net profit after tax deduction. Except in the case of the subsidiary projects to invest in other projects. In year 2008, the company had paid the dividends for the performance of the year 2008 as ended on December 31, 2008 to shareholders whose names appeared on the register of shares of the

Company as on 3 April 2009 at 12.00 pm at a rate of 0.10 baht per share, totaling 47.99 million, representing to 38.75 per cent of the net profit in 2008 due to the expansion of the 2nd company at Phanat Nikhom May 25, 2009

In 2009 the company has the net profit of 102.51 million baht, the company does not pay dividends because of the expansion of the second factory at Phanat Nikhom which is not yet completed and needs more investment.

In 2010 the company has net profit to 80.90 million baht, the board of director has proposed at the shareholders meeting to approve the payment of dividends. 0.07 baht per share, totaling 33.59 million representing to 37.71 percent of net income due to the expansion of the second plant that has not yet finished. Upon the approval of the Annual General Meeting of the Shareholders Annual 2011, the Company will pay the dividend on May 9, 2011.

## Management Structure

### Management Structure

The board of directors consist with the board of directors and the audit committee. The Board of Directors and the management of the company consist of experts that are qualified in accordance the Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and is not disqualified according to the Securities and Exchange Commission., Re. Application and Approval of an offer to sell the newly issued shares and the regulations on the management of the company issuing the securities. The names of the Board of Director are as liste below;

#### Board of Directors

Names of the Board of Director as on 31 December 2010 consist of 9 directors;

Name -Surname			Position
1.	Mr. Virachai	Suteerachai	President
2.	Mr. Chusak	Yongvongphaiboon	Committee
3.	Mr. Tanakorn	Ritthibanlue	Committee
4.	Miss Phenchana	Yuthinaupamai	Committee
5.	Miss Taradee	Piamsamrit	Committee
6.	Mr. Chanathip	Triwuth	Committee
7.	Pol.Gen. Jumpol	Manmai	Chairman of the Audit/Independent Committee
8.	Mrs. Thaisika	Praisangob	Audit Committee/Independent Committee
9.	Sub Lt.Suree	Buranathanit	Audit Committee/Independent Committee

Mrs. Saifon Saengdeenee, the secretary of the company

#### Director with authorize signatory

The signatory director binding with the company consist with;

1. Mr. Chusak                      Yongvongphaiboon
2. Miss Phenchana              Yuthinaupamai
3. Miss Taradee                  Piamsamrit

The two out of three director can joint to signed their names together affixed the seal of the company.

#### Scope of work, duties of the Board of Directors

The Board of Directors has the authority, duties and responsibility to manage the company according to laws and regulations, as well as the rules and regulation of the company. Including the resolution of the shareholders that are legal with honesty and care, and protect the interests of the company. Exception the cases that must be approved by the shareholders before proceeding such as those required by law to have the resolution of the shareholders' meeting, related party transactions and the purchase or sale of significant assets under the rules of the Stock Exchange of Thailand or by other government agencies, etc. However, the Board may assign to one member or any other person to perform any of the representative of the board of directors and the approval of any other major company in connection with or appropriate to operate them for the benefit of the company.

Except for the following that shall be executed only upon the approval from the shareholder's meeting. The issues shall require that the board or any person who may have the conflict of interest, stakeholders or potential conflict of interest with the company or any subsidiary. The director who have an interest in such issues has no right to vote on such matter.

- that the law requires the resolution of the shareholders' meeting.
- transactions where a member has an interest and be within the law or specify the terms of the Stock Exchange must be approved by the shareholders meeting.
- In addition, in the case of the following must be approved by the Board of Directors and the shareholders' meeting by a vote of not less than 3 / 4 of the total votes of shareholders who attend the meeting and entitled to vote the ballot.
  - The sale or transfer of business of the whole or significant part.
  - The purchase or accept the transfer of other companies or private companies to the company.
  - The amendment or termination of a contract about the business of renting all or part of a major, assigning to someone else to manage the company's business or merged with others with the aim to profit and loss sharing.
  - The amendment or articles of the association.
  - Increasing the capital cost reduction issue. The merger or dissolution.
  - Any other matter required by law.

Currently, the Board's scope of duties and responsibilities can be summarized as follows.

- Organize the meeting of shareholders as the Annual General Meeting within four months after the end of the accounting period.
- Provide the Board of Directors meeting at least once in every 3 months.
- Provide a balance sheet and income statement of the company at the end of the period. The auditor review and propose to the shareholders for the consideration and approval.
- The Board of Directors may delegate to one or several people or any other person to perform instead of the Board of Director under the control of the Board of Directors or may delegate to such person authorized by the Board of Directors deems appropriate and within the Board's discretion. The Board may cancel or revoke the changes to fix the person or authority authorized by them. When appropriate the Board of Directors may delegate to the Executive Committee is responsible for the operation. The details of the scope of authority authorized by the board. The authorization must not appear to be authorized at the Board of Directors. To consider and approve the self or person with a conflict of interest or conflict of interest made to any other companies. Or its subsidiaries. Except as authorized transactions are governed by policies and guidelines, the Board of Directors for consideration and approval.
- Set the policy, plans and budgets of the company, control and supervision of the administration and the management of the executive committee according to the policy that has been assigned. Except in the following that the Board of Directors must be approved by the shareholders before the operation, namely that the law requires the approval of the shareholders' meeting
- To consider the management structure of the executive Committee to appoint the Board of Directors, directors and others as appropriate.
- Monitoring the operation performance according to the plan and budget continuously.
- The committee must not engage in business which has the same condition and not in competition with the business of the company or become a partner in ordinary partnership or a partner in the partnership which is not limited

authority or the director of private company or other companies that operate the same conditions. The will in competition with the business of the company whether they do it for personal gain or for other benefit unless they have informed at the shareholder's meeting before the resolution of appointment.

- The director must notify the company without delay if interested, either directly or indirectly in the contract that made by the company or change the number of share or debentures in the company or its subsidiaries.

#### **Audit Committee**

Names of the Audit Committee as on 31 December 2010 are;

Name-Surname		Position
1. Pol.Gen. Jumpol	Manmai	Chairman of the Audit Committee/ Independent
2. Mrs. Thaisika	Praisangob	Audit Committee/ Independent
3. Sub.Lt. Suree	Buranathanit	Audit Committee/ Independent

#### **Authoritative Duties of the Audit Committee**

The authoritative duties of the audit committee has binding liabilities, power and duties and responsibilities authorize from the board of director including the reporting to the board of directors summarize as follows;

1. To review the Company's financial reporting is accurate and adequate. By coordinating with external auditors and executives responsible for financial reporting of quarterly and annual. The Audit Committee may recommend to the auditor review or audit of any item it deems necessary and important during the audit of the company
2. To review the Company's internal control and audit that are appropriate and effective. The review has conducted with the external auditor and internal auditor.
3. To review the practices of the Company pursuant to the Securities and Exchange Commission and the terms of the Stock Exchange or laws relating to securities business
4. To select and nominate the auditor of the company. Including the remuneration of the auditor with regard to credibility. adequacy of resources, check and workload of the audit office. As well as the experience of personnel assigned to the audit of the company.
5. To consider the disclosure of information in the event of a transaction or transactions that may have a conflict of interest that are accurate and complete.
6. Perform any other assigned by the Board of Directors and Audit Committee also agreed to review the financial management policies and risk management. A compliance review of business executives. Review with management the Company's key report to be presented to the public as required by the law, report and analysis of the management and so on.
7. Prepare the activities of the Audit Committee. Disclosure in the company's annual report. The report shall be signed by the Chairman of the Audit Committee. The list should contain the following information.

- Comments on the process of preparation and disclosures in the financial reports of its accuracy, completeness and reliable.
  - Comments on the adequacy of its internal control system.
  - Reason to believe that the auditor of the company is appropriate to be appointed to another term.
  - Comments about the legal practice with the Securities and Exchange Commission. Terms of the Stock Exchange or laws relating to its business.
  - Comments or observations by the Committee includes the reviews receive from performing their duties under the Charter.
  - Any other reports that the shareholders and public investors should be aware. Within the scope of duties and responsibilities assigned by the Board of Directors.
8. Report the performance of the Audit Committee to the Board of Directors at least once a quarter.
9. Perform any other act by the Board of Directors of the Company entrusted with the approval of the Audit Committee.

In addition, the Board of Directors has set the term of office of the Audit Committee in the following.

- Chairman of the audit committee 3 years
- Audit committee 3 years

However, if the commitment period of the chairman of the audit and the audit committee passed from their term may has be appointed to another term.

#### Executive Board of Director

Names of Executive Board of Director as on 31 December 2010 are;

Name-Surname			Position
1.	Mr. Chusak	Yongvongphaiboon	President
2.	Miss Phenchon	Yuthinaupamai	Executive Committee
3.	Mr. Tanakorn	Ritthibanlue	Executive Committee
4.	Miss Taradee	Piamsamrit	Executive Committee

#### Scope of Duties of the Executive Committee.

The Executive Committee's scope of duties and responsibilities of management regarding the implementation of the regular business and its management policies, business plans, management structure, budget and power of the management guidelines in the company's operations in accordance with the economic conditions. To propose to the Board of Directors for approval and / or approval. Including the inspection and monitoring of the company's operations based to the policies. Currently, the Executive Committee's scope of duties and responsibilities can be summarized as follows.

1. Policy strategy, financial structure and various power management. To be consistent and support the economy.
2. To consider and give opinions on business plan and annual budget proposed by the President. For the presentation to the Board of Directors.

3. To supervise and monitor the operations of the Company to be effective and appropriate to the health of the business to benefit the administration of the affairs and business of the Company in order to comply with the purposes and regulations of the company.
4. The other performance as delegated by the Board of Directors.
5. With power of decision to the bank in the ordinary course of its business such as loans. As well as various bank guarantees etc.
6. Has the authority to approve the transaction costs for companies such as normal operating expenses and the cost of sales and administration. The amount approved in this transaction at a time of no more than 50 million per transaction or the amount determined by the Committee.
7. Allocation of reward money has been approved by the Board of Directors. Employees or employees of the Company or any persons who carry out the activities of the company.

Thus, the Executive Committee may delegate the duties to the Company's executive officers have the power to act in the particular subject matter or by the Board of Directors has deemed appropriate. The authorization above, the Executive Committee must comply with various requirements and agenda approved by the Board at a time and shall not approve any person or persons who may have conflicts of interest. Stakeholders, actual or potential conflict of interest in any other manner with the Company and its subsidiaries. And must present these items to the Board of Directors for the consideration of the Board of Directors.

#### **Executive**

Names of the executive as on 31 December 2010;

Name-Surname			Position
1.	Mr. Chusak	Yongvongphaiboon	President
2.	Miss Phenchana	Yuthinupamai	Vice managing president
3.	Mr. Tanakorn	Ritthibanlue	Director of Accounting and Finance
4.	Mr. Chidchok	Tomawong	Marketing Director
5.	Mr. Prawit	Titipattarayanyong	Managing director (Coil ServiceCenter))
6.	Miss Taradee	Piamsamrit	Financial Manager

#### **Scope of authority of the President**

Scope of duties and responsibilities of the authorized Director in the administration regarding the implementation of regular business and its management can be summarized as follows.

1. Shall have the power to decide on the operations of the company. The scope of the type or size of the mission, objectives and policy guidelines within the scope of its mandate. Including the supervision of the overall yield relationships with customers and be responsible to the Board.

2. To consider the case of procurement. The purchase of raw material at a time, if not more than 10,000 tons more than the amount approved to be presented for the approval at the next meeting of the Board of Directors as well as the investment expansion. Including the trading assets of the company for the proposal to the Board of Directors.
3. Have the power to act and show that he is the representative of the business in any business related and beneficial to the business.
4. The matter of funding for presentation to the Board of Directors.
5. To approve the appointment of consultants in various fields that are essential to the operation of the business.
6. The parties relating to the management of the business in general.
7. To approve the action plan of each department and to approve the request from various departments having the excess power to order on that departments.

The delegation mentioned above the president must comply with various requirements and agenda approved by the Board at a time and shall not approve any person or persons who may have conflicts of interest, stakeholders, actual or potential conflict of interest in any other manner with the Company and its subsidiaries and must disclose the transaction to the Board of Directors to the Board of Directors for consideration.

Otherwise, other than those mentioned above. The managing director can not act unless authorized by the Board of Directors from time to time.



#### Board of Audit/Independent Committee

The Board of Directors or the shareholders of the company's Annual General Meeting has been authorized the appointment of the Audit Committee /independent Committee. This requires an amount not less than three and not more than five persons, selected by the Board of Directors and who have been selected as the audit committee of at least one person must be knowledgeable in accounting or finance committee review the position in the rotation period of 3 years.

#### Compensation of the committee and executive

##### A.Cash Compensation in 2010

During the past annual meeting of the shareholders 2010 held on April 26, 2010 has been approved the resolution of the shareholders meeting to approved the compensation of Board of Directors in the amount of Baht 4,000,000 .-Baht, the rate similar to the year 2009, which the company has paid the 5 Board of Directors of Non-executive namely;

Name-Surname	Meeting allowance (Baht) 2009	Meeting allowance (Baht) 2010
1. Pol.Gen. Jumpol Manmai	360,000	360,000
2. Mr. Virachai Suteerachai	360,000	360,000
3. Sub.Lt. Suree Buranathanit	120,000	120,000
4. Mrs. Thaisika Praisangub	120,000	120,000
5. Mr. Chanathip Triwuth	72,000	72,000

The other 4 board of directors of the company have no compensation being the director since the 4 board of directors are the executive and they receive the compensation being the executive with details below;

Unit : Thousand Baht

Details	Year 2009	Year 2010
	Salary and Bonus	Salary and Bonus
Committee-Executive ( 4 )	7,857.46	8,507.00
2 executives	3,049.07	2,355.00
Total	10,906.53	10,862.00

##### B.Other compensation for the director and administrator

- None -

#### Personnel

The entire numbers of employees of the company and subsidiaries as on 31 December 2009-2010 are 304 and 305 employees (not included the executive) elaborated by each department;

Department	Numbers of regular employees 2009	Numbers of regular employees 2010
1. Office	134	120
2. Factory	170	185
Total	304	305

The company has no labour dispute through the past 3 years.

#### **Employees Compensation**

The compensation of the employees which are not the executive of the company and subsidiaries (including the resign employee during the year). In 2009-2010 total 51.51 million baht and 67.90 million baht gradually, The compensation shall be in terms of wages, bonus, labour fees, overtime fee and reserve amount for living.

#### **Personnel Development Policy**

The company has the policy to development the employees which the company has conducted the internal training and constantly send the employee for external training to increase their efficiently, knowledge in all skills. To enable these employees can perform this duties well and efficiently as well as to develop the corporate to be able to compete within domestically and abroad. The company has also the policy to provide compensation to those employees that fit to their rate to encourage and maintain these employees to work longer in the company.

## Reports of Performance of good corporate governance

The Board of Director of Asia Metal Company Limited (Thailand) (the "Company") has recognizes the importance of good corporate governance of the companies. To abide by such guidelines as the basis for the business operations and policies. To perform the responsible duties and honest with care. Asl resulted in business growth can be effective, transparent and raise confidence among the shareholders, investors and all relevant parties. Which at present, the company has to comply with the 5 principles as follows.

### Chapter 1 Rights of the Shareholder

#### 1.1 Election

According to the implemented rules of the company in the particular to elect the board of director of the company at the shareholder' meeting under the principles and method as follows;

- (1) One shareholder has the vote equivalent to one share according to the total of share that has been hold.
- (2) Each of the shareholder shall use all the vote according to (1) to elect the same person or several person as the committee but not to divide the vote more or less to any person.
- (3) The person receive the highest vote significantly can be elected as the committee equivalent to the number of the committee which has been or elected at that time. In case the elected person in the next level has more vote than the number of the committee existed or just elected at that time, the president has the absolute vote.

In addition to this, during the past ordinary shareholder's meeting, the company has give the shareholder the chance to vote and individually choose the committee.

#### 1.2 Rights to attend the shareholder's meeting

##### Before the date of the meeting

- (1) The company has give the shareholder their privilege to present the agenda at the meeting and names to be elected as the board of director of the company 30 days in advance before the meeting. Which prescribing the principles in presenting the above at the website of the company: [www.asiametal.co.th](http://www.asiametal.co.th) with the announcement through the Stock Exchange Market of Thailand. Including the forms for convenient to the shareholders to be presented the agenda of the meeting and the names of the above person. However, in 2010 there is no shareholder presented the agenda and names to be elected as the committee.
- (2) The company has send the invitation letter of the meeting to the shareholder prescribing the agenda and opinion of the board of each agenda. The letter has included the document for the meeting and send to the shareholder at least 14 days in advance before the meeting of the shareholder. The entire data shall be presented at the website of the company headed "data for the investor" in 30 days in advance before the shareholder's meeting under the AGM Checklists to let the shareholder has the chance to review the data before attending the meeting in advancebefore receiving the data in shape of document.
- (3) To provide conveniences at the meeting to the shareholders that could not attend the meeting by their own, the company has the proxy letter herein attached Form Kor. and Form Kor. together with the invitation letter. To allow the shareholder staying abroad can appoint their proxy to attend the meeting and can cast their vote on their behalf or able to assign the power to the independent committee appoints by the company as the proxy.

- (4) In addition to the letter of invitation send to the shareholder and in order to provide and to receive additional information. The company has manage for an advertisement to invite the shareholder in the newspaper for continuously 3 days and 3 days in advance before the shareholder's meeting as prescribe in the Public Company Limited Act B.E. 2535 (1992). As well as publish the letter of invitation of the meeting and documentation at the website of the company headed "data for the investor."

#### On the meeting day

- (1) The company has provides the conveniences to the shareholder in particular of the place for convenience to travel, preparation of the invitation letter for those shareholder failure to bring the document, monitor to present the agendas in term of Power Point for the conveniences to consider each agenda with micro phone. To allow the shareholder the right to ask, present or show their opinion as long necessary. Provide the table for the registration and examine the document with the assistance of the staff.
- (2) The board of director, board of audit committee and executive board are aware how important is to attend the meeting that shall be considered as duty and responsibility. That enable the previous ordinary shareholder's meeting consist with the board of director, board of audit committee, board of director that determine the compensation, executive board and administrative having the highest authority in finance department and accounting are attended the meeting except the president who is absent due to urgent task that could not able to attend the meeting.
- (3) Before stating to consider the several agendas as mentioned in the letter of invitation. The company has appointed the secretary of the company to inform the method of how to vote of each agenda as well as to inform the number of shareholder attended the meeting and total of share having the right to vote.
- (4) To give the chance to the shareholder in fair justice to show their opinion and ask the board of director of the company in each meeting agenda.

#### After the meeting

- (1) In addition to make notice to the resolution of the annual ordinary shareholder's meeting through the information system of the Market Stock Exchange of Thailand. The company also publish at the website of the company to allow the shareholder the chance to correctly review that resolution. It is also the other way to know the data of the shareholder which could not be able to attend the meeting by their own and other investor as well.
- (2) The company has the minutes of the annual ordinary shareholder's meeting and published at the website of the company with 14 days from the date of the annual ordinary shareholder's meeting.

### **1.3 Rights to receive the dividend**

The company has determine the policy to pay the dividend for the performance not less than 50% of the net profit as the legal reserves amount. Which the company has allocated the reserves amount under the law equivalent to 10% of the registered paid up capital. That dividend will be pay to the shareholder having the name in registration book that has transfer the share and prescribe in the resolution of the board of director and passed the approval from the annual ordinary shareholder's meeting resolution.

Moreover, after the company has been informed by the company. The Deposit Asset Centre (Thailand) Ltd. in particular of revocable dividend cheque the company has the letter to inform the shareholder that has not yet receive the cheque can follow up and maintain their rights as the shareholder.

#### 1.4 Rights to receive the sufficient data about the business

The company has manage to publish the necessary information such as the work performance or financial statement etc. through the Market Stock Exchange of Thailand. Moreover, also publish at the website of the company headed “ data to inform the Market Stock Exchange of Thailand.” The company also appoints the investor public relation to follow up and negotiate with the investor, analyzer including the related government and private sector. For enquiry contact the Tel. Nos.

Tel : 02 383 4100 ext. 109

Fax : 02 383 4102

## Chapter 2 Treating Fair Practice to the shareholder

- (1) Preparation of Invitation to Annual General Meeting of Shareholders. The Company has treated the fair practices to the shareholders in the country and foreign shareholders equally. The invitation letter is prepared such documents and the agenda in Thai and English language.
- (2) The company has been prepared the Proxy Form Kor and Form Kor. So that the shareholders in both domestic and foreign who are unable to attend the meeting may appoint another person to an independent company offering a proxy to attend and vote on their own. And convenience by allowing the shareholders to download the proxy form from the company's Web site 30 days prior to the meeting.
- (3) The shall have no additional agenda for the meeting without informing the shareholders in advance.
- (4) The company directors and managers must report to the company's aware of the interest of the person or persons involved. The interests involved in managing the business of the Company as defined in Section 89/14 of the Securities and Exchange Commission (No. 4) Act 2551 for the Board to consider the company's transactions. Potential conflicts of interest and can make decisions for the overall benefit of the company. The directors and executives who have an interest to make transactions with the Company will not participate in the decision on the transaction.
- (5) The Board of Directors is aware of the importance of data protection within the company to use for personal gain. The company has the policy to keep the information which has not yet been disclosed to the public as confidential. By the perception that only for those involved.

The company informs the directors and all executives acknowledged the obligation to report holdings of securities in the company of their own. Including the spouses and minor children. As well as the changes in securities reports on SEC and

stock under section 59 and penalties under Section 275 of the Securities and Exchange Act BE 2535 and has also prohibits the directors and executives. Including spouses and minor children of such persons to buy, sell, transfer or accept transfer of the securities using inside information that has not yet been disclosed to the public. For the case of executives, including spouses and minor children to buy, sell, transfer or transfer of securities of companies that fall into the above cases shall be reported to the SEC and the Stock Exchange every time you buy, sell, transfer or transfer of such securities within three days from the date incurred and send the copy to this report to the Secretary as evidence.

### Chapter 3 Participation of the Stakeholders

The Company is aware of the rights and importance of stakeholders in terms of customers, employees, partners, shareholders or investors, creditors, competitors and communities where the company is located, as well as the social and public sector can be summarized as follows;

- (1) Customer Rely on the concept of customer-centric company with the service needs a comprehensive round. By providing the advice to help supply problems, creation of new types of services, developed a variety of consumer choices, adding value to steel. This changes the view in the steel business under the management system. To fully support the manufacture of advanced technology, check the product quality, fast delivery, on time in accordance with the customer's production plans to ensure the customer's comfort and convenience.
- (2) Employees Because of potential employees is one of the most important structure that makes every thought and every fantasy come true. Therefore, the Company is committed to the development of the Company as a professional. Values, and ways of thinking and practices are committed to your success as a credible and trusted. With response to all needs. Meanwhile, the company also focuses on staff with the knowledge and experience with expert advice. And learn new things all the time with training and skill development on a regular basis.
- (3) Business Partner  
The company policy is to build a better partner and treats partners fairly based on commercial terms and / or agreements between the parties. That is to develop and maintain sustainable relationships on the basis of mutual benefit.
- (4) Shareholder The Company intends to accelerate the growth of business continuity and sustainability that to emerged as a leading company in the steel industry. Although in the past year has the economic problems of many factors matter. That is to build confidence and add value to shareholders in the long term. Including the disclosure of such information correctly and completely. In addition, we also protect the interests of the shareholders on the dividend check. The company has coordinated with the company. Depository Securities (Thailand) Ltd. to follow shareholders who have not received a dividend check. To proceed to enforce their rights as should be.

- (5) Creditors of the Company to comply with the terms of the loan agreement and provide accurate financial information, including the payments on time.
- (6) Competitor The Company operates under the rules of fair competition and does not damage the reputation or cause damage, not like the competition.
- (7) Community and Society The Board has focused on development and social responsibility. In conjunction with the business with the realization that business will survive. Must be based on social and environmental growing steadily and to urge the events, development and eco-friendly in terms of production. Working environment, workplace and surrounding community, of security. That taking into account the physical and mental health of employees. Including the activities to build the community and social responsibility.
- (8) Government sector The company has strictly applied the laws, rules and regulation and requirements of the government sector as well as the cooperation in providing the information of business procedures and participating the activities provided by the government sector.

#### Chapter 4 Disclosure and Evident

- (1) The Board of Directors ensure that the disclosure of sensitive information relating to the company. The financial information reviewed by the auditors who are independent, which is in accordance with generally accepted accounting principles and the non-financial information such as remuneration, the number of directors at the meeting, scope of work of various committees, information and transactions. And the corporate governance policies of companies such as terms of the office of the Securities and Exchange Commission and The Stock Exchange of Thailand as well as other information, relevant, accurate, complete, timely, transparent to investors and all interested parties of the company to receive the information equally. News via the Stock Exchange of Thailand, the annual registration statement, annual report and the company's website. [www.asiametal.co.th](http://www.asiametal.co.th). Including the appointment of the Secretary to the preparation and storage of such data and provide the accurate information to the investors, shareholders, analysts and stakeholders.
- (2) The remuneration policy is clearly defined and evident. The fee is the same level with the same industry which was considered by the Remuneration Committee and approved by the General Meeting of the shareholders. The details of the Directors and executive remuneration are disclosed under the heading of management structure.

#### Chapter 5 Responsibilities of the Board of Directors

##### 1. Structure of the Board of Directors.

The Board of Directors at the end of 2010 with a total of 9 members, divided into independent and 3 members of the Audit Committee, which complies with the requirements of the Stock Exchange of Thailand. It is those who have knowledge, experience and skills that are beneficial to the company's business. The Board has received approval from the shareholders'

meeting to hold such positions. For details and related scope of duties and responsibilities listed in the structure and management topics.

The Audit Committee. Consist of 3 members, independent audit committee are independent directors who have no interest and is not associated with any of the Company, the Board of Directors, Executive Committee, the majority shareholder. And those associated with matters relating to the above mentioned. The Audit Committee and 3 members who are knowledgeable and experienced enough to be responsible for reviewing the reliability of financial statements. For relevant details and scope of duties and responsibilities listed in the section's management structure.

## 2. Design the Committee agenda.

In accordance with the regulations of Article 13 to requires the annual general meeting at a time. The directors one of the three may leave the office and if the number of the directors to be divided into three sections that do not match. Then the nearest number to one-third by the directors who remain in the office as long as possible then resign and the directors will retire by rotation, they could be elected to the position again.

## 3. Qualification of Independent Committee

The independent ndirector of the Company qualified as an independent properties in the Capital Market Commission No. TorChor .4/2552 about the permits and permission to offer newly issued shares (No. 2).

## 4. Leadership and vision

The Board of Directors of the Company's vision has the leadership and independence in decision making. Policy targets, business Plan Development and the budget. To the best interests of shareholders and the company's growth.

## 5. Disadvantages

To prevent then conflicts of interest the committee shall carefully supervise the transactions that may have a conflict of interest. Including the policies and procedures for the management and care not related to the company's internal information used to their own interests.

- The potential conflict of interest: the Board of Directors were aware of the transactions may have the conflicts of interest, transaction and carefully consider the appropriate time. Including the compliance with the rules of the Stock Exchange. The price and conditions as transactions with third parties (Arm's Length Basis) and will provide further details why the parties Transaction Value / necessity In the Annual Report and Form 56-1.
- Supervision of the use of inside information: The Executive Committee shall report the changes to the Office of securities with the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act of 2535 prohibits the administration or agency. To gain insight into the disclosure of inside information to third parties or individuals which are not related and trading company in a month before the financial statements released to the public.



#### **6. Business Ethics**

The Company has established an ethics committee about the ethics of management and employees to relevant ethical guidelines of its duties with honesty and fairness. The performance of the Company. All groups of stakeholders. Public and social. The roles and functions that are defined in the scope of authority of the Board of Directors. Managing director Regulations, including the work of the company. Which is defined as a disciplinary role.

#### **7. Balance of non-executive directors**

As at December 31, 2553 the Company had total of 9 members of the Board of Directors is detailed below.

4	Executive Committee
2	Committee
3	Audit Committee

There are 3 independent directors in 33.33% of the entire number of the director.

#### **8. To include or exclude locations**

The chairman is not the same person as President. But the Chairman and the President represent the largest group of shareholders held 17.87 percent and 28.10 percent respectively of the share capital and paid up. However, the structure of its Board of Directors consists of 3 members of the Audit Committee, which will bring about the balance and review administration.

#### **9. Director and Administrative Compensation**

The company has distinctly design the compensation policy to the director in the same level of industrial that suit to their duties and assigned responsibilities. That is high enough to attract and maintain the demand qualified director that has been approved from the shareholder's meeting. The compensation of the director shall in compliance the principle and policy imposed by the board of director that links to the management result of the company and result of performance of each administration.

#### **10. Board of Director's Meeting**

The company has designate the meeting of board of director constantly at least 3 months each time with additional special meeting as long necessary with absolute advance agenda with regular monitoring about the result of business management by sending the invitation letter presenting the agenda and documentation before the meeting at least 7 days. In providing the board of director has enough time to consider before the meeting and the meeting has been recorded in written and keep the minutes of the meeting passed from the certification of the board of director to be examine by the related person.

The board of director of the company has conducted 5 meeting for the past year 2010 as follows;

Name-Surname			Total Attended
1.	Mr. Virachai	Suteerachai	5/5
2.	Mr. Chusak	Yongvongphaiboon	5/5
3.	Mr. Tanakorn	Ritthibanlue	5/5
4.	Miss Phenchana	Yuthinaupamai	5/5
5.	Miss Taradee	Piemsamrit	5/5
6.	Pol.Gel.Jumpol	Manmai	4/5
7.	Mrs. Thaisika	Praisangob	3/5
8.	Sub.Lt. Suree	Buranathanit	5/5
9.	Mr. Chanathip	Triwuth	5/5

#### 11. Sub-Committee

The General Meeting of the Shareholders has appointed the Audit Committee. Appointed on 17 February 2547 to assist in the governance of the company. The powers and duties of the Audit Committee as detailed in Article 9.1 on the management structure. The company currently does not have the Remuneration Committee. However, currently the company's remuneration is determined by the compensation data of the same industry and similar size. Including consideration of the results of the company.

#### 12. Internal control and inspection

The company has focus on the internal controls and executive level and the implementation levels to effectively that has the responsibility. The power of the executive's performance as a clearly written. The supervision of the Company's assets to benefit and the separation of the duties of the workers, supervisors and evaluators of each other. To achieve the balance and check each other properly and the internal controls related to the financial systems. The company provides financial reports offered by line management responsibilities. Including the companies has set up the internal audit to ensure that the major operations and financial transactions of the company has complied with the guidelines and effective. Including monitoring compliance with laws and regulations relating to the company (Compliance Control) and to provide internal audit unit is independent. Can act check and balance to the full. Board of Directors has determined that the internal audit units report directly to the Audit Committee. And have been evaluation by the Audit Committee by And to provide monitoring and control system of internal audit has a lot of freedom.

#### 13. Report from the board of the director

The Board of Directors is responsible for the company's financial statements and consolidated financial statements of the Company and its subsidiaries (if any) and financial information that appears in the annual report. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Thailand. The

appropriate accounting policies and compliance on a regular basis use with caution and discretion, and the best estimate of the preparation. As well as sufficient information is disclosed in the notes to financial statements.

The company has maintain the efficient internal control system to be confident with reasonable that the recording the accounting data has been presice, complete and sufficient to maintain the assets as well as to understand the weakness in avoiding the corruption or mismanagement which is the important factor.

The board of the director has consider that the internal system of the company mutually are in satisfaction level and to be trusted for the financial statement of the company.

#### **14. Relationship with the investor**

The board of directors of the company has aware that the factor relating with the financial and non financial all will affect to the decision of the investor and the stakeholder of the company. Therefore the administration department has been instructed in the particular to disclose the data in complete, accurate, trusted, constant and on time. Which the administration department has aware the important and follow up the instruction throughout the time. The secretary-general of the company has been assigned to contact all financial institute, investor, joint investor and related government sector with the cooperation of the director of the accounting and finance.

## Corporate Social Responsibility

The company has focused on the organization and the participation in the society. In various forms, such as providing scholarships for employees' children annually. Providing scholarships to elementary school and high school in the district, working protocol presented offerings, offered congratulations Chai Candle Royal Psalm 5 December HM King with Administrative Organization Kaeo. Children's Day activities. Which promote joint activities between industry and community. To living together in a warm and creative.

### Project for the Community

The company with the cooperation of several community has provided the educational fund to those elementary student and high school student within the community. Since the company has awarnening that the youth are the most important factor in the future. Therefore it should necessary to support the education and develop the different skill especially technology the most important things for modern society at present such as;



Giving educational fund to high school student of Bangkaew Prachasarn School total 25 funds of 2,000 baht each.



giving the educational fund to elementary school such as Wat Namdaeng School (Kiaw Uthit) total 50 funds of 1,000 Baht each.



Unveiled and presented offerings, offered Candle Royal Offering, 5 December HM King's Birthday Celebration.

Location: Administrative Organization  
Bangkaew, Samut Prakarn



Project for the Employees

The company understand how important are the employees because all of them are the most important factor that endure the growth and quality of the business. Therefore the company has organizes to have the yearly medical check-up as well as advices to take care their health provided by the medical and nurses from Paolo Memorial Hospital.



The company has organizes the activities that awarding the education fund to the children of the employees obtaining the good grade annually. In this year 2010 the company has awarding the fund to 30 children of the employees each of them 2,000 Baht. To encourage the employees and their family as well as to indulge the children of the employees to love the organization where their parents are working with.



## Connected Transactions in 2010

The Company and its subsidiaries or associated and/or individuals who may have conflicts of interest arising in the year 2010

Particular	Relationship	Details	Value (million baht)	Opinion of Audit Committee
Taweechokepanich Co., Ltd. Business in retail hot rolled steel sheets.	Mr. Pornthape Yothinaupamai, Mrs. Sangchan Lee and Mrs. Watcharee Yotinaupamai are the signatory director and shareholder of Taweechokepanich Co., Ltd. the three are brother and sister and the mother of Ms. Phenchan Yothinaupamai, the director and the major holder of the company	The company sells its steel products to Taweechokepanich Co., Ltd. with balance at the end of the year  The company purchases steel from Taweechokepanich Co., Ltd. with outstanding at year end	56.18  4.95  1.17  -0.-	- Due to sales of products and services outsourcing cut steel, which is a normal trade. The sales prices of steel products and outsourcing services to cut the sale price is according to the market and prices are comparable with sales to the third parties.  The Audit Committee has considered the above transaction. The transaction is reasonable to optimize the company. The sale purchase price of the company is comparable with the price - sell to outsiders.
Permsahai Steel Co., Ltd. Business in cold rolled steel sheets. Sold to OEM customers, including foreign carriers that use cold rolled steel sheet material	Mr. Taweechai Suteerachai the signatory director and major holder of Permsahai Steel Co., Ltd. the uncle of Mr. Chusak Yongvongphaiboon, the managing director and major holder of the company	The company sells its steel products with Permsahai Steel Co., Ltd. with balance at the end of the year	3.16  -0-	- Due to sales of products and services outsourcing cut steel, which is a normal trade. The sales prices of steel products and outsourcing services to cut the sale price is according to the market and prices are comparable with sales to the third parties.  The Audit Committee has considered the above transaction. The transaction is reasonable to optimize the company. The sale purchase price of the company is comparable with the price - sell to outsiders.



Particular	Relationship	Details	Value (million baht)	Opinion of Audit Committee
G Steel Public Co., Ltd Business engaged to manufactures and sells hot rolled steel sheet coil type	Khunying Patama Leesawadtrakul, the major holder of G Steel Public Co., Ltd. and the major holder of the company	The company buy hot rolled steel sheet coil type from G Steel Plc with outstanding balance payable at the end of the year	126.49  -0-	- Purchase the hot rolled steel sheet coil type is a normal trade. The purchase price of hot rolled steel sheet coil type with G Steel Public Company Limited is the purchase price comparable to the third party. The Audit Committee has considered from the above transaction. The transaction is reasonable to optimize the company. The purchase price of hot rolled steel sheet coil type is comparable with the purchase price to outsiders.
GJ Steel Public Co., Ltd Business engaged to manufactures and sells hot rolled steel sheet coil type	Mr. Chanatip Trivuth Director of GJ Steel Public Co., Ltd. Director of the company	The company buy hot rolled steel sheet coil type from GJ Steel Plc with outstanding balance payable at the end of the year	455.07  -0-	Purchase the hot rolled steel sheet coil type is a normal trade. The purchase price of hot rolled steel sheet coil type with GJ Steel Public Company Limited is the purchase price comparable to the third party. The Audit Committee has considered from the above transaction. The transaction is reasonable to optimize the company. The purchase price of hot rolled steel sheet coil type is comparable with the purchase price to outsiders



## History of Executive and Director

Name-Surname Position	Age (Year)	Educational qualifications	Proportion of shares in companies (%)	relationship	Work History	
					Period	Position and Location
1. Mr. Virachai Suteerachai President and Chairman	60	Master of Political Science Ramkhamhaeng University MINI MBA. Thammasat University Bachelor's Degree. RCA INSTITUTE OF TECHNOLOGY. NEW YORK U.S.A.  Passed the training of Director Accreditation Program (DAP) Batch No. 15/2004 on 18 May 2004 from Thai Institute of Directors Association.	9.54%	Uncle Mr. Chusak Yongvongphaiboon	2009 – Present  1988 – Present  1994 – Present  1976 – Present	President and Chairman, Asia Metal Public Company Limited  Managing Director, Cosmo Land & House Co., Ltd.  Managing Director, Cosmo Property Management Co.,Ltd.  Managing Director, Sinteerachai Co., Ltd.
2. Mr. Chusak Yongvongphaiboon Managing Director and authorize signatory	48	Bachelor's Degree Assumption Business Administration  Passed the training of Director Accreditation Program (DAP) Batch No. 15/2004 on 18 May 2004 and training of Director Certification Program (DCP) Batch No. 46/2004 on 25 August 2004 from Thai Institute of Directors Association	15.98%	Husband of Miss Phenchan	1993 – Present  2003 – Present	Managing Director, Asia Metal Public Company Limited  Directors, STC Steel Co.,Ltd.





Name-Surname Position	Age (Year)	Educational qualifications	Proportion of shares in companies (%)	relationship	Work History	
					Period	Position and Location
3. Ms. Phenchan Yothinaupamai Managing Director and Deputy Director authorized signatory	46	Certificate of Higher Vocational Education Assumption Commercial School.  Passed the training Director Accreditation Program (DAP) Batch No. 15/2004 on 18 May 2004 and Certificate of Training Director Program (DCP) Batch No. 49/2004 on 7 October 2004 from Thai Institute of Directors Association.	8.33%	Wife of Mr. Chusak Yongvongphaiboon	1993 – Present  2003 – Present	Deputy Managing Director, Asia Metal Public Company Limited  Directors, STC Steel Co.,Ltd
4. Ms. Taradee Piensamrit Executive Director and authorized and finance manager	34	Bachelor's Degree Assumption Business Administration. Passed the training of Director Accreditation Program (DAP) Batch No. 21/2004 on 21 July 2004 from Thai Institute of Directors Association.	-	-	2005 – Present  2003 – Present  2003 – 2005  1998 – 2003	Finance manager, Asia Metal Public Company Limited  Directors, STC Steel Co.,Ltd.  Head of Finance , Asia Metal Public Company Limited  Head of Finance, Cosmo Creation Co., Ltd.  Bowling services



Name-Surname Position	Age (Year)	Educational qualifications	Proportion of shares in companies (%)	relationship	Work History	
					Period	Position and Location
5. Mr. Tanakorn Ritthibunlue Committee and Director of Finance and account	43	Bachelor of Business Administration, Accounting Ramkhamhaeng University.  Passed the training of Director Accreditation Program (DAP) Batch No. 15/2004 on 18 May 2004 from Thai Institute of Directors Association.	-	-	2005 – Present  2003 – Present  2002 – 2005  1996 – 2002	Director of Finance and Accounting, Asia Metal Public Company Limited  Directors, STC Steel Co.,Ltd.  Manager Finance and Accounting, Asia Metal Public Company Limited  Manager Finance and Accounting, Sinteerachai Co., Ltd. Business in two steel plates steel Vilas
6. Police General Jumpol Munmai Chairman of Audit Committee and Independent Director	60	Political Science of Administration, Master, Graduate Institute of science of Administration.  Passed the training of DAP Batch No. 64/2004 ACP Batch No. 19/2007 and UFS Batch No. 10/2007.	-	-	2004 – Present  2008 – Present 2008 2006 – 2008	Chairman of Audit Committee and Independent Director, Asia Metal Public Company Limited  Deputy Chief of Royal Thai Police Advisor (SorBor 10) Advisor of Prime Minister, government official



Name-Surname Position	Age (Year)	Educational qualifications	Proportion of shares in companies (%)	relationship	Work History	
					Period	Position and Location
7. Sub Lt. Suree Buranathanit Audit Committee and Independent Director	76	<p>Master's Degree of Political Science Ramkhamhaeng University.</p> <p>Master's Degree of Political Science (Diplomatic and Foreign Affairs) Chulalongkorn University</p> <p>Passed the training of Director Accreditation Program (DAP) Batch No. 21/2004 on 21 July 2004 from Thai Institute of Directors Association.</p>	-	-	<p>2004 – Present</p> <p>Present</p> <p>Present</p> <p>Present</p> <p>Present</p> <p>Present</p>	<p>Audit Committee and Independent Director, Asia Metal Public Company Limited</p> <p>Audit Committee and Independent Director, IT City Public Company Limited</p> <p>Qualified Director of the National Council of Boy Scouts. Executive director of local boy scout. Executive Council of Bangkok University Directors Association in monitoring the development of women Peacemaker in Thanyaburi Provincial Court</p>
8. Mrs. Taisika Praisangob Audit Committee and Independent Director	59	<p>Master of Political Science of Administration Terry, University of Eastern Asia.</p> <p>Passed the training of Director Accreditation Program (DAP) Batch No. 15/2004 on 18 May 2004 and Training Audit Committee Program (ACP) Edition 7 / 2005 from Thai Institute of Directors Association</p>	-	-	<p>2004 – Present</p> <p>2003 – Present</p> <p>2004 – Present</p> <p>2002– 2003</p> <p>2000 – 2001</p>	<p>Audit Committee and Independent Director, Asia Metal Public Company Limited</p> <p>Directors, STC Steel Co.,Ltd. Senior Manager, Small Business 8. Siam City Bank Plc. Development Manager SorChor., Siam City Bank Plc. Business Manager 4, Siam City Bank Plc.</p>



Name-Surname Position	Age (Year)	Educational qualifications	Proportion of shares in companies (%)	relationship	Work History	
					Period	Position and Location
9. Mr. Chanatip Trivuth Director	46	MBA, National Institute of Development Administration (NIDA) Bachelor of Economics, Thammasat University  Passed the training of Director Accreditation Program (DAP) Batch No. 64/2007 on 20 July 2007 from Thai Institute of Directors Association	4.17%	-	2006 – Present 2008 – Present  2004 – Present  2004 – 2006  2001 – Present  1999 – Present  1991 – Present	Directors, Asia Metal Public Co.,LTD Directors, G J Steel Public Co.,LTD (Business: producer and distributor of Hot Rolled Coil) Directors, Felix River Kwai Resort (Kanchanaburi) (Business: hotel) Associate judge in Central Labor Court Managing Director, SSP Place Co., Ltd. (Business: office building space rental) Managing Director Great Eastern International Co., Ltd. (Business: steel coil center) Managing Director Intelligence System Network Limited (Business: computer system integrator)



Name-Surname Position	Age (Year)	Educational qualifications	Proportion of shares in companies (%)	relationship	Work History	
					Period	Position and Location
10. Mr.Prawit Titipatarayanyong Managing Director of Coil Center Project	47	Bachelor of Engineering. King Mongkut's University of Technology Thonburi	-	-	2010 – Present  2006 – 2008  1989 - 2007	Managing Director of Coil Center Project Asia Metal Public Company Limited Managing Director Premium Steel Processing Co., Ltd. Assistant General Manager Bangkok Coil Center Co., Ltd
11. Mr. Chidchanok Tomawong Director of Marketing Department	46	Bachelor of Business Administration, Finance and Banking Ramkhamhaeng University	-	-	2006 – Present  2003 – Present 2005- 2006  2003-2005  1994-2000	Marketing Director, Asia Metal Public Company Limited Directors, STC Steel Co.,Ltd. Director of Production, Asia Metal Public Company Limited Production manager, Asia Metal Public Company Limited  Project Manager, Rungruang Thani Co., Ltd. Real estate commercial business



Particular of committee, administrator and authorize person with power to control the subsidiary or associated company or related company.

Name-Surname	Company	S T C Steel Co., Ltd.	Asia Metal Fabrication Co., Ltd.	Vientiane Bonded Warehouse Co., Ltd.
Mr. Virachai Suteerachai	1,5	-	5	-
Mr. Chusak Yongvongphaiboon	3, 5, 6	5	5,6	5,6
Mr. Tanakorn Ritthibunlue	5, 6	5	-	-
Ms. Phenchan Yotinupamai	5, 6	5	-	-
Ms. Taradee Piensamrit	5,6	5	-	-
Police General Jumpol Munmai	2, 5	-	-	-
Mrs. Taisika Praisangob	4, 5	5	-	-
Sub Lieutenant Suree Buranathanit	4, 5	-	-	-
Mr. Chanatip Trivuth	5	-	-	-
Mr. Chidchanok Tomawong	6	5	-	-
Mr. Prawit Titipatarayunyong	3,6	-	-	-
Mr. Puvong Korasak	-	-	-	5,6
Mr. Suwit Ratanachinda	-	-	-	5,6

Note:            1 = Chairman of the board                      2 = Chairman of audit committee  
                       3 = Managing director                                4 = Audit committee  
                       5 = Committee    6 = Administrator

## Report of Directors Relating to Responsibility for Financial Statements

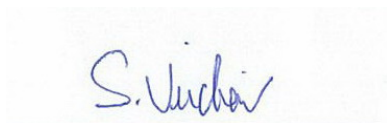
The company committee is responsible for the company's financial budget, including financial information that appears in the annual report. The financial budget has set according to the standard of certified general accounts by selecting the account policy that is appropriate and operating constantly. It must be thought through before operated, including revealing important information sufficiently in the remarks of the financial budget to benefit the shareholders and the investors fully and clearly.

The committee has set the risk administration and the internal control systems which are appropriate and have the efficiency to assure reasonably that the information is correct, complete, and sufficient to maintain the assets. It has to be made sure that there is no betrayal or unusual activities happening significantly.

The company committee has assigned the audit committee to investigate the account policy and the financial budget to be correct. They have to check for the internal controls system and the internal investigation, including risk administration system. This will appear in the report of audit committee as already shown in the annual report.

The company's financial budget has been investigated by the AST Master Company's certified auditors. The company committee has aided and supported the various documents and information so that the auditors can check and show their comments independently and according to the standard of general audits. The comments of the auditors have already appeared in the annual report.

The committee has the opinion that the overall internal control systems of the company are in the satisfactory level and can create confidence with reason that the financial budget of Asia Metal Public Company Limited for the year that ended on December 31, 2010 is looked upon respectively by following the law and related regulations.



(Mr. Virachai Suteerachai)  
Chairman of the Board



(Mr. Chusak Yongvongphaiboon)  
Managing Director

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To The Board of Directors and Shareholders of Asia Metal Public Company Limited

I have audited the consolidated balance sheets of Asia Metal Public Company Limited and Subsidiaries as at December 31, 2010 and 2009, the consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. I have also audited the separate financial statements of Asia Metal Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Asia Metal Public Company Limited and Subsidiaries and of Asia Metal Public Company Limited as at December 31, 2010 and 2009, the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.



(NONGRAM LAOHAAREEDILOK)

Certified Public Accountant

Registration No. 4334

AST Master Co., Ltd.

February 25, 2011



**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**
**BALANCE SHEETS**
**AS AT DECEMBER 31, 2010 AND 2009**
**In Baht**

	Not es	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		86,012,378	73,524,118	82,493,764	58,583,867
Short-term investments		120,569,402	90,556,581	120,569,402	90,556,581
Trade accounts receivable					
	5,				
Related parties	23	6,453,265	205,985	5,331,871	695,718
Others, net	5	663,431,865	380,505,418	662,111,046	368,529,967
Unbilled completed works	6	-	2,850,188	-	-
Short-term loans to and					
interest receivable from					
related parties	23	546,002	500,248	31,057,419	107,183,763
Inventories, net	7	1,236,381,054	787,954,098	1,231,112,357	778,049,331
Account receivable-Revenue Department		8,922,010	18,765,772	8,776,743	18,765,772
Construction in progress	8	4,497,178	7,342,565	-	-
Assets pending for disposal, net	9	-	54,660,954	-	25,646,269
Advance payment for purchasing of goods		315,225,855	160,419,879	315,225,855	160,419,879
Other current assets		10,575,989	18,499,224	9,920,546	14,060,070
Total current assets		<u>2,452,614,998</u>	<u>1,595,785,030</u>	<u>2,466,599,003</u>	<u>1,622,491,217</u>
<b>NON - CURRENT ASSETS</b>					
Fixed deposits pledged as collateral	10	17,589,445	16,204,391	16,184,445	15,704,391
Investments in subsidiaries and associate	11	5,786,715	5,786,715	37,686,323	37,686,323
Non operating assets		5,000,000	5,000,000	5,000,000	5,000,000
Property, plant and equipment, net	12	999,745,475	912,850,643	940,525,057	848,833,381
Prepaid corporate income tax		2,013,488	22,869,931	-	21,653,946
Other non - current assets		6,377,912	6,785,512	6,340,412	6,748,012
Total non - current assets		<u>1,036,513,035</u>	<u>969,497,192</u>	<u>1,005,736,237</u>	<u>935,626,053</u>
<b>TOTAL ASSETS</b>		<u><u>3,489,128,033</u></u>	<u><u>2,565,282,222</u></u>	<u><u>3,472,335,240</u></u>	<u><u>2,558,117,270</u></u>

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

**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**
**BALANCE SHEETS (CON'T)**
**AS AT DECEMBER 31, 2010 AND 2009**
**In Baht**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term loans					
from financial institutions,					
net	13	1,729,608,050	911,150,045	1,729,608,050	911,150,045
Trade accounts payable					
Related parties	23	-	377,045	1,971,427	3,063,145
Others		77,034,117	53,894,753	73,967,498	42,032,280
Other payable		26,420,945	28,603,324	27,354,692	60,278,712
Current portion of long-term loan					
from financial institution	14	25,000,000	25,000,000	25,000,000	25,000,000
Current portion of liabilities under					
hire-purchase					
agreements	15	1,448,621	384,152	1,448,621	384,152
Advance received from director	23	1,180,695	1,180,695	-	-
Advance received from sale of goods		28,126,100	3,881,970	28,126,100	3,881,970
Advance received from construction projects	23	7,663,978	8,039,879	-	-
Accrued corporate income tax		15,953,424	8,744,889	15,953,424	8,514,631
Other current liabilities		25,725,778	31,333,786	25,773,470	31,981,742
Total current					
liabilities		1,938,161,708	1,072,590,538	1,929,203,282	1,086,286,677
<b>NON - CURRENT LIABILITIES</b>					
Long-term loan from financial institution, net	14	37,500,000	62,500,000	37,500,000	62,500,000
Liabilities under hire-purchase agreements, net	15	2,589,564	224,089	2,589,564	224,089
รวมหนี้สินไม่					
หมุนเวียน					
Total non - current					
liabilities		40,089,564	62,724,089	40,089,564	62,724,089
<b>TOTAL LIABILITIES</b>		<b>1,978,251,272</b>	<b>1,135,314,627</b>	<b>1,969,292,846</b>	<b>1,149,010,766</b>

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

**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**
**BALANCE SHEETS (CON'T)**
**AS AT DECEMBER 31, 2010 AND 2009**
**In Baht**

	Not es	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CON'T)</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Authorised share capital					
549,973,800 ordinary					
shares of Baht 1 each		549,973,800	549,973,800	549,973,800	549,973,800
Issued and paid up share capital					
479,937,265 ordinary					
shares of Baht 1 each		479,937,265	479,937,265	479,937,265	479,937,265
Premium on share capital		297,427,100	297,427,100	297,427,100	297,427,100
Premium on land revaluation	12	67,693,059	67,693,059	67,693,059	67,693,059
Adjustment from the combination of entity					
under common controls		14,704,932	14,704,932	-	-
Retained earnings					
Appropriated for legal					
reserve	18	38,270,000	33,570,000	38,270,000	33,570,000
Unappropriated		609,048,176	528,669,226	619,714,970	530,479,080
Total parent's					
shareholders' equity		1,507,080,532	1,422,001,582	1,503,042,394	1,409,106,504
Minority interest		3,796,229	7,966,013	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,510,876,761</b>	<b>1,429,967,595</b>	<b>1,503,042,394</b>	<b>1,409,106,504</b>
<b>TOTAL LIABILITIES AND</b>					
<b>    SHAREHOLDERS' EQUITY</b>		<b>3,489,128,033</b>	<b>2,565,282,222</b>	<b>3,472,335,240</b>	<b>2,558,117,270</b>

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

**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**
**STATEMENTS OF INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**
**In Baht**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
Sales and service revenues		5,027,333,575	3,776,746,560	5,022,167,587	3,749,559,965
Cost of sales and services		4,746,635,982	3,606,450,030	4,734,958,336	3,595,596,125
<b>Gross profit</b>		<b>280,697,593</b>	<b>170,296,530</b>	<b>287,209,251</b>	<b>153,963,840</b>
Selling expenses		63,586,598	53,671,651	63,586,598	53,671,651
Administrative expenses		62,033,447	71,055,126	50,702,593	60,342,644
Loss on diminution of inventories (reversal)		8,249,860	(92,971,441)	9,000,000	(93,400,000)
Managements' remuneration		10,862,000	10,906,530	10,862,000	10,906,530
<b>Profit from sales and service revenues</b>		<b>135,965,688</b>	<b>127,634,664</b>	<b>153,058,060</b>	<b>122,443,015</b>
Other income		20,880,128	12,881,171	16,781,616	14,821,190
<b>Profit before financial cost and income tax</b>		<b>156,845,816</b>	<b>140,515,835</b>	<b>169,839,676</b>	<b>137,264,205</b>
Financial cost		41,668,654	28,016,762	41,635,790	27,986,130
<b>Profit before income tax</b>		<b>115,177,162</b>	<b>112,499,073</b>	<b>128,203,886</b>	<b>109,278,075</b>
Income tax		34,267,996	9,988,505	34,267,996	8,896,018
<b>Net profit</b>		<b>80,909,166</b>	<b>102,510,568</b>	<b>93,935,890</b>	<b>100,382,057</b>
<b>Net profit (loss) attributable to:</b>					
Equity holders of the parent		85,078,950	102,810,381	93,935,890	100,382,057
Minority interest of the subsidiaries		(4,169,784)	(299,813)	-	-
		<b>80,909,166</b>	<b>102,510,568</b>	<b>93,935,890</b>	<b>100,382,057</b>
<b>BASIC EARNINGS PER SHARE</b>	19				
Net profit attributable to					
equity holders of the parent		0.18	0.21	0.20	0.21
Weighted average number of share (shares)		479,937,265	479,937,265	479,937,265	479,937,265
<b>DILUTED EARNINGS PER SHARE</b>	19				
Net profit attributable to					
equity holders of the parent		0.18	0.21	0.20	0.21
Weighted average number of share (shares)		479,937,265	479,937,265	479,937,265	479,937,265

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



ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		In Baht								
		Issued and paid-up share capital	Premium on share capital	Premium on land revaluation	Adjustment from the combination of entity under common controls	Adjustment for foreign exchange transaction	Retained earnings			Total
Notes	Appropriated for legal reserve						Unappropriat ed	Minority interests		
	Balance as at January 1, 2009	479,937,265	297,427,100	67,693,059	14,704,932	617,937	28,470,000	478,952,572	9,931,135	1,377,734,000
	Subsidiary's share subscription-minority interest	-	-	-	-	-	-	-	4,500,000	4,500,000
	Share subscription receivable-minority interest	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
	Receipt from share subscription-minority interest	-	-	-	-	-	-	-	500,000	500,000
	Appropriate for legal reserve	18	-	-	-	-	5,100,000	(5,100,000)	-	-
	Adjustment for foreign exchange transaction	-	-	-	-	(617,937)	-	-	-	(617,937)
	Dividends paid	17	-	-	-	-	-	(47,993,727)	-	(47,993,727)
	Disposal of investments in subsidiary	-	-	-	-	-	-	-	(5,665,309)	(5,665,309)
	Net profit (loss)	-	-	-	-	-	-	102,810,381	(299,813)	102,510,568
	Balance as at December 31, 2009	<u>479,937,265</u>	<u>297,427,100</u>	<u>67,693,059</u>	<u>14,704,932</u>	<u>-</u>	<u>33,570,000</u>	<u>528,669,226</u>	<u>7,966,013</u>	<u>1,429,967,595</u>
	Balance as at January 1, 2010	479,937,265	297,427,100	67,693,059	14,704,932	-	33,570,000	528,669,226	7,966,013	1,429,967,595
	Appropriate for legal reserve	18	-	-	-	-	4,700,000	(4,700,000)	-	-
	Net profit (loss)	-	-	-	-	-	-	85,078,950	(4,169,784)	80,909,166
	Balance as at December 31, 2010	<u>479,937,265</u>	<u>297,427,100</u>	<u>67,693,059</u>	<u>14,704,932</u>	<u>-</u>	<u>38,270,000</u>	<u>609,048,176</u>	<u>3,796,229</u>	<u>1,510,876,761</u>

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



ASIA METAL PUBLIC COMPANY LIMITED  
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

In Baht

	Note	Issued and paid-up share capital	Premium on share capital	Premium on land revaluation	Retained earnings		Total
					Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2009		479,937,265	297,427,100	67,693,059	28,470,000	483,190,750	1,356,718,174
Appropriate for legal reserve	18	-	-	-	5,100,000	(5,100,000)	-
Dividends paid	17	-	-	-	-	(47,993,727)	(47,993,727)
Net profit		-	-	-	-	100,382,057	100,382,057
Balance as at December 31, 2009		<u>479,937,265</u>	<u>297,427,100</u>	<u>67,693,059</u>	<u>33,570,000</u>	<u>530,479,080</u>	<u>1,409,106,504</u>
Balance as at January 1, 2010		479,937,265	297,427,100	67,693,059	33,570,000	530,479,080	1,409,106,504
Appropriate for legal reserve	18	-	-	-	4,700,000	(4,700,000)	-
Net profit		-	-	-	-	93,935,890	93,935,890
Balance as at December 31, 2010		<u>479,937,265</u>	<u>297,427,100</u>	<u>67,693,059</u>	<u>38,270,000</u>	<u>619,714,970</u>	<u>1,503,042,394</u>

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

**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Profit before income tax	115,177,162	112,499,073	128,203,886	109,278,075
<b>Adjustments to reconcile net profit to net cash used in operating activities</b>				
Depreciation	55,238,249	36,751,076	51,484,139	26,296,315
Gain from sale of short-term investments	(569,021)	(315,516)	(569,021)	(315,516)
Interest receivable on short-term loans to related party	-	-	(2,327,901)	(3,862,200)
Doubtful accounts - Trade accounts receivable (reversal)	1,642,332	13,333,050	(4,283,375)	13,333,050
Doubtful accounts - Advance payment	-	2,273,298	-	2,273,298
Gain on disposal of investment in subsidiary	-	(447,539)	-	-
Loss on diminution of inventories (reversal)	8,249,860	(92,971,442)	9,000,000	(93,400,000)
(Gain) loss on disposal of equipment	(5,342,278)	32,981	795,401	32,981
Gain on disposal of assets pending for disposal	(6,282,066)	-	(653,731)	-
Unrealized loss on foreign exchange rate	1,821,628	-	1,821,628	-
Adjustment for foreign exchange transaction	-	(617,937)	-	-
Interest expenses	40,975,281	23,285,954	40,975,281	27,148,086
Profit from operating activities before change in operational assets and liabilities	210,911,147	93,822,998	224,446,307	80,784,089
<b>Decrease (Increase) in operational assets</b>				
Trade accounts receivable - related parties	(6,247,280)	51,400,278	(4,636,153)	59,728,165
Trade accounts receivable - others	(284,568,779)	77,081,968	(289,297,704)	82,886,166
Unbilled completed works	2,850,188	4,063,909	-	-
Inventories	(456,676,816)	(312,095,247)	(462,063,026)	(306,329,826)
Construction in progress	2,845,387	(6,304,077)	-	-
Advance payment for foreign investment	-	937,206	-	-
Advance payment for purchasing of goods	(154,805,976)	(105,327,786)	(154,805,976)	(105,327,786)
Receivable - Revenue Department	9,843,762	(18,765,772)	9,989,029	(18,765,772)
Other current assets	7,923,235	(7,669,801)	4,139,524	(5,054,820)
Other non - current assets	407,600	(344,148)	407,600	441,934

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

**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**
**STATEMENTS OF CASH FLOWS (CON'T)**
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities (Con't)</b>				
<b>Increase (Decrease) in operational liabilities</b>				
Trade accounts payable - related parties	(377,045)	(4,039,965)	(1,091,718)	(2,692,053)
Trade accounts payable - others	21,721,828	4,694,934	30,517,682	(2,857,476)
Advance received from director	-	844,812	-	-
Advance received from sales of goods	24,244,130	(33,589,262)	24,244,130	(33,589,262)
Advance received from construction projects	(375,901)	8,039,879	-	-
Other current liabilities	(6,690,809)	990,538	(7,291,073)	4,646,226
<b>Cash paid from operations activities</b>	(628,995,329)	(246,259,536)	(625,441,378)	(246,130,415)
Interest paid	(40,322,374)	(22,997,103)	(40,322,374)	(26,859,235)
Cash received from withholding tax refund	21,653,946	-	21,653,946	-
Income tax paid	(27,856,964)	(1,636,187)	(26,829,203)	(522,427)
<b>Net cash used in operating activities</b>	(675,520,721)	(270,892,826)	(670,939,009)	(273,512,077)
<b>Cash flows from investing activities</b>				
Increase in short-term investments	(29,443,800)	(75,711,604)	(29,443,800)	(75,711,604)
Cash received from disposal of investments in subsidiary	-	3,166,932	-	3,340,897
Cash paid to invest in subsidiary	-	-	-	(6,993,172)
Decrease (increase) in fixed deposits pledged as collateral	(1,385,054)	84,027,003	(480,054)	84,027,003
Decrease (increase) in short-term loans to related persons	(45,754)	(53,418)	78,454,245	(53,418)
Cash paid for purchase of property, plant and equipment ( <i>supplement cash flows information</i> )	(143,977,063)	(120,096,914)	(174,704,403)	(113,052,886)
Cash received from disposals of assets	8,433,825	2,075,819	1,239,111	1,021,419
Proceeds from disposals of assets pending for disposal ( <i>supplement cash flows information</i> )	60,943,020	-	26,300,000	-
<b>Net cash used in investing activities</b>	(105,474,826)	(106,592,182)	(98,634,901)	(107,421,761)
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	818,483,807	461,114,294	818,483,807	461,114,294
Payments of long-term loans from financial institutions	(25,000,000)	(12,500,000)	(25,000,000)	(12,500,000)
Dividends paid	-	(47,993,727)	-	(47,993,727)
Cash received from minority interest for share subscription	-	4,000,000	-	-
<b>Net cash provided by financing activities</b>	793,483,807	404,620,567	793,483,807	400,620,567

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

**ASIA METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**



STATEMENTS OF CASH FLOWS (CON'T)  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Net increase in cash and cash equivalents	12,488,260	27,135,559	23,909,897	19,686,729
Cash and cash equivalents, Beginning of the years	73,524,118	46,388,559	58,583,867	38,897,138
Cash and cash equivalents, End of the years	<u>86,012,378</u>	<u>73,524,118</u>	<u>82,493,764</u>	<u>58,583,867</u>
<b>SUPPLEMENT DISCLOSURE OF</b>				
<b>CASH FLOWS INFORMATION</b>				
<b><u>1. Cash and cash equivalents</u></b>				
Cash	78,962	74,182	74,182	74,182
Savings accounts	54,061,752	48,456,424	50,547,918	36,168,713
Current accounts	31,871,664	24,993,512	31,871,664	22,340,972
Total Cash and cash equivalents	<u>86,012,378</u>	<u>73,524,118</u>	<u>82,493,764</u>	<u>58,583,867</u>
<b><u>2. Property, plant and equipment</u></b>				
The detail of "Cash paid for purchase of property, plant and equipment" is as follow;				
Property, plant and equipment acquired during the years	(145,224,628)	(133,816,515)	(145,210,327)	(156,332,747)
<b><u>Adjus</u></b>				
† Increase (decrease) on payable from acquisition of property, plant and equipment	(2,182,379)	13,745,714	(32,924,020)	43,305,974
Increase (decrease) on liabilities under hire purchase agreements	3,429,944	(26,113)	3,429,944	(26,113)
Cash paid for purchase of property, plant and equipment	<u>(143,977,063)</u>	<u>(120,096,914)</u>	<u>(174,704,403)</u>	<u>(113,052,886)</u>
<b><u>3. Assets pending for disposal</u></b>				
The detail of "Proceeds from disposal of assets pending for disposal" is as follow;				
Net book value of assets sold	54,660,954	-	25,646,269	-
<b><u>Adjus</u></b>				
† Gain from asset disposal	6,282,066	-	653,731	-
Proceeds from disposals of assets pending for disposal	<u>60,943,020</u>	<u>-</u>	<u>26,300,000</u>	<u>-</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**1. 1. GENERAL INFORMATION**

Asia Metal Public Company Limited was listed on the Stock Exchange of Thailand in 2004. The address of its registered office is at 55, 55/1 Moo 2 Soi Watnamdaeng, Srinakarin Rd., Bangkaew, Bangplee Samutprakarn. The Company has factory branch located at 90/1 Moo 10, Highway No.331, Srasiliam, Panusnikom, Chonburi.

The principal business operation of the Company is to produce and sell of processed steel products and its subsidiaries operated in steel structure installation service and factory construction.

“The Company” represents “Asia Metal Public Company Limited,” while “The Group” represents “Asia Metal Public Company Limited” and its subsidiaries which are “STC Steel Company Limited” and “Asia Metal Fabrication Company Limited.”

**2. BASIS OF FINANCIAL STATEMENTS PREPARATION**

The consolidated and separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

The consolidated financial statements include the financial statements of Asia Metal Public Company Limited and the subsidiaries over which the Company has control. The details of subsidiaries are as follows;

Name of subsidiaries	Country of incorporation	Nature of business	The date of commencing control	Percentage of shareholding	
				2010	2009
1. STC Steel Co., Ltd.	Thailand	Produce and sell of processed steel products	The fourth quarter of 2003	100	100
2. Asia Metal Fabrication Co., Ltd.	Thailand	Factory construction service	The third quarter of 2008	55	55

The consolidated and separate financial statements have been prepared under the historical cost convention except for those stated otherwise in accounting policies.

## 2. BASIS OF FINANCIAL STATEMENTS PREPARATION (CON'T)

The significant transactions between the Company and the subsidiaries have been eliminated in the consolidated financial statements.

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

## 3. ADOPTION OF NEW ACCOUNTING STANDARDS

**New accounting standards, new financial reporting standards, amendments to accounting standards and accounting framework**

### a) Accounting framework

The amendment of the accounting framework was announced by the Federation of Accounting Professions on 26 May 2010 with effect on 26 May 2010.

### b) New accounting standards, new financial reporting standards and amendments to accounting standards

The following new accounting standards, new financial reporting standards and amendments to accounting standards were announced by the Federation of Accounting Professions and are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013. The group has elected not to early adopt these standards.

#### Effective for the period beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
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	Account 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 Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS (CON'T)

#### b) New accounting standards, new financial reporting standards and amendments to accounting standards (Con't)

Effective for the period beginning on or after 1 January 2011 (Con't)

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

Effective for the period beginning on or after 1 January 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

The management of the Company is still evaluating the effects from implementation of TAS 12 "Income taxes" and TAS 19 "Employee benefits."

The management of the Company has assessed the effect of these standards and believes that TAS 1 (revised 2009), TAS 2 (revised 2009), TAS 7 (revised 2009), TAS 11 (revised 2009), TAS 16 (revised 2009), TAS 17 (revised 2009), TAS 18 (revised 2009), TAS 23 (revised 2009), TAS 24 (revised 2009), TAS 26 (revised 2009), TAS 27 (revised 2009), TAS 28 (revised 2009), TAS 33 (revised 2009), TAS 34 (revised 2009), TAS 36 (revised 2009), TAS 37 (revised 2009) and TAS 38 (revised 2009) will not have any significant impact on the financial statements for the year in which it is initially applied. The other remaining accounting standards and financial reporting standards are not relevant to the business of the Company.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of the consolidated and separate financial statements are as follows;

#### 4.1 Investments in subsidiaries

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interests in the consolidated balance sheet and consolidated statement of income.

The investments in subsidiaries represented in the separate financial statements are carried at cost, net of allowance for impairment (if any.)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

##### 4.2 Investments in associates

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting and in the separate financial statements by the cost method, net of allowance for impairment (if any.) These are undertakings in which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence, but which it does not control. Unrealised gains on transactions between the group and its associated undertakings are eliminated to the extent of the group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The group's investment in associated undertakings includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the group has incurred obligations or guaranteed obligations in respect of the associated undertaking.

##### 4.3 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Baht at the exchange rates ruling at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity.

##### 4.4 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, short-term investments, trade accounts receivable and loan. Financial liabilities carried on the balance sheet include trade accounts payable, other payable, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### 4.5 Cash and cash equivalents

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

##### 4.6 Short-term investments

Investments in unit trusts of mutual funds, which the Company holds as investments in trading securities, are determined at fair value determined by reference to the quoted bid price at the end of the year. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

##### 4.7 Trade accounts receivable

Trade accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified. The Company's management estimates the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate encompasses consideration of past collection experiences and other factors, such as changes in the composition and volume of the receivable, the relationship of the allowance for doubtful accounts to the receivable and the local economic conditions.

##### 4.8 Inventories

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

##### 4.9 Property, plant and equipment

Land is shown at fair value, based on terminal valuation by external independent valuers, the revaluation is made every five years. Plant, machineries and equipment are shown at historical cost less accumulated depreciation.

Increases in the carrying amount arising on revaluation of land are credited to the premium of asset valuation in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that premium; all other decreases are charged to the statement of income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Depreciation is calculated on the straight line method to write off the cost or the revalued amount of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows;

Building and property improvement	20	years
Machineries and equipment	5, 10	years
Motor vehicles	5	years
Furniture, fixtures and office equipment	5	years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

##### 4.10 Account for long – term lease

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

##### 4.11 Construction contracts

The Group recognized service on construction and cost of construction by the percentage of completion method estimated by the engineer based on a physical proportion of the contract work. The recognition, however, will not exceed of the proportion of actual construction costs incurred and the total anticipated construction cost to be incurred to completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as expense immediately.

The excess of buyers' payment over the percentage of work completion is recorded as unrealized installment income and the excess of work completion over the buyers' payment is recorded as unbilled completed work. No recorded of income on default in payment over 3 continuous installments.

Costs incurred in construction include direct materials, direct labor and construction overheads. General and administrative expenses are charged to the statements of income as incurred. The recognized cost of services which has not yet been due for payment as per contracts has been shown under the caption of "Unbilled cost of constructions" in the balance sheets. Costs incurred in the year in connection with future activity on a contract are excluded and shown as "Construction in progress".

##### 4.12 Revenue recognition

Sales are recognised on the delivery of goods or on customer acceptance or on the performance of services. Sales are shown net of sales taxes and discounts, and after eliminating sales within the Group.

Interest incomes are recognized on an accrual basis.

##### 4.13 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

##### 4.14 Provisions

Provisions are recognised 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 recognised as a separate asset but only when the reimbursement is virtually certain.

##### 4.15 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

#### 5. TRADE ACCOUNTS RECEIVABLE, NET

	In Baht			
	Consolidated	financial	Separate	financial
	statements	statements	statements	statements
	2010	2009	2010	2009
<b><u>Related parties</u></b>				
Trade accounts receivable	6,453,265	156,469	5,331,871	646,202
Posted date cheques received	-	49,516	-	49,516
Total	<u>6,453,265</u>	<u>205,985</u>	<u>5,331,871</u>	<u>695,718</u>
<b><u>Others</u></b>				
Trade accounts receivable	586,876,580	355,523,014	579,635,895	343,826,715
Posted date cheques received	177,052,136	123,836,923	171,452,136	117,963,612
Total	<u>763,928,716</u>	<u>479,359,937</u>	<u>751,088,031</u>	<u>461,790,327</u>
<u>Less</u> :Allowance for doubtful accounts	<u>(100,496,851)</u>	<u>(98,854,519)</u>	<u>(88,976,985)</u>	<u>(93,260,360)</u>
Trade accounts receivable, net	<u>663,431,865</u>	<u>380,505,418</u>	<u>662,111,046</u>	<u>368,529,967</u>



**5. TRADE ACCOUNTS RECEIVABLE, NET (CON'T)**

Outstanding trade accounts receivable and note receivable - trade as at December 31, 2010 and 2009 can be analyzed as follows;

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b><u>Related parties</u></b>				
Not yet due	4,909,763	49,516	4,909,763	-
Over due				
Less than 3 months	47,696	76,382	47,696	227,491
3 - 6 months	-	80,087	-	468,227
6 - 12 months	1,495,806	-	2,820	-
Over 12 months	-	-	371,592	-
Total	<u>6,453,265</u>	<u>205,985</u>	<u>5,331,871</u>	<u>695,718</u>
<b><u>Others</u></b>				
Not yet due	503,348,523	230,028,269	503,348,523	227,610,674
Over due				
Less than 3 months	154,282,996	130,245,100	153,952,803	126,632,099
3 - 6 months	285,568	31,372,680	285,568	25,427,825
6 - 12 months	2,693,603	1,268,258	2,693,603	1,268,258
Over 12 months	103,318,026	86,445,630	90,807,534	80,851,471
Total	<u>763,928,716</u>	<u>479,359,937</u>	<u>751,088,031</u>	<u>461,790,327</u>
<u>Less: Allowance for doubtful accounts</u>	<u>(100,496,851)</u>	<u>(98,854,519)</u>	<u>(88,976,985)</u>	<u>(93,260,360)</u>
Net	<u>663,431,865</u>	<u>380,505,418</u>	<u>662,111,046</u>	<u>368,529,967</u>

**6. UNBILLED COMPLETED WORKS/ UNREALIZED INSTALLMENT INCOME**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Total value of construction contracts signed	<u>88,056,186</u>	<u>87,454,263</u>	<u>-</u>	<u>-</u>
Construction revenues recognized to date	57,930,880	57,001,901	-	-
<u>Less: Installments due to date</u>	<u>(57,930,880)</u>	<u>(54,151,713)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2,850,188</u>	<u>-</u>	<u>-</u>
This disclosure consists of:				
Unbilled completed works	-	3,163,641	-	-
Unrealized installment income	-	(313,453)	-	-
Net	<u>-</u>	<u>2,850,188</u>	<u>-</u>	<u>-</u>

**7. INVENTORIES, NET**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Finished goods	523,055,287	411,044,529	520,752,645	404,564,191
Work in process	5,108,867	10,132,956	5,108,867	10,132,956
Raw materials	716,696,501	367,031,719	713,591,566	362,718,270
Factory supplies	1,832,197	1,806,832	1,659,279	1,633,914
<b>Total</b>	<b>1,246,692,852</b>	<b>790,016,036</b>	<b>1,241,112,357</b>	<b>779,049,331</b>
<u>Less</u> : provision for diminution of inventories	(10,311,798)	(2,061,938)	(10,000,000)	(1,000,000)
<b>Net</b>	<b>1,236,381,054</b>	<b>787,954,098</b>	<b>1,231,112,357</b>	<b>778,049,331</b>

**8. CONSTRUCTION IN PROGRESS**

As at December 31, 2010 and 2009, the details of construction in progress are as follows;

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cost of services				
- Billed cost of constructions up to end of year	53,939,715	54,434,335	-	-
- Unbilled cost of constructions	-	-	-	-
<b>Total cost of services</b>	<b>53,939,715</b>	<b>54,434,335</b>	<b>-</b>	<b>-</b>
<u>Less</u> : Recognition of cost of services	(49,442,537)	(47,091,770)	-	-
<b>Construction in progress</b>	<b>4,497,178</b>	<b>7,342,565</b>	<b>-</b>	<b>-</b>

**9. ASSETS PENDING FOR DISPOSAL, NET**

The meeting of the ordinary shareholders' meeting held on March 26, 2008 approved the Company and STC Steel Company Limited, the Subsidiary, to sell land and buildings to the related company at the selling prices which are not less than the appraisal value of independent property valuer. The Company and the subsidiary have entered to the agreement to sell assets as follow;

- According the agreement to sell assets dated January 28, 2008, STC Steel Company Limited sold the land to Taweechoke panich Company Limited at the selling price of Baht 38.36 million.
- According the agreement to sell assets dated January 28, 2008, the Company sold the factory building to Taweechoke panich Company Limited at the selling price of Baht 26.30 million.

During the year, the Company and the subsidiary have sold such assets and transferred their ownership to the buyer according to the sell agreement dated May 27, 2010. The Group recognized the gain from sell of assets pending for disposal amounting Baht 6,282,066 in the consolidated financial statements and Baht 653,731 in the separate financial statements.

## 10. FIXED DEPOSITS PLEDGED AS COLLATERAL

As at December 31, 2010, the Group and the Company held fixed deposits amounting to Baht 17.59 million and Baht 16.18 million respectively. (December 31, 2009: Baht 16.20 million and Baht 15.70 million in the consolidated and the separate financial statements.) The deposits were pledged as collateral for credit facilities of overdrafts and short-term loans from financial institutions (Note 13) and for banks' letter of guarantee against the payment of electricity of the Company and subsidiaries.

## 11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE

The details of investments presented in the separated financial statements are as follows;

	Paid up Capital	Holding percentage		In Baht	
				Cost method	
				2010	2009
<b>Subsidiaries</b>					
STC Steel Co., Ltd.	20,000,000	100	100	20,000,000	20,000,000
Asia Metal Fabrication Co., Ltd.	20,000,000	55	55	11,000,000	11,000,000
				<u>31,000,000</u>	<u>31,000,000</u>
<b>Associate</b>					
Vientiane Bonded Warehouse Co., Ltd	USD 500,000	40	40	6,686,323	6,686,323
<b>Total investments in subsidiaries and associate</b>				<u>37,686,323</u>	<u>37,686,323</u>

The details of investments presented in the consolidated financial statements are as follows;

	Paid up Capital	Holding percentage		In Baht	
				Equity method	
				2010	2009
<b>Associate</b>					
Vientiane Bonded Warehouse Co., Ltd	USD 500,000	40	40	5,786,715	5,786,715
<b>Total investments in associate</b>				<u>5,786,715</u>	<u>5,786,715</u>

The principal business operations of the subsidiaries and associate can be summarized as follows;

- 1) STC Steel Company Limited operates as manufacturer of steel pipe and U-Channel steel bars.
- 2) Asia Metal Fabrication Company Limited operates in steel structure installation service and factory construction.
- 3) Vientiane Bonded Warehouse Company Limited, incorporated in Lao PDR, operates in business of providing bonded warehouse service on the border of Lao PDR. As at December 31, 2010, such Company has not yet started its operation.

For the year ended December 31, 2009, the subsidiary, Asia Metal Fabrication Company Limited, made a call for unpaid portion from 25% to 50% of its authorized share capital, the issue and paid-up share capital, as a result, increased from Baht 25 to Bath 50 per share. The Company paid for such additional shares subscription amounting to Baht 11.0 million.

On December 8, 2009, the Company made a payment for the remaining share subscription receivable of Vientiane Bonded Warehouse Company Limited amounting to USD 45,000, equivalent to Baht 1,493,172 and the Company sold 1,000 shares of investments in share capital in Vientiane Bonded Warehouse Co., Ltd to non-related party. The portion of shares sold is accounted for 20% of issued and paid-up share capital. The Company recognized the gain from sale of investments amounting to Baht 447,539. After the transaction, the Company's percentage of share holding changes from 60% to 40% and the status of such company are changed from "subsidiary" to "associate."



## 12. PROPERTY, PLANT AND EQUIPMENT, NET

Consolidated financial statements (In Baht)							
	Land	Building and improvement	Machineries and equipment	Motor vehicles	Office fixture and equipment	Construction in progress	Total
<b>As at December 31, 2009</b>							
Cost / Fair value	186,822,986	411,624,920	291,883,323	21,513,031	32,258,200	213,344,746	1,157,447,206
<u>Less:</u> Accumulated depreciation	-	(63,265,690)	(149,933,579)	(11,536,383)	(19,860,911)	-	(244,596,563)
Net book value	186,822,986	348,359,230	141,949,744	9,976,648	12,397,289	213,344,746	912,850,643
<b>Transactions during the year ended December 31, 2010</b>							
Opening net book value	186,822,986	348,359,230	141,949,744	9,976,648	12,397,289	213,344,746	912,850,643
Additions	-	2,463	6,359,709	10,089,360	1,950,722	126,822,374	145,224,628
Transfer in (out)	-	111,253	49,946,520	-	29,460	(50,087,233)	-
Disposals and write off	-	-	(44,508)	(1,990,006)	(5,986)	(1,051,047)	(3,091,547)
Depreciation	-	(20,787,783)	(27,339,263)	(2,922,440)	(4,188,763)	-	(55,238,249)
Closing net book value	186,822,986	327,685,163	170,872,202	15,153,562	10,182,722	289,028,840	999,745,475
<b>As at December 31, 2010</b>							
Cost / Fair value	186,822,986	411,738,636	343,981,303	27,589,713	34,232,396	289,028,840	1,293,393,874
<u>Less:</u> Accumulated depreciation	-	(84,053,473)	(173,109,101)	(12,436,151)	(24,049,674)	-	(293,648,399)
Net book value	186,822,986	327,685,163	170,872,202	15,153,562	10,182,722	289,028,840	999,745,475



12. PROPERTY, PLANT AND EQUIPMENT, NET (CONT)

	Separate financial statements (In Baht)						Total
	Land	Building and improvement	Machineries and equipment	Motor vehicles	Office fixture and equipment	Construction in progress	
<b>As at December 31, 2009</b>							
Cost / Fair value	165,441,920	374,412,573	228,731,039	19,881,302	24,986,732	208,076,355	1,021,529,921
Less: Accumulated depreciation	-	(51,912,268)	(94,427,322)	(9,904,657)	(16,452,293)	-	(172,696,540)
Net book value	165,441,920	322,500,305	134,303,717	9,976,645	8,534,439	208,076,355	848,833,381
<b>Transactions during the year ended December 31, 2010</b>							
Opening net book value	165,441,920	322,500,305	134,303,717	9,976,645	8,534,439	208,076,355	848,833,381
Additions	-	2,463	6,359,709	10,089,360	1,950,722	126,808,073	145,210,327
Transfer in (out)	-	111,253	49,946,520	-	29,460	(50,087,233)	-
Disposals and write off	-	-	(44,508)	(1,990,004)	-	-	(2,034,512)
Depreciation	-	(19,034,149)	(25,635,932)	(2,922,440)	(3,891,618)	-	(51,484,139)
Closing net book value	165,441,920	303,579,872	164,929,506	15,153,561	6,623,003	284,797,195	940,525,057
<b>As at December 31, 2010</b>							
Cost / Fair value	165,441,920	374,526,289	280,829,019	26,926,162	26,966,914	284,797,195	1,159,487,499
Less: Accumulated depreciation	-	(70,946,417)	(115,899,513)	(11,772,601)	(20,343,911)	-	(218,962,442)
Net book value	165,441,920	303,579,872	164,929,506	15,153,561	6,623,003	284,797,195	940,525,057

## 12. PROPERTY, PLANT AND EQUIPMENT, NET (CON'T)

Land, building, machineries and machineries under installation in the consolidated financial statements and the separate financial statements amounting to Baht 294.06 million (December 31, 2009: Baht 281.96 million in the consolidated and separate financial statements) are mortgaged as collateral for credit facilities of short-term and long-term loan from financial institution (Note 13 and 14).

As at December 31, 2010, there are property and equipment which have been fully depreciated according to their useful lives, but are still in use with the original cost before deducting accumulated depreciation amounting to Baht 87.60 million in the consolidated financial statements and amounting to Baht 69.83 million in the separate financial statements (December 31, 2009: Baht 77.17 million in the consolidated financial statements and Baht 63.95 million in the separate financial statements.)

As at December 31, 2010, leased assets included above, where the Group is a lessee under hire purchase agreements are motor vehicles with net book value of Baht 7.11 million. (December 31, 2009: Baht 1.04 million.)

The Company's land was revalued on January 20, 2006 by independent valuers. Valuations were made on the basis of Market Approach. The book values of the land were adjusted to the revalued amounts and the resultant surplus was credited to premium on land revaluation in shareholders' equity at the amount of Baht 67.69 million.

As at December 31, 2010, the book value of land after revaluation comparing to that shown in historical cost are as follows;

	In Baht			
	Consolidated financial statements		Separate financial statements	
	Fair value	Historical cost	Fair value	Historical cost
Land	186,822,986	105,800,127	165,441,920	97,748,861

## 13. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS, NET

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Short-term loans from financial institutions	1,730,801,626	911,913,727	1,730,801,626	911,913,727
Less : Prepaid interest	(1,193,576)	(763,682)	(1,193,576)	(763,682)
Net	1,729,608,050	911,150,045	1,729,608,050	911,150,045

As at December 31, 2010, the Group has short-term trade financing facilities from financial institutions according to the loan agreements with a total maximum credit limit of Baht 2,677 million (December 31, 2009 : Baht 1,627 million). The trade financing facilities include bank overdraft, letters of credit, trust receipts, promissory notes, bills discounted, packing credits and banks' letters of guarantee. The overdraft facilities charged interest at the rate of MOR per annum (December 31, 2009: MOR per annum). The other facilities charged interest at the rates ranging from 2.10% to 3.15% per annum (December 31, 2009: ranging from 2.45% to 4.85% per annum.). The repayment terms ranged between 1 - 3 months.

Such trade financing facilities are secured over a part of the land, buildings, machineries, machineries under installment and fixed deposits of the Company and subsidiaries (Note 10 and 12).

**14. LONG-TERM LOAN FROM FINANCIAL INSTITUTION, NET**

	In Baht			
	Consolidated	financial	Separate	
	statements		financial statements	
	2010	2009	2010	2009
Long term-loan from financial institution	62,500,000	87,500,000	62,500,000	87,500,000
<u>Less</u> : Current portion	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
Long term portion, net	<u>37,500,000</u>	<u>62,500,000</u>	<u>37,500,000</u>	<u>62,500,000</u>

The Company has a long-term loan agreement with commercial bank. The loan is payable in quarterly installing of Baht 6.25 million each. The payment term is from September 25, 2009 to June 25, 2013 with the grace period for principal repayment of 15 months. The interest rate is MLR- 1.50 % per annum starting from July 25, 2008 to July 25, 2010, MLR-1.25% per annum starting from July 26, 2010 to August 25, 2011 and MLR per annum from August 26, 2011 onward. The loan is secured over a part of the land and buildings and machineries of the Company and subsidiaries (Note 12.)

The loan agreement contains normal covenants pertaining to matters such as the maintenance of a certain debt-to-equity ratio and the restriction on dividend payment.

**15. LIABILITIES UNDER HIRE PURCHASE AGREEMENTS, NET**

	In Baht			
	Consolidated	financial	Separate	
	statements		financial statements	
	2010	2009	2010	2009
Liabilities under hire purchase agreements	4,379,502	647,194	4,379,502	647,194
<u>Less</u> : Deferred interest charges	(341,317)	(38,953)	(341,317)	(38,953)
Total	4,038,185	608,241	4,038,185	608,241
<u>Less</u> : Current portion	(1,448,621)	(384,152)	(1,448,621)	(384,152)
Long-term portion, net	<u>2,589,564</u>	<u>224,089</u>	<u>2,589,564</u>	<u>224,089</u>

**16. STOCK WARRANTS**

At the extraordinary shareholders' meeting held on July 21, 2006 and November 24, 2006, the shareholders passed the resolution to allocate the free-of-charge warrants (AMC-W1) in the amount of 50,000,000 units, 7 - year maturity commencing from date of issue. The warrants can be exercised at the last official day of March and September (The first exercise date is September 28, 2007.) The exercise price is Baht 3 per share under the exercise ratio of 1 warrant per 1 new share (subjected to change under the condition of the adjustment.)

As at December 31, 2010, 39,981,706 units of warrants have been allotted, none of which has been exercised. The warrants were traded in The Stock Exchange of Thailand on May 3, 2007.

**17. DIVIDENDS PAID**

At the ordinary shareholder's meeting held on April 24, 2009, the shareholders passed the resolutions to approve the payment of dividends amounting of Baht 47.99 million. The dividends were paid to the shareholders who hold 479.94 million units of ordinary shares of Baht 0.10 per share. The dividends were paid on May 28, 2009.

#### 18. LEGAL RESERVE

The legal reserve of the Company was established in accordance with the provisions of the Thai Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

#### 19. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the year.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares is stock warrants (Note 16).

The calculation of dilutive potential ordinary shares is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock warrants. The calculation serves to determine the purchased shares to be added to the ordinary shares outstanding for the purpose of computing the dilution, no adjustment is made to net profit. However, the stock warrants were not included as a potential ordinary share in the diluted earnings per share calculation for the years ended December 31, 2010 and 2009, because the exercise price of the warrant was in excess of the market price of the Company's share, the basic earnings per share are, therefore, equal to the dilute earnings per share.

#### 20. PROVIDENT FUND

The Company established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund was approved by the Ministry of Finance. Under the plan, employees must contribute 2 percent of their basic salary, with 2 percent of the employees' basic salary based on employees' service years to be matched by the Company. The Company appointed an authorised fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Acts B.E. 2530.

During the year, the Company's contribution to the provident fund recorded in the consolidated and the separate financial statements are 482,348 and Baht 463,498 respectively.



## 21. EXPENSES BY NATURE

The following significant expenditure items, classified by nature, have been charged in arriving at operation profit for the years ended December 31;

	In Baht			
	Consolidated	financial	Separate	
	statements		financial statements	
	2010	2009	2010	2009
Changes in finished goods and work in progress	(105,778,154)	(71,127,248)	(111,164,364)	(65,067,154)
Purchase of finished goods	1,276,624,131	967,447,910	1,276,420,305	965,264,923
Raw materials and consumable used	3,471,285,590	2,622,254,000	3,467,465,553	2,614,639,288
Cost of construction service	2,350,767	37,555,198	-	-
Outsourcing production cost	634,095	2,872,849	5,053,739	28,073,038
Depreciation - Owned assets	55,238,249	36,751,076	51,484,139	26,296,315
Loss on diminution of inventories (reversal)	8,249,860	(92,971,442)	9,000,000	(93,400,000)
Doubtful accounts				
– Trade accounts receivable (reversal)	1,642,332	13,333,050	(4,283,375)	13,333,050
Doubtful accounts – Advance payment	-	2,273,298	-	2,273,298
Staff costs	78,764,228	67,611,093	74,866,358	52,474,458
Transport and distribution	46,905,977	38,789,233	46,905,977	38,677,753
Gain on foreign exchange rate	8,812,903	2,369,638	9,216,994	2,372,982
(Gain) loss on disposal of equipment	(5,342,278)	32,981	795,401	32,981
Gain on disposal of assets pending for disposal	6,282,066	-	653,731	-
Commission, advertising and sale promotion	8,742,171	11,559,386	8,736,648	13,660,818

## 22. FINANCIAL INFORMATION BY SEGMENT

The Group operates in two business segments as follow;

- 1: Produce and sell of processed steel products and providing steel cutting and modifying service

(Asia Metal Public Co., Ltd. and STC Steel Co., Ltd.)

- 2: Steel structure installation and factory construction (Asia Metal Fabrication Co., Ltd.)

The Company and its subsidiaries operate in one geographical area in Thailand; therefore, these financial statements do not present the financial information by geographical segment

**22. FINANCIAL INFORMATION BY SEGMENT (CON'T)**

Financial information by business segment for the year ended December 31, 2010 is as follows;

	In Baht			
	Business segment 1	Business segment 2	Elimination	Total
Sale and service revenue	5,022,476,179	8,160,528	(3,303,132)	5,027,333,575
Cost of sales and services	(4,738,967,577)	(10,971,537)	3,303,132	(4,746,635,982)
<b>Gross profit (loss)</b>	283,508,602	(2,811,009)	-	280,697,593
Selling and administrative expense	(129,392,535)	(7,089,510)	-	(136,482,045)
Allowance for inventory diminution(set up) reverse	(8,822,376)	572,516	-	(8,249,860)
Other income	20,808,995	71,133	-	20,880,128
<b>Profit (Loss) before financial costs and income tax</b>	166,102,686	(9,256,870)	-	156,845,816
Financial cost				(41,668,654)
Income tax				(34,267,996)
<b>Net profit</b>				<u>80,909,166</u>
<b>Detail of total asset by segments</b>				
Property plant and equipment, net	995,945,604	3,799,871	-	999,745,475
Other assets	2,487,313,840	20,422,309	(18,353,591)	2,489,382,558
<b>Total assets</b>	<u>3,483,259,444</u>	<u>24,222,180</u>	<u>(18,353,591)</u>	<u>3,489,128,033</u>

Financial information by business segment for the year ended December 31, 2009 is as follows;

	In Baht			
	Business segment 1	Business segment 2	Elimination	Total
Sale and service revenue	3,750,389,512	47,519,798	(21,162,750)	3,776,746,560
Cost of sales and services	(3,587,509,511)	(40,103,269)	21,162,750	(3,606,450,030)
<b>Gross Profit</b>	162,880,001	7,416,529	-	170,296,530
Selling and administrative expenses	(129,454,969)	(7,081,634)	903,296	(135,633,307)
Allowance for inventory diminution (set up) reverse	93,818,285	(846,844)	-	92,971,441
Other income	13,775,278	9,189	(903,296)	12,881,171
<b>Profit (Loss) before financial cost and income tax</b>	141,018,595	(502,760)	-	140,515,835
Financial cost				(28,016,762)
Income tax				(9,988,505)
<b>Net profit</b>				<u>102,510,568</u>
<b>Detail of total asset by segments</b>				
Property plant and equipment, net	907,844,702	5,005,941	-	912,850,643
Other assets	1,631,456,427	36,363,801	(15,388,649)	1,652,431,579
<b>Total assets</b>	<u>2,539,301,129</u>	<u>41,369,742</u>	<u>(15,388,649)</u>	<u>2,565,282,222</u>

**23. TRANSACTIONS WITH RELATED PARTIES**
**n) Relationship and pricing policy**

The relationship among the Company, subsidiaries and related companies are as follows;

	Relationship	
	2010	2009
<b><u>Subsidiaries</u></b>		
STC Steel Co., Ltd.	100% shareholding	100% shareholding
Asia Metal Fabrication Co., Ltd.	55% shareholding and directorship	55% shareholding and directorship
<b><u>Associate</u></b>		
Vientiane Bonded Warehouse Co., Ltd.	40% shareholding and directorship	40% shareholding and directorship
<b><u>Related Companies</u></b>		
Taweechoke Panich Co., Ltd.	Share held by close relative of directors	Share held by close relative of directors
G-Steel Public Co., Ltd.	Common shareholder	Common shareholder
Permsin Steel Work Public Co., Ltd.	Share held by close relative of directors	Share held by close relative of directors
Permsahai Steel Co., Ltd.	Share held by close relative of directors	Share held by close relative of directors
Permchaipanich Co., Ltd.	Share held by close relative of directors	Share held by close relative of directors
Steel Center (Thailand) Co., Ltd	Share held by close relative of directors	Share held by close relative of directors
G J Steel Public Co., Ltd.	Directorship	Directorship

The pricing policies between the Company and related parties are as follows;

- The goods and services sold to subsidiaries , associate and related parties were carried out on commercial terms and conditions.
- The goods and services purchased from subsidiaries , associate and related parties were carried out on commercial terms and conditions.
- The sell and purchase of property plant and equipment between the Company and subsidiaries were based on net book value of assets as at transaction date. The sell and purchase between the Company and related companies were quoted at the price which approximate to the appraisal value of independent property valuer.
- The interest rate charged to subsidiaries and related parties approximates to the Company's cost of finance. There is no interest charged for the loans to employees.

**23. TRANSACTIONS WITH RELATED PARTIES (CON'T)**
**B) Balances between related parties**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b><u>Trade accounts receivable</u></b>				
Asia Metal Fabrication Co., Ltd.	-	-	374,412	569,819
Taweechoke Panich Co., Ltd.	4,957,459	125,898	4,957,459	125,899
G-Steel Public Co., Ltd.	1,495,806	80,087	-	-
Total	<u>6,453,265</u>	<u>205,985</u>	<u>5,331,871</u>	<u>695,718</u>
<b><u>Short-term loans to and interest receivable</u></b>				
STC Steel Co., Ltd. (Interest rate 4.92%)	-	-	30,511,417	106,683,515
Other related persons (No interest)	546,002	500,248	546,002	500,248
Total	<u>546,002</u>	<u>500,248</u>	<u>31,057,419</u>	<u>107,183,763</u>
<b><u>Advance payment for purchasing of goods</u></b>				
G-Steel Public Co., Ltd.	19,501,138	25,721,546	19,501,138	25,721,546
G J Steel Public Co., Ltd.	73,655,342	41,124,164	73,655,342	41,124,164
Total	<u>93,156,480</u>	<u>66,845,710</u>	<u>93,156,480</u>	<u>66,845,710</u>
<b><u>Other receivable</u></b>				
STC Steel Co., Ltd.	-	-	20,458	61,712
Asia Metal Fabrication Co., Ltd.	-	-	-	270,000
Permchaipanich Co., Ltd.	22,735	24,867	22,735	24,867
Total	<u>22,735</u>	<u>24,867</u>	<u>43,193</u>	<u>356,579</u>
<b><u>Trade accounts payable</u></b>				
STC Steel Co., Ltd	-	-	353,216	3,054,764
Asia Metal Fabrication Co., Ltd.	-	-	1,618,211	-
Taweechoke Panich Co., Ltd.	-	377,045	-	8,381
Total	<u>-</u>	<u>377,045</u>	<u>1,971,427</u>	<u>3,063,145</u>

**23. TRANSACTIONS WITH RELATED PARTIES (CON'T)**
**ก) Balances between related parties (Con't)**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Advance received</b>				
<u>from sell of fixed assets</u>				
Asia Metal Fabrication Co., Ltd	-	-	1,869,159	1,869,159
Taweechoke Panich Co., Ltd.	-	5,000,000	-	5,000,000
	-	5,000,000	1,869,159	6,869,159
<b>Accrued Expense</b>				
STC Steel Co., Ltd	-	-	-	1,630,880
<b>Advance received</b>				
Director	1,180,695	1,180,695	-	-
<b>Advance received from</b>				
<u>construction projects</u>				
G-Steel Public Co., Ltd.	7,663,978	8,039,879	-	-
<b>Other payable</b>				
STC Steel Co., Ltd	-	-	-	32,331,234
Asia Metal Fabrication Co., Ltd.	-	-	2,564,219	780,063
Taweechoke Panich Co., Ltd.	-	99,265	-	99,265
	-	99,265	2,564,219	33,210,562

The movement of short-term loans to and interest receivable from related parties for the year ended December 31, 2010 can be analyzed as follows;

	In Baht	
	Consolidated	Separate
	financial statements	financial statements
As at January 1, 2010	500,248	107,183,763
Interest receivable	-	2,327,901
Lending during the year	50,394	50,395
Principal received	(4,640)	(78,504,640)
As at December 31, 2010	546,002	31,057,419

**23. TRANSACTIONS WITH RELATED PARTIES (CON'T)**
**C) Related party transactions**

The transactions for the years ended December 31, 2010 and 2009 were as follow;

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Sales and service revenue</u></b>				
Asia Metal Fabrication Co., Ltd.	-	-	-	11,502,058
Taweechoke Panich Co., Ltd.	56,182,690	16,728,025	56,182,690	16,728,025
Persin Steel Work Public Co.,Ltd.	-	28,131,479	-	28,131,479
Permsahai Steel Co., Ltd.	3,164,907	7,735,471	3,164,907	7,735,471
Permchaipanich Co., Ltd.	-	25,564	-	25,564
Total	<u>59,347,597</u>	<u>52,620,539</u>	<u>59,347,597</u>	<u>64,122,597</u>
<b><u>Other income and interest income</u></b>				
STC Steel Co., Ltd.	-	-	2,327,901	4,215,384
Asia Metal Fabrication Co., Ltd.	-	-	2,820	903,296
Taweechoke Panich Co., Ltd.	1,217,234	578,944	1,217,234	578,944
Permchaipanich Co., Ltd.	270,912	276,942	270,912	276,942
Total	<u>1,488,146</u>	<u>855,886</u>	<u>3,818,867</u>	<u>5,974,566</u>
<b><u>Purchase of goods , raw materials and cost of services</u></b>				
STC Steel Co., Ltd.	-	-	4,419,644	25,200,189
Asia Metal Fabrication Co., Ltd.	-	-	3,303,132	9,660,692
Taweechoke Panich Co., Ltd.	1,177,192	11,242,011	1,177,192	11,242,011
G-Steel Public Co., Ltd.	126,496,048	426,544,523	126,496,048	426,544,523
G J Steel Public Co., Ltd.	455,078,730	75,194,167	455,078,730	75,194,167
Total	<u>582,751,970</u>	<u>512,980,701</u>	<u>590,474,746</u>	<u>547,841,582</u>
<b><u>Purchase of assets</u></b>				
STC Steel Co.,Ltd	-	-	-	30,216,107
Asia Metal Fabrication Co., Ltd.	-	-	-	1,387,846
Taweechoke Panich Co.,Ltd.	-	802,756	-	802,756
Total	<u>-</u>	<u>802,756</u>	<u>-</u>	<u>32,406,709</u>
<b><u>Gain on disposal of assets</u></b>				
Taweechoke Panich Co., Ltd.(Note 9)	<u>6,282,066</u>	<u>-</u>	<u>653,731</u>	<u>-</u>
<b><u>Rental</u></b>				
STC Steel Co.,Ltd	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,863,600</u>

## 24. FINANCIAL INSTRUMENTS

### A) FINANCIAL RISK MANAGEMENT POLICIES

The principal financial risks faced by the Group are interest rate risk, foreign currency risk and credit risk. The Group uses derivative instruments, as and when it considers appropriate, to manage such risks.

The Group did not intend to engage in trading derivative instruments for speculative purposes.

### B) INTEREST RATE RISK

The Group was exposed to interest rate risk because it held deposits to and loans from financial institutions. However, such financial assets and liabilities are short-term. The Group believed that the future fluctuation on market interest rate would not provided significant effect to their operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

### C) FOREIGN CURRENCY RISK

The Group was exposed to foreign currency risk, as a portion of the Company's purchase is made in foreign currency. The payment for importing of goods and machineries are made in US dollar. For the year ended December 31, 2010, there were the foreign currency dominated purchase transactions approximating to Thai Baht of 1,070.77 million. The Company manages such risks through the use of forward currency contract, as and when it considers appropriate.

As at December 31, 2010, foreign currency-dominated trade accounts payable with the amount of USD 1.49 million were unhedged.

### D) CREDIT RISK

The Group was exposed to credit risk. However, due to the large number and diversity of the entities comprising the Group's customer base, The Group does not anticipate material losses from its debt collection. The Group estimated the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate was made by considering the customer's past collection experiences

### E) FAIR VALUE

The financial assets and liabilities include cash and cash equivalents, trade accounts receivable and payable, other receivable and payable and loan to and loan from counterparties. Their carried values approximate to their fair values.

## 25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

### A) CAPITAL COMMITMENTS

As at December 31, 2010, the Company had the commitment for the acquisition of machine amounting to Baht 30.42 million and USD 442,510. (December 31, 2009: USD 236,204)

### B) INVESTMENT COMMITMENTS

As at December 31, 2010, the Company had the commitment related to the payment for the remaining 50% of unpaid share capital of investment in Asia Metal Fabrication Company Limited amounting to Baht 11.0 million.

### C) LETTER OF CREDIT ISSUED BY BANKS

As at December 31, 2010, the Company had letters of credit issued by banks for acquisition of inventories amounting of Baht 200.30 million.

### D) BANK GUARANTEE ISSUED BY BANKS

As at December 31, 2010, the Group and the Company had letters of guarantee issued by banks for the payment of electricity and utility fee amounting to Baht 7,103,400 and Baht 5,698,400 respectively (December 31, 2009: Baht 6,691,000 and Baht 5,447,100 respectively.)

## 26. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at December 31, 2010, the Group and the Company's debt-to-equity ratios were 1.30:1 (December 31, 2009: 0.79:1 for the consolidated and 0.82:1 for the separate financial statements)

## 27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of directors on February 25, 2011.