

Contents	Page
1. General Information	1
2. Financial Highlight	2
3. Nature of Business	3
4. Risk Factors	6
5. Shareholders and Management	8
6. Connected Transactions	24
7. Explanation and Analysis of the Financial Position Operation Results	26
8. Financial Statement	34
9. Report of Audit Committee	70

1. General Information

1.1 Corporate General Information

1.1.1 Name of the company: Tycoons Worldwide Group (Thailand) Public Company Limited (TYCN)

Type of Business: To manufacture and distribute wire rod, annealed wire, screw and bolt (include thread rod)

Location: 99 Moo1, Tumbon Nikompattana Amphur Nikompattana, Rayong 21180 Thailand

Registered Share Capital: 603,503,900 common shares, 6,035,039,000 Baht.

Issued and paid-up share Capital: 603,503,900 common shares , par value 10 Baht, paid-up Capital 6,035,039,000Baht.

Company registration: 0107546000172

Telephone No. : (038)-636-800, (038)-636975

Facsimile No. : (038)-636-977

Home Page: <http://www.tycons.com>

1.1.2 Name of the Subsidiary Company : All Manage International Limited and 100 % owned by TYCN

Registered Address: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

Registered and paid-up share Capital : 1,875 ordinary shares of no par value each, paid-up Capital USD 3,000,000.-

Type of Business: Holding Company

The Certificate of Incorporation Number : 1491005

1.2 Reference

- | | | |
|-----------------------|---|---|
| 1.2.1 Auditor | : | Ernst & Young Office Limited
33 rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110, Thailand.
Tel:66(2)2640777 Fax:66(2)2640789-90 |
| 1.2.2 Register | : | Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building ,7 th
Floor, Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand.
Tel:66(2)2292800 Fax:66(2)3591262 |

2. Financial Highlight

2.1 Summary of Financial Statement for the year ended Dec 31, 2010

Unit: MB

Transactions	Consolidated		Separate		
	2010	2009	2010	2009	2008
Total Assets	10,320.07	9,716.32	10,329.01	9,713.61	13,215.90
Total Liabilities	4,203.32	3,981.88	4,203.32	3,981.88	5,964.68
Shareholders Equity	6,116.75	5,734.44	6,123.69	5,731.73	7,251.22
Sales-Net	6,132.88	4,962.02	6,132.88	4,962.02	9,286.58
Gross profit	467.62	-629.15	467.62	-629.15	942.71
Net Income	391.96	-1,519.49	391.96	-1,519.49	32.17
Basic Earnings per share	0.65	-2.52	0.65	-2.52	0.05
The Weighted average number of common shares	603.50	603.50	603.50	603.50	603.50

2.2 Financial Ratio

Financial Ratio	Consolidated		Separate		
	2010	2009	2010	2009	2008
Current ratio(times)	1.29	0.97	1.29	0.97	1.79
Return on total assets (%)	3.91	-13.25	3.91	-13.25	0.24
Return on fixed assets (%)	10.70	-20.85	10.70	-20.85	5.19
Return on Equity (%)	6.61	-23.39	6.61	-23.39	0.45
Debt to equity ratio(times)	0.69	0.69	0.69	0.69	0.82
Gross Profit Margin (%)	7.62	-12.68	7.62	-12.68	10.18
Net Income Margin (%)	6.39	-30.62	6.39	-30.62	0.35
Book Value Per Share	10.14	9.50	10.15	9.50	12.02

3. Nature of Business

3.1 Company Nature of Business

Tycoons Worldwide Group (Thailand) Public Co., Ltd.(TYCN) was established on September 9, 1996. TYCN is 79.47% owned subsidiary of Tycoons Group International Co., Ltd.(TGI), founded in Cayman Islands by Tycoons Group Enterprise Co., Ltd (TGE), located in Taiwan. TYCN became the public company on July 9, 2003 and become a listed company on December 11, 2003. TYCN's main business is to manufacture and provide sell four for main products including wire rod, annealed wire, screw and bolt. TYCN commenced to complete the construction of a world-class midstream to downstream vertically integrated production, regarded as the only one in Thailand and one of a few producers in the world. At present, the TYCN's production capacity of wire rod, annealed wire, screw and bolt is 360,000 tons/year, 144,000 tons/year, 36,000 tons/year and 36,000 ton/year, with the plant location in Rayong.

1) TYCN was granted the promotional privileges from the Board of Investment (BOI) under a promotion certificate issued on October 11, 1996 to manufacture steel wire rod and screw under category 2.15 manufacture of steel wire, round bar or steel billet and category 4.7 manufacture of metal wire or wire products. The effective period for the BOI privileges began only when revenue is first earned as of December 17, 1998. The major promotional privileges under the BOI certificate are as follows:

- i. Exemption from corporate income tax on income derived from the certified business for a period of eight (8) years commencing from the date when revenue is first earned (in TYCN's case, December 17, 1998) and reduction 50% of corporate income tax for the next five (5) years (in TYCN's case, expiring on 16 December 2011).
- ii. A tax deduction, for 10 years, of an amount equivalent to 5% of any increase in income derived from exports compared with the previous year (in TYCN's case, December 17, 1998).
- iii. Exemption from import duty and business tax on machinery imported for a period of two (2) years. The permit has to be renewed every year (in TYCN's case, this expired on March 23, 2003).

2) TYCN was granted the promotional privileges from the Board of Investment (BOI) under a promotion certificate issued on April 9, 2003 to manufacture annealed wire (>6mm) and bolt under category 4.7 manufacture of metal wire or wire products. The effective period for the BOI privileges began only when revenue is first earned as of August 9, 2005. The major promotional privileges under the BOI certificate are as follows:

- i. Exemption from corporate income tax on income derived from the certified business for a period of eight (8) years commencing from the date when revenue is first earned (in TYCN's case, August 9, 2005) and reduction 50% of corporate income tax for the next five (5) years (in TYCN's case, expiring on August 8, 2018).
- ii. A tax deduction, for 10 years, of an amount equivalent to 5% of any increase in income derived from exports compared with the previous year (in TYCN's case, August 9, 2005).
- iii. Exemption from import duty and business tax on machinery imported for a period of two (2) years. The permit has to be renewed every year (in TYCN's case, this expired on April 9, 2007).

3.2 Revenue structure

Product	2010		2009		2008	
	MB	%	MB	%	MB	%
Domestic Sales						
1. Wire rod	1,888.25	30.79	1,888.47	38.06	2,682.83	28.89
2. Annealed wire	105.34	1.71	75.73	1.52	960.96	10.35
3. Screw	0.46	0.01	0.10	0.00	1.27	0.01
4. Bolt	0.02	-	-	-	-	-
5 Others	98.14	1.60	82.24	1.66	192.04	2.07
Total domestic Sales	2,092.21	34.11	2,046.54	41.24	3,837.10	41.32
International Sales						
1. Wire rod	1,616.60	26.36	822.66	16.58	1,289.12	13.88
2. Annealed wire	1,212.70	19.78	899.05	18.12	2,481.77	26.72
3. Screw	620.84	10.12	635.72	12.81	1,207.59	13.00
4. Bolt	550.70	8.98	142.87	2.88	470.49	5.07
5 Others	39.83	0.65	415.18	8.37	0.51	0.01
Total International Sales	4,040.67	65.89	2,915.48	58.76	5,449.48	58.68
Total Sale	6,132.88	100	4,962.02	100	9,286.58	100

3.3 Marketing and competitions

3.3.1 Marketing

1. Domestic market

Wire rods: The majority of target customers are manufacturers who buy wire rods as the raw materials to produce the downstream-related products such as PC wire, PC strands, wire mesh, screws, nails, automobile parts, etc. TYCN plans on expanding its sales force in anticipation of the continued growth in wire rods.

TYCN is the largest screw manufacturer in Thailand and the company believes that it is one of only a few screw manufacturers in the world vertically integrated from production of wire rods to production of screws. TYCN is one of the leaders in the wire rod market. One factor supporting this position is the company's high product quality. Additionally, TYCN offers certain products that other competitors are not able to offer. Current, production of wire rod in Thailand is considered to be too low to meet demand. As a result, the wire rod market in Thailand is presently a net importer of wire rods.

TYCN is the leading supplier of wire rods to produce annealed wires in Thailand. With regard to screws, TYCN does not focus on the Thai market because of the small market size. Additionally, TYCN prefers not to compete with its own wire rod clients who are also the screw producers in the Thai market.

In all, the domestic sales accounted for 34.11% of the company's total sales in 2010 compared to 41.24 ~ 41.32% during the year 2008-2009.

2. International market

Similar to domestic market, wire rods and annealed wires are sold to manufacturers of different end user applications. Currently, TYCN's sales of products through TGE accounted for around 22.84% of total sales amount in 2010 and the others, the company expand to sale the Southeast Asian and India market. With respect to screws, the main customer is the USA market to which Taiwan is the largest exporter. TYCN's primarily market in US, Europe and Asia, accounting for 83.65% of total screws sales in 2010. With respect to bolts, the market primary in US and Europe in 2010

For Wire Rod and Annealed Wire TYCN's most crucial client is TGE, who purchases wire rods and annealed wires for its internal use. TGE also sells these two products to the other Taiwanese manufacturers since TGE has been in the market for years and has built up a broad customer base. TYCN also makes use of direct sale to other market, such as India, Southeast Asia.

With regard to screws and bolts TYCN emphasizes the US market as it is most significant market. Screws and bolts imported from Taiwan are very well known and recognized by the US market.

In all, the international sales accounted for 65.89% total sales in 2010 compared to 58.68 ~ 58.76% during the years 2008-2009.

3.3.2 Competition

1. Local competition

In the wire rod industry in Thailand, most steel producers produce low carbon content wire rod for construction purpose, which is considered lower quality compared with the majority of TYCN's product. TYCN's principal product is high-end wire rod, or CHQ, and it also produces low alloy and high-carbon wire rods. Though other Thai steel producers are recovering and are active in the market, they tend to mainly focus on the low carbon content wire rods, which are more suitable for the construction industry, rather than the high-end, high carbon-content product. Further, Thai producers also tend to use scrap metal to melt in the furnace as opposed to pig iron, which is typically used for higher quality billet.

TYCN is considered to be the only screw manufacturer in Thailand, and one of the few in the world, with upstream integration (producing wire rod as well). TYCN's four major products are wire rod as well as three downstream products: annealed wire, screws and bolts. The company's screw and bolt production capacity ranks highest amongst local peers. Nonetheless, the company has no policy to locally sell screw because of cannibalization incurred with others, who are the wire rod purchasers to produce the screw.

2. International competition

Since exports account for 65.89% of TYCN's total sales, TYCN's competitors include regional companies such as companies from Japan, Korea, China and Taiwan. For the sake of comparison, a discussion of competitors, broken down by product, is as follows:

- 1) Wire rod and annealed wire: The products sold abroad are mostly high quality products. The main market includes Taiwan, in which TGE acts as an agent for the company (rather than TYCN selling directly), which facilitates brand recognition in Taiwan. TYCN's main competitors in this market are China Steel, Yieh Hsing, Quintain Steel, Feng Hsin Iron & Steel. Certain other importers, including Kobe Steel, Daido Steel, NKK Bars & Shapes and Nippon Steel from Japan, Poscol from Korea and Baoshan Iron, Shanhai Baostreet Group, Benxi Iron & Steel and Maanshan Iron & Steel from China, among others, are also competitors in this market. In terms of the intensity of competition, mostly price is quoted by China Steel, the largest state enterprise. As a result, other competitors composing local producers and importers focus on the quality-oriented product as well as the product designed to be well correspond to specific customers' need rather than the price war, which is advantageous to TYCN. Specifically, TYCN's wire rod can be described as the high-tensile wire rod, which suits for the production of fastener products. Moreover, long established network with Taiwanese company can help the TYCN's product easily penetrate the market accordingly.
- 2) Screws and bolts: The primary sales market for such screws and bolt is the US and Europe, the largest consuming market of all, with moderately competitive environment. Taiwan accounts for a significant portion of sales of such screws and bolts to the US and Europe in part due to their products reliability. TYCN can benefit from this relationship. TYCN's main competitors in sales to this market include companies from Taiwan, Japan, Korea and China.

4. Risk Factors

4.1 Risk relating to the uncertainty in price of product and raw material

By and large, the billet *price*, which is the major raw material used in production of TYCN's products and directly reflects the global market price, directly affects the company's cost of goods sold and gross profit. The main sources of billet are Brazil, Russia and China.

The prices of steel products are generally thought to vary in line with variations in the steel cycle. Although steel prices are currently higher than the were when they hit their recent lows in 2001, there is no assurance that steel prices will not decline again, including to or below the levels seen in 2001. Currently, the price of both billet and wire rod is steadily increasing and it is the general view within the industry that in the short-term, the steel cycle is in an up-trend due to global demand increases. One way that the company can mitigate the risk of fluctuating steel prices is to reduce production costs and increase utilization. The company also owns a grinding machine that is used to ameliorate the quality of billet. On top of the improvement of billet, the grinding machine is able to prolong the life of billet and strengthen the end product. The Company believes that this provides it with a competitive advantage, since in order to achieve similar billet quality its competitors would need to request that the supplier perform such grinding, thereby increasing the cost. A further benefit of having

this machine is to let TYCN produce specialized wire rod (for example CHQ and low alloy).

To help mitigate the risk of fluctuations in price of billet and wire rod, which directly affect the gross profit margin of the company, TYCN is able to alter its product mix within its vertically integrated structure in order to select which products can generate the highest profit at any given time.

4.2 Risk relating to the US. market

As highlighted by the fact that the export of screws to the US represented 3.08%, 4.76% and 4.98% of total sale in 2008, 2009 and 2010 respectively, (and represented 23.62 %, 36.80% and 47.88% of total sales of screws for the year 2008, 2009 and 2010), the US market is therefore a very important market for screw sales. However, TYCN is exposed to the loss of such market, or decline in demand from the US market. Nevertheless, the US is the major market in the world, with a very high level of demand generally, and most of the screws imported by the US are imported from Taiwanese-affiliate companies (of which TYCN is one of the top companies). The US market has a long business history Taiwanese screw and fastener products which the company believes further mitigates this risk of reliance on the US market and the company also expand to Russia, Uzbekistan market.

4.3 Risk incurred from the new entry of the competitors

Despite the fact that there are many Thai steel producers, the company believes that its true competitors in terms of quality are not Thai steel producers by such non-AFTA countries as Korea, Japan and China which are ineligible to obtain the tax benefits of AFTA. Nonetheless, steel producers in such countries have increasingly been establishing plants in AFTA countries in order to avoid the tax tariff. The company believes, however, that the heavy investment required in order to create a vertically-integrated mid-stream to down-stream production process such as TYCN's will provide the company with some protection from such competition.

4.4 Foreign Exchange Risk

Typically, steel producers are exposed to foreign exchange risk due to the fact that most raw materials (e.g., billet of TYCN's standard) must be imported and paid for in US dollars. However, with the 100% import against the product sold including wire rod, 34.11% locally sold. Nonetheless, despite being locally sold, wire rod is regarded as commodity product whose price is quoted in dollar term. The annealed wire and screws can be offset due to nearly 100% sold abroad. This is so-called natural hedge. At the same time, the company also signed with the bank forward exchange contact in order to adjust the difference in the exchange rate risk.

4.5 Risk of high proportion of the sales transaction through the majority hareholder TGE

Currently, TYCN's largest customer for sales of merchandise, including wire rod and annealed wire, is Tycoons Group Enterprise (TGE), TYCN's indirect majority shareholder via Tycoons Group International Co., Ltd.(TGI), (TGE holds a stake of up to 100% in TGI and TYCN is a 79.47% owned subsidiary of TGI). TYCN's sales to TGE accounted for 23% of TYCN's total sales in 2010. If TGE does not continue to purchase merchandise from TYCN or reduces the quantity of goods that it purchases from TYCN, this could affect TYCN. However, because TYCN was established specifically to serve as a production base for TGE, the company believes that it is unlikely that TGE will significantly reduce its purchase volume from TYCN. The

company also believes that the historical business relationship between the two companies as well the fact that TGE has also acted as agent for TYCN in the Taiwanese market somewhat reduces this risk. Further, TYCN believes that selling through TGE creates mutual marketing benefits for both companies. TYCN does have the flexibility to seek other markets for its products or sell directly to Taiwanese market, depending on which is most beneficial to it. Therefore, the business relationship between TGE and TYCN will be able to maintain mutually beneficial way.

5. Shareholders and Management

5.1 Shareholders

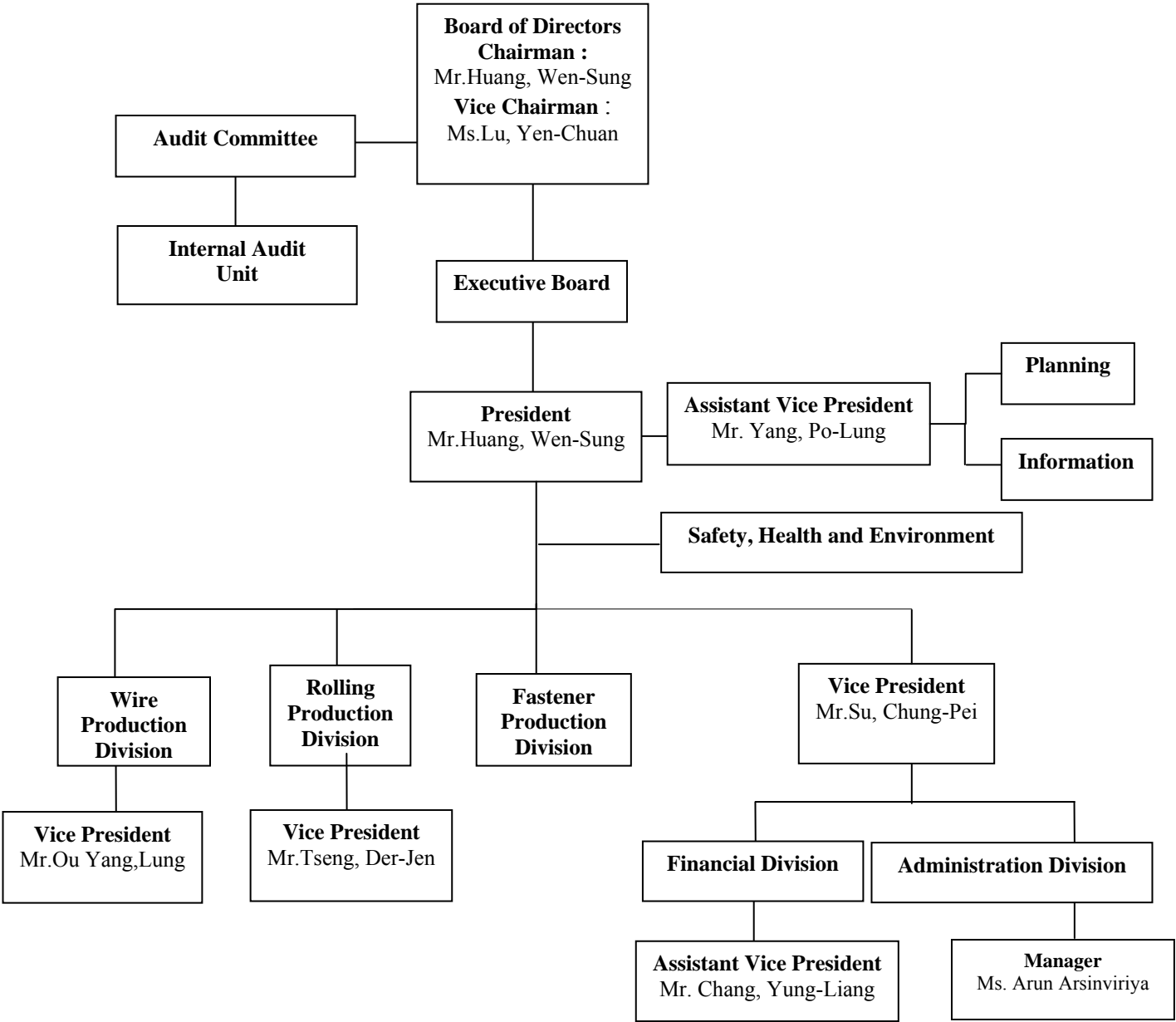
Names of the ten largest shareholders of the company on October 28, 2010

Name	Number of shares (shares)	Percentage (%)
1. Tycoons Group International Company Limited	479,588,592	79.47
2. Chase Nominees Limited 42	55,036,100	9.12
3. Tsai Yin	7,760,600	1.28
4. Miss Yao, Chin-Shiang	4,409,600	0.73
5. นายสม ปรียวัต	2,200,000	0.36
6. บริษัท ไทยเอ็นวีดีอาร์ จำกัด	2,043,060	0.34
7. นายสันติ ปัญญาภูมิไกล	1,424,100	0.24
8. นายณรงค์ศักดิ์ หอวิเชียร	1,351,700	0.22
9. นายชัยวัฒน์ เตียมพานิช	1,245,500	0.21
10. Gerlach&co-dimensional Emerging Markets Value Fung, Inc	1,243,300	0.21
11. Others	47,201,348	7.82
Total	603,503,900	100

Investor can check update information of shareholders from the company's website before annual general meeting.

5.2 Management

5.2.1 Management structure



1.) CV of Executive and Management team 2010

Director and Management team

Name – Surname Position	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
1. Huang, Wen-Sung Chairman / Director	56	Business Professional High School	-	-	2003 – Current 2003 – Current 2003 – Current 2005 - Current 2008 - Current	Chairman / Tycoons Group enterprise Co., Ltd. Chairman / Tycoons Group International Co., Ltd. Chairman / Tycoons Worldwide Group (Thailand) Plc Director / Baw Heng Steel (Vietnam) Co., Ltd. Director / ALL Manage International Limited
2. Lu, Yen-Chuan Director / Vice Chairman	57	Electrical Calculation Dept., Ming-Juan Commercial Junior College Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2003 – Current 2009 – Current 2006 – 2009 2003 – 2006 2005 – Current	Director / Tycoons Group Enterprise Co., Ltd. Director, Vice Chairman / Director, President / Director, Executive Vice President /Tycoons Worldwide Group (Thailand) Plc. Director / Baw Heng Steel (Vietnam) Co., Ltd
3. Yang, Po-Lung Director / Assistant Vice President	53	Accounting Department. Dan-Jiang University Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2003 – Current	Director, Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc.
4. Tseng, Der-Jen * Director / Vice President	59	Industrial Science Dept., National Chen-Gong University Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2003 – Current	Director, Vice President / Tycoons Worldwide Group (Thailand) Plc.
5. Huang, Ping-Lun Director / Assistant Vice President	31	Business Management Seattle University Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	0.02	Son of Mr. Huang Wen-Sung	2010 – Current 2006 – Current	Director, Assistant Vice President Director, Senior Sale Manager / Tycoons Worldwide Group (Thailand) Plc.

Name – Surname Position	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
6.Surabhon Kwunchaithunya Independent Director / Chairman of Audit Committee	61	MBA, University of Washington BS. In Industrial Engineering, University of Washington Director's Certification Program (DCP) Class 47/2004, Thai Institute Of Directors (IOD)	-	-	2010 - Current 2006 – Current 2003 – Current	Governor / The Stock Exchange of Thailand Vice Chief Executive Officer / Country Group Securities Plc. Independent Director , Chairman of Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
7.Jirawat Huang Independent Director / Audit Committee	56	Chin Yun Industry College (Taiwan) Director's Accreditation Program (DAP) Class 47/2004 Thai Institute Of Directors (IOD)	-	-	2003 – Current 2003 – Current	Manager Director / Lee Chemical Products Co.,Ltd. Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
8. Phiphat Wangphichit Independent Director / Audit Committee	74	Agriculture Pintong agriculture Collage (Taiwan) Director's Accreditation Program (DAP) Class 47/2004, which was organized by Thai Institute Of Directors (IOD)	-	-	2003 – Current 2003 – Current 2003 – Current 2003 – Current	Managing Director / United Industrial Gas Co.,Ltd Managing Director / Dankin Engineering (Thailand)Co., Ltd Managing Director / Chachoengsao Oxygen Co.,Ltd. Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
9. Su, Chung-Pei Vice President	57	Industrial Engineering Dept., Feng- Chia University Director's Certification Program (DCP) Class 47/2004, Thai Institute Of Directors (IOD)	-	-	2003 – Current	Vice President/Tycoons Worldwide Group (Thailand) Plc.
10. Chang, Yung-Liang Asst. Vice President	51	Financial Master Credit Course. National Taiwan University	-	-	2004 – Current	Asst. Vice President for Financial Division Tycoons Worldwide Group (Thailand) Plc.
11. Ou Yang, Lung * Vice President	56	Machine Engineering Dept. Feng- Cha University	0.01	-	2003 – 2006 2007 - Current	Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc Vice President / Tycoons Worldwide Group (Thailand) Plc.

* Mr. Tseng, Der-Jen resigned director position effective from 9 February 2011 onwards.

* Mr. Ou yang, lung as the new director, instead of Mr. Tseng, Der-Jen to serve the remaining director position term and will be effective from 17 February 2011.

2) The management structure of the company is composed of the Board of Directors, Audit committee and management team, detail of which are as follows:

1. The Board of Directors as at Dec 31,2010

No.	Name-Last Name	Position
1	Mr.Huang, Wen-Sung	Chairman of Board
2	Ms.Lu, Yen-Chuan	Vice Chairman of Board
3	Mr.Tseng, Der-Jen *	Director
4	Mr.Yang, Po-Lung	Director
5	Mr.Huang Ping-Lun	Director
6	Mr.Surabhon Kwunchaithunya	Independent director and Chairman of the Audit Committee
7	Mr.Jirawat Huang	Independent director and Audit Committee
8	Mr.Phiphat Wangphichit	Independent director and Audit Committee

* Mr. Tseng, Der-Jen resigned director position effective from 9 February 2011 onwards.

1) The qualification of all Independent Director Members is well qualified in compliance within accordance with SEC and SET given that at least a member has ones accounting or finance background is Mr. Surabhon Kwunchaithunya.

2) All Independent Director Members have no relationships (e.g., parents, spouses, children, uncles and aunts) between the candidates and the management or majority shareholders of company or its affiliates.

3) All Independent Director members have no relationships with Company/ parent company/ affiliated and associated companies or juristic persons with potential conflicts of interest at present and during the past two years, as follows:

- Executive directors, staff, employees or advisers who earn salaries from Company.
- Professional service provider.
- Material business relation ships with Company that may affect their independence.

2. Directors authorized to sign on behalf of the company

The authorized directors who may sign to bind the company are two of Mr.Hung, Wen-Sung, Ms.Lu, Yen-Chuan, Mr.Tseng, Der-Jen, Mr.Yang, Po-Lung and Mr.Huang Ping-Lun must jointly sign, together with the affixation of the official company stamp.

Name of the company's Secretary: Mr.Su, Chung-Pei

3. The Audit Committee as at Dec 31, 2010

No.	Name-Last Name	Position
1	Mr.Surabhon Kwunchaithunya	Chairman of the Audit committee
2	Mr.Jirawat Huang	Audit Committee
3	Mr.Phiphat Wangphichit	Audit Committee

Name of secretary of audit committee is Mr. Chen, Hsin-Yuan

4. The Executive Board as at Dec 31, 2010

No.	Name-Last Name	Position
1	Mr.Huang, Wen-Sung	Chairman of Board
2	Ms.Lu, Yen-Chuan	Vice Chairman of Board
3	Mr.Tseng, Der-Jen	Director
4	Mr.Yang, Po-Lung	Director
5	Mr. Huang, Ping-Lun	Director

5. Names of the Management team on as at Dec 31, 2010

No.	Name-Last Name	Position
1	Mr.Huang, Wen-Sung	Chairman and President
2	Ms.Lu, Yen-Chuan	Vice Chairman
3	Mr.Su, Chung-Pei	Vice President
4	Mr.Tseng, Der-Jen	Vice President
5	Mr.Ou Yang, Lung *	Vice President
6	Mr.Chang, Yung-Liang	Asst. Vice President
7	Mr. Yang, Po-Lung	Asst. Vice President
8	Mr. Huang, Ping-Lun	Asst. Vice President

* Mr. Ou yang, lung as the new director, instead of Mr. Tseng, Der-Jen to serve the remaining director position term and will be effective from 17 February 2011.

6. Attendance of the Board of Directors

Detail of the Attendance and service of the Board of Director

Name	Number of attendances / Total of meeting		Number of years the directors have served 2010 (years)
	2010	2009	
1. Mr.Huang, Wen-Sung	4/6	5/8	7.5
2. Ms.Lu, Yen-Chuan	6/6	5/8	7.5
3. Mr.Tseng, Der-Jen	6/6	7/8	7.5
4. Mr.Yang, Po-Lung	6/6	8/8	7.5
5. Mr.Huang, Ping-Lun	6/6	7/8	4.5
6. Mr.Surabhon Kwunchaithunya	6/6	8/8	7.5
7. Mr.Jirawat Huang	5/6	8/8	7.5
8. Mr.Phiphat Wangphichit	4/6	7/8	7.5

The scope of work and responsibilities of the Board of Directors, Audit Committee and Managing Director in accordance with Public Limited Company Act are as follows:

The Board of Directors

1. To perform duty in the most professional manner to comply with all laws, company's objectives, article of association and shareholder's resolution as well as to preserve company's benefit and interests.
2. To determine the company's direction and control all business operations in accordance with the related government entity's rules and regulations. Assuring the disclosure of information to shareholders and related entity as well as perform transparency management to achieve company optimal benefit.
3. To ensure that business is operated efficiently and in compliance with all regulatory bodies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
4. To ensure that the company has effective internal control system and internal audit unit that work closely with the audit committee.
5. The Board of Directors may establish an executive board and a management team or delegate control to other persons to manage the company under the Board of Directors' supervision. The Delegation must be accompanied by responsibilities and limitation of the control and must not be delegated to the persons who would lead to conflicting issues with the company and its subsidiaries.
6. To have the intension to run the business continuously and conduct themselves with honesty and integrity and are interested in the business, in which they hold a directorship.
7. To be consistently responsive to the shareholders and protect their interests as well as providing to them fair, complete and transparent disclosures.
8. Consider the approval of business plan, annual budget together with the sale/acquisition of the asset, which exceeds 50 MB, joint venture in expanding its business and approval of any other loan besides the working capital loan, which is solely authorized by the Executive Board.

All aforementioned responsibilities can be enforced and approved by the Board of Director except the following agendas, which is required to obtain the shareholders' approval.

- 1) In compliance with the law, requiring obtaining the resolution of shareholder meeting such as transferal or disposal of entity, the paid-up increase, merger etc;
- 2) Connected transaction stated by the SET regulation;
 Apart from the resolution of shareholder meeting, a vote of not less than three quarters of the total number of votes of shareholders who attend the meeting and have the right to vote in the following events:
 - 3) The sale or transfer of the whole or important parts of the business of the company to other persons;
 - 4) The purchase or acceptance of transfer of the business of other companies or private companies by the company;
 - 5) The making, amending or terminating of contracts with respect to the granting of a lease of the whole or important parts of the business of the company, the assignment of the management of the business of the company to any other

persons or the amalgamation of the business with other persons with the purpose of profit and loss sharing;

- 6) The amending of the article of association and memorandum of association;
- 7) The increase and reduction in company capital;
- 8) The merger or termination of the company;

Any other relevant issue stipulated by law.

The Audit Committee

The audit committee of the company has the scope of duties and responsibilities to the Board of Director on the following matters:

1. To review the Company's financial process to ensure that it is accurate and adequate
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - (1) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (2) an opinion on the adequacy of the Company's internal control system,
 - (3) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (4) an opinion on the suitability of an auditor,
 - (5) an opinion on the transactions that may lead to conflicts of interests,
 - (6) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (7) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (8) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and

7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

The Executive Board

1. Prescribe the policy, direction, strategy and structure of major management work for business operation of the company to respond and support the economic situation and competition as prescribed and declared to the shareholders and propose for approval of the Board of Directors.
2. Prescribe business plan, budget and management power of the company and propose for approval of the Board of Directors.
3. Inspect; follow up the policy and management guidelines in several aspects whether it is efficiently exercised to benefit the business operation of the company.
4. Inspect, follow up the result of business operation whether it is in accordance with the approved business plan.
5. Preliminary Consider the large investment project of the company below 50 MB, if beyond, it will be forwarded to the Board of Directors.
6. Perform other duties as being assigned by the Board of Directors from time to time.
7. In case of such matter is already prescribed in the business plan or budget duly approved by the Board of Directors, the Executive Board shall be entitled to take any action with unlimited amount.
8. In any matter other than those specified in clause 7, the Executive Board is empowered to approve items of which such approval shall include working capital loan, otherwise any other loan will be forwarded to Board of Directors.
9. Approval on opening an account with any financial institution

The Managing Director

At the Board of Directors' Meeting held on 8 August 2003, the Managing Director's role and responsibilities shall be assigned by the Board of Directors as follows:

1. To be a chairman of all managers.
2. To approve all operation plan of every department.
3. To manage and run the business under the normal practices of the company. Any significant matters including adhoc adversely affecting on the company's reputation and financial status regarding the company's business, the managing director will request Board of Directors for their approval.
4. Follow up the operation to conform the plan and assigned policy.
5. To approve any request from every department which over power of them.
6. To preliminarily consider and propose investing plan or new business together with the sale/acquisition of the asset over 50 million before submitting to the Board for approval through Executive Board
7. To propose the annual expense budget to be forwarded to the Board of Director.

8. To consider merit, appointing, transferring, punishment, discharging or recruiting managers.
9. To run the business following the policies directed by the Board of Directors.
10. To carry out the duties in good faith and with care to preserve the interests of the company.
11. The power to authorize for the above mention except the approval of connecting transaction as per definition of the office of the Securities and exchange Commission (SEC)
12. To decide on and authorize any borrowings or lending transaction, soliciting of facilities from financial institution, guarantee on behalf of any parties, the managing director shall propose such aforementioned items above to Executive Boards and/or Board of Directors to obtain the approval. The working capital loan, however with any financial institutions shall be forwarded to Executive Boards exclusively.

5.2.2 Election of the Directors and the Management

Selection of persons to be appointed as directors of the company does not involve the process of nominating committee whatsoever. Nevertheless, the company has laid down guidelines on the appointment of board of directors as follows:

1. Board of directors shall carry out its duties according to the laws, the objectives and the Articles of Association of the company, including the resolutions of the meetings of shareholders.
2. At every general shareholder's meeting, one-third of the directors shall vacate their office. In case the number of outgoing directors cannot be divisible by three, the number closet to one-third shall be applied.
3. The directors who resign at the first and second year, respectively, will be decided by draw. Thereafter, the directors required to resign will be those that have served the longest, but after resignation will be able to be re-appointed the following year.
4. The general shareholder's meeting may pass a resolution that any director be vacated from office before completing his term, which resolution must be passed by votes of not less than three-fourths of the number of shareholders with the right to vote and attending the meeting and whose shares altogether constitute not less than one-half of the number of shares held by shareholders attending the meeting and have the right to vote.
5. One shareholder is entitled to one vote per share.
6. Each shareholder must use all of his votes under (5) to vote for the election of one to be directors. Shareholders must cast all of their votes for one nominee, and may not divide their votes.
7. The candidates obtaining the highest numbers of votes shall be appointed directors, until all vacancies are filled. Should be a tie vote, the chairman of the Board of Directors will make the determination.

5.2.3 Remuneration and Benefits for Management

Remuneration

1) Cash Remuneration

Director's remuneration at Dec 31, 2009 - 2010 as follow.

Type of remuneration	Director's remuneration 8 persons (Baht)		Executives' remuneration persons (Baht)	
	2010	2009	2010(8)	2009(8)
Salary	1,200,000	1,200,000	12,393,629	12,120,226
Bonus	-	-	40,000	8,000
Premium	-	-	-	-
Profit-sharing	-	-	-	-
Other welfare	-	-	-	-
Total	1,200,000	1,200,000	12,433,629	12,128,226

Director's remuneration 8 persons (Salary & Bonus) in year 2008 and 2009 as follow:

The directors' remuneration of the Company has not been approved by Remuneration Committee due to the Company didn't set the Remuneration Committee up. However, the directors' remuneration has already been compared to other similar industries and taken account of other issues such as business expansion and growing up of profit. Eventually, it is approved by Board of directors with careful consideration and approved by shareholders through shareholders' meeting.

Name	Position	Salary & Bonus	
		2010	2009
1. Mr.Huang, Wen-Sung	Chairman of Board	240,000	240,000
2. Ms.Lu, Yen-Chuan	Vice Chairman of Board	120,000	120,000
3. Mr.Tseng, Der-Jen	Director	120,000	120,000
4. Mr.Yang, Po-Lung	Director	120,000	120,000
5. Mr.Huang, Ping-Lun	Director	120,000	120,000
6.Mr.Surabhon Kwunchaithunya	Independent director and Chairman of the Audit Committee	240,000	240,000
7. Mr.Jirawat Huang	Independent director and Audit Committee	120,000	120,000
8. Mr.Phiphat Wangphichit	Independent director and Audit Committee	120,000	120,000
Total		1,200,000	1,200,000

2) Other remunerations

-None-

5.2.4 Supervision (Good Corporate Governance)

1. Rights of Shareholders

The Company values the right of shareholders by convening the shareholders meeting annually as requested by the law. For year 2010, The Company has held the meeting on April 22, and 7 directors attended the meeting.

The Company has assigned Thailand Securities Depository Company Limited (TSD), the registrar of The Company security, to distribute all the meeting notice to all shareholders 14 days prior to the meeting.

The Company has allowed the shareholders to authorize representatives to attend the shareholders' meeting on their behalf, and if the shareholders can not find one, The Company also proposes an independent director to take the task.

The Company encouraged the shareholders to express their opinions and ask questions during the 2010 annual shareholders' meeting, in which the directors are responsible for answering the questions. For this particular meeting The Company allow the shareholders to propose the agenda of the meeting on December 21, 2009 to January 22, 2010.

The Company has posted the meeting invitation on the website, www.tycons.com, 30 days prior to 2010 annual shareholders' meeting and posted the minutes of meeting 3 days after the meeting.

2. Equitable Treatment of Shareholders

The Company keeps updating its status quarterly through SET website in time as requested.

The policy to allow the shareholders to propose the director candidate prior to the meeting on December 21, 2009 to January 22, 2010.

The Board of Directors does not allow directors, managements and related parties of employees to trade The Company's securities one month prior to the announcement of the company financial statement. In 2010, the given parties have strictly complied with the policy.

The Board of Directors has required its members to disclose any of their information related to the related parties and conflict of interest to the board, so that, for the best of the company's benefit, the board can consider company business activity and take a prompt action that might be affected by that information. In 2010, there was no any of information related to the related parties and conflict of interest to the board.

3. Treatment of Stakeholders

The Company ensures that all stakeholders including employee, customers, competitors, government officers, directors, and managements are treated fairly. For instance, in comply with the contract, the company will provide the good quality product, after sale service, treat customer information with complete confidentiality, and moreover, compete fairly in the market.

In 2010, the independent directors did not receive any report concerning problem with the law, the accuracy of the financial statement, internal control system, or ethic.

4. Disclosure and Transparency

The Board of Directors discloses the financial information, business activities, and other business performance accurately, completely, efficiently, and timely that reflects the actual financial status, complies with the Generally Accepted Accounting Principles(GAAP), and is audited by independent auditor. In addition, the audit committee which is composed of independent directors with no involvement with the company management will also help review the give information.

The Company places the timely and accurately disclosure of financial and other information that may affect the share price at priority through SET website. Moreover, the company has also established Investor Relations Office. For investors and those who are interested in obtaining the company's information, they may contact Investor Relation Officer at Tel: 038-636-800-20 or fax: 038-636-822 or iro@tycons.com. In 2010, IR officer has provided information to parities such as shareholders and analysts in many occasions such as quarterly performance and invest projects.

Director's remuneration; The Board of Directors has disclosed clearly the directors' remuneration policies which is in response to the contributions and responsibilities of each directors and the remuneration is approved by shareholders through shareholders' meeting.

Managements' remuneration: The Board of Directors has developed the management remuneration policy that is fair and attractive enough for qualified people to take the position and perform at high standard.

5. Responsibilities of the Board

The Board of Directors has played a role in setting the company's goal, task, and budget, and moreover oversaw the company operation according to its goal. The Board of Directors has also made comments on the internal control/audit system to manage the risk and maximize the company's profitability.

Risk Management

The Board of Directors has adopted a risk management system for all material and controllable risk and included the reporting and evaluating system in response the current situation. In 2010, the Board of Directors has considered political and economic risk, which now does not affect the company directly. As for exchange rate, the company has employed forward contract to minimize the risk. All managements are responsible for risk management. In assessing the risk, the chance of occurring and the impact it might create was examined, then prevention measures was proposed. The Company has monitored any possible risks of all departments and then reported to the committee, so that the committee could report to the Board of Directors in time. The company regularly trained the employee and rehearsed its plan such as Emergency Response Plan.

Code of Ethics

The Board of Directors established the policy that encourage all employees to behave honesty and properly and accountable to stakeholders, and shareholders at all time. This will, in turn, become the organization culture that values social responsible.

Independence and Impartiality of Directors

The Board of Directors has performed its duty and exercised its discretion independently from the managements and major shareholders. Each director has the duty and is independence to ask questions, express opinions, make objection or vote as he/she sees fit in relation to all matters affecting the interests of the company, shareholders or stakeholders.

Qualifications of Directors

The Board of Directors consisted of various qualities including age, profession, and knowledge which are beneficial for the company operation and can bring about fresh perspective. Directors had adequate time to perform their duties to the fullest extent with high ethical standard.

Qualifications of Independent Directors

The Board of Directors has set the qualifications of independent directors according to the Stock Exchange of Thailand's requirements. In 2010, Mr. Surabhon Kwunchaithunya, a highly experience person in accounting and financial field, was elected as independent director whose qualification is in line with the requirement.

Composition of the Board of Directors

The Board of Directs has determined the number of the directors in the board according to the size of the company. The board now consists of five executive directors and three independent directors totaled up eight directors. In that, independent directors account for one third of the members.

The Chairman of the Board / the Managing Director

The Board of Directors determined that the MD and the Chairman of the Board are different individuals, and their authorities and duties are clearly separated to ensure balance between management and corporate governance. On August 11, 2009 the company President Ms. Lu, Yen-Chuan resigned from President duty and for the necessity of business affair, the company's chairman of the board Mr. Huang, Wen-Sung to hold an concurrent post as the president.

Terms of Directorship

The term of directorship is three years. Each year, one third of the directors will complete their terms. In 2010, the followings directors retire by rotation and re-elect to return to the office.

- | | |
|-----------------------|---------------------------------------|
| 1. Mr. Tseng, Der-Jen | Director |
| 2. Mr. Yang, Po-Lung | Director |
| 3. Mr. Jirawat Huang | Independent Director(Audit Committee) |

Board of Directors' Meeting

The Board of Directors sets the meeting schedule of entire year in advance. The meeting is usually convened quarterly unless irregular meeting is needed. The chairman or designated director ensures that all directors receive all relevant documents prior to the meeting so that they have sufficient time to study all the issues before attending the meeting or casting their votes. The given documents must be clear, analytical and sufficient of recommendation.

There were 6 times meetings held in 2010. Please see the attendance record of directors.

Name	Position	Time of Attendance
1. Mr. Huang, Wen-Sung	Chairman of Board	4/6
2. Ms. Lu, Yen-Chuan	Director	6/6
3. Mr. Tseng, Der-Jen	Director	6/6
4. Mr. Yang, Po-Lung	Director	6/6
5. Mr. Huang, Ping-Lun	Director	6/6
6. Mr. Surabhon Kwanchaithunya	Independent Director	6/6
7. Mr. Jirawat Huang	Independent Director	5/6
8. Mr. Phiphat Wangphichit	Independent Director	4/6

Scope and Responsibility of the Board

The Board of Directors has set a clear scope of responsibility of the board of directors, which is followed strictly by the board. In 2010, the board has resolved to approve the reserve fund to compensate for the accumulated losses of the company.

Internal Control/Audit System

The company has developed the internal control system to monitor and audit the area including finance and operation to ensure that they comply with the law and regulations. It would provide the balancing mechanism for the company to protect the shareholders' investment and the company asset. The company established internal auditing unit to audit and ensure that all departments are operated in accordance with the regulations, and moreover to assess the efficiency of the auditing work. The board of directors ensured that the internal auditing unit is independent and can serve as balancing mechanism. In 2010, the internal auditor has presented the report on the efficiency of the control system to the board of audit committee and board of directors for review.

5.2.5 Supervision of Internal Information

- 1) The company has a policy on supervision of usage of internal information by its executives and staff for their own benefits. The executives and staff who have come across internal information shall not buy or sell the securities of the Company within the period of 1 month before the company announces its results of operations (financial statements)
- 2) The significant information that may affect the prices of the securities. In regard to financial statements, the Company announces its results of operations within 45 days from the end of a quarter and 60 days after the end of the accounting period.
- 3) The Company sets the rules that the executives are obliged to prepare and submit, to the Office of Securities and Exchange Commission, the reports on the holding of shares by them, and by their spouses and underage children, in the listed companies they are the executives according to the Securities and Exchange Act B.E. 235 Section 59 and pursuant to Section 275 stipulated that Any directors, manager, person who holds management position or auditor who contravenes or fails to comply with Section 59 shall be liable to a fine not exceeding five hundred thousand bath and a further fine not exceeding ten thousand bath for every day during which the contravention continues.

5.2.6 Internal controls

At the company's Board of Director meeting No.1/2011 on February 17, 2011, which was attended by the three independent directors and the audit committee members, the board review the opinion of board of the audit committee and evaluated the internal controls of the company by asking certain information of management. The board reviewed the company's internal controls in five key areas:

- (1) Organization and environment;
- (2) Risk management;
- (3) Management control;
- (4) Information technology and communication measures; and
- (5) Follow-up systems.

After such review, the board members were of the opinion that the company had adequate controls in place. The company has policies in place to regulate business transactions with major shareholders, directors and executive management so as to avoid conflicts of interest and to preserve its best interests. Further, the audit committee was of the opinion that the internal control system regarding connected transactions with interested parties (i.e. majority shareholders, directors, management and related persons aforementioned) is sufficient, which opinion was approved by the Board of Directors

The report of the audit committee of year 2010 as follows:

The audit committee jointly reviewed the 2010 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

The audit committee reviewed the respective financial statements and has an opinion that the company prepared financial statements in accordance with generally accepted accounting standards; adequately disclosed information; maintained regulating and supervisory system; internal audit and risk management system is satisfactory with no significant discrepancies are observed.

5.3 Dividend payment policies

- a. The dividend payment policy of the company is that dividends will be paid at a rate of no less than 40 percent of the company's net profit after corporate income tax each year. However, many factors must be taken into consideration before deciding to pay a dividend, including operation results and financial status, the company's liquidity, business expansion and other factors related to management of the company. In order to pay a dividend, such payment must be agreed upon at a shareholders meeting with consent of the company's board of directors.
- b. The dividend was paid: the company omitted annual dividend for 2007, 2008 and 2009.
- c. The payment rate compared to the net profit: the company omitted annual dividend for 2007, 2008 and 2009.

6. Connected transaction

6.1 During the year 2010 and 2009, the company has entered into connected transaction with persons/parties, which may create conflict of interest as follows:

Person who may have conflict of interest Relationship Transaction			Amount of connected transaction (MB)		<i>Pricing policy / Necessity and Appropriateness / Remarks</i>
			2010	2009	
1.Tycoons Group Enterprise (TGE)	Holding 100% Shares of Parent company	Revenue from sale	1,416.19	698.83	<p>The audit committee reviewed and commented as follows:</p> <p>(1) Sales-for wire rod and annealed wire and screw the market in Taiwan is substantially large relative to Thai market, thus motivating TYCN selling to TGE in Taiwan. Some of wire rod and annealed wire sold to TGE will be used internally whilst most of it will be on sold to Taiwanese customers. The logic behind selling through TGE is due to TGE's long-term relationships and profile with Taiwanese customers. This arrangement mean that it is not necessary for TYCN to build up its own recognition with Taiwanese customers or need to invest in marketing in Taiwanese market.</p> <p>(2) Materials, supplies and fixed assets.-The audit committee reviewed and commented that purchase item from the parent company is considered to be normal trading, in which TGE provides the minority raw material(apart from main raw material consisting of billet). Specifically, the chemical component cannot be acquired locally, thus necessitating TYCN to purchase in large quantities from TGE. It is recognized that Taiwan is the leader in machinery production for the screws and annealed wire, therefore machinery parts will are sourced in Taiwan via TGE. As a result, imports of both items from TGE is considered to be reasonable.</p> <p>(3) Credit terms for the related party was set to be 120 days, because of the transportation, inventory and re-sale period of TGE to end-customers.</p> <p>(4) The pricing policy for inter company purchase and sale transactions with its related parties are at market price.</p>
		Total Purchase of raw material and supplies	196.80	633.02	
		Purchases of equipment	1.62	3.01	
2.Tycoons Group International (TGI)	Parent company	Total Purchase of raw material and supplies	326.65	23.94	
		Revenue from sale	144.00	-	
3.Baw-Heng Steel (Vietnam) Co., Ltd. (BHS)	71.43% owned of Parent company	Revenue from sale	-	56.91	
		Total Purchase of raw material and supplies	11.48	62.37	
4.Huang Hua Ju Jing Hardware product Co., Ltd.(HJHP)	60% owned of parent company	Total purchase of raw material and supplies	0.93	-	

6.2 Measures/Procedures of approving connected transactions

For normal trading transaction such as inter-company sales and purchases, the Board of Directors will review the general company policies and the specific agreement to determine whether the transaction is proposed to be conducted on a fair basis. If approved, the transaction is permitted to proceed on such terms. The audit committee must attend the Board of Directors meeting and approve the proposed arrangement in order to protect the best interest of the company. For such other significant transactions such as the sales/acquisitions of assets and loans between related companies, details of such transaction must be forwarded to the meeting of board of directors of the company for approval, which meeting must also be attended by the audit committee. Such transactions must also be in compliance with laws on securities and the regulations, announcements, orders and notifications of the SET and SEC.

7. Explanations and Analysis of the Financial Position Operation Results

7.1. Financial statements

(Unit : MB)

('million THB)

Balance Sheet	Consolidated		Separate		
Transactions	2010	2009	2010	2009	2008
<u>CURRENT ASSETS</u>					
Cash and cash equivalents	348.46	529.75	348.46	529.75	2,261.02
Trade accounts receivable, net	361.93	484.50	361.93	484.50	617.99
Inventories - net	3,380.31	2,279.64	3,380.31	2,279.64	3,339.25
Other current assets	96.41	149.52	96.41	149.52	650.12
<i>Total Current Assets</i>	<i>4,187.11</i>	<i>3,443.41</i>	<i>4,187.11</i>	<i>3,443.41</i>	<i>6,868.38</i>
<u>NON CURRENT ASSETS</u>					
Restricted bank deposit	86.50	86.50	86.50	86.50	96.50
Investment in a subsidiary	-	-	-97.39	97.39	97.39
Other long-term investment	90.45	100.11	-	-	-
Property, plant and equipment-net	5,938.44	6068.14	5,938.44	6068.14	6133.10
Intangible assets, net	0.44	1.01	0.44	1.01	1.17
Other non-current assets	17.13	17.15	17.13	17.16	19.36
<i>Total Non-current Assets</i>	<i>6,132.96</i>	<i>6,272.91</i>	<i>6,139.90</i>	<i>6,270.20</i>	<i>6,347.52</i>
Total assets	10,320.07	9,716.32	10,327.01	9,713.61	13,215.90
<u>CURRENT LIABILITIES</u>					
Short-term loan from financial institutions	1,149.30	1,461.56	1,149.30	1,461.56	3,031.57
Trade accounts payable	1,261.18	230.63	1,261.18	230.63	166.81
Current portion of long-term loans	610.00	1,690.00	610.00	1,690.00	490
Current portion of hire purchase creditors	1.53	1.92	1.53	1.92	1.29
Other current liabilities	213.67	159.06	213.67	159.06	149.25
<i>Total current liabilities</i>	<i>3,235.68</i>	<i>3,543.17</i>	<i>3,235.68</i>	<i>3,543.17</i>	<i>3,838.92</i>
<u>NON-CURRENT LIABILITIES</u>					
Hire purchase creditors	2.64	3.71	2.64	3.71	0.76
Long-term loan	965.00	435.00	965.00	435.00	2,125.00
<i>Total Non-current liabilities</i>	<i>967.64</i>	<i>438.71</i>	<i>967.64</i>	<i>438.71</i>	<i>2,125.76</i>
Total liabilities	4,203.32	3,981.88	4,203.32	3,981.88	5,964.68
<u>SHAREHOLDERS' EQUITY</u>					
Authorized 603,503,900 common shares, Bath 10 par value	6,035.04	6,035.04	6,035.04	6,035.04	6,285
Issued 603,503,900 common shares, fully paid	6,035.04	6,035.04	6,035.04	6,035.04	6,285
Premium common shares	-	651.60	-	651.60	651.60
Premium on treasury stock	-	40.38	-	40.38	-
Translation adjustment	-6.94	2.71	-	-	-
Retained Earnings	88.65	-995.30	88.65	-995.30	524.19
Treasury ordinary shares	-	-	-	-	-209.57
<i>Total shareholders' equity</i>	<i>6,116.75</i>	<i>5,734.44</i>	<i>6,123.69</i>	<i>5,731.73</i>	<i>7,251.22</i>
Total liabilities and shareholders' equity	10,320.07	9,716.32	10,327.01	9,713.61	13,215.90

Income statement and Cash flow

('million THB)

Income statement and Cash flow	Consolidated		Separate		
Transaction	2010	2009	2010	2009	2008
Revenue from sales-net	6,132.88	4,962.02	6,132.88	4,962.02	9,286.58
Other income	199.60	17.97	199.60	17.97	196.10
Total revenues	6,332.48	4,979.99	6,332.48	4,979.99	9,482.68
Cost of sales	5,665.26	5,591.17	5,665.26	5,591.17	8,343.87
Selling and administrative expenses	348.49	279.08	348.49	279.08	411.87
Other expense	-192.98	486.63	-192.98	486.63	438.69
Total expenses	5,820.77	6,356.88	5,820.77	6,356.88	9,194.43
Profit before interest expense	511.71	-1,376.89	511.71	-1,376.89	288.25
Finance Cost	119.75	142.60	119.75	142.60	256.08
Net income	391.96	-1,519.49	391.96	-1,519.49	32.17
Basic earning (loss) per share	0.65	-2.52	0.65	-2.52	0.05
The weighted average number of common shares	603.50	603.50	603.50	603.50	603.50
Net cash flow from operating	843.51	715.72	843.51	715.72	-1,059.39
Net cash flow from investing	-39.25	-231.58	-39.25	-231.58	-0.83
Net cash flow from financing	-985.55	-2,215.41	-985.55	-2,215.41	572.81
Increase in translation adjustment	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-181.29	-1,731.27	-181.29	-1,731.27	-487.41

7.2 Financial ratios

Ratios	Consolidated		Separate		
	2010	2009	2010	2009	2008
<u>Liquidity</u>					
Current ratio (times)	1.29	0.97	1.29	0.97	1.79
Quick ratio (times)	0.22	0.29	0.22	0.29	0.75
Accounts receivable turnover (times)	14.49	9.00	14.49	9.00	13.94
A/R collection period (days)	24.84	39.99	24.84	39.99	25.82
Inventory turnover (times)	2.00	1.99	2.00	1.99	2.48
Days sales outstanding (days)	179.83	180.89	179.83	180.89	145.00
Accounts payable turnover (times)	7.60	28.14	7.60	28.14	11.92
Payment period (days)	47.40	12.79	47.40	12.79	30.20
Cash Cycle (days)	157.28	208.09	157.28	208.09	140.62
<u>Profitability</u>					
Gross profit margin (%)	7.62	-12.68	7.62	-12.68	10.18
Cost of goods sold to sales (%)	92.38	112.68	92.38	112.68	89.85
Operating profit margin (%)	1.94	-18.68	1.94	-18.68	5.72
Net income margin (%)	6.39	-30.62	6.39	-30.62	0.35
Return on equity (%)	6.61	-23.39	6.61	-23.39	0.45
Earning Per Share (Weighted Average)	0.65	-2.52	0.65	-2.52	0.05
Book Value Per Share (BVPS)	10.14	9.50	10.15	9.50	12.02
<u>Efficiency</u>					
Return on total assets (%)	3.91	-13.25	3.91	-13.25	0.24
Return on fixed assets (%)	10.70	-20.85	10.70	-20.85	5.19
Total asset turnover (times)	0.61	0.43	0.61	0.43	0.70
<u>Financial policy</u>					
Debt to equity ratio (times)	0.69	0.69	0.69	0.69	0.82
Dividend payout ratio (%)	-	-	-	-	-
<u>Growth rate (%)</u>					
Assets	6.21	-26.52	6.31	-26.52	-1.82
Liabilities	5.56	-33.25	5.56	-33.25	-4.44
Net Sale	23.60	-46.57	23.60	-46.57	39.70
Cost of goods sold	1.33	-32.97	1.33	-32.97	32.28
Selling and general administrative expenses	24.87	-28.86	24.87	-28.86	26.33
Net income	125.80	-4,823.01	125.80	-4,823.19	149.60
Gross profit	174.33	-166.52	174.33	-166.52	177.60

7.3 Financial performance

7.3.1 Overall past performance

In year 2009, net sales decreased by 47% from 9,287 to 4,962 MB. This decrease in total sales is attributable as to 46.66% to domestic decrease and as to 46.50% decrease in international sales. Following the substantial decrease in sales revenue, net income decreased in year 2009, a -4,823% decrease from 2008. In 2010, sales revenue was 6,133 MB, increasing by 24% from 4,962MB in 2009. Net income for 2010 increased to 392 MB from -1,519 MB in 2009. The net income 392 MB of 2010 is mainly result from the global economic boom recovered gradually, steel market demand increased and selling price of steel products raised as well. Besides, the Company held a lower cost of raw materials also help to increase profit and the losses on diminution in value of inventories has been reversed either, in addition, gains on exchange rate increased in 2010 due to the exchange rate of baht appreciated..

TYCN began operations in 1999 with its world-class middle stream to downstream vertically integrated plant in Thailand. As it has the highest capacity among Thai wire rod producers, TYCN's initial utilization was only 50%, thereafter, as it began to accumulate experience, TYCN accelerated its utilization rate to be 93% in 2004. TYCN's capacity utilization rate was 43%-47 % in 2008-2010 because of the global economic downturn and demand of the global steel market decline.

TYCN is the largest producer (in terms of production volume (tons)) of wire rods and screws in Thailand. Its superior product is its high carbon, high-quality wire rods. TYCN is also exclusively competitive in low carbon wire rods, specifically, CHQ (Cold Heading Quality). The company believes that it is able to produce higher-quality products than its competitors due to its high-quality production process, beginning with the careful selection of superb quality of billet, grinding procedure, all the way through to the finished products.

7.3.2 Performance by product group

(1) Revenue from sales

Sales revenue in 2009 was 4,962MB and decrease of 47% from 9,287 MB in 2008, due to the sale volume decrease and sale price lower than 2008. Sales revenue in year 2010 increased to 6,133 MB, a 24% increased from 2009. This was selling price of steel products higher than in 2009.

Further details of sales revenue structure can be summarized as follows:

Revenue from wire rods in year 2010 was 3,505MB, a 29% increase from 2009. The total decrease, in terms of the total THB amount, is 96% attributable to international sales. Revenue from wire rods in 2009 was 2,711MB, a 32% decrease from 2008.

Revenue from annealed wire in 2010 was 1,318 MB, a 35% increase from year 2009. Revenue from sales in 2009 was 975 MB, a 72% decrease from 2008.

The company sells products including wire rod and annealed wire through TGE as follows:

	2010	2009
Value (MB)	1,400.87	321.17
Wire rod (Ton)	47,522	8,232
Annealed wire (Ton)	14,728	6,390
Total (Ton)	62,250	14,622

Revenue from screws in 2010 was 621 MB, a 2% decrease from 2009. The reason for this was sale price and sale volume decrease. In 2009, revenue from sales screws was 636 MB, resulting from the 47% decrease in sale volume and sale price than in 2008.

Revenue from bolts in 2010 was 551 MB, a 74% increase from 2009. The reason was sale volume increase in 2010.

(2) Expenses

Cost of sales

Cost of sales is primarily composed of conversion cost and raw materials, of which billet is the main component. In year 2010, costs of sales were 5,665 MB, and increase of 1% from year 2009. This was mostly because of the increase in sale volume.

Selling and administrative expenses (SG&A)

In year 2010, selling and administrative expenses were 348 MB, a 24.87% increase from year 2009 as a result of the SG&A as a percentage of sales was 6%, and 6.00% in 2010 and 2009 respectively. The major components of SG&A are depreciation, salary and wages as well as transportation costs, which vary directly with sales volume. In 2009 SG&A were decrease from 2008 the main factor was selling expenses decreased.

(3) Profit

Gross profit

In 2010, gross profit was 468 MB, representing a margin of 7.62% compared with and -12.68% margin in 2009 result from sale price rise and raw materials cost decline. Gross profit margin in 2009 was -12.68% decrease from 10% in 2008 resulted from sale volume and sale price decline.

Operating profit

Operating profit in 2010 was 119 MB, representing a 2% margin compared with a -18% margin in 2009, result from sale price rise and raw material cost decline and SG&A increase. In 2009 was -18 %, compared with 6% in 2008, the reasons of operating profit decrease in 2009 was sale price decline and sale volume decrease.

Net income

Net income in 2010 was 392 MB, representing a 6.39 margin compared with an -30.62 % margin in 2009. The net income 392 MB of 2010 is mainly result from the global economic boom recovered gradually, steel market demand increased and selling price of steel products raised as well. Besides, the Company held a lower cost of raw materials also help to increase profit and the losses on diminution in value of inventories has been reversed either, in addition, gains on exchange rate increased in 2010 due to the exchange rate of baht appreciated.

3. Financial status

(I) Assets

Composition

As of December 31, 2010 TYCN's had total outstanding assets of 10,327 MB, a increased of 613 MB or 6.31% from the end of 2009. The major items accounting for this assets increase was inventory.

As of December 31, 2009 TYCN's had total outstanding assets of 9,713 MB, a decreased of 3,502 MB or 26.52% from the end of 2008. The major items accounting for this assets decrease were cash and cash equivalents and inventory.

The value of current assets in 2010 increased to 4,187 MB, a 744 MB or 21.60% increase from 2009. This is mainly due to increase inventory.

Total non-current assets in 2010 amounted to 6,140 MB, a decrease of 130 MB or 3.07% from 2009. In 2009 amount to 6,270 MB, a decrease of 77 MB, or 1.22% from 2008. The primary reason was the depreciation expense of fixed assets increase.

Quality of assets

a) Assets

At each reporting date, the Company performs impairment reviews in respect of the properly, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

b) Accounts receivable

As of December 31, 2010 accounts receivable amounted to 362 MB, which could be broken down into external A/R of 292 MB and A/R from sales to related party of 70 MB. A/R amounted to 484 MB in 2009 which could be broken down into external A/R

of 125 MB and A/R from sales to related party of 359 MB. Typical credit terms for normal clients are 7-150 days. New clients as well as customers whose payments are overdue will be subject to make a payment equal to a certain percentage of the purchase amount before shipment.

Further details regarding the aging of accounts receivable are as set out below:

	Unit: MB	
	Dec 31, 2010	Dec 31, 2009
Inter- company A/R	70	359
A/R	292	125
Aging of A/R		
Less than and up to 3 months	292	125
Over 3 months up to 6 months	-	-
Over 6 months up to 12 months	-	104
Over 12 months	104	8
Less Allowance for doubtful A/C	(104)	(112)

Accounts Receivable turnover has been increased from 9 times of year 2009 to 14.49 times of year 2010. It's because of the global economic boom recovered gradually, sales in year 2010 was more than sales in year 2009 increased by 24%. Besides, A/R from related party decreasing in year 2010 resulted in A/R collection period decline 15 days from 39.99 days of year 2009 to 24.84 days of year 2010.

(2) Liquidity

Cash flow

TYCN had a net decrease in cash and cash equivalents at year-end 2010 of 181MB. Cash and cash equivalents at the end of 2010 amounted to 348MB the change in cash flow amount was due to:

Net cash flow from operating	844 MB
Net cash flow from investing	-39 MB
Net cash flow from financing	-986 MB
Net decrease in cash	-181 MB

Net cash flow from operating activities was increase, mostly due to the accounts payable increase for purchase raw materials.

Net cash flow from financing activities decreased by 986MB mainly payment of short-term loans from financial institutions for purchase raw materials and repayment of long-term loans.

Liquidity ratios

The company's current ratio has been increasing standing at 1.29 and 0.97 in the years 2010 and 2009 respectively, because of the inventory increase and the current portion of long-term loans from financial institutions decrease.

Effects from the maturity of current liabilities on the liquidity

In 2010, short-term loans from financial institutions and trade account payables as well as current portion of long-term loans have accounted for a large proportion of current liabilities. These first two items are payable within one year. As mentioned before, however, these loans were used to purchase raw materials for normal business operations. As a result, the company believes that the short-term maturity of such current liabilities should not adversely affect the company's liquidity.

Accounts payable turnover has been decreased from 28.14 times of year 2009 to 7.6 times of year 2010. It's because of accounts payable increased in the year 2010 for purchasing raw materials for operation and this resulted in payment period raise 35 days from 12.79 days of year 2009 to 47.4 days of year 2010.

(3) Capital expenditure

Capital expenditures amounted to 121MB and 181MB for the year 2010 and 2009, respectively.

(4) Sources of funds

Funds structure

The debt to equity ratio was 0.69 and 0.69 between the years 2010 and 2010. The debt to assets ratio was 0.41 and 0.41 between 2010 and 2009. This indicated that TYCN had only a small amount of risk and a healthy balance sheet.

Shareholders' equity

As of December 31, 2010, shareholders' equity was 6,124 MB, a increase of 7% or 392 MB from year 2009. This was due to a net income in 2010.

Liabilities

At the end of 2010, TYCN's liabilities amounted to 4,203 MB, which is equivalent to 41% of liabilities and shareholder's equity, and company's long-term Liabilities and equity was 7,091 MB, or 119% of net fixed assets. This indicates that TYCN had a healthy financial structure.

7.5 Factors potentially affecting company's performance in the future

TYCN tries to minimize of its exposure to economic downturns by concentrating on producing high-end products such as high carbon wire rods, of which TYCN is the largest manufacturer in Thailand. Additionally, TYCN has intentionally diversified its product lines into 4 groups: wire rods, annealed wires, screws and bolts. Even in the event of strong competition in the future, TYCN believes that it is in a good competitive position because of the high quality of its products compared to that of its competitors as well as its competitive marketing strategies. TYCN expects to expand its sales of screws and bolts globally, particularly to European countries. Finally, the company believes that its integrated production of wire rods, annealed wire, screws and bolts will create economies of scale and provide TYCN with a competitive advantage.

For future expansion, TYCN's investment policy is as follows:

- 1) Investment in Thailand and/or business products: TYCN 100%
- 2) Investment abroad: Joint venture between TGE (or TGI) and TYCN or TYCN 100%

8. Financial Statement

8.1 Audit Remuneration

1). Audit Fee

The company and its subsidiary financial Statement 2009 annual audited fee and quarterly reviewed fee amount 1,585,000 Baht. and the financial Statement 2010 annual audited fee and quarterly reviewed fee amount 1,585,000 Baht.

2). Non-Audit Fee

1. Reviewed tax return of business 2009 and 2010 (Por. Ngor. Dor. 50) and will be paid in 2010 and 2011 amount 225,000 Baht and 225,000 Baht respectively.
2. The advisory fees of the provision of IFRS conversion implementation 800,000 Bath, has been paid 330,000 baht in 2010, the balance 470,000 Baht will be paid in 2011.

8.2 Financial Statement

Report of Independent Auditor

To the Shareholders of Tycoons Worldwide Group (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheets of Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits 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 position of Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary and of Tycoons Worldwide Group (Thailand) Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Thipawan Nananuwat
Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited
Bangkok: 16 February 2011

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	7	348,463,026	529,754,521	348,459,582	529,750,709
Trade accounts receivable					
Related parties	6, 8	70,041,530	360,760,683	70,041,530	360,760,683
Unrelated parties	8	396,167,757	237,341,205	396,167,757	237,341,205
Less : Allowance for doubtful accounts		(104,277,173)	(113,602,314)	(104,277,173)	(113,602,314)
Trade accounts receivable - net	8	361,932,114	484,499,574	361,932,114	484,499,574
Amounts due from related parties	6	36,585,146	356,458	36,585,146	356,458
Inventories - net	9	3,380,306,841	2,279,644,446	3,380,306,841	2,279,644,446
Other current assets					
Advance payments for goods and services		278,545,496	296,873,831	278,545,496	296,873,831
Less : Allowance for doubtful accounts		(225,592,118)	(288,849,302)	(225,592,118)	(288,849,302)
Advance payments for goods and services - net	10	52,953,378	8,024,529	52,953,378	8,024,529
Valued added tax refundable		3,131,632	79,163,493	3,131,632	79,163,493
Advances for purchases of assets and repairs					
to compensate for assets damaged by fire	11	-	75,861,255	-	75,861,255
Less: Allowance for advances that may					
not be recovered	11	-	(18,573,450)	-	(18,573,450)
Advances for purchases of assets and repairs					
to compensate for assets damaged by fire - net		-	57,287,805	-	57,287,805
Others		3,740,084	4,683,529	3,740,084	4,683,529
Total current assets		4,187,112,221	3,443,414,355	4,187,108,777	3,443,410,543
Non-current assets					
Restricted bank deposits	12	86,500,000	86,500,000	86,500,000	86,500,000
Investment in a subsidiary	13	-	-	97,394,980	97,394,980
Other long-term investment	13	90,453,900	100,106,400	-	-
Property, plant and equipment - net	14	5,938,433,098	6,068,138,582	5,938,433,098	6,068,138,582
Intangible assets - net	15	442,634	1,009,409	442,634	1,009,409
Other non-current assets		17,131,055	17,157,879	17,131,055	17,157,879
Total non-current assets		6,132,960,687	6,272,912,270	6,139,901,767	6,270,200,850
Total assets		10,320,072,908	9,716,326,625	10,327,010,544	9,713,611,393

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	1,149,298,600	1,461,564,418	1,149,298,600	1,461,564,418
Trade accounts payable					
Related parties	6	60,658,336	16,272,139	60,658,336	16,272,139
Unrelated parties		1,200,521,123	214,353,363	1,200,521,123	214,353,363
Total trade accounts payable		1,261,179,459	230,625,502	1,261,179,459	230,625,502
Amounts due to related parties	6	44,514	1,643,645	44,514	1,643,645
Current portion of long-term loans from financial institutions	17	610,000,000	1,690,000,000	610,000,000	1,690,000,000
Current portion of liabilities under hire purchase agreements		1,524,717	1,917,397	1,524,717	1,917,397
Other current liabilities					
Provision for loss from raw material purchase contracts	18	-	6,014,805	-	6,014,805
Accrued expenses		122,234,820	62,653,602	122,234,820	62,653,602
Accrued interest expenses		12,698,245	15,505,862	12,698,245	15,505,862
Advance received from customers		62,082,370	50,895,219	62,082,370	50,895,219
Others		16,616,143	22,350,794	16,616,143	22,350,794
Total current liabilities		3,235,678,868	3,543,171,244	3,235,678,868	3,543,171,244
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	17	965,000,000	435,000,000	965,000,000	435,000,000
Liabilities under hire purchase agreements - net of current portion		2,643,892	3,713,064	2,643,892	3,713,064
Total non-current liabilities		967,643,892	438,713,064	967,643,892	438,713,064
Total liabilities		4,203,322,760	3,981,884,308	4,203,322,760	3,981,884,308

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Shareholders' equity					
Share capital					
Registered					
603,503,900 ordinary shares of Baht 10 each	19	<u>6,035,039,000</u>	<u>6,035,039,000</u>	<u>6,035,039,000</u>	<u>6,035,039,000</u>
Issued and fully paid up					
603,503,900 ordinary shares of Baht 10 each		6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000
Premium on share capital	20	-	651,599,475	-	651,599,475
Premium on treasury stock	20	-	40,394,832	-	40,394,832
Translation adjustment		(6,941,586)	2,711,282	-	-
Retained earnings (deficit)					
Appropriated - statutory reserve	21	4,432,439	90,122,577	4,432,439	90,122,577
Unappropriated (deficit)		<u>84,220,295</u>	<u>(1,085,424,849)</u>	<u>84,216,345</u>	<u>(1,085,428,799)</u>
		<u>6,116,750,148</u>	<u>5,734,442,317</u>	<u>6,123,687,784</u>	<u>5,731,727,085</u>
Total shareholders' equity		<u>6,116,750,148</u>	<u>5,734,442,317</u>	<u>6,123,687,784</u>	<u>5,731,727,085</u>
Total liabilities and shareholders' equity		<u>10,320,072,908</u>	<u>9,716,326,625</u>	<u>10,327,010,544</u>	<u>9,713,611,393</u>
		-	-	-	-

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

Directors

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues					
Sales		6,132,881,794	4,962,020,977	6,132,881,794	4,962,020,977
Other income					
Gains on exchange rate		164,430,812	-	164,430,812	-
Interest income		4,615,143	12,103,980	4,615,143	12,101,234
Others		30,554,538	5,863,968	30,554,538	5,863,968
Total revenues		6,332,482,287	4,979,988,925	6,332,482,287	4,979,986,179
Expenses					
Cost of sales		5,665,264,490	5,591,167,518	5,665,264,490	5,591,167,518
Reversal of losses on diminution in value of inventories		(120,017,044)	(235,262,154)	(120,017,044)	(235,262,154)
		5,545,247,446	5,355,905,364	5,545,247,446	5,355,905,364
Selling expenses		226,663,910	153,992,512	226,663,910	153,992,512
Administrative expenses		108,194,007	111,758,791	108,194,007	111,758,791
Management benefit expenses		13,633,629	13,328,226	13,633,629	13,328,226
Bad debts	10	-	282,522,157	-	282,522,157
Doubtful debts (reversal)	10	(48,415,956)	381,660,748	(48,415,956)	381,660,748
Losses from advances that may not be recovered (reversal)	11	(18,539,825)	18,573,450	(18,539,825)	18,573,450
Loss from raw material purchase contract (reversal)	18	(6,014,805)	6,014,805	(6,014,805)	6,014,805
Losses on exchange rate		-	33,122,998	-	33,122,998
Total expenses		5,820,768,406	6,356,879,051	5,820,768,406	6,356,879,051
Income (loss) before finance cost		511,713,881	(1,376,890,126)	511,713,881	(1,376,892,872)
Finance cost		(119,753,182)	(142,596,885)	(119,753,182)	(142,596,885)
Net income (loss) for the year	23	391,960,699	(1,519,487,011)	391,960,699	(1,519,489,757)
Basic earnings per share					
Net income (loss)	24	0.65	(2.52)	0.65	(2.52)
Weighted average number of ordinary shares (Shares)		603,503,900	603,503,900	603,503,900	603,503,900

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements								
		Premium on			Retained earnings (deficit)				
	Issued and paid-up		Treasury	Translation	Statutory	Treasury shares	Unappropriated		
	share capital	Share capital	stock	adjustment	reserve	reserve	(Deficit)	Treasury stock	Total
Balance as at 31 December 2008	6,285,000,000	651,599,475	-	7,436,262	90,122,577	209,566,168	224,495,994	(209,566,168)	7,258,654,308
Expenses recognised directly in equity:									
Translation adjustment	-	-	-	(4,724,980)	-	-	-	-	(4,724,980)
Total expenses recognised directly in equity	-	-	-	(4,724,980)	-	-	-	-	(4,724,980)
Net loss for the year	-	-	-	-	-	-	(1,519,487,011)	-	(1,519,487,011)
Total expenses for the year	-	-	-	(4,724,980)	-	-	(1,519,487,011)	-	(1,524,211,991)
Treasury stock cancellation (Note 19)	(249,961,000)	-	40,394,832	-	-	(209,566,168)	209,566,168	209,566,168	-
Balance as at 31 December 2009	6,035,039,000	651,599,475	40,394,832	2,711,282	90,122,577	-	(1,085,424,849)	-	5,734,442,317
Balance as at 31 December 2009	6,035,039,000	651,599,475	40,394,832	2,711,282	90,122,577	-	(1,085,424,849)	-	5,734,442,317
Expenses recognised directly in equity:									
Translation adjustment	-	-	-	(9,652,868)	-	-	-	-	(9,652,868)
Total expenses recognised directly in equity	-	-	-	(9,652,868)	-	-	-	-	(9,652,868)
Net income for the year	-	-	-	-	-	-	391,960,699	-	391,960,699
Total income and expenses for the year	-	-	-	(9,652,868)	-	-	391,960,699	-	382,307,831
Transfer of statutory reserve and premium on share capital and premium on treasury stock to offset deficit (Note 20)	-	(651,599,475)	(40,394,832)	-	(90,122,577)	-	782,116,884	-	-
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	-	-	4,432,439	-	(4,432,439)	-	-
Balance as at 31 December 2010	6,035,039,000	-	-	(6,941,586)	4,432,439	-	84,220,295	-	6,116,750,148

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements							
		Premium on		Retained earnings (deficit)				
	Issued and paid-up		Treasury	Statutory	Treasury shares	Unappropriated		
	share capital	Share capital	stock	reserve	reserve	(Deficit)	Treasury stock	Total
Balance as at 31 December 2008	6,285,000,000	651,599,475	-	90,122,577	209,566,168	224,494,790	(209,566,168)	7,251,216,842
Net loss for the year	-	-	-	-	-	(1,519,489,757)	-	(1,519,489,757)
Treasury stock cancellation (Note 19)	(249,961,000)	-	40,394,832	-	(209,566,168)	209,566,168	209,566,168	-
Balance as at 31 December 2009	6,035,039,000	651,599,475	40,394,832	90,122,577	-	(1,085,428,799)	-	5,731,727,085
Balance as at 31 December 2009	6,035,039,000	651,599,475	40,394,832	90,122,577	-	(1,085,428,799)	-	5,731,727,085
Net income for the year	-	-	-	-	-	391,960,699	-	391,960,699
Transfer of statutory reserve and premium on share capital and premium on treasury stock to offset deficit (Note 20)	-	(651,599,475)	(40,394,832)	(90,122,577)	-	782,116,884	-	-
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	-	4,432,439	-	(4,432,439)	-	-
Balance as at 31 December 2010	6,035,039,000	-	-	4,432,439	-	84,216,345	-	6,123,687,784

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income (loss)	391,960,699	(1,519,487,011)	391,960,699	(1,519,489,757)
Adjustments to reconcile net income (loss) to net cash provided by (paid from) operating activities				
Depreciation	250,178,869	247,472,511	250,178,869	247,472,511
Amortisation	13,673,571	11,431,032	13,673,571	11,431,032
Bad debt	-	282,522,157	-	282,522,157
Doubtful accounts (reversal)	(48,415,956)	381,660,748	(48,415,956)	381,660,748
Losses from advances that may not be recovered (reversal)	(18,539,825)	18,573,450	(18,539,825)	18,573,450
Reversal of losses on diminution in value of inventories	(120,017,045)	(235,262,154)	(120,017,045)	(235,262,154)
Losses from raw material purchase contracts (reversal)	(6,014,805)	6,014,805	(6,014,805)	6,014,805
Losses (gains) on disposal and write-off of equipment	(634,420)	4,613,871	(634,420)	4,613,871
Unrealised gains on fair value of derivatives	(2,618,464)	(11,001,568)	(2,618,464)	(11,001,568)
Unrealised losses on exchange rate	32,242,098	629,205	32,242,098	629,205
Interest income	(4,615,143)	(12,103,980)	(4,615,143)	(12,101,234)
Interest expenses	<u>114,014,976</u>	<u>135,978,853</u>	<u>114,014,976</u>	<u>135,978,853</u>
Income (loss) from operating activities before changes in operating assets and liabilities	601,214,555	(688,958,081)	601,214,555	(688,958,081)
Operating assets (increase) decrease				
Trade accounts receivable	132,664,288	40,257,384	132,664,288	40,257,384
Inventories	(980,645,351)	1,294,872,116	(980,645,351)	1,294,872,116
Other current assets	9,403,816	(17,314,128)	9,403,816	(17,314,128)
Other non-current assets	(13,079,972)	(9,071,128)	(13,079,972)	(9,071,128)
Operating liabilities increase (decrease)				
Trade accounts payable	1,028,025,760	67,867,309	1,028,025,760	67,867,309
Other current liabilities	<u>65,924,912</u>	<u>28,069,276</u>	<u>65,924,912</u>	<u>28,069,276</u>
Net cash flows from operating activities	<u>843,508,008</u>	<u>715,722,748</u>	<u>843,508,008</u>	<u>715,722,748</u>

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Cash receipts from insurance company as compensation				
for fire damage to assets	75,827,630	-	75,827,630	-
Advances for purchases of assets and repairs				
to compensate for assets damaged by fire	-	(75,861,255)	-	(75,861,255)
Decrease in restricted bank deposits	-	10,000,000	-	10,000,000
Acquisition of property, plant and equipment	(121,586,628)	(181,394,968)	(121,586,628)	(181,394,968)
Interest income	4,764,504	14,689,074	4,764,504	14,686,328
Proceeds from disposal of equipment	1,747,663	991,773	1,747,663	991,773
Net cash flows used in investing activities	<u>(39,246,831)</u>	<u>(231,575,376)</u>	<u>(39,246,831)</u>	<u>(231,578,122)</u>
Cash flows from financing activities				
Payment of interest expenses	(116,649,636)	(149,712,428)	(116,649,636)	(149,712,428)
Repayment of short-term loans from financial institutions	(317,267,859)	(1,572,829,449)	(317,267,859)	(1,572,829,449)
Repayment of long-term loans	(550,000,000)	(490,000,000)	(550,000,000)	(490,000,000)
Repayment of liabilities under hire purchase agreements	(1,634,809)	(2,872,777)	(1,634,809)	(2,872,777)
Net cash flows used in financing activities	<u>(985,552,304)</u>	<u>(2,215,414,654)</u>	<u>(985,552,304)</u>	<u>(2,215,414,654)</u>
Decrease in translation adjustments	<u>(368)</u>	<u>(130)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(181,291,495)</u>	<u>(1,731,267,412)</u>	<u>(181,291,127)</u>	<u>(1,731,270,028)</u>
Cash and cash equivalents at beginning of year	529,754,521	2,261,021,933	529,750,709	2,261,020,737
Cash and cash equivalents at end of year	<u>348,463,026</u>	<u>529,754,521</u>	<u>348,459,582</u>	<u>529,750,709</u>
	-	-	-	-
Supplementary cash flow information:				
Non-cash transactions:				
Purchases of vehicles through finance lease agreements	-	6,725,192	-	6,725,192

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the years ended 31 December 2010 and 2009

1. General information

Tycoons Worldwide Group (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Tycoons Group International Co., Ltd. which was incorporated in Cayman. The parent company of the group is Tycoons Group Enterprise Co., Ltd. The Company is principally engaged in the manufacture and distribution of steel wire rods, steel annealing wire, steel screw and wire products. The registered address is at 99 Moo 1, Tambol Nikompattana, Amphur Nikompattana, Rayong.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited (“the Company”) and All Manage International Limited (“the subsidiary”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
					2010		2009	
			2010	2009	Percent	Percent	Percent	Percent
All Manage International Limited	Holding company	British Virgin	100	100	1.0	1.0	-	-

- b) Subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
 - d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.
 - e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements, which present investments in subsidiary under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

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

b) Accounting standards that are effective for fiscal years 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 Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. Average cost includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classified as other long-term investment, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investments in subsidiary are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognized as income or expenses in the income statement.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives, except for machinery and equipment for main production, which are depreciated based on estimated units of production:

Land improvement	30 years	straight-line
Building and attached facilities	13-30 years	straight-line
Motor vehicles	5 years	straight-line
Furniture and office equipment	3-10 years	straight-line
Machinery and equipment for minor production	5 years and 13 years	straight-line
Machinery and equipment for main production	Estimated units of production at a total of 0.4-15.0 million tons	

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.7 Intangible assets

Intangible assets acquired are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Computer software	3 years

4.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.9 Long-term leases

Leases of vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.10 Foreign currencies

Transactions in foreign currency are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange rate are included in determining income.

4.11 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.12 Employee benefits

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

4.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

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

4.15 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht using fair value at the balance sheet date. Gains and losses from the translation are included in determining income.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

Currency option contracts

Currency option agreements are contracts between two parties whereby the seller grants the buyer a future option to buy (call option) or to sell (put option) foreign currency at an exchange rate stipulated in the agreement. The Company enters into such agreements in order to manage foreign exchange risk.

The notional amounts of cross currency option agreements utilized by the Company to manage foreign exchange risk are not recognized as assets or liabilities upon inception of the agreement, but fees to be received or paid by the Company in respect of such agreements are amortized on a straight line basis over the term of the agreement.

5. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Allowance of diminution in value of inventory

In determining an allowance of diminution in value of inventory, the management makes judgment and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgment and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Impairment of other investments

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

Property, plant and equipment and depreciation

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

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

6. Related party transactions

The followings are relationships with enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

Name of entities	Country of incorporation	Nature of relationships
All Manage International Limited	British Virgin Islands	Subsidiary company
Tycoons Group Enterprise Co., Ltd.	Taiwan	Ultimate parent company
Tycoons Group International Co., Ltd.	Cayman	Parent company
Baw - Heng Steel (Vietnam) Co., Ltd.	Vietnam	Subsidiary of parent company
Huanghua Jujin Hardware Products Co., Ltd	China	Subsidiary of parent company
Tycoons Steel International Co., Ltd.	Cayman	6% holding by a subsidiary

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)			
	Consolidated/Separate financial statements		Transfer Pricing policy
	<u>2010</u>	<u>2009</u>	
Transactions with ultimate parent company			
Sales	1,416,191,689	698,831,542	With reference to market price
Purchases of raw materials	196,803,494	633,021,966	With reference to market price
Purchases of equipment	1,616,862	3,006,892	With reference to market price/Agreed upon basis
Transactions with parent company			
Sales	143,996,553	-	With reference to market price
Purchases of raw materials	326,653,552	23,937,584	With reference to market price
Transactions with related company			
Sales	-	56,909,555	With reference to market price
Purchases of raw materials	12,416,076	62,372,715	With reference to market price
Interest income on delay settlement	-	5,492,581	LIBOR plus 1.25%

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)		
	Consolidated/Separate financial statements	
	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable - related parties</u>		
Ultimate parent company		
Tycoons Group Enterprise Co., Ltd.	70,041,530	321,999,966
Related company		
BAW - Heng Steel (Vietnam) Co., Ltd.	-	38,760,717
Total trade accounts receivable - related parties	<u>70,041,530</u>	<u>360,760,683</u>
<u>Amounts due from related parties</u>		
Ultimate parent company		
Tycoons Group Enterprise Co., Ltd.	-	356,458
Related company		
Huanghua Jujin Hardware Products Co., Ltd	<u>36,585,146</u>	<u>-</u>

	(Unit: Baht)	
	Consolidated/Separate financial statements	
	<u>2010</u>	<u>2009</u>
Total amounts due from related parties	36,585,146	356,458
<u>Trade accounts payable - related party</u>		
Ultimate parent company		
Tycoons Group Enterprise Co., Ltd.	60,658,336	16,272,139
Total trade accounts payable - related party	60,658,336	16,272,139
 <u>Amount due to related party</u>		
Ultimate parent company		
Tycoons Group Enterprise Co., Ltd.	44,514	1,643,645
Total amount due to related party	44,514	1,643,645

Directors and management's benefits

In 2010, the Company had salaries, bonus, meeting allowances and gratuities of its directors and management recognized as expenses totaling Baht 13.6 million (2009: Baht 13.3 million).

7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	216,805	221,028	216,805	221,028
Bank deposits	348,246,221	178,730,913	348,242,777	178,727,101
Bills of exchange	-	350,802,580	-	350,802,580
Total	348,463,026	529,754,521	348,459,582	529,750,709

As at 31 December 2010, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10 and 0.75 percent per annum (2009: between 0.10 and 1.16 percent per annum).

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarized below:

		(Unit: Baht)	
		Consolidated/Separate financial statements	
		2010	2009
<u>Related parties</u>			
<u>Age of receivables</u>			
Not yet due		70,041,530	181,368,342
Past due			
Up to 3 months		-	179,392,341
Total		70,041,530	360,760,683
Less: Allowance for doubtful accounts		-	(1,730,602)
Net		70,041,530	359,030,081
<u>Unrelated parties</u>			
<u>Age of receivables</u>			
Not yet due		181,487,204	88,033,636
Past due			
Up to 3 months		110,443,763	37,142,170
Over 3 - 6 months		-	301,217
Over 6 - 12 months		8,702	104,228,088
Over 12 months		104,228,088	7,636,094
Total		396,167,757	237,341,205
Less: Allowance for doubtful accounts		(104,277,173)	(111,871,712)
Net		291,890,584	125,469,493
Total trade accounts receivable - net		361,932,114	484,499,574

The normal credit term granted by the Company for related parties is 60 - 120 days while credit term for other parties varies from 7 - 150 days.

During current year, the Company reversed allowance for doubtful debt amounting to approximately Baht 9 million as a result of settlement by the account receivables.

9. Inventories

		(Unit: Baht)							
		Consolidated/Separate financial statements							
		Allowance for diminution in value of inventory							
		Cost		Reduction cost to net realisable value		Stock obsolescence		Inventory-net	
		2010	2009	2010	2009	2010	2009	2010	2009
Raw materials (Billet and Merchandise Wire rod)		1,274,157,635	860,640,647	(9,095,954)	(21,195,040)	(590,943)	(14,984)	1,264,470,738	839,430,623
Work in process		322,126,166	392,291,272	(36,633,149)	(128,109,506)	-	-	285,493,017	264,181,766
Finished goods		530,617,287	551,782,090	(14,279,713)	(24,303,588)	(12,121,734)	(17,419,174)	504,215,840	510,059,328
Spare parts, factory supplies and scrap		367,700,168	378,378,765	-	-	-	-	367,700,168	378,378,765
Goods in transit		958,427,078	289,290,210	-	(1,696,246)	-	-	958,427,078	287,593,964
Total		3,453,028,334	2,472,382,984	(60,008,816)	(175,304,380)	(12,712,677)	(17,434,158)	3,380,306,841	2,279,644,446

10. Advance payments for goods and services

In July 2008, the Company entered into forward raw material purchase contracts with two overseas companies, and made advance payments to these companies amounting to USD 28 million (approximately Baht 932 million). The Company received some of the raw materials in August and September 2008, leaving advance payments of USD 17.23 million (approximately Baht 572 million) for raw materials that had yet to be received. However, due to the impact of the economic crisis, the Company requested postponement of the delivery of remaining raw materials.

On 12 November 2009, the Company notified its suppliers to deliver the remaining raw materials per the contract within 30 November 2009, and that if they were not able to make delivery on schedule without notification of the reason for this to the Company, the Company would terminate the contracts and request the return of advance payments based on the current market price for the outstanding raw materials. However, the Company did not receive any contact from the suppliers regarding delivery of the raw materials, and so wrote off Baht 282 million of the advance payments for goods as bad debt expenses in the 2009 profit and loss account, representing the excess of the value of the raw materials at the contract prices over their value at the market price as at the end of November 2009. The Company is pursuing collection of the remaining USD 8.7 million (approximately Baht 288 million) of advance payment from the two companies, through its parent company. As at 31 December 2009, the Company expects the remaining amounts will not be recoverable and has set aside full allowance for doubtful debt. During the second quarter of the current year, the counterparty paid CNY 8.16 million (approximately USD 1.18 million or approximately Baht 39 million) through its overseas related company, and the Company presented such amount as amounts due from related party and reversed allowance for doubtful debt in the same amount. Currently, the parent company is in the process of pursuing collection and taking legal action on behalf of the Company.

11. Advances for purchases of assets and repairs to compensate for assets damaged by fire

On 6 May 2009, some machinery and equipment in a factory building of the Company were damaged by fire. The Company has purchased and repaired such machinery and equipment to be used in normal production. The assets are insured with domestic insurance companies, and the damaged assets are covered in this case.

The Company has repaired most of the machinery and made payments for the replacement purchases and repairs totaling Baht 76 million. The Company's management believes that compensation for these purchases of assets and repairs will be received in full from the insurance companies and therefore records this amount as an asset. However, in December 2009 the Company was notified by an insurance company that the Company will receive preliminary compensation amounting to Baht 57 million. Consequently, as at 31 December 2009, the Company decided to set aside allowance for the amount paid in advance that may not be recovered, amounting to Baht 19 million, in the accounts. Subsequently, in October 2010, the Company was notified by an insurance company that the Company will receive total compensation amounting to Baht 76 million, and so reversed all allowance for the amount paid in advance that may not be recovered amounting to Baht 19 million. The Company received in full compensation from insurance companies in the current year.

12. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

13. Other long-term investment / Investment in subsidiary company

Details of investment in subsidiary as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Baht) Dividend received during the year	
	2010	2009	2010 (%)	2009 (%)	2010	2009	2010	2009
All Manage International Limited	97,394,980	97,394,980	100	100	97,394,980	97,394,980	-	-
Total					97,394,980	97,394,980	-	-

Other long-term investment is 3,000,000 shares investment in Tycoons Steel International Co., Ltd., incorporated in the Cayman Islands, held by the Company's subsidiary totaling USD 3 million. TSI invested in Guang Lian Steel (Vietnam) Co., Ltd., in order to operate a steel refinery project in Vietnam.

In August 2010, TSI, increased its registered share capital, issued 20,000,000 additional ordinary shares, with a value of USD 1 per share, for a total of USD 20 million. The subsidiary did not purchase any of these additional ordinary shares and as a result its shareholding decreased from 10% to 6%.

14. Property, plant and equipment

(Unit: Baht)

Consolidated/Separate financial statements							
	Land and land improvement	Building and attached facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Assets under installation and construction	Total
Cost							
31 December 2009	682,774,659	1,732,694,274	5,756,106,124	268,206,498	46,223,116	77,067,433	8,563,072,104
Additions	493,445	1,991,080	13,680,973	3,465,661	4,721,386	97,234,083	121,586,628
Disposals/write-off	-	-	(8,710,710)	(5,386,095)	(827,650)	-	(14,924,455)
Transfers in (out)	15,115,000	24,421,650	23,460,102	4,831,962	657,401	(68,486,115)	-
31 December 2010	698,383,104	1,759,107,004	5,784,536,489	271,118,026	50,774,253	105,815,401	8,669,734,277
Accumulated depreciation							
31 December 2009	39,159,934	609,704,612	1,592,926,685	212,785,790	40,356,501	-	2,494,933,522
Depreciation for the year	4,117,187	65,052,438	142,722,602	34,842,415	3,444,227	-	250,178,869
Depreciation on disposals/write-off	-	-	(7,763,302)	(5,239,056)	(808,854)	-	(13,811,212)
31 December 2010	43,277,121	674,757,050	1,727,885,985	242,389,149	42,991,874	-	2,731,301,179
Net book value							
31 December 2009	643,614,725	1,122,989,662	4,163,179,439	55,420,708	5,866,615	77,067,433	6,068,138,582
31 December 2010	655,105,983	1,084,349,954	4,056,650,504	28,728,877	7,782,379	105,815,401	5,938,433,098
Depreciation for the year							
2009 (Baht 229 million included in manufacturing cost, and the balance in selling and administrative expenses)							247,472,511
2010 (Baht 230 million included in manufacturing cost, and the balance in selling and administrative expenses)							250,178,869

As at 31 December 2010, the Company had vehicles under finance lease agreements with net book value amounting to Baht 6.24 million.

As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 334 (2009: Baht 177 million).

The Company has mortgaged most of its property, plant and machinery with banks as collateral for short-term and long-term credit facilities granted by commercial banks.

15. Intangible assets

	(Unit: Baht)
	Consolidated/Separate financial statements
<u>Computer software</u>	
Cost	
31 December 2009	2,606,629
Additions	41,874
31 December 2010	2,648,503
Accumulated amortisation	
31 December 2009	1,597,220
Amortisation expenses for the year	608,649
31 December 2010	2,205,869
Net book value	
31 December 2009	1,009,409
31 December 2010	442,634
Amortisation expenses for the year	
2009	558,436
2010	608,649

16. Short-term loans from financial institutions

Short-term loans from financial institutions are subject to interest rate at 1.29 - 3.05 percent per annum and are guaranteed by the Company's director, the ultimate parent company, pledged of fixed deposits as described in Note 12 to the financial statements and mortgaged of most of its property, plant and machinery as described in Note 14 to the financial statements.

17. Long-term loans

			(Unit: Baht)	
			Consolidated/Separate	
			financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	2010	2009
1	Average MLR-1.25	Semi-annual installments as from January 2007 totaling 13 installments	1,140,000,000	1,500,000,000
2	MLR-1.50	Semi-annual installments as from October 2007 totaling 11 installments	185,000,000	275,000,000
3	BKIBOR+0.65	Semi-annual installments as from October 2009 totaling 10 installments	250,000,000	350,000,000
Total			1,575,000,000	2,125,000,000
Less: Current portion			(610,000,000)	(1,690,000,000)
Net			965,000,000	435,000,000

The long-term loans are guaranteed by the Company's director, the ultimate parent company, the pledged of fixed deposits as described in Note 12 to the financial statements and the mortgaged of most of its property, plant and equipment as described in Note 14 to the financial statements.

Some loan agreements contain covenants relating to, among other matters, the maintenance of certain financial ratios and the shareholding percentage of the major shareholder. As at 31 December 2010 and 2009, the Company was unable to maintain financial ratios stipulated in the agreement due to the impact of the economic crisis. Under the agreement, this means the lender has the right to call the loan immediately. However, on 30 December 2010, the Company received a letter from the lenders, granting a waiver for such non-compliance, and the Company has therefore classified the loan as a normal long-term loan as at 31 December 2010.

18. Provision for loss from raw material purchase contracts

As at 31 December 2009, the Company set aside provision totaling Baht 6 million for losses expected to be incurred from non-cancellable raw material purchase contracts and presented this as "provision for loss from raw material purchase contracts" in other current liabilities in balance sheets. Such provision is the estimated amount of the unavoidable costs of meeting obligations under the contracts, less the economic benefits expected to be received under them.

19. Treasury stock/share capital

On 17 November 2005, the Board of Directors of the Company approved a program to buy back up to 25 million of its own shares (par value of Baht 10 each), or 3.98 percent of the total number of shares in issue, with a budget limit of Baht 230 million, for the purpose of managing excess liquidity. The shares were to be bought back through the Stock Exchange of Thailand during 1 December 2005 to 31 May 2006, and can be resold after 6 months after the date that treasury share buy back is complete but within 3 years or 16 May 2009. In the event that the Company does not or is unable to dispose of the treasury shares within such period, the Company will reduce its paid-up share capital by cancelling the remaining unsold treasury shares.

On 1 June 2009, the Board of Director's Meeting passed a resolution to approve a reduction in registered and paid-up share capital by cancelling the 24,996,100 unsold treasury shares with a par value of Baht 10 each, or a total amount of Baht 249,961,000 by decreasing the Company's registered and paid-up capital from Baht 6,285,000,000 to Baht 6,035,039,000. The Company registered the capital reduction with the Ministry of Commerce on 10 June 2009. Moreover, the Company has already reversed treasury stocks reserve amounting to Baht 209,566,168 to unappropriated retained earnings.

20. Transfer of statutory reserve, premium on share capital and premium on treasury stock to offset deficit

The Company's Extraordinary Shareholders Meeting No. 1/2553, held on 16 November 2010, passed a resolution to transfer Baht 90,122,577 from the statutory reserve, Baht 651,599,475 of premium on share capital and Baht 40,394,832 of premium on treasury stock in order to offset the deficit presented in the audited financial statements as at 31 December 2009. The Company recorded the transfer between these accounts in 2010. The transactions comprise only movements between accounts in shareholders' equity, and have no effect to shareholders' equity of the Company as a whole.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

22. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Baht)	
	Consolidated/Separate financial statements	
	<u>2010</u>	<u>2009</u>
Salary and wages and other employee benefits	195,635,884	179,731,341
Depreciation and amortisation	263,852,440	258,903,543
Transportation	188,794,910	118,790,991
Raw materials and consumables used	3,820,127,312	5,053,817,861
Changes in inventories of finished goods and work in progress	91,329,909	(318,643,344)

23. Corporate income tax

The Company is not liable to corporate income tax for the year 2010 due to tax loss brought forward from prior years in excess of income for the year.

24. Basic earnings per share

Basic earnings (loss) per share for the year is calculated by dividing net income (loss) for the year by the weighted average number of ordinary shares held by outsiders in issue during the year.

25. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of steel wire rods and bolt, pursuant to the promotion certificate No. 1672/1996 issued on 11 October 1996 and the manufacture of bolt & nut and screw, pursuant to the promotion certificate No. 1181/2003 issued on 9 April 2003. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (17 December 1998 and 9 August 2005 respectively) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Sales						
Domestic sales	45,673,843	29,393,014	2,046,537,227	2,017,146,398	2,092,211,070	2,046,539,412
Export sales	<u>1,091,001,131</u>	<u>676,400,330</u>	<u>2,949,669,593</u>	<u>2,239,081,235</u>	<u>4,040,670,724</u>	<u>2,915,481,565</u>
Total sales	<u>1,136,674,974</u>	<u>705,793,344</u>	<u>4,996,206,820</u>	<u>4,256,227,633</u>	<u>6,132,881,794</u>	<u>4,962,020,977</u>

26. Segment information

The Company and its subsidiary business operations involve four principal segments: (1) manufacture steel wire rods (2) manufacture steel annealing wire (3) manufacture screw and bolt and (4) trading. These operations are mainly carried on in Thailand. Below is the financial information for the year ended 2010 and 2009 by segment.

(Unit: Million Baht)

	Manufacture Steel wire rods		Manufacture Steel annealing wire		Manufacture Screw and bolt		Trading		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Domestic sales	1,946	1,737	105	77	36	12	5	221	2,092	2,047
Export sales	<u>456</u>	<u>667</u>	<u>1,213</u>	<u>899</u>	<u>1,128</u>	<u>747</u>	<u>1,244</u>	<u>602</u>	<u>4,041</u>	<u>2,915</u>
Total revenues	<u>2,402</u>	<u>2,404</u>	<u>1,318</u>	<u>976</u>	<u>1,164</u>	<u>759</u>	<u>1,249</u>	<u>823</u>	<u>6,133</u>	<u>4,962</u>
Segment operating income (loss)	245	(733)	141	(351)	(205)	(368)	5	(139)	186	(1,591)
Unallocated income and expenses:										
Gain (loss) on exchange rate									164	(33)
Interest income									5	12
Other income									31	6
Reversal of loss on diminution in value of inventories									120	235
Reversal of (loss from) raw material purchase contract									6	(6)
Finance cost									<u>(120)</u>	<u>(142)</u>
Net income (loss)									<u>392</u>	<u>(1,519)</u>

(Unit: Million Baht)

	Manufacture Steel wire rods		Manufacture Steel annealing wire		Manufacture Screw and bolt		Other Operations		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Property, plant and equipment	2,925	2,844	767	948	1,383	1,397	863	879	5,938	6,068
Unallocated assets									<u>4,382</u>	<u>3,649</u>
Total assets									<u>10,320</u>	<u>9,717</u>

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 4 and 2 percent of basic salary respectively. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company contributed Baht 1.9 million (2009: Baht 2.2 million) to the fund.

28. Commitments and contingent liabilities

As at 31 December 2010, the Company had the following outstanding commitments and contingent liabilities.

28.1 Capital commitments

The Company had capital commitments amounting to approximately USD 0.1 million in respect of acquisitions of machinery, Baht 3.5 million in respect of building improvement and Baht 7.0 million in respect of car park construction.

28.2 Raw material purchase commitments

The Company had raw material purchase commitments amounting to USD 28.6 million. The materials will be shipped to the Company within 90 days from the contract date.

28.3 Guarantees

There were outstanding bank guarantees of approximately Baht 46.2 million issued by banks on behalf of the Company in respect of certain performance bonds for electricity and others.

29. Financial instruments

29.1 Financial risk management

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

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the balance sheet.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements					Effective interest rate
	Fixed interest rates		Floating	Non-	Total	
	Within	1 - 5	interest	interest		
	1 year	years	rate	bearing		
<u>Financial Assets</u>	(Million Baht)					(% p.a.)
Cash and cash equivalent	-	-	348	-	348	0.1 - 0.75
Trade accounts receivable	-	-	-	362	362	-
Amounts due from related parties	-	-	-	37	37	-
Advance payments for goods and services	-	-	-	53	53	-
Restricted bank deposits	86	-	-	-	86	0.75 - 1.00
Other long-term investment	-	-	-	90	90	-
	<u>86</u>	<u>-</u>	<u>348</u>	<u>542</u>	<u>976</u>	
<u>Financial liabilities</u>						
Trade accounts payable	-	-	-	1,261	1,261	-
Accrued interest expenses	-	-	-	13	13	-
Advance received from customers	-	-	-	62	62	-
Liabilities under hire purchase agreement	2	3	-	-	5	2.45 - 4.25
Short-term loans	1,149	-	-	-	1,149	1.29 - 3.05
Long-term loans	-	-	1,575	-	1,575	Average MLR - 1.25
						MLR - 1.5 and
						BKIBOR + 0.65
	<u>1,151</u>	<u>3</u>	<u>1,575</u>	<u>1,336</u>	<u>4,065</u>	

	Separate financial statements					
	Fixed interest rates		Floating	Non-		Effective
	Within	1 - 5	interest	interest		
	1 year	years	rate	bearing	Total	interest rate
<u>Financial Assets</u>	(Million Baht)					(% p.a.)
Cash and cash equivalent	-	-	348	-	348	0.1 - 0.75
Trade accounts receivable	-	-	-	362	362	-
Amounts due from related parties	-	-	-	37	37	-
Advance payments for goods and services	-	-	-	53	53	-
Restricted bank deposits	86	-	-	-	86	0.75 - 1.00
	86	-	348	452	886	
<u>Financial liabilities</u>						
Trade accounts payable	-	-	-	1,261	1,261	-
Accrued interest expenses	-	-	-	13	13	-
Advance received from customers	-	-	-	62	62	-
Liabilities under hire purchase agreement	2	3	-	-	5	2.45 - 4.25
Short-term loans	1,149	-	-	-	1,149	1.29 - 3.05
Long-term loans	-	-	1,575	-	1,575	Average MLR - 1.25
						MLR - 1.5 and
						BKIBOR + 0.65
	1,151	3	1,575	1,336	4,065	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 were summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	15.83	73.02	30.1513
Taiwan dollar	-	45.42	1.0260

Forward exchange contracts with maturities of less than one year outstanding as at 31 December 2010 were summarised below.

Contract	Foreign currency	Amount	Contractual exchange rate
		(Million)	(Baht per 1 foreign currency unit)
Contract to buy	US dollar	1.00	30.15
Contract to buy	Euro	0.03	39.38
Contract to sell	US dollar	14.16	29.85 – 30.75
Contract to sell	Euro	0.08	41.70

Option contracts with maturities within February 2011 outstanding as at 31 December 2010 were summarized below.

Contract	Amount	Contractual exchange rate
	(USD million)	(Baht per 1 USD)
Sell put option	10	29.20 – 30.30
Sell call option	19	30.08 – 30.99
Buy put option	7	30.08 – 30.99
Buy call option	2	30.12

29.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

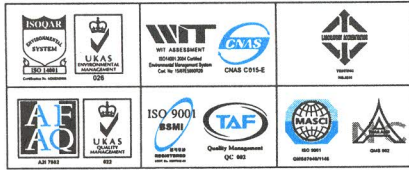
30. Capital management

The primary objectives of the Company and its subsidiary'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 31 December 2010, the Group's debt-to-equity ratio was 0.69:1 (2009: 0.69:1) and the Company's was 0.69:1 (2009: 0.69:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 16 February 2011.



รายงานคณะกรรมการตรวจสอบ

คณะกรรมการตรวจสอบได้สอบทานงบการเงินรวมของบริษัทและบริษัทย่อยประจำปี 2553 ร่วมกับผู้สอบบัญชี เพื่อนำเสนอต่อคณะกรรมการบริษัทรับทราบรายงานการตรวจสอบ ประชุมหารือร่วมกับฝ่ายที่เกี่ยวข้องสอบทานการปฏิบัติตามข้อกำหนด และกฎหมายรวมทั้งพิจารณาการเปิดเผยข้อมูลรายการที่เกี่ยวข้องกันให้เป็นไปตามเกณฑ์ตลาดหลักทรัพย์แห่งประเทศไทย

คณะกรรมการตรวจสอบได้พิจารณางบการเงินดังกล่าวมีความเห็นว่า บริษัทมีการจัดทำรายงานทางการเงินเป็นไปตามมาตรฐานบัญชีที่รับรองทั่วไป มีการเปิดเผยข้อมูลเพียงพอ มีระบบการควบคุมภายใน ระบบตรวจสอบภายใน และระบบบริหารความเสี่ยงที่น่าพอใจ ไม่มีข้อที่ต้องปรับปรุงอย่างเป็นสาระสำคัญ

(นายพิพัฒน์ หวังพิชิต)

กรรมการตรวจสอบ

(นายสุรพล ขวัญไฉญญา)

ประธานคณะกรรมการตรวจสอบ

(นายจิรวัดน์ หวาง)

กรรมการตรวจสอบ

REPORT OF THE AUDIT COMMITTEE

The audit committee jointly reviewed the 2010 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

The audit committee reviewed the respective financial statements and has an opinion that the company prepared financial statements in accordance with generally accepted accounting standards; adequately disclosed information; maintained regulating and supervisory system; internal audit and risk management system is satisfactory with no significant discrepancies are observed.

(Mr. Phiphat Wangphichit)
Audit Committee

(Mr. Surabhorn Kwunchaithunya)
Audit Committee Chairman

(Mr. Jirawat Huang)
Audit Committee