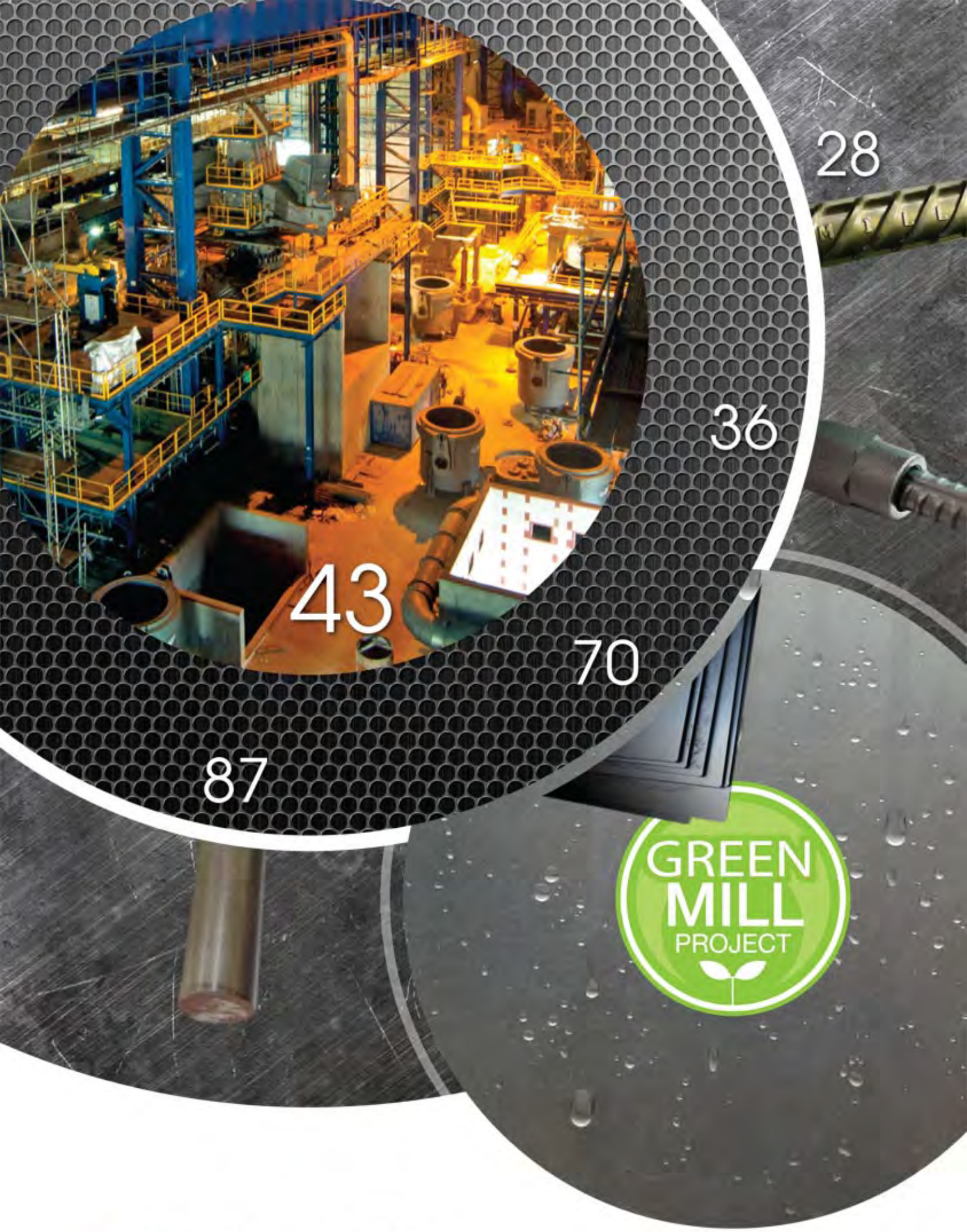
"A PASSION FOR STEEL"

Sittichai Leeswadtrakul



Annual Report 2012

Millcon Steel Industries PCL.

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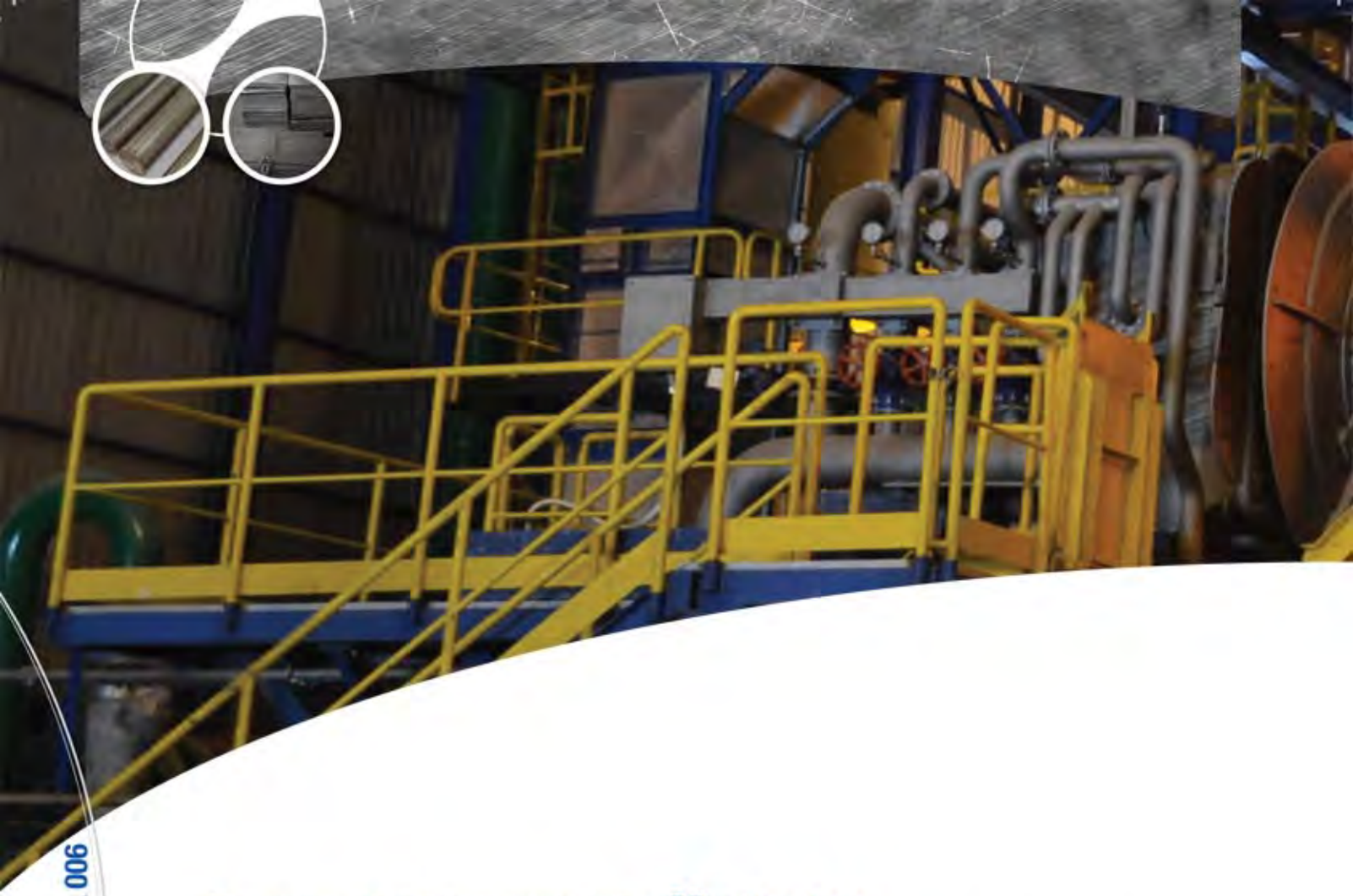
MILLCON STEEL

A PASSION FOR STEEL



To ensure all relevant work units operating in alignment with one another and moving toward the same common goal, MILL has established clear Vision and Mission that is responsive to the Vision, as well as creating and instill strong Core Values in the work spirits of the employees of all levels to jointly drive the organization efficiently, firmly with sustainability toward the targets set forth.

Vision

Think Steel...Think Mill

Determine to develop the steel products to serve every need of customers (Think Steel...Think Mill) with our knowledge, concern and understanding in the steel production (A Passion for Steel) to be a leader in the steel business globally.

Mission

- **Our Steel:** Manufacture and distribute diversified type of steel products with standardized quality and service.
- **Our Customer:** Provide the best product and service to all customers and partners with sincere, transparency and fairness.
- **Our People:** Steady accumulate intellectual and develop personnel to be a mechanism in organization propulsion with efficiency.
- **Our Culture:** Indoctrinate thinking outside the box by not concerning to any obstacle. Create entrepreneurship and positive thinking in every occasion to be a robust organization.
- **Our Environment:** Pay attention to a quality of life building and an environment preservation in community for the sustainable happiness of co-existence between community and business.
- **Our Shareholder:** Operate the business by adhering to good governance for the benefit of interested person and create value added to long-term shareholders.

Core Value "3O"

OPEN MIND เปิดใจ
OPERATION สร้างกำไร
OPPORTUNITY หาโอกาส

Open Mind

- Be ready to accept different ideas and opinions.
- Be always prepared to learn and acquire beneficial knowledge and information.
- Think, say and express what is right and beneficial properly and courageously.
- Take part in expressing ideas and opinions without ignoring problems.
- Think "out of the box" allowing no obstacles and difficulties to disrupt ongoing improvement, development and innovation.

Operation

- Recognize importance of prudent cost management in all work units.
- Take into account efficiency and effectiveness in operations.
- Be aware of and have mutual sense of ownership of the Company.

Opportunity

- Keep positive thinking: Opportunity is everywhere.
- Be flexible in line with the circumstances.
- Ensure ongoing self-development to be prepared for any potential opportunities.

Message from the Chairman of the Board of Directors

After Thailand were threaten by the heavy flood in the late of 2011. Parts of Thai Economy is temporally suspended. Fortunately, in 2012 The Thai Economy begin to turnaround from the disasters and it is grown by 6.4% by the end of 2012 supported by the rapidly and heavily expansion of automobile industry, the government spending in the mega projects, the turnaround of the exports in most of each sectors since the late of 3rd quarters of 2012 and the increasing number of foreign travelers to Thailand. The construction industry which seems to have a close relationship with the performance of the Company saw a growth of 6.4% in the first nine months of 2012 in related with the expansion of overall Thai economy. This is resulted from the expansion of the government projects, the improvement of public areas effected by flood, the constructions in many projects in order to protect the risks from flood by state enterprise. The construction in private sector also saw a growth which is mainly supported by the expansion of property sector and the improvement of most residential areas and factories destroyed from flood.

In view of MILLCON Group's operation results in 2012, despite the declining prices of steel products as a result of a dumping in China, the group still could operate profitably, as evident from the net profit which stayed close to the preceding year. The favorable result came from a well implementation of the operation plan and risk assessment in such circumstance.

On behalf of board members, I wish to tender my sincere thanks to the shareholders and every stakeholders for their excellent support. The Board of Directors, the Management and the employees would try our best to ensure the having of outstanding performances and in consequence providing a good return from investment to our shareholders.

(Pol.Gen.Soontorn Salkwan)
Chairman

Message from CEO of MILLCON Group

In 2012, the fluctuation of global economic, economic recession of the U.S., an unrecovered economic in Europe and a new Federal's monetary policy (QE3) aimed to stimulate the economy help promoting new investments in Asia Pacific. Thailand is directly and indirectly affected from an introduction of Asian Economics Community (AEC) evidently seen from a constant increase of Thai capital market. Growth factor from government policies in 2013 such as the diminishing of corporate income tax and first-car buyer that boost the sales and make the highest record of more than 2 million-car productions including the 2-million budget for an investment on transportation and public utility in the next 7 years.

These factors consequence on changes of supply and demand of consumer products including products made from steel. The changes create more complexity in pricing forecast, therefore: MILLCON Steel Industries Public Company Limited is well operated under full awareness of risk management by operating inventory and not seeking for profit from the fluctuation of price. We will remain focused on "3O' core value (Open Mind, Operation and Opportunity) to drive our organization towards efficiency, stability and sustainability in order to provide a fully integrated steel production and distribution service (Think Steel... Think Mill)

After the completion of Green Mill project, we were honored to have SEASI (South East Asia Iron & Steel Institute) visiting the project. Green Mill project uses the most state-of-the-art technology and can be considered safest in Thailand. This year the group invests in Hongsa Lignite electrical plant known as the biggest electrical plant in Laos who ordered construction steels from MILLCON Steel Industries Public Company Limited. This is the great start to prepare for the future AEC. A cost saving from a constant production and efficiency from quality control help diminish the usage of power and drive the group's profitability.

Apart from the business aspect, we are committed to improving the quality of life of the community, environment preservation and social responsibility in every way. Despite the positive factor in the country and negative factor s from the global economic, we still operate the business with full awareness to get through an uncertain circumstance. MILLCON and its companies operate the business with responsibility and fairness under good corporate governance principles to ensure the interest of all shareholders and companies.

After all, we would like to convey our sincere gratitude to our valued customers, business partners, patrons and shareholders for the great support and also our staff members at all levels for their cooperation and hardworking with a passion of steel that drive MILLCON's sustained growth to the next path of an international business leader in steel industry.

Mr. Sittichai Leeswadtrakul
Chief Executive Officer

General Information

MILLCON STEEL INDUSTRIESS PUBLIC COMPANY LIMITED

Head Office Location (Rolling Mill - Bangkok, Factory Flat Product)	9,11,13 Banggradee Soi 32, Banggradee Road, Samaredum, Bangkhuntien, Bangkok 10150 Tel. 0 2896 4444 Fax. 0 2896 9622, 0 2896 4420
Branch Office 1 (Factory Flat Product)	68/84-85 Moo 3 Samaredum Road, Samaredum, Bangkhuntien, Bangkok 10150
Branch Office 2 (Admin Office)	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899
Branch Office 3 (Rolling — Rayong)	99 Moo 3 Tumbon Nikhom Phatthana, Amphoe Nikhom Phatthana, Rayong 21180 Tel. 0 3860 6041-2 Fax. 0 3860 6043
Type of Business	Production and distribution of steel bar, deformed steel and structural steel
Registration no.	017550000076 (formerly no. (3)916/2541)
Home Page	www.millconsteel.com

Registered and Paid Capital

Registered Capital	Baht 1,224.26 million			
	• Ordinary shares	Baht	1,106.31	million
	• Preferred shares	Baht	117.95	million
Paid Capital	Baht 754.41 million			
	• Ordinary shares	Baht	627.49	million
	• Preferred shares	Baht	117.95	million
Share Type and Value	Ordinary shares / Preferred shares each of Baht 0.40 par value (as of December 31,2011)			

Name and Location of Reference Parties

Share Registrar (Ordinary share)	Thailand Securities Depository Co., Ltd.	
Location	62 The Stock Exchange of Thailand Building Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 0 2229 2800, Fax. 0 2359 1259	
Share Registrar (Preferred share)	Millcon Steel Industries Public Company Limited	
Location	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899	
Share Registrar (convertible debentures)	Millcon Steel Industries Public Company Limited	
Location	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899	
Auditor	Ms. Amornrat Pearmpoonvatanasuk	CPA no. 4599
	Mr. Prasit Yuengsrikul	CPA no. 4174
	Mr. Vichien Khingmontri	CPA no. 3977
	Ms. Varaporn Vorathitikul	CPA no. 4474
Location	PricewaterhouseCoopers ABAS Ltd. 179/74-80 Bangkok City Tower, Floor 15, South Sathon Road, Thungmahamek, Sathon, Bangkok Tel. 0 2234 1000 Fax. 0 2286 9999	

General Information of Subsidiaries

Millcon Burapa Company Limited

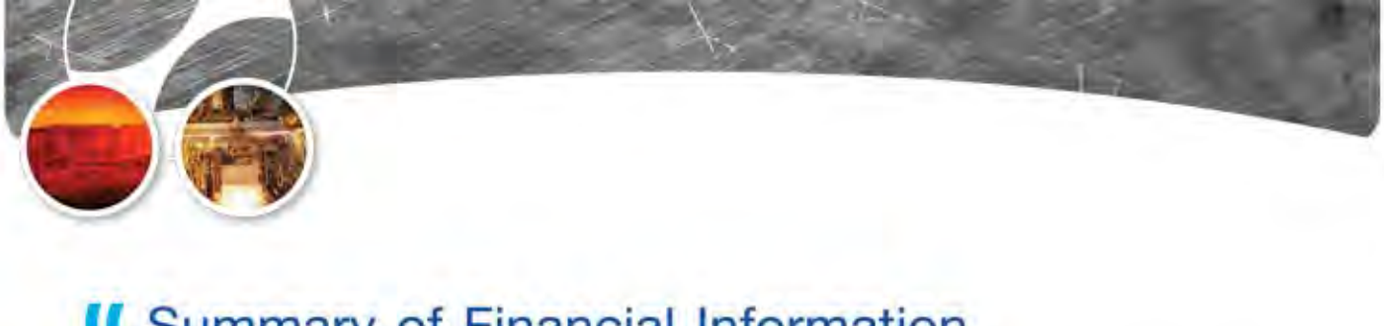
Head Office Location (Factory 1)	99 Moo 3 Tumbon NikhomPhatthana, Amphoe Nikhom Phatthana, Rayong 21180 Tel. 0 386 6041-2 Fax. 0 3860 6043
Branch Office 1 (Admin Office)	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899
Type of Business	Production and distribution of Billet
Registration no.	0215537001304
Registered Capital	Baht 2,599.35 million
Paid Capital	Baht 2,399.99 million
Share Type and Value	Ordinary shares each of Baht 5.00 per share
Shareholding	98.73 % (as of December 31,2011)

Million Miles Company Limited

Head Office Location (Factory 1)	9,11,13 Banggradee Soi 32, Banggradee Road, Samaredum, Bangkhuntien, Bangkok 10150 Tel. 0 2896 9824 Fax. 0 2896 9622 , 0 2896 4420
Type of Business	Transport and logistics service
Registration no.	0105553015889
Registered Capital	Baht 55.00 million
Paid Capital	Baht 5.50 million
Share Type and Value	Ordinary shares each of Baht 10.00 par value
Shareholding	33.00% (as of December 31,2012)

Ocean Profit Company Limited

Head Office Location (Factory 1)	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899
Type of Business	Distribution of steel products
Registration no.	0105551028657
Registered Capital	Baht 10.00 million
Paid Capital	Baht 10.00 million
Share Type and Value	Ordinary shares each of Baht 100.00 par value
Shareholding	99.99 % (as of December 31,2012)



Summary of Financial Information

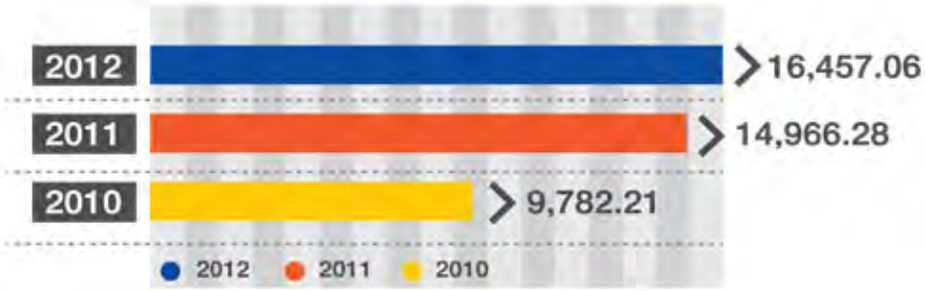
Summary of Financial Information of MILLCON STEEL INDUSTRIES Public Company Limited and its Subsidiaries for Fiscal Years Ending December 31, 2010 to December 31, 2012

(Unit : Million baht)

	Consolidated		
	2012	2011	2010
Consolidated Financial Statement			
Sales of goods and services	16,457.06	14,966.28	9,782.21
Total revenues	16,602.08	15,073.44	9,819.21
Profit for the year	90.87	111.70	114.72
Net cash in flows(out flows) from operating activities	552.83	214.24	-755.80
Total assets	13,935.52	12,198.37	8,673.96
Total liabilities	10,599.37	8,984.40	5,638.93
Total shareholders 'equity	3,336.15	3,213.97	3,035.03
Investor ratio			
BVS	1.80	2.05	2.09
EPS	0.02	0.03	0.04
Financial Ratio			
Gross profit margin ratio	6.19	4.81	4.50
Operating profit margin	4.24	3.51	3.04
Net profit margin	0.55	0.74	1.17
Return on equity	2.72	3.48	3.78

Graph of Financial Information

Sales of goods and services.



- Gross profit margin ratio

- Total assets

Board of Directors name lists

1. **Pol.Gen. Soontorn Saikwan**
   Chairman of the Board / Independent Director
2. **Dr. Yannakorn Warakunruk**
   Director / Chairman of audit Committee / Nomination and Remuneration/ Independent Director
3. **Mr. Veravud Sanpakij**
   Director / Chairman of Nomination and Remuneration / Audit Committee Member / Independent Director
4. **Mr. Pratana Bongkojmas**
   Director / Audit Committee Member/ Nomination and Remuneration Committee/ Independent Director
5. **Mr. Sittichai Leeswadtrakul**
   Director who are authorized signatories of the company/ Chief Executive Officer/ President
6. **Ms. Suttirat Leeswadtrakul**
   Director who are authorized signatories of the company/ Vice President of Finance
7. **Mrs. Pirom Sawpayon**
   Director who are authorized signatories of the company/ Nomination and Remuneration Committee /Vice President of Accounting
8. **Mrs. Duangkamol Sukmueng**
   Director who are authorized signatories of the company/ Nomination and Remuneration Committee /Vice President of General and Administration
9. **Mrs. Roslyne Amornvivat**
   Director

Board of Directors name lists

1. **Mr. Sittichai Leeswadtrakul**
   Chief Executive Officer and President
2. **Mr. Thitipong Tangpoonphonvivat**
   Executive Director / President
3. **Ms. Suttirat Leeswadtrakul**
   Executive Director /Vice President of Finance
4. **Mrs. Pirom Sawpayon**
   Executive Director /Vice President of Accounting
5. **Mrs. Duangkamol Sukmueng**
   Executive Director /Vice President of General and Administration
6. **Mrs. Nantaphat Thinprateep**
   Executive Director /Vice President of Procurement
7. **Mr. Taveechai Kittichanajaroen**
   Executive Director /Vice President of Flat Product
8. **Ms. Jureerat Lapanavanich**
   Head of CEO Office
9. **Mr. Kasem Juntaboon**
   Executive Director /Vice President of Human Resource
10. **Mr. Virat Keawbangkaphom**
    Vice President of Long Product
11. **Mr. Puchong Jungwilikasem**
    Vice President of EAF and Business Development
12. **Mr. Theerayuth Lertsiraungsun**
    Vice President of Sales and Marketing

Directors and Management Biography

Pol.Gen. Soontorn Saikwan

Age 68 Years

Current Position :

Chairman of the Board/Independent Director

Position in Other Organization :

- Director of Vanachai Group Plc
- Chairman of the Board of PTG Energy Plc.

Education :

- Master of Arts (Political Science), Ramkhamhaeng University
- Diploma, National Defiance Collage (Class 36)
- Bachelor of Political administrative Science, Thai Police Cadet Academy

Working Experiences :

- 2012 - Present Chairman of the Board PTG Energy Plc.
- 2007 - Present Chairman of the Board Millcon Steel Industries Plc.
- 2008 - 18 Feb, 2011 Senator.
- 2006 - 2008 Member of Thai Polities Government.
- 2005 - Present Director of Vanchai Group Plc.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 41/2005

Meeting Attendance :

- Board of Directors' Meeting : Attending 11 out of 11 meeting

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Incase Independently Directors :

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently : No

Dr. Yannakorn Warakunruk

Age 46 Years

Current Position :

Chairman of audit Committee/Nomination and Remuneration/ Independent Director

Position in Other Organization :

- Lecturer of Business Administration Doctorate Program,Western University.

Education :

- PhD in Business Administration The United States International University, California, USA
- Master of Economics, Dhurakij Pundit University.
- Bachelor of Economics, Dhurakij Pundit University.

Working Experiences:

- 2010 - Present Nomination and Remuneration Committee of Millcon Steel Industries Plc.
- 2007 - Present Chairman of Audit Committee of Millcon Steel Industries Plc.
- 2007 - Present Lecturer of Business Administration Doctorate Program,Western University.
- 2002 - 2007 Director of Business Administration Graduate Program, Suan Dusit Rajabhat University.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 64/2007

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings
- Board of Audit Committee' Meeting : attending 5 out of 5 meetings

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Incase Independently Directors :

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) No
- Having the significant business relations that may affect the ability to perform independently : No

Mr. Veravud Sanpakij

Age 54 Years

Current Position :

Chairman of Nomination and Remuneration/
Audit Committee Member/Independent Director

Position in Other Organization :

- Director/ Vice President for Revenue, Chalalongkorn University Preparatory School Alumni Association Under His Royal Patronage
- Audit Committee of Somapa Information Technology Co.,Ltd.
- Director and Manager of Ratchada-viphavadi Ariving Range By TS Enterprise Co.,Ltd.

Education :

- Master of Business Administration, Thammasat University.
- Bachelor of Business Administration (Economics & Accounting), Thammasat University.

Working Experiences :

- 2010 - Present Director/ Vice President for Revenue, Chalalongkorn University Preparatory School Alumni Association Under His Royal Patronage.
- 2010 - Present Audit Committee of Somapa Information Technology Co.,Ltd.
- 2010 - Present Chairman of Nomination and Remuneration Committee of Millcon Steel Industries Plc.
- 2008 - Present Audit Committee of Millcon Steel Industries Plc.
- 1998 - Present Director and Manager of Ratchada-Viphavadi Ariving Range By TS Enterprise Co.,Ltd.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 72/2007
  Modern Manager Program (MMP) Class 14

Meeting Attendance :

- Board of Directors' Meeting : attending 10 out of 11 meetings
- Board of Audit Committee' Meeting : attending 4 out of 5 meetings

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Incase Independently Directors :

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently: No

Mr. Pratana Bongkojmas

Age 52 Years

Current Position :

Audit Committee Member/Nomination and Remuneration Committee/ Independent Director

Position In Other Organization :

- Managing Director of Uicor Advance Technology Co.,Ltd.

Education :

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Working Experiences :

- 2010 - Present Nomination and Remuneration Committee of Millcon Steel Industries Plc.
- 2007 - Present Audit Committee Member of Millcon Steel Industries Plc.
- 2001 - 2008 Managing Director of MPS Business and Accounting Co.,Ltd.
- 1993 - Present Managing Director of Unicor Advance Technology Co.,Ltd.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 61/2007

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings
- Board of Audit Committee' Meeting : attending 5 out of 5 meetings

(%) Shareholding (as at December 31, 2011) : 0.01

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Incase Independently Directors :

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently : No

Mr. Sittichai Leeswadtrakul

Age 34 Years

Current Position :

Director who are authorized signatories of the company/
Chief Executive Officer/ President

Position in Other Organization :

- Director of Million Miles Co.,Ltd.
- Director of G STEEL Plc.
- Director of Millcon Burapa Co.,Ltd.
- Director of Metal Tube and Cold-Forming Steel Association.
- Director of the Association of Thai Steel Industries.

Education :

- Master of Low, Department of Economics Regulations, Chulalongkorn University.
- Master of Managing Engineering, Warwick University,UK.
- Business Course, University of California of Berkeley,USA
- Bachelor of Business Administration, Mahidol University.

Working Experiences :

- 2010 - Present Director of Million Miles Co.,Ltd.
- 2009 - Present Director of G STEEL Plc.
- 2009 - Present Director of GJ STEEL Plc.
- 2008 - Present Director of Millcon Burapa Co.,Ltd.
- 2008 - Present Director of Metal Tube and Cold - Forming Steel Association.
- 2008 - Present Director of The Association of Thai Steel Industries.
- 2004 - Present Director/ Chief Executive Officer/ President of Millcon Steel Industries Plc.

Relationship :

- Ms. Suttirat Leeswadtrakul (Sister)

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 41/2005

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings

(%) Shareholding (as at December 30, 2011) : 24.04

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Ms. Suttirat Leeswadtrakul

Age 31 Years

Current Position :

Director who are authorized signatories of the company/
Vice President of Finance

Position in Other Organization :

- Director/ Chief Executive Officer of Million Miles Co.,Ltd.
- Director of Millcon Burapa Co.,Ltd.

Education :

- Master of Business Economics, Thammasat University.
- Bachelor of Communication Arts, Bangkok University.

Working Experiences :

- 2010 - Present Director/ Chief Executive Officer of Million Miles Co.,Ltd.
- 2008 - Present Director of Millcon Burapa Co., Ltd.
- 2007 - Present Director/ Vice president of Financial of Millcon Steel Industries Plc.
- 2005 - 2008 Director of Wan Wan Co., Ltd. (Bakery House)

Relationship :

- Mr. Sittichai Leeswadtrakul (Brother)

Training Course:

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 61/2007

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings

(%) Shareholding (as at December 31, 2011) : 1.49

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mrs. Pirom Sawpayon

Age 51 Years

Current Position :

Director who are authorized signatories of the company/
Nomination and Remuneration Committee/Vice President of Accounting

Position in Other Organization :

- Director/ Executive Director of Million Miles Co., Ltd.
- Director/ Executive Director of Millcon Burapa Co., Ltd.

Education :

- Master of Business Administration, Suan Dusit Rajabhat University.
- Bachelor of Business Administration (Accounting) Ramkhamhaeng University.

Working Experiences :

- 2010 - Present Nomination and Remuneration Committee of Millcon Steel Industries Plc.
- 2010 - Present Director/ Executive Director of Million Miles Co.,Ltd.
- 2008 - Present Director/ Executive Director of Millcon Burapa Co.,Ltd.
- 2007 - Present Director/ Vice president of Accounting of Millcon Steel Industries Plc.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 61/2007

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings

(%) Shareholding (as at December 31, 2011) : 0.02

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mrs. Duangkamol Sukmueng

Age 54 Years

Current Position :

Director who are authorized signatories of the company/ Nomination and Remuneration Committee /Vice President of General and Administration

Position in Other Organization :

- Director/ Executive Director of Million Miles Co., Ltd.

Education :

- Bachelor of Political Science, Ramkhamhaeng University.

Working Experiences :

- 2010 - Present Nomination and Remuneration Committee of Millcon Steel Industries Plc.
- 2010 - Present Director/ Executive Director of Millon Miles Co.,Ltd.
- 2007 - Present Director/ Vice president of General and Administration of Millcon Steel Industries Plc.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 61/2007

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings

(%) Shareholding (as at December 31, 2011) : 0.02

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mrs. Roslyne Amornvivat

Age 43 Years

Current Position :

Director

Position in Other Organization :

- Director of Thai Prosperity Advisory Co.,Ltd.
- Director of CIMB International (Thailand) Plc.

Education :

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- Bachelor of Business Administration (Economic& Accounting) Chulalongkorn University.

Working Experiences :

- 2012 - Present Director of CIMB International (Thailand) Plc.
- 2010 - Present Director of Millcon Steel Industreis Plc.
- 2008 - Present Director of Thai Prosperity Advisory Co.,Ltd.

Relationship : -none-

Training Course :

- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 87/2011

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Thitipong Tangpoonphonvivat

Age 34 years

Current Position

- Executive Director/President

Position in Other Organization :

- Director of Millcon Burapa Co.,Ltd.

Education :

- Msc. in Engineering Business Management, The University of Warwick.
- BBA. in Business Administrative Concentrated on Finance and Marketing, University of California at Berkeley, Walter A. Haas School of Business.

Working Experiences :

- 2011 - Present President of Millcon Steel Industries Plc.
- 2009 - Present Executive Director of Millcon Steel Industries Plc.
- 2009 - 2010 Vice president of Millcon Burapa Co.,Ltd.

Relationship : -none-

Meeting Attendance :

- Board of Directors' Meeting : attending 11 out of 11 meetings

(%) Shareholding (as at December 31, 2011) : 1.05

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mrs. Nantaphat Thinprateep

Age 47 years

Current Position :

- Executive Director/ Vice President of Procurement

Position in Other Organization :

- Director of Millcon Burapa Co.,Ltd.

Education :

- Master of Business Administration, Siam University.
- Bachelor of Business Administration, Thongsook College.

Working Experiences :

- 2011 - Present Vice President of Procurement of Millcon Steel Industries Plc.
- 2009 - Present Executive director of Millcon Steel Industries Plc.
- 2009 - 2011 Vice president of Millcon Burapa Co.,Ltd.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Taveechai Kittichanajaroen

Age 55 years

Current Position :

- Executive Director/Vice President of Flat Product

Position in Other Organization : -none-

Education :

- Diploma of Marketing of Chetupon Commercial College.

Working Experiences :

- 2011-Present Vice President of Flat Product of Millcon Steel Industries Plc.
- 2009-Present Executive Director of Millcon Steel Industries Plc.
- 2007-2011 Manager of Flat Product of Millcon Steel Industries Plc.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : 0.02

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Ms. Jureerat Lapanavanich

Age 35 Years

Current Position :

- Executive Director/Head of CEO Office

Position in Other Organization : -none-

Education :

- Master of General Management, Mahidol University.
- Bachelor of Internation Management, Chulalongkorn University.

Working Experiences :

- 2011-present Head of CEO Office
- 2009-present Executive Director of MILLCON STEEL INDUSTRIES PLC.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : 0.01

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Kasem Juntaboon

Age 59 years

Current Position :

- Vice President of Human Resource

Position In Other Organization : - none-

Education :

- Master of Business Administration, Ramkhamheang University.
- Bachelor of Political Science, Ramkhamheang University.

Working Experiences :

- 2011 - Present Vice President of Human Resource Director of Millcon Steel Industries Plc.
- 1994 - 2011 Manager of Millcon Burapa Co.,Ltd.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Virat Keawbangkaphom

Age 56 years

Current Position :

- Vice President of Long Product

Position In Other Organization : -none-

Education :

- Bachelor of Industrial technology, King Mongkut's Institute of Technology Ladkrabang.

Working Experiences :

- 2011 - Present Vice President of Long Product of Millcon Steel Industries Plc
- 1994 - 2011 Manager of Millcon Burapa Co.,Ltd.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : 0.01

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Puchong Jungwilkasem

Age 46 years

Current Position :

- Vice President of EAF and Business Development

Position In Other Organization : -none-

Education :

- Bachelor of Engineering, Chulalongkorn University.

Working Experiences :

- 2011 - Present Vice President of EAF and Business Development of Millcon Steel Industries Plc.
- 2007 - 2011 Manager Green Mill Project of Millcon Burapa Co.,Ltd.
- 1990 - 2007 Manager of EAF of Tata Steel (Thailand) Plc.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : 0.01

*Included Employee Joint Investment Program (EJIP)

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Theerayuth Lertsiraungsun

Age 56 years

Current Position :

- Vice President of Sales and Marketing

Position In Other Organization : -none-

Education :

- Master of Metallurgical Engineering, Henry Krumb, School of Mines, Columbia University, United States
- Bachelor of Machanical Engineering, Chulalongkorn University.

Working Experiences :

- 2011 - Present Vice President of Sales and Marketing of Millcon Steel Industries Plc.
- 2006 - 2011 Vice President-Engineering and Product Development of Tata Steel (Thailand) Plc.

Relationship : -none-

(%) Shareholding (as at December 31, 2011) : -none-

Property Prohibited :

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Business Overview of the Company and Its Subsidiaries

Group of MillCon Steel Industries Plc. (MILL) is one of Thailand's leading producers and distributors of steel products and a fully integrated steel service center. Its products are in variety to serve diversified needs of customers, such as round bars, deformed bars, lip channel steel, and others, which have earned both domestic and international standard certification.

It is another milestone as the Company has successfully entered the midstream steel industry, which is its new line of business to produce billets of both general use grade and special quality grade for use as raw material of other steel products. The midstream steel industry is the second stage of the fully integrated steel manufacturing process, consisting of:

Stage 1 A upstream steel industry which refines iron ore in the form of iron oxide into iron for use as raw material in the manufacturing of steel;

Stage 2 A midstream steel industry which melts iron metal and controls and adjusts the chemical mixture to produce steel of the desired specification and cast it into semi-finished products such as billet, slab and bloom;

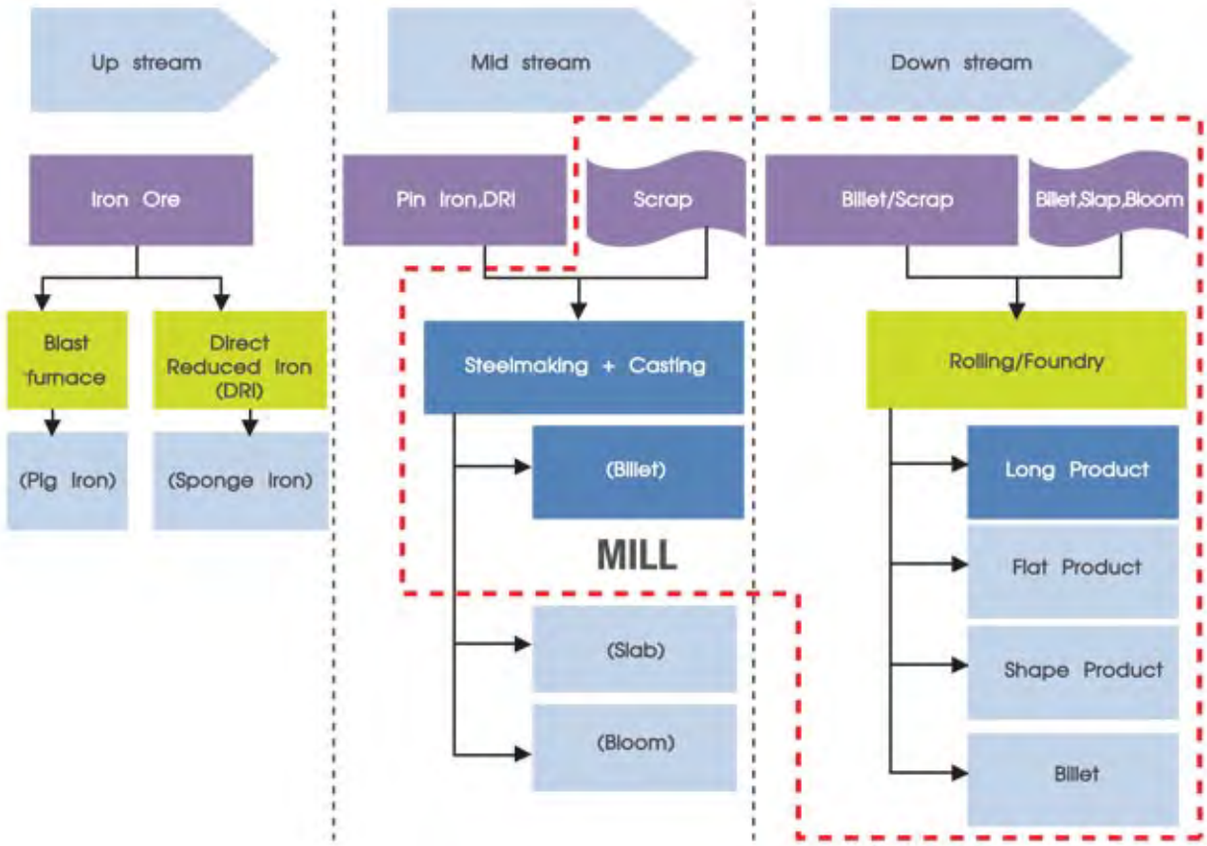
Stage 3 A downstream industry which processes the semi-finished products into finished steel products of the required type to match the purpose of application through various production processes such as hot rolling, cold rolling, and hot forging; and

Stage 4 A forward linkage industry which uses the processed steel products, already passing the coating or finishing process, for other end-use industries such as construction, automotives and parts, packaging, electrical appliances, furniture, shipbuilding, etc.

MILL emphasizes the standard quality of its products at all its steel bar and section steel plants, employing machinery that is the fine blend of high production technology and management system of the globally recognized European standard under Automation PLC Rolling Mill and Automation PLC Furnace. Its products undergo an intense and thorough quality control process at all manufacturing steps with respect to their mechanical properties, chemical composition and product specification so as to best meet customers' requirements, and have thereby obtained quality certification from UKAS GLOBAL in all aspects of management system standard such as quality (ISO 9001: 2008), environment (ISO 14001: 2004) and occupational health and safety (Environmental Management Systems: EMS). At the same time, its round bars and deformed bars have similarly been certified by domestic and international institutions such as Thai Industrial Standard (TIS), Thai Industrial Standards Institute (TISI), and Australian Authority Certification for Reinforcing Steel (ACRS). All its products are used as raw materials in linkage industries, such as foundation work, building construction, general construction, etc., as well as automobile and parts, furniture, and so on.

Not only has it diversified to transport and logistics business, MILL also plans to expand its business to support the operation of Green Mill Project through a subsidiary (Ocean Profit Co., Ltd. (OP)).

Steel Industries



Revenue Structure

A Major Source of revenue from sale and service is as follows:

Revenue structure of company breakdown (Financial Statement of Company)

Unit: Million Baht

Company	Business	Company Holding	2012		2011		2010	
			Value	%	Value	%	Value	%
Millcon Steel Industries PLC.	Manufacturer and Distributor Steel Bar and Structural Steel	-	11,957	61.50	15,876	79.50	10,064	77.65
Millcon Burapa Co.,Ltd.	Manufacturer and Distributor Steel Bar	98.73	7,316	37.63	3,970	19.88	2,836	21.88
Million Miles Co.,Ltd.	Transportation & Logistics Service	33.00	170	0.87	123	0.62	61	0.47
Ocean Profit Co.,Ltd.	Distribution of Steel Products	99.99	-		-	-	-	-
Grand Total			**19,443**	**100**	**19,969**	**100.00**	**12,961**	**100.00**

Revenue by Product (Financial Statement of Consolidate)

Unit: Million Baht

Product	2012			2011			2010		
	Ton	Value	%	Ton	Value	%	Ton	Value	%
Steel Bar	386,890	8,426	51.20	353,700	7,801	52.13	224,292	4,448	45.48
Structural Steel	58,323	1,432	8.70	119,699	3,044	20.34	94,492	2,123	21.70
Raw Material	230,991	4,097	24.89	161,052	4,465	25.62	135,525	2,679	27.39
Other	504	10	0.06	18,329	286	1.91	27,550	531	5.52
Transportation Service Provider	55,699	368	2.24	N/A	0.40	0.01	N/A	0.72	0.01
Grand Total	**839,393**	**16,457**	**100.00**	**652,780**	**14,966**	**100.00**	**481,859**	**9,782**	**100.00**

Shareholding Structure Group

As at December 31, 2011 the group structure of the Company is as follows:

**Remark Millcon Steel Industries PCL. dilution to shareholders in Millian Miles Co.,Ltd. to 33% since November 30, 2012*

Nature of Business of the Company and Subsidiary

For main product of the Company can be classified five groups as follows:

- Steel Bar
- High Tensile Thread Steel Bar
- Rolled Steel
- Structural Steel
- Billet

1. Steel Bar

Group produces and distributes plain round steel bar in conformity to the industrial standards with a diameter of 6 - 40 mm. and a length of 10-12 m. at SR 24 quality, and deformed bar with a diameter of 10-63.5 mm. and a length of 10-12 m. at SD 30 SD 40 and SD 50 quality. Steel at each quality level is different in chemical and mechanical properties and has undergone both domestic and international quality standard certification, thus enabling applications for construction works with the specifications and quality as required by customers.

For reinforcing steel produced by the Group, which is major raw material for all types of concrete structure works, the types and sizes to be used depend on the design and structure of such construction works. The Group can serve all types of construction works with its diversified products from sophisticated machinery; hence responding to demand of customers at all levels.

In addition, the Group also produces thread deformed bar called One Bar as the latest innovation developed to remove steel joining problem. One Bar is generated through the hot rolling process with threading made along the entire length. Steel can splice with coupler because of such thread. This will better strengthen the steel joining than fastening or welding and reduce waste of steel texture during the process. One Bar can be used in substitution for deformed bar in general. However, it will help save time and cost of construction. The Group's deformed bar is offered in two quality levels, i.e. SD 40 and SD 50, and compliance with TIS 24-2548.

2. High Tensile Thread Steel Bar

The Group can produce high tensile thread steel bar according to the ASTMA 722 ISO 6934-5 for use in large construction works and geological constructions which require high tensile strength. These include construction of earthquake resistant buildings.

High tensile thread steel bar is the thread steel bar that splice with coupler the same as thread steel bar (One Bar) but it is specially produced to withstand weight and have high tensile strength suitable for large constructions that require high tensile strength than other construction in general such as electric train system, bridge, tunnel, deep sea port, dam, and others. At present, the Group is the sole local producer of high tensile thread steel bar which can achieve international standard.

3. Rolled Steel

Round bar is high quality steel produced through hot rolling and cold rolling processes. It may be round-shape, square-shape or flat round bar. It is used for the manufacturing of parts and spare parts of farm tools and machines, furniture, and automobile, etc. The product is classified into the following types:

3.1 Hot rolled round bar is generated through the hot rolling process and can be used as raw material to produce tool or machinery parts or turned into any forms as required. Hot rolled round bar can be produced in several shapes, i.e. round, square and flat. Its round bar has a diameter of 12 - 50 mm., square bar has the size of 0.500 inch, 0.625 inch and 0.750 inch, and flat bar is in rectangular shape with the sizes on customers' orders and the same quality and standards as the square bar.

3.2 Cold drawn round bar is the round bar cold drawn from hot rolled round bar aiming at reinforcing the bar and smoothening as well as glossing its surface so that it can be used as finished parts of tools or machines, threaded for use to fix machinery parts, or turned into other shapes as required.

4. Structural Steel

The Company produces and distributes a variety of formed steel products, i.e. hot rolled coil (HRC), and cut steel of diversified sizes. Moreover, the Group also produces structural steel products that meet Thai industrial standard (TIS 1228-2549). Details are as below:

4.1 Hot rolled coil (HRC) The Group distributes HRC to steel wholesalers and steel plants for processing into such steel work parts as steel sheet, C - channel steel, strip and structural steel, etc. The HRC widely used is in sizes of 4 feet in width and 5 feet in width, and has varied thickness depending on the types of products to be produced by the customers.

4.2 Cut steel and structural steel The Group provides steel cutting service on customer orders and produces structural steel using its efficient machinery line. There are five product types as follows:

4.2.1 Slitting coil: The Group feeds HRC and has it stretched and cut by the slitting machine by the width specified by the customers. With the slitting finished, the HRC will be rolled back ready for distribution. The slitting machine can generate slitting coil with 50 mm. to 500 mm. in width. Customers mainly use slitting coil for further cutting or forming into other steel work parts and products such as C - channel steel, steel pipe, rail, etc.

4.2.2 Steel sheet: The Group feeds HRC and has it cut into different width and length of sheet. The HRC is stretched and cut by the cutting machine to get the standard size and shape of steel sheet. The steel sheet so generated will have standard sizes: 4 x 8 feet, 5 x 10 feet and 5 x 20 feet, with thickness of 1.2 - 12.00 mm., 2.90 - 12.00 mm. and 2.90 - 12.00 mm. respectively. End-users of steel sheet are mainly steel processing plants including automobile plants, etc.

4.2.3 Flat plate: The HRC is cut into sizes and shapes as required by the customers. Flat plate so generated has standard length of 6 m. but diversified width range from 1 inch to 36 inch 44 mm. and 1100 mm., with thickness from 1.90 mm. to 6 mm. depending on customer requirement. It can be processed in diversified products, such as wire mesh, gate, etc., and also as raw material for automobile, furniture and parts manufacturing, etc.

4.2.4 C - channel steel: It is a product that looks like alphabet C and with different thickness and width. The product is generated from forming (produced by cold forming) process the slitting coil of the required size into C-shape. C - channel steel is mainly used in construction works, particularly roof structure. It is.

4.2.5 Steel pipe: The Group produces and distributes steel pipe, i.e. round, square and flat, for use as raw material in various industries, such as construction materials, furniture parts and automotive parts. They can also be applied to other types of industries depending on customer requirements. Round steel pipe produced has a diameter range of 1 inch - 4 inches, thickness range of 1.2 mm. - 3.25 mm., and standard length of 6 m. Its square pipe has the size in a range of 1 x 1 inch 4 x 4 inch, thickness range of 1.2 mm. - 3 mm., and standard length of 6 m. Its flat pipe has the size in a range of 2 x 1 inch - 2 x 6 inch and thickness range of 1.2 mm. - 3 mm.

5. Billet

This is a new line of business to produce billets for use as raw materials in the production of steel bars, deformed bars and other high quality steel products, both of general use grade for general construction and of special quality grade for linkage industries such as sling, welding wire, and automotive parts. The Company produces billets of standard sizes and shapes, with a dimension of 130 mm x 130 mm and 150 mm x 150 mm and a length as required by customers of 6 m. and 12 m.

Production Capacity

	Millcon Steel Industries Plc	Millcon Burapa Co., Ltd. (BU)
Production capacity (tons/year)		
Round bars & deformed bars	250,000	-
Structural Steel	347,640	-
Billet	-	500,000
Total capacity	**597,640**	**500,000**

Source: Millcon Steel Industries Plc.

As of December 31, 2012, capacity utilization rate of 279,651 tons of finished steel products was equivalent to 555.93%.

Overview of Steel Industry

Steel is considered one of the country's key fundamental industries to support other related industries. Domestic consumption of steel averages more than 10 million tons a year. Thailand also exports steel, with ASEAN as its largest buyer, and, at the same time, still has to rely on imports of semi-finished and finished steel products, including scraps.

The overall picture of steel situation in the year 2012 comparing with the same period of last year it was found that the production amount of iron and steel has reduced a little in the rate of 3.13%. This is from import of iron with Boron added in the group of iron sheet from China. As for the need to use in the country, it has increased 12.24 per cent comparing with the same period of the last year. This is from the need to use in the country of flat iron for 14.07% because the expansion of car industry. As for long shape iron, the need to use in the country has increased 8.58% from the expedition of MRT project and the real estate has expanded. As for the value and the iron import amount and steel of the year 2012 was at 320,749 million baht and 11,426,330 metric ton. The import value has increased 11.23%. The import amount has increased 5.84%. The value and the export amount of iron and steel in the year 2012 was at 37,304 million baht and 1,117,105 metric ton. The value and export amount has decreased 7.16 and 10.37% respectively.

As for the price of iron and steel in the year 2012, that has been reduced because the steel industry of China has more production power than the demand of the market which cause high level of competition. From the said situation, the price of the iron has been reduced. However, at the end of the year, the situation of the iron is better. The price of iron has continuously increased which is consistent with the increased consumption demand in the same period. In the anticipation of the iron industry in the year 2013, it is anticipated that the negative factor in the uncertainty of the world economic and public debt crisis in European Union still cause bad effect to the consumption of iron. As for the positive factor it is anticipated that new market in Asia can grow. The overall iron consumption can still expand. There is a new market in BRIC group (Brazil, Russia, India and China) will be an important market in the growth of the world market.

Production

The amount of iron and steel production in the year 2012 is around 6,720,606 metric ton (not include semi-finish iron product, cool iron sheet, coated iron sheet and iron pipe so that there would be no repeated counting) has reduced 3.13 % when comparing with the same period of last year and when considering in each product it was found that the product that has the most reduced production is semi-finished product in the rate of 24.31% but long shape iron has increased a little in the rate of 0.84% whereas the flat iron has decreased 1.41%. Other coated iron sheet has increased the most 22.06% and then cool sheet iron which has increased 13.37% and Galv. Sheet (EG) which has increased 6.54% because of car industry which is an important user that has expanded from the policy of first car of the government. As for hot iron sheet it has decreased -10.38% due the competition situation of the world iron industry which has made the largest producer such as China send more cheap iron to compete in Thai steel market. Moreover, it is from the continuous import of steel with Boron. The alloy steel imported is iron product that is used the same way as carbon iron but the importer has specified that it is in alloy steel so they don't have to pay import tax which originally they must pay import tax for 5% if it is specified as carbon iron so this prevents Thai producer to compete on the price as the details in the table 1.

Figure 1 : Production Volume of Major Iron and Steel in 2012 Compared with 2011 **Unit: metric tons**

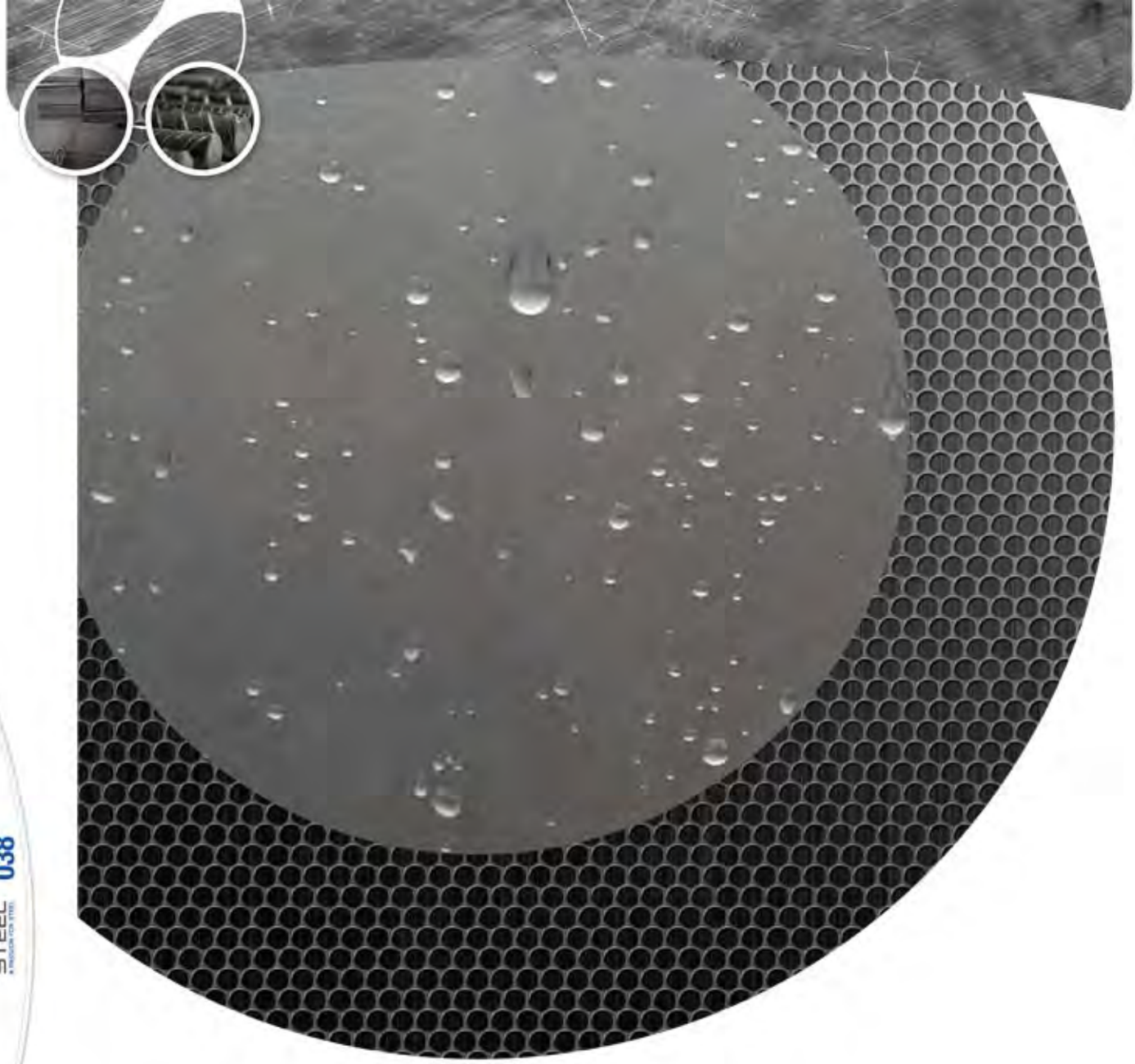
Products	2012	2011	Changes (Percent)
Semi-finished Product	3,328,496	4,397,443	-24.31
Long Products	3,762,706	3,731,191	0.84
Flat Products	5,599,465	5,679,394	-1.41
Hot-rolled Flat	2,957,899	3,300,313	-10.38
Cold-rolled Flat	1,755,491	1,548,425	13.37
Coated steel	886,075	830,656	6.67
- Galvanized Sheet	224,490	210,714	6.54
- Tin plated	352,262	366,510	-3.89
- Tin free	178,234	171,483	3.94
- Other coated Tin free	309,323	253,427	22.06
Pipes & Tubes	N/A	N/A	N/A
Total	**6,720,606**	**6,937,525**	**-3.13**

Source : Thailand Iron and Steel Institute

Remark : Excluding Semi-Finished Steel, cold rolled steel sheet, coated steel sheet and steel pipe to avoid overlapping count.

Domestic Use

The usage amount of iron and steel in the country in the year 2012 was around 16,614,116-metric ton (not include semi-finish product, cool sheet iron, coated sheet iron and iron pipe so that the count would not be repeated) has increased for 12.24% when comparing with the same amount of last year. It is from the need to use iron inside the country of flat iron which has increased 14.07% due to the expansion of car industry. As for long iron, the domestic usage amount has increased 8.58% due to the construction of MRT and the real estate has expanded.



Import - Export

Import: The import value and amount of iron and steel in the year 2012 was around 320,749 million baht and 11,426,330 metric ton. The import value has increased 11.23% and the import amount has increased 5.84%. The product that has the most import value comparing with the same period of the last year is other semi iron which has increased49.04%, flat iron rod has increased 23.66% and Galv. Sheet (EG) has increased 22.98%. The iron that has been imported in a great amount during this period is special quality type which is used in the industry continuously such as cars. As for iron rod which is used in construction industry will use normal grade iron which can be produced inside the country. The product with the most decreased import comparing with the same period of the last year is chromium coated steel which has reduced 34.63%. Hot thick iron plate has been reduced 13.27% and iron pipe with seam has reduced 14.90%.

As for the first 3 products with the most import value, they are hot Galv. Sheet (EG) which is 45,231 million baht and then flat iron rod which is 40,130 million baht and hot thin iron sheet which is 29,499 million baht with the details in the table 2.

Figure 2 : Import Volume and Value of Major Iron and Steel In 2011 compared with 2010

Product	2012		2011		Changes (Percent)		Import Markets
	Quantity	Value	Quantity	Value	Quantity	Value	
Semi-finished Products	3,989,754	74,936	3,304,196	65,439	20.75	14.51	Russia
- Billet	1,094,908	21,136	1,141,369	22,478	-4.07	-5.97	Russia,Brazil
- Slab	2,680,879	49,849	2,030,194	40,310	32.05	23.66	Russia,Brazil
- Other	213,967	3,951	132,633	2,651	61.32	49.04	China,Taiwan
Long Products	592,853	19,006	613,839	19,184	-3.42	-0.93	Japan
- Bar	283,356	9,595	258,804	8,746	9.49	9.71	Japan,South Korea
- HR sections	20,721	764	26,039	808	-20.42	-5.45	Japan,China,Australia
- Wire rods	288,776	8,647	328,997	9,629	-12.23	-10.20	Japan,China
Flat Products	3,696,333	105,670	5,811,461	185,812	-36.40	-43.13	Japan
Hot-Rolled Flat Products	2,706,745	68,136	2,463,931	64,634	9.85	5.42	Japan
- HR plate	254,631	4,824	183,520	6,388	38.75	-24.48	Japan,South Korea
- HR sheet	1,324,922	28,222	1,243,604	29,499	6.54	-4.33	Japan, Australia
- HR sheet P&O	1,227,192	35,090	1,036,807	28,748	18.36	22.06	Japan,South Korea
Cold-Rolled Flat Products	989,588	37,534	911,804	36,875	8.53	1.79	Japan
- CR carbon steel	837,385	23,853	766,806	23,654	9.20	0.84	Japan,South Korea
- CR stainless steel	152,203	13,681	144,998	13,221	4.97	3.48	Japan,China
Coated Steel Products	2,696,025	91,138	2,435,727	84,303	10.69	8.11	Japan,South Korea
- Galv. Sheet (HDG)	1,712,427	55,625	1,395,629	45,231	22.70	22.98	Japan,South Korea
- Galv. Sheet (EG)	154,492	4,575	150,363	5,002	2.75	-8.54	Japan,South Korea
- Tin Plate	189,301	6,923	193,049	7,442	-1.94	-6.97	China,South Korea
- Tin free	57,745	2,127	71,681	3,254	-19.44	-34.63	South,Korea Japan
- Other	582,060	21,887	625,005	23,374	-6.87	-6.36	Japan,China
Pipe	451,365	29,999	542,987	32,616	-16.87	-8.02	Japan,China
- Pipe-Seamless	266,086	18,416	298,100	19,005	-10.74	-3.10	Japan,China
- Pipe-Welded	185,279	11,583	244,797	13,611	-24.31	-14.90	Japan,China
Total	11,426,330	320,749	10,272,393	303,050	11.23	5.84	Japan Russia

Export

The export value and the amount of iron and steel in the year 2012 was around 37,304 million baht and 1,117,105 metric ton. The export value and amount has decreased 7.16% and 10.37% respectively. The product with the export value that has been reduced the most when comparing with the same period of the last year is flat iron rod which has decreased 100%, small iron rod has reduced 84.38% and chromium coated iron sheet has reduced 79.43%. The product with the most increase in export value comparing with the same period of last year are electrical Galv. Sheet (EG) which has increased 224.32%, cool iron sheet which has increased 47.63% and non-seam iron pipe which has increased 34.48%. The cause for the export reduction is from slow world economy which cause many countries to compete in the world market even though in the 4th quarter, the price of iron rod is better from the last period but the direction is still not clear and from the need to use iron of China that has slowed down, it greatly affects the various countries around the world including Thailand which has a lot of iron products from China flowing in to compete with the market inside Thailand. The Chinese iron producers try to find a way to send the products in which in many cases are unsuitable competition and create negative result to the industry inside the country and there is price competition which makes Thailand which is normally not a country that emphasizes on exporting iron product to have lowered export value.

As for the products with the most export value in this period is shape/section structure steel which is 9,311 million baht and seam pipe iron is 8,947 million baht and stainless cool iron plate is 5,356 million baht as the details in the table 3.

Figure 3 : Export Volume and Value of Major Iron and Steel In 2012 compared with 2011

Product	2012		2011		Changes (Percent)		Import Markets
	Quantity	Value	Quantity	Value	Quantity	Value	
Semi-finished Products	50,483	941	164,745	3,196	-69.36	-2,255	Philippines,Viet Nam
- Billet	9,928	201	65,388	1,287	-84.82	-1,086	Philippines,Taiwan
- Slab	5	0	4,191	2	-99.88	-2	Lao
- Other	40,550	740	95,166	1,907	-57.39	-1,167	Philippines
Long Products	551,892	13,169	601,548	14,436	-8.25	-1,267	Malaysia
- Bar	128,919	3,065	107,045	2,430	20.43	635	Lao,Singapore
- HR sections	388,457	9,311	429,606	10,421	-9.58	-1,110	Malaysia,Singapore
- Wire rods	34,516	793	64,898	1,585	-46.81	-792	Singapore,Viet Nam
Flat Products	154,041	7,350	257,701	11,366	-40.22	-4,016	Venezuela
Hot-Rolled Flat Products	36,458	872	66,968	1,658	-45.56	-786	Singapore, Saudi Arabia
- HR plate	13,519	337	34,413	850	-60.72	-513	Singapore,America
- HR sheet	16,737	392	24,177	612	-30.77	-220	Saudi Arabia,Viet Nam
- HR sheet P&O	6,202	143	8,378	196	-25.97	-53	Malaysia
Cold-Rolled Flat Products	117,583	6,478	92,268	6,051	27.44	427	Indonesian
- CR carbon steel	38,969	1,122	26,246	760	48.48	362	Ethiopia,Myanmay
- CR stainless steel	78,614	5,356	66,022	5,291	19.07	65	Indonesian
Coated Steel Products	90,093	3,523	98,465	3,657	-8.50	-134	Myanmay
- Galv. Sheet (HDG)	40,864	1,484	38,290	1,404	6.72	80	Myanmay,Malaysia
- Galv. Sheet (EG)	4,369	120	1,138	37	283.92	83	Chian,Myanmay
- Tin Plate	2,302	145	2,726	139	-15.56	-15.56	Viet Nam,Lao
- Tin free	328	36	4,312	175	-92.39	-139	Lao,Malaysia
- Other	42,230	1,738	51,999	1,902	-18.79	-164	Myanmar,Viet Nam
Pipe	270,596	12,321	222,430	11,182	21.65	1,139	Venezuela
- Pipe-Seamless	56,548	3,374	23,862	2,509	136.98	865	America,Myanmar
- Pipe-Welded	214,048	8,947	198,567	8,673	7.80	274	Venezual,Malaysia
Total	1,117,105	37,604	1,246,424	40,180	-10.38	-2,576	Malaysia,America

Source table 1,2 and 3 : Thailand Iron and Steel Institute

It is thus evident that in the whole supply chain of steel, there is business matching from the raw material stage through to the end-user stage in either the steel or the related industries and in domestic and international trade. In the past, business matching emerged primarily from steel producers' attempts to secure raw materials of their desirable quality and quantity, as well as a market for their products. In today's globalization environment, however, business is no longer limited within a country, but has become borderless through either regional trade blocs or bilateral and multilateral trade agreements such as the execution of FTA between countries or regions with a view to negotiating for the optimum benefit or protecting their own trade. Among them, one of the crucial trade blocs for Thailand is the upcoming advent of the ASEAN Economic Community (AEC) in 2015. Steel industry must inevitably enter the globalization era because it is one the items designated in several trade agreements executed by Thailand with other countries, thereby helping to broaden an international trade arena, yet simultaneously aggravating risk from dumping by countries having competitive edge and lower cost. Thai players must therefore adjust themselves by seriously focusing on productivity throughout the supply chain, ranging from raw materials to markets, in order to enhance their international competitiveness

Iron and Steel Industry Outlook for 2013

Regarding the trend of iron and steel industry condition of the year 2013, the industrial economic office has anticipated the expansion of industrial sector in the year 2013 which will expand 4.0-5.0. As for industry production index (MPI) will expand 3.5-4.5% with a positive factor from consumption and investment from the government and private sector that has expanding trend from the economic stimulating policy of the government such as first car policy. Even though the policy has ended but there is still a large amount of cars to be delivered and there are many large constructions of the government and real estate of private sectors. However, there are factors that might affect the industrial sector such as baht value increase which might reduce the export value and the slow economy of counterpart countries.

The iron situation in the year 2013 in long shape iron used in the construction industry and real estate still has various projects of the government and private sector that is still operating and the project that is about to start in the year 2013 which is anticipated that the amount of the need to consume steel will increase which would make the trend of long shape iron in the year 2013 to expand. As for flat shape iron including HR sheet P&O, CR carbon Steel and Galv. Sheet (EG) used in the car industry is anticipated to increase from the first car policy of the government that is still in the process of delivering which makes the situation of flat iron in the year 2013 to increase

Operational Plan for 2013

The economic policies of the past year, some of the time and investment to rehabilitation after flooding has been a major And a strong push for economic growth in 2012, which in 2013 was also a risk factor to be assessed through a combination of factors that will affect the industry, including private consumption and private investment can be further expanded. The economic policy of the government, such as the first home. The pledge of agricultural products. Various defense projects flooding. Water management projects. Sky train projects. Although there may be some slowing down of the year 2012. Further pressure of the oil price and inflation remained low and lower interest rates as a result, the level of household income and purchasing power of the population increased which may impact on consumption, especially of durable goods and housing. In addition, lower interest burden as a result of lower investment costs as well which may result in households with a loan from the bank to invest more and both positive and negative factors that will affect the entire industry in Thailand is expected to grow in 2012 MPI in the range from 3.5 to 4.5 percent although the global economy will not recover.

For the Company's business direction in 2012, the management has a policy to keep abreast closely of a situation update for further assessment of external and internal risk factors The Company can reduce its exposure to fluctuations in raw material prices. The company can produce billet as a source of raw material reserves in both general and special quality is a key factor of the business of manufacturing steel rebar. The group can also supply billets to producers long steel production. Both domestic and overseas. In addition, the Company has mapped out the group's operational direction that ensures elasticity in the manufacturing process. It will continue focusing on product innovation to meet the true needs of end-use customers. Includes other high quality steel product segments which can accommodate the needs of customers as well. It also reduces the risk of transportation and the cost of production. As a result, the company can expand its marketing of the products, from the only existing customer base in the construction sector to such other linkage industries as automotive parts, electrical appliances, and furniture and packaging. The group can also supply billets to producers of long products at home and overseas. Under the said operational plan, the group will give priority to customer servicing by delivering quality products at competitive prices to timely meet customers' requirement so that they could achieve cost efficiency and reduce risks involved with transport in case of imported steel which bears higher expenses together with foreign exchange risk and risk of possible delay in product arrival.

The Company is therefore confident that the Executive Committee's policy on efficient risk management, appropriate control of inventories and production cost, and acquisition of new target markets to enhance the group's competitive potential will altogether help to boost up the group's business performance in the midst of highly competitive environment, thereby creating benefits to MILLCON Group and its shareholders.

Internal Control

At the Board of Directors meeting no. 5/2012 of Mill Con Steel Industries Plc. (MILL) held on November 14, 2012 attended by the three members of Audit Committee, the Board assessed the adequacy of the internal control system of the Company based on the Internal Control Assessment Form prescribed by the Securities and Exchange Commission with enquiries of data made with the management in charge of the following five areas:

Organization and environment

• The Board has monitored and supervised the determination of operational targets, covering short-term, medium-term and long-term, and setting of annual budget, with follow-up of results made from time to time, and having operational plan reviewed and revised during implementation to suit the circumstances at the moment as appropriate. Such issues are submitted to the Board for approval.

• The Board has considered setting of operational targets prudently and with review made to ensure the targets can be achieved and also analysis undertaken on the reasonableness of incentive or compensation scheme for the employees.

• The Company has mapped out clear organization structure with administration classified into two sections, one at the Silom Office and the other at Banggradee and Rayong Plants, which will facilitate and contribute to the efficient management of the management team.

• The Company has worked out ethical criteria and procedure, covering prohibition of the management and employees from performing in a way that may cause conflict of interest with the Company and the business partners of the Company, and clear determination of penal provisions in case of violation.

• The Company has instituted written work policy and procedure regarding financial transactions, procurement and general administration on a prudent basis in order to fend off any fraud. Procurement manual worked out has been consistent with such quality standard certification as ISO 9001: 2008 and 14001: 20004. Regarding financial and administrative operations, flow chart and delegation of approval authority with clearly set approval amount are put in place. The Company has also developed its IT system consistently for use to control and prevent fraud.

• To determine operational policy and plan, the Company has taken into account fairness to business partners for mutual benefits in the long run, which are prescribed as code of ethics for the management and employees.

Risk management

• The Company has established Risk Management Committee to review risk management system and assess the effectiveness thereof at least once a year and every time when a change of risk level has been found. It also gives importance to the institution of a warning signal and identification of risk events.

• Risk Management Committee will analyze and report progress of risk profile and risk management guidelines to Audit Committee within the specified time for the maximum benefit of the Company.

• Risk Management Committee has set measures for risk control effectiveness assessment in various perspectives and worked out risk mitigation methodology to prevent loss to the organization.

• Risk Management Committee has formulated annual risk management plan and follow up implementation thereof, together with reporting relevant progress to Audit Committee.

Oversight of management

• The Company has segregated duties and responsibilities concerning (1) approval, (2) recording book items and information memorandum, (3) safekeeping of assets with clear classification and work flow of operational procedure.

• The Company has drawn up measures and procedures for related party transactions and set as a policy on conflict of interest integrated as part of code of ethics for executives and staff. Internal Audit Department is assigned to conduct the audit work and report directly and consistently to Audit Committee. Persons with beneficial interest are prohibited from participating in consideration and approval of transactions that may have conflict of interest. In making decision to approve any transactions, the Company mainly brings into account long-term maximum benefits. Transactions with possible conflict of interest shall be reported for Audit Committee's acknowledgment or comments, as the case may be.

• The Company has monitored compliance with contracts or agreements in transactions with related parties that are in a manner with long-term binding and continued commitment of contractual clauses. It is evident that the Company has never been faced with any bad debt problem so far. In this regard, measures on making transactions have been set forth and integrated in the code of ethics for executives and staff.

• The Company has regularly monitored the business operations of subsidiary companies in case of having investments in subsidiary companies thereby representative directors will be appointed as authorized directors of such subsidiary companies.

• The Company has measures in place to ensure compliance with the relevant laws as risk mitigation in its operations. It has engaged external legal advisor with specialized expertise to assist in the review of documents and give advice on various areas of operations. It also has internal Audit Department in charge of examining compliance with relevant rules, regulations, criteria and laws.

• The Company has no past records of performance in breach of the law and has duly instituted preventive and remedy measures.

Information and communications infrastructure

• For each Board meeting, Board Secretary and the management have made available before the meeting information and documents as well as details of the businesses on the agenda so that Board members can study in advance and use such resources to support decision making. Any additional information thereafter (if any) will be sent to them before the meeting or provided on the meeting date.

• The Company has sent Board meeting invitation notice and minutes of the previous Board meeting together documents for the businesses on the agenda to the Board members for them to study averagely at least seven days before the meeting.

• The Company has prepared minutes of the meeting which include material information of the businesses tabled at the meeting together with recommendations, suggestions, remarks and objection (if any) raised at the meeting, and have the following Board meeting certify such minutes of the previous meeting. The Chairman have allowed Board members to independently propose amendment or addition to such minutes.

• The Company has made available specific place at Office of the Chairman, Head Office, for safekeeping documents relating to book recording and other accounts in an orderly manner. No remark of deficiency in safekeeping of documents has been made by the Auditor so far.

• The Company has adopted accounting policy in accordance with the generally accepted accounting principles under the monitoring and examination by external Auditor that is certified public accountant, without using any policy that allows for exhibition of deviated operating performance.

Follow-up and monitoring system

• The management has reported operating results to Executive Committee and Board of Directors on a quarterly basis. The Company has prepared annual budget plan for the following year operations and also for use as criteria in performance evaluation and gap analysis report systematically to Executive Committee.

• The Company has made available executive management meeting every month to track operational performance and compare it with the targets set forth in form of KPI (Key Performance Indicator), as well as to discuss rectification guidelines in case there remain gaps compared with the targets. Structure Committee has also been appointed to support operations vis-i-vis the targets with focus on development of operational work systems in order to control production cost under the budget.

• The Company has made available audit of performance in compliance with the internal control system on a regular basis. Internal Audit Department is in charge of working out annual audit plan covering finance, operations and compliance with relevant laws, rules and regulations to assess efficiency and effectiveness, as well as audit of compliance with the internal control system in place. Internal Audit Department has been assigned to making audit result report and audit progress report directly to Audit Committee on a quarterly basis. For 2011, there have been no findings of any material irregularities. However, to prevent any future deficiencies, Internal Audit Department has examined and followed up work performance of each work unit regularly.

• The Company has a policy for its management to forthwith report to the Board of Directors in case of finding of or suspicion of fraud event, violation to the law and any other irregularities, which may tarnish the reputation and the financial status of the Company.

After the assessment, the Board has viewed that, under the current circumstances, the Company has put in place the internal control system that is adequate and consistent with the Internal Control Assessment Form of the Office of the SEC, especially on the part of internal control relating to transactions with major shareholders, directors, executives and related persons thereof (as per clause 3.3 to clause 3.7 of the Internal Control Assessment Form). The Company has instituted the rigorous internal control system and appointed Internal Audit Department to take charge of reporting audit result to Audit Committee. Independent internal auditor has also been engaged from outside to survey and assess the internal control system of the Company.

Risk Factors

Risk Management

Regarding to the arising risks over the last several years, Millcon Steel PCL s group have been developed the structure of risk management. Under this establishing in company s policy, this enables to manage and mitigate the risks by accordingly monitoring. Furthermore, the company and its group members have been held the meeting in each month. The risk management committee consists of knowledgeable people from various areas in our organization to create the measurements to control and mitigate all risks deliberately. To accept the control and manage risk for our group, this will use as approach of risk management to reach the objective efficiently.

1. Marketing Risk

Thai Steel industries face the highest risk from the fluctuation on demand and seasonal price, which is the main effect for considering in this business. However, the Company has improved its production efficiency and developed its products for higher value added and product differentiation. For example, in addition to thread steel bar, high tensile thread steel bar is developed and produced to serve constructions that need special tensile strength such as mass transit electric train system, bridge, tunnel, deep-sea port, dam, etc. At present, MILL is the sole domestic producer of high tensile thread steel bar with product quality certification by several global institutions. This has enabled the Company to better compete with its peers and mitigate demand fluctuation risk. It can even expand its market overseas where such special steel product is required for construction works.

In addition, the Company is committed to developing its product range to respond to the needs of customers in more diversified industries, especially linkage industries that have high growth potential. Upon the completion of the implementation of the Green MILL Project which employs world class production technology, MILL will be the sole producer in Southeast Asia that can produce special grade steel of smooth surface which is of high demand among automobile producers. This will help drive the Company toward being part of the automobile and other related industries that require steel of special grade, and at the same time diversify its risk of dependence only on construction industry as the target customer.

2. Risk from uncertainty in raw material procurement

In the production of billet which is the raw material for production of steel bar and deformed steel, the Company may face risk of longer duration of time for procurement of raw material, i.e. steel scrap, for electric arc furnace (EAF) and inconsistency of the scrap so procured. The Company has minimized such risk by collaborating with business alliances including both direct suppliers which are large local distributors of steel scrap and suppliers of imported scrap, and also by recycling steel scrap which is by-product from its steel production into the EAF. Moreover, the Company has laid down prudent and definite production and raw material procurement plans, and created and managed relationship with steel scrap suppliers to ensure that there are sufficient raw material supplies for the production.

3. Risk from fluctuation of raw material prices

Formerly MILL Group has to rely on imports for its raw material procurement to serve the steel production. They have thus risked facing raw material price fluctuations in line with global market mechanism: hence impact on raw material cost in production of steel bar and deformed steel. However, by the end of 2011, when the Group will be able to produce such primary raw material as billet upon the successful implementation of the Green MILL Project, the Company will be able to reduce its exposure to raw material price fluctuations.

4. Environmental risk

In view of environmental risk or risk associated with work environment, the Company may be exposed to danger related to manufacturing process. It has thus relieved such risk and stepped up safety for staff by enforcing the use of Personal Protective Equipment (PPE). There is medical check-up provided for staff and people in the community. It has also disseminated knowledge to people in the community nearby the factory for them to understand and be aware of how to protect themselves from surrounding dangers.

Moreover, the Group has carried out Health Impact Assessment (HIA) regarding any incidents arisen and possible incidents as one of the major issues of its Corporate Social Responsibility commitments and under the ISO and IPPC certification. It has installed the Fume Treatment Plant and Quenching Tower to relieve any environmental impact on the community.

5. Financial risk

In its financial operations, the Company has worked out risk management plan with focus on mitigating risk from fluctuations of financial market and seeking ways to relieve any possible impact on its financial operations to the least possible. It has applied such derivatives as forward foreign exchange contracts, interest rate swap contracts and other financial tools which are in large diversity, as well as such other measures as adopting policy of selling products and services only to customers with good creditability and setting proper credit limits for each of the customers, diversifying sources of funds to ensure adequate liquidity to serve operations, and having borrowing lines to serve future investments, to prevent any possible financial risk.

Structure
Shareholding and Management

Securities of the Company

As at 31 December 2012, the Company's registered capital was at Baht 1,224,258,770 of which Baht 754,411,456 has been paid up. The paid-up capital comprises 1,568,739,409 ordinary shares and 294,864,231 preferred shares total of share 1,863,603,640 shares with a par value of Baht 0.40 per share.

Major shareholders	Shares			%
	Ordinary shares	Preferred shares	Total	
1. Mr. Sittichai Leeswadtrakul	447,396,308	-	447,396,308	24.04
2. Industrielle Beteliligung (Thailand) Co.,Ltd	51,291,666	102,583,332	153,874,998	8.27
3. Thailand Prosperity Fund II	122,000,000	-	122,000,000	6.55
4. Aero Sun Investments Limited	-	113,740,525	113,740,525	6.11
5. Advance Metal Fabrication Co.,Ltd	55,000,000	-	55,000,000	2.95
6. Mrs. Tanika Tangpoonphonvivat	40,637,100	-	40,637,100	2.18
7. Mrs. Pranee Wongpaitunepiya	39,000,450	-	39,000,450	2.10
8. Mrs. Suchada Leeswadtrakul	38,790,100	-	38,790,100	2.08
9. UBS AG SINGAPORE BRANCH	36,500,000	-	36,500,000	1.96
10. Mrs. Aekapon Tachamanorom	33,728,600	-	33,728,600	1.81
11. Others	702,118,795	78,540,374	780,659,169	41.95
Grand Total	**1,566,463,019**	**294,864,231**	**1,861,327,250**	**100.00**

Dividend Payment Policy

The Company has a policy to pay dividend to ordinary shareholders at the rate of at least 40% of net profit after corporate income tax according to company-only financial statements and after legal reserve and other accumulated amount as prescribed by the Company. Such dividend payment may change depending on the Company's financial status, operating results, investment plan, necessity and appropriateness in the future as deemed appropriate by the Board of Directors and/or shareholders of the Company.

In addition, pursuant to the resolution of the Board meeting no. 1/2010 on January 20, 2010, the Company was approved to issue preferred shares class A and class B. Rights and status of the preferred shares class A and class B in relation to dividend payment shall be as below:

"In any year when the Company has profit after legal reserve and other reserves as deemed necessary, and in case where there is no accumulated loss, the Company shall pay dividend to preferred shareholders. Preferred shareholders have the right to receive accumulated dividend out of the Company's profit at the rate of five (5) percent per year of the investment amount duly paid by the shareholders on each of the preferred share held ("preferred dividend"). Preferred dividend shall rank in priority order to dividend entitled to by ordinary shareholders."

Management Structure

As of December 31, 2012, the Company's management structure was composed of the Board of Directors and five board committees, namely, Audit Committee, Executive Committee, Nomination and Remuneration Committee, Investment Committee, and Risk Management Committee, including the management team, details of which are shown in the diagram below:

MILL's management structure is composed of Board of Directors, and four Board or supporting committees, namely (A) Board of Directors (B) Audit Committee (C) Nomination and Remuneration Committee (D) Executive Committee, (E) Risk Management Committee and (F) Investment Committee. The members of these committees are competent persons with full qualifications pursuant to Section 68 of the Public Companies Act, B.E. 2 535 (1992) and the Securities and Exchange Commission Notification No. KorJor. 12 / 2000 regarding application for and permission of offering of newly issued shares dated March 22, 2000 in all respects. Scope of authority and duties and responsibilities of each Board committee are as follows

(A) Board of Directors

MILL's Board of Directors is currently composed of nine directors. Of the total, five are non-executives and four of whom are independent directors, and four are executives. This aims at ensuring efficient performance of duties. The Board meets at least four times a year, for each of which clear meeting agenda are set and details supporting the matters on the agenda are sent to the Board members in advance for their prior study. Consideration of each matter on the agenda is made taking into account the interests of the shareholders and concerned parties on a fair basis. Directors are allowed to express opinions independently. Chairman of the meeting is in charge of controlling allocation of time properly for each matter.

Member of the Board of Directors		
1. Pol.Gen. soontorn	Saikwan	Chairman of the Board / Independent
2. Dr. Yannakorn	Warakunruk	Independent
3. Mr. Veravud	Sanpakij	Independent
4. Mr. Pratana	Bongkojmas	Independent
5. Mr. Sitticha	Leeswadtrakul	Director who are authorized signatories of the company
6. Ms. Suttirat	Leeswadtrakul	Director who are authorized signatories of the company
7. Mrs. Pirom	Sawpayon	Director who are authorized signatories of the company
8. Mrs. Duangkamol	Sukmueng	Director who are authorized signatories of the company
9. Mrs. Roslyne	Amornvivat	Director

With Mrs. Duangkamol Sukmueng as Secretary to the Board of Directors.

Directors authorized to sign and bind the Company

Directors authorized to sign and bind on behalf of the Company:

Mr. Sitticha Leeswadtrakul or Ms. Suttirat Leeswadtrakul is authorized to sign jointly with Mrs. Pirom Sawpayon or Mrs. Duangkamol Sukmueng, with the Company seal affixed

Term of office of members of the Board of Directors

At each annual general meeting of shareholders, one-third of the total directors are due to retire by rotation. If the number of directors cannot be divided by three, the closest number to one-third shall apply. The directors who are in office the longest shall retire. The retiring directors may be re-elected to be in office for another term.

Selection of qualified persons as directors shall be made from among the competent persons with diversified background and expertise, leadership and vision, adherence to code of ethics and morality, and having transparent and flawless professional track records, as well as being able to give comments and opinions independently.

Scope of authority and duties and responsibilities of the Board of Directors

1. The Board has the power to administer the Company pursuant to the laws, and the Company's objectives, articles of association and shareholders' meeting resolutions with integrity, honesty and due regards of the interests of the Company.

2. The Board has the duty to set the Company's business targets, framework, policies, plans and budget, monitor and supervise the operations of the management or any persons as may be assigned to ensure their performance in accordance with the policies set forth by the Board.

3. The Board has the power to examine, consider and approve the policies, guidelines and action plans of the Company's large investment projects as proposed by the supporting committees and/or the management.

4. The Board has the power to appoint, assign or instruct the supporting committees or any working committees to consider or take action in any issues as may be deemed proper by the Board.

5. The Board has the power to follow up or monitor the business operations to be in line with the Company's operational plans and budget.

6. The Board has the duty to monitor and ensure that the Company has efficient internal control and audit systems in place, with the internal audit work unit designated to follow up and compile information thereon as well as coordinate with the Audit Committee.

7. The Board has the power to consider and approve any issues deemed necessary and related to the Company, or deemed proper for the interests of the Company

(B) Audit Committee

Audit committee consists of 3 members as following

Member of Audit committee		
1. Dr. Yannakorn	Warakunruk	Chairman of Audit Committee
2. Mr. Veravud	Sanpakij	Audit Committee Member
3. Mr. Pratana	Bongkojmas	Audit Committee Member

With Ms. Jureerat Lapanavanich as Secretary to the Board of Audit Committee

Scope of authority and duties and responsibilities of the Audit Committeef

1. Review the Company's financial reports to ensure accuracy and adequacy, by coordinating with the external auditor and the executive in charge of preparing financial reports, both quarterly and yearly. The Audit Committee may suggest or recommend that the auditor review or examine any particular issues considered necessary and essential in the course of the auditing of the Company.

2. Review and ensure in collaboration with the external auditor and the internal auditors that the Company has proper and efficient internal control and audit systems in place.

3. Review and ensure that the Company operates and performs in compliance with the laws on securities and securities exchange, regulations of the Stock Exchange of Thailand, or any laws relevant to the business of the Company.

4. Select and propose the appointment of the auditor for the Company and the fixing of audit fee, based on the criteria of the reliability, sufficiency of resources and audit volume of the audit firm, as well as the experience of the personnel assigned to do the auditing of the Company.

5. Consider the Company's disclosure of information in case of a connected transaction or a transaction that may have conflict of interests to ensure accuracy and completeness, and give opinions as to the necessity and the reasonableness of the transaction.

6. Perform any other function as may be assigned by the Board of Directors and with consent of the Audit Committee.

7. Prepare and disclose the report of the Audit Committee in the Company's Annual Report.

8. Report the operations of the Audit Committee to the Board for acknowledgment at least once a year.

9. Have power to examine and investigate as deemed necessary any issues as well as seek independent opinions from professional advisors as deemed proper with the expenses on which to be borne by the Company to ensure the achievement of the performance of duties.

(C) Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of 5 members as following

Member of Nomination and remuneration Committee		
1. Mr. Veravud	Sanpakij	Chairman of the Nomination and Remuneration Committee
2. Dr. Yannakorn	Warakunruk	Committee Member
3. Mr. Pratana	Bongkojmas	Committee Member
4. Mrs. Pirom	Sawpayon	Committee Member
5. Mrs. Duangkamol	Sukmueng	Committee Member

With Mr. Kasem Janthaboon as Secretary to the Nomination and Remuneration Committee

Term of office of members of Nomination and Remuneration Committee

Term of office of Committee members is three years. Upon the completion of the term of office, the vacating members may be reappointed to be in office for another term.

Scope of Authority and Duties and Responsibilities of Board of Directors / Supporting Committees

Provide recommendation to the Board in selection of qualified persons for appointment as members of the Committee and in determination of remuneration for directors for proposal to the shareholders' meeting for approval, and also provide recommendation to the Board in appointment of top executives and take charge of determining remuneration including fringe benefits for top executives of the Company and its subsidiaries, as well as perform other duties as may be assigned by the Board.

Board and committee meetings are held regularly. In 2012, the Company convened 6 meetings of the Board of Directors, 5 meetings of the Audit Committee, 5 meetings of the Nomination and Remuneration Committee, and two shareholders' meetings, being one annual general meeting and one extraordinary general meeting, details of which are as follows:

Statistics of attendance of the various committees

List	Director Name	The Board of Directors Meetings (9 persons) Meeting by a total 6 times	Audit Committee meetings (3 persons) Meeting by a total 5 times	Nomination and Remuneration Committee meetings (5 persons) Meeting by a total 3 times	Shareholders Meeting	
					Attendance of AGM	Attendance of EGM
1 Pol.Gen.Soonthorn	Saikwan	6/6	-	-	1/1	-
2 Dr.Yannakorn	Warakunruk	6/6	5/5	3/3	1/1	-
3 Mr.Veravud	Sanpakij	6/6	5/5	3/3	1/1	-
4 Mr. Pratana	Bongkojmas	6/6	5/5	3/3	1/1	-
5 Mr. Sittichai	Leeswadtrakul	6/6	-	-	1/1	-
6 Ms. Suttirat	Leeswadtrakul	4/6	-	-	1/1	-
7 Mrs. Pirom	Sawpayon	6/6	-	2/3	1/1	-
8 Mrs.Duangkamol	Sukmueng	6/6	-	3/3	1/1	-
9 Mrs.Roslyne	Amornvivat	6/6	-	-	1/1	-

(D) Executive Committee

Executive Committee consists of 8 members as following

Member of Executive Committee		
1. Mr. Sittichai	Leeswadtrakul	Chairman of Executive Committee
2. Mr. Thitipong	Tangpoonphonvivat	Committee Member
3. Ms. Suttirat	Leeswadtrakul	Committee Member
4. Mrs. Pirom	Sawpayon	Committee Member
5. Mrs. Nathaphat	Thianpratheep	Committee Member
6. Mrs. Duangkamol	Sukmueng	Committee Member
7. Mr. Taveechai	Kittichanajaroen	Committee Member
8. Ms. Jureerat	Lapanavanich	Committee Member

Scope of authority and duties and responsibilities of the Executive Committee

1. Consider and endorse the allocation of annual budget as proposed by the management before submitting to the Board for approval, and consider and approve the change in or addition to the annual expenditure budget during the period when no Board meeting is held and such case is considered urgent and submit it for the upcoming Board meeting's acknowledgment.

2. Approve the purchase or sale of goods that are in the normal course of business operations of the Company in the amount up to Baht 500 million.

3. Approve the amount for the purchase of assets in the manner of investment in the normal course of business operations of the Company other than that indicated in the annual budget up to Baht 20 million.

4. Approve the amount for the significant investment duly earmarked in the annual expenditure budget as assigned by the Board or as earlier resolved and approved in principle by the Board.

5. Perform as the advisory body to the management in the matters relating to policies on finance, investment, marketing, general administration and other aspects of operations.

6. Allocate bonus under the framework approved by the Board to the employees or contract employees or any persons performing duty for the business of the Company.

7. Monitor and supervise the day-to-day operations or administration of the Company, excluding the approval of any transactions that may have conflict of interest or those in which the Committee members or the related persons thereof have vested interests in the manner contradictory to the Company or subsidiary (if any) in compliance with the regulations of the Stock Exchange of Thailand, subject to the submission to the Board meeting and/or the shareholders' meeting for consideration and approval thereof as prescribed by the Company's articles of association or the relevant laws.

(E) Risk Management Committee

Risk management Committee consists of 7 members as following

Member of Risk Management Committee		
1. Mr. Sittichai	Leeswadtrakul	Chairman of Risk Management Committee
2. Mr. Thitipong	Tangpoonphonvivat	Committee Member
3. Ms. Suttirat	Leeswadtrakul	Committee Member
4. Mrs. Pirom	Sawpayon	Committee Member
5. Mrs. Nathaphat	Thianpratheep	Committee Member
6. Ms. Jureerat	Lapanavanich	Committee Member
7. Mr. Areerat	Sathitworakul	Committee Member

With Ms. Sukritta Potiprasart as Secretary to the Risk Management Committee

Scope of authority and duties and responsibilities of the Risk Management Committee

1. Map out policy to consider overall risk management issues, involving risks of such significant perspectives as financial risk, operational risk, business risk, external risk, etc.

2. Monitor, control, follow up and assess the operations in order to review and develop risk management system to ensure efficiency in assessing possible risks that may impact the Company's business operations, covering both internal and external risks.

3. Report the operations of the Risk Management Committee to the Board.

4. Perform other functions as may be assigned by the Board.

(F) Investment Committee

Investment Committee consists of 4 members as following

Member of Investment Committee.		
1. Mr. Thitipong	Tangpoonphonvivat	Chairman of Investment Committee
2. Mrs. Pirom	Sawpayon	Committee Member
3. Mrs. Duangkamol	Sukmueng	Committee Member
4. Ms. Sukritta	Potiprasart	Committee Member

With Ms. Sukritta Potiprasart as Secretary to the Investment Committee

Scope of authority and duties and responsibilities of the Investment Committee

1. Determine the Company's investment policy, guidelines and scope, and monitor and supervise its investment activities to be in line with the policy, guidelines and scope set forth.

2. Follow up to ensure the investment activities comply with the regulatory criteria and regulations.

3. Assess investment risks.

4. Perform other functions as may be assigned by the Board.

5. Report the results of operations, rectifications and recommendations to the Board for acknowledgment

Remuneration for Board Members and Executives

(A) Cash Remuneration

The Company has a policy to remunerate the directors and the management on a fair and reasonable basis and in tandem with their roles and duties. In 2012, remuneration for the nine board members totaled Baht 21.38 million, divided into 1) Baht 0.13 million for independent directors and non-executive directors and 2) Baht 20.25 million for executive directors, whereas remuneration for the management was Baht 37.81 million, as follows:

Position	Type of Remuneration	Amount (Baht Million)
Board Chairman and Independent Director	Director's fee and additional remuneration Director's bonus	0.37
Chairman of the Audit Committee, Member of the Nomination and Remuneration Committee, and Independent Director	Director's fee and additional remuneration Director's bonus	0.21
Chairman of the Nomination and RemunerationCommittee, Member of the Audit Committee, and Independent Director	Director's fee and additional remuneration Director's bonus	0.21
Member of the Nomination and Remuneration Committee, Member of the Audit Committee, and Independent Director	Director's fee and additional remuneration Director's bonus	0.21
Non-executive Director	Director's fee and additional remuneration Director's bonus	0.13
Executive Director (4 persons)	Director's fee and additional remuneration Director's bonus and contribution by the Company under EJIP and other fringe benefits	20.25
Total 9 directors	Director's fee and additional remuneration Director's bonus and contribution by the Company under EJIP and other fringe benefits Total	21.38
Total 9 executives	Salary, bonus and contribution by the Company under EJIP and other fringe benefits	37.81
Total remuneration for directors and executives		**38.94**

(B) Other Remuneration

MILL's Extraordinary General Meeting of Shareholders No. 1 /2008 on October 9, 2 008 resolved for the Company to issue and allocate warrant to buy ordinary shares to its directors and employees in a total number of 5,000,000 units. The warrant would not be listed on the Stock Exchange of Thailand. This warrant issuance and offering has been aimed at rewarding and motivating the directors and staff for their dedication and contribution in the performance of duties in the long run. Summary of the warrant covenants is as below:

Name		Number of warrant (units)
Directors / Independent directors		
1. Pol. Gen.Soontorn	Saikwan	245,000
2. Dr. Yannakorn	Warakunruk	245,000
3. Mr. Beravud	Sanpakij	245,000
4. Mr. Pratana	Bongkojmas	245,000
5. Mrs. Roslyne	Amornvivat	-
Directors / executives		
1. Mr. Sittichai	Leeswadtrakul	245,000
2. Ms. Suttirat	Leeswadtrakul	245,000
3. Mr. Thitipong	Tangpoonphonvivat	-
4. Mrs. Pirom	Sawpayon	245,000
5. Mrs. Duangkamol	sukmueng	245,000
6. Mr. Taveechai	Kittichanajaroen	245,000
7. Mrs. Nathaphat	Thianpratheep	120,000
8. Ms. Jureerat	Lapanavanich	125,000
9. Mr. Kasem	Juntaboon	-
10. Mr. Virat	Keawbangkaphom	-
11. Mr. Puchong	Jungwilikasem	-
12. Mr. Theerayuth	Lersiraungsun	-
Employees		
97 employees Number of executives and employees who resigned		2,209,500
amount nine people		340,500
Grand Total		**5,000,000**

Shareholdings of the Company by Directors and Management

As of December 31, 2012, securities holding of MillCon Steel Industries Public Company Limited "MILL" had been changed as shown here:

(A) Change in securities holding of directors

Unit : Share

Name		Shareholding in MILL (Shares)		
		As of Dec 31,12	As of Dec 31,11	Change + (-)
1. Pol.Gen. Soontorn	Saikwan	167,457	-	167,457
2. Dr. Yannakorn	Warakunruk	-	-	-
3. Mr. Veravud	Sanpakij	87,457	-	87,457
4. Mr. Pratana	Bongkojmas	442,457	275,000	167,457
5. Mr. Sittichai	Leeswadtrakul	448,752,397	447,396,308	1,356,089
6. Ms. Suttirat	Leeswadtrakul	28,480,551	27,815,541	665,010
7. Mrs. Pirom	Sawpayon	646,063	392,474	253,589
8. Mrs. Duangkamol	Sukmueng	502,089	363,105	138,984
9. Mrs. Rolslys	Amornvivat	-	-	-

B) Change in securities holding of executives

Unit : Share

Name		Shareholding in MILL (Shares)		
		As of Dec 31,12	As of Dec 31,11	Change + (-)
1. Mr. Thitipong	Tangpoonphonvivat	20,022,033	19,558,932	463,101
2. Mr. Taveechai	Kittichanajaroen	502,032	363,105	138,927
3. Mr. Virat	Keawbangkaphom	282,883	109,780	173,103
4. Mr. Puchong	Jungwilikasem	378,392	146,844	231,548
5. Mr. Kasem	Juntaboon	227,032	88,105	132,927
6. Mrs. Nantaphat	Thinprateep	227,032	88,105	132,927
7. Ms. Jureerat	Lapanavanich	378,202	225,605	152,597
8. Mr. Theerayuth	Lersiraungsun	-	-	-

Auditor's Remuneration

(A) Audit Fee

In 2012, the Company paid a total audit fee of Baht 1,767,500 to its auditor, Mrs. Amornrat Permpoonwattanasuk, CPA License No. 4599, of PricewaterhouseCoopers ABAS Ltd. In addition, PricewaterhouseCoopers ABAS Ltd. also served as auditor for two subsidiaries of the Company, Mill Con Burapa Co., Ltd. , Million Miles Co., Ltd., and Ocean Profit Co., Ltd. with a combined audit fee of Baht 1,292,500.

(B) Non-audit Service

- None -

Manpower

2012 (as of December 31)	
Operating staff (persons)	441
Office staff	125
Total (persons)	567
Total employee remuneration (Baht million)	149.03

Compliance with Good Corporate Governance Principles

The Company and its group members have committed to operating business with responsibility and fairness under good corporate governance principles. The Board of Directors is aware of the benefit and importance of good corporate governance that helps to ensure the business is managed and operated efficiently, transparently and in the interest of all stakeholders, as well as in an examinable manner, thereby enabling the Company to enhance its competitiveness and increase the shareholders' value in the long term. The Board of Directors and the management have accordingly established in writing a policy on good corporate governance principles and the Board of Directors has duly approved the said policy.

The detail of Compliance with Good Corporate Governance Principles as following:

- Observe the basic rights of the shareholders, give them the rights to certain issues, and commit no acts that will be violation to or deprive the shareholders of their rights.
- Treat the shareholders, investors, other stakeholders and related persons on a fair and equitable basis.
- Disclose information to the shareholders, investors, other stakeholders and related persons accurately, adequately, thoroughly, equitably and within the timeframe set forth, through appropriate channels to ensure their convenient access to the information.
- The Board of Directors perform duties and responsibilities in supervising and administering with honesty, integrity, morality, prudence and caution, in order to achieve the Company's targets and in the best interests of the Company and shareholders, as well as prevent any conflict of interest.
- Administer the business with transparency and under established internal control and audit system.
- Control and manage risks to be at the acceptable level commensurate with its business operations.
- Operate business with honesty and integrity pursuant to the law and in line with code of ethics.

Corporate Governance Policy

1. Shareholders

The Board of Directors has set policy and measures in treatment of stakeholders as detailed below:

The Board of Directors has set policy in treatment of shareholders as follows:

1) The Company is duty-bound to protect and observe the basic rights of the shareholders, comprising right to buy, sell or transfer shares, right to profit sharing, right to adequately access news or information on the Company, right to attend shareholders' meeting to approve businesses on the agenda as prescribed by law, to elect or remove directors, to appoint auditor, to allocate dividend, and other businesses related to the basic rights of the shareholders.

2) The Company is duty-bound to support and encourage the shareholders to exercise their rights in the businesses on the agenda of the annual general meeting of shareholders, i.e. right to propose matters to be put on the agenda in advance, right to make prior nomination of qualified persons for election of directors, right to send questions to the meeting in advance, right to raise questions and comments at the meeting, etc.

3) The Company shall commit no acts that will be violation or restriction to the rights of shareholders.

GREEN MILL PROJECT

2. Employees

The Board of Directors has set policy in treatment of employees as follows:

1) The Company shall give remuneration to employees performance-based, with fairness and generally accepted and adopted evaluation method and justifiable to the nature of the job of each employee. Remuneration comprises monthly salary/wage, overtime payment off-office hours and on holidays, annual bonus and extra payment, life insurance, health insurance, provident fund, and so on.

2) The Company shall promote and develop its personnel's skill and knowledge on a consistent basis, e.g. participation in training and seminars of executives and staff at all levels, etc.

3) The Company shall treat all its employees on a fair and equitable basis as regards performance evaluation, safeguarding of confidential personal and professional data, exercise of rights to fringe benefits, etc.

4) The Company shall observe the rights of all employees and treat them with honor and respect for individual right, and allow them to voice complaints through various channels in case they are treated unfairly.

5) The Company shall observe the employees' rights to set up and participate in labor organizations, labor unions, or other organizations, and give them opportunity to negotiate employment conditions.

6) The Company shall be duty-bound to manage and make available good working environment with safety, sanitation and contribution to work efficiency and effectiveness.

7) The Company shall respect and observe the basic right of employment, i.e. no forced labor, no child labor, or no employment of children aged lower than the minimum prescribed by law.

8) There shall be no discrimination of employees on the grounds of gender, religion, race, nationality or origination. All employees shall be treated equitably.

9) The Company shall determine employment conditions for employees of all levels and titles no inferior to the minimum set by law.

3. Customers

The Board of Directors has set policy in treatment of customers as follows:

1) The Company is duty-bound to build long-term relationship and cooperation with customers, with integrity, trust and reliability for one another.

2) The Company is duty-bound to create maximum customer satisfaction, with high sense of accountability and care and with priority concern about customers' demand and problems.

3) Adhere to offering and delivery of products and services of standard quality and meeting customer demand.

4) Fulfill all conditions agreed upon with customers to the best of their ability.

5) Offer equitable prices and business terms to customers classified or ranked in the same group.

6) Provide true information to customers about properties and quality of the products and services to ensure fairness and customer confidence.

7) Be ready to answer questions from customers and take relevant actions in dealing with their complaints, as well as give suggestions and follow up the progress thereof.

4. Business partners

The Board of Directors has set policy in treatment of trade partners as follows:

1) The Company shall be duty-bound to create good relationship with all business partners.

2) The Company shall be duty-bound to give equitable opportunity for all business partners to introduce or offer their products / services.

3) Transact with business partners with integrity and on equitable term.

4) Consider and make decision on the basis of comparison of quality and conditions with both short-term and long-term interests of the Company taken into account.

5) Safeguard confidential information of the business partners, take no bribe or obtain no commission from business partners and disclose no information or offer of one or more business partners to another one or more business partners either directly or indirectly.

6) The Company shall be duty-bound to procure or engage business partners that perform according to all rules and regulations relating to environmental protection and pollution control, and treatment of employees of business partners in relation to labor and employment on a fair basis and without discrimination.

7) The Company shall be duty-bound to provide training and give suggestions to business partners in performing duty in the premises of the Company and/or any other places as designated by the Company to ensure compliance with rules, regulations and criteria relating to safety and sanitation.

5. Creditors

The Board of Directors has set policy in treatment of creditors as follows:

1) The Company shall be duty-bound to nurture relationship and treat creditors on the basis of integrity, trust and reliability.

2) The Company shall be duty-bound to take responsibility for, take care of and observe the conditions agreed upon with the creditors' best as possible.

6. Community

The Board of Directors has set policy in treatment of community as follows:

1) The Company and employees shall strictly behave as good citizens, observe human right and treat the nearby community and surrounding locality with friendship and have good relationship with the community in the locality, as well as pay attention to, do no discrimination, or bar away the people who need special care, such as children, women, the disabled and the elderly.

2) The Company shall be duty-bound to treat the community in the locality by allowing the community to participate, giving support and developing the community in various areas for their proper well-being, i.e. education, culture, public health, economy, and creation of jobs and income, etc.

3) The Company shall be duty-bound to open up opportunity for residents in the nearby community to work with the Company as appropriate and at the Company's discretion, and have the policy to hire or employ people there as necessary and proper.

4) The Company shall be duty-bound to take care of and support activities that are beneficial to the society and give cooperation to the public sector and various agencies with willingness and sacrifice for public interests.

Code of Ethics and Practice Guidelines

1. Organization governance

The Company is determined to operate its business with integrity and taking public and national interests into account, and in compliance with the relevant rules, regulations and criteria, as well as observe the interests of others to whom the Company has relations. All executives and staff must perform duties with adherence to the Company's rules and regulations together with provisions of the laws; assistance, support and cooperation with other private agencies and public sector or organizations that are regulators or supervisors of the Company. Moreover, executives and staff shall perform duty with due prudence, and they shall be prevented from participating or getting involved in any activity in an illegitimate manner that may impair the business of the Company.

2. Fair competition

The Company has confidence that fair competition will empower the Company to develop consistently. It sets its policy for all the executives and staff to have self-learning and self-development all the time, and use no unfair method or no method that contradicts the business ethics to take advantage of competitors by whatsoever means.

3. Equitable treatment

The Company has a policy for all executives and staff to treat all the people with whom they have transactions fairly and equitably, namely staff in the organization, customers, business partners, shareholders, investors, government agencies, other private agencies and surrounding community and society, with due consideration of basic rights and interests of these people; and have no special treatment of any person or group of persons because of personal relationship or personal benefits.

4. Employee relations

The Company sets a policy to treat all employees equitably and with respect for human right under international standard, and to have all employees treat one another with respect for individual dignity and rights having information on personal profile of the employees only as required for work performance and by law gathered and kept in confidence, which may be allowed for disclosure only when required by the persons with lawful rights to access such information.

The Company sets a policy to promote learning and potential development of employees of all levels so that they have progress in their career path on an equitable and non-discriminatory basis as appropriate.

In addition, the Company sets guidelines for arranging work environment that is safe, sanitary and conducive to efficient and effective work performance. Each employee shall be responsible for and render support to the colleagues and the organizations in his/her work performance, and not behave in a way that will cause deterioration of the work environment.

5. Customer relations

The Company sets a policy to create long-term relationship and cooperation with the customers, with adherence to principles of integrity, trust and reliability among one another, and most importantly, customers' maximum satisfaction in their use of products and/or services of the Company with due care and responsibility, and awareness of customers' demand and problems as the first priority. Executives and staff shall:

5.1 Adhere to offer and deliver products and services that are of standard quality and meet customers' demand.

5.2 Comply with all conditions agreed upon with the customers to the best of their ability.

5.3 Offer fair and equitable price and conditions to and among customers in the same group.

5.4 Give the customers true and correct information regarding features and quality of products and services to ensure confidence among and fairness to the customers.

5.5 Be prepared to answer the questions of the customers, and handle the customers' complaints and suggestions, as well as follow up the progress of all such issues.

6. Business partner relations

The Company sets a policy to create good relationship with its business partners by giving equitable opportunity for all business partners to introduce or offer their products / services, and all executives and staff to transact with business partners with integrity and on equitable term, and consider and make decision on the basis of comparison of quality and conditions with both short-term and long-term interests of the Company taken into account; as well as safeguard confidential information of the business partners, take no bribe or obtain no commission from business partners and disclose no information or offer of one or more business partners to another one or more business partners either directly or indirectly.

7. Conflict of Interest

The Company expects all executives and staff to make business decision by taking into consideration the maximum benefits of the Company and those of the Company's customers, without being influenced by personal reasons or those of family members to deviate from the above principle, or falling in the purview of matters of personal interests that are in conflict with those of the Company and the customers, thereby

7.1 Executives and staff shall not perform in a way to seek benefits or to take over assets that are or should have been under ownership of the Company or the customers.

7.2 Executives and staff should avoid inducing any situation or having personal activity and having financial benefits that may conflict with the duty and function in their engagement.

7.3 Executives and staff should not participate in making decision on the matters from which their positions and duties and responsibilities can contribute directly or indirectly to making benefits to such executives and staff or to their family members and relatives or to any outside parties.

7.4 The Company shall avoid delegating duties and responsibilities to executives and staff in case that may lead to conflict of interest with the Company or contradict the interests of the customers of the Company.

7.5 In the event where executives and staff participate in any outside activity or hold position outside the organization, such as being directors, advisors, representatives or employees of the entities outside the organization, such activity must cause no conflict of interest with the Company and the customers of the Company, either directly or indirectly, no damage to the Company, and no impact on the performance of duties of such persons.

7.6 Executives and staff are prohibited from participating in or taking any position in the organization engaging in the business of the same nature as the Company and the business in competition with that of the Company and companies in the Group or the business that may have conflict of interest with the Company.

8. Confidentiality

The Company shall have commitment in and responsibility for safeguarding confidentiality of the customers and business partners as regards information on transactions between customers or business partners of the Company, including personal data received from customers and/or business partners. Use of such information shall accord with the Company's normal business objectives. No confidential information shall be used for personal interests of any person. Executives and staff shall have the duty to safeguard confidentiality of the information of the customers and/or business partners. Consideration with due prudence shall always be made when such information is going to be used. Safeguarding of confidentiality of the information of customers and/or business partners shall remain the duty of executives and staff even after the end of their employment with the Company.

9. Misuse of Information

The Company sets a policy for executives and staff to have duty to control, monitor and maintain all information inside the organization relating to the Company and the business of the Company in strict confidence. Executives and staff shall not use such information they may have obtained during their performance of duties to seek interests, either directly or indirectly, for themselves, their family members, their relatives or any other persons, without prior consent from the Company. The responsibility for no misuse of information shall be binding on them during their employment and after the end of their employment with the Company for a period of time as prescribed. Disclosure of information to external parties shall be under monitoring and responsibility of the supervisors and top executives.

10. Insider trading of stocks

The company recognizes the importance of inside information, which is a significant factor to decision making of investors, whether it is information on operational performance, business expansion plan, or other information related to the Company. There may be any person who has access to and uses inside information for the benefit of trading of the Company stock while such information has not yet been disclosed to the Stock Exchange of Thailand (SET) and the public. The Company has thus set a policy prohibiting any use of inside information not yet disclosed to the SET and the public for the benefit of trading of the Company stock, including:

- Executives and staff shall strictly perform in compliance with the Securities and Exchange (SEC) Act B.E. 2535 (1992), rules and regulations of the Office of the SEC, the SEC, the SET and rules and regulations of other relevant agencies.
- Use of inside information that is of material essence and my impact the Company's stock price and has not yet been disclosed to the public for the benefits either of oneself or others shall be regarded as an offense against the law and the work regulations of the Company.
- Executives and staff as well as their family members shall not trade the Company stock during the time of their possession of inside information that has not yet been disclosed to the public in general.
- Executives and staff shall not disclose to any uninvolved persons the inside information that is of material essence and that may affect the Company's stock price.

11. Bribery and Incentive

The Company sets a policy prohibiting executives and staff from receiving or calling for any bribe or incentives in whatsoever form and from assigning any person to do the same on his/her behalf that will lead to business advantage, privileges or financial benefits, as well as from offering bribe either directly or indirectly to government officials or politicians or any other person to induce them to commit any act that will benefit the Company in a way that contradicts the code of ethics, rule of law or moral principles.

12. Gift, reward and entertainment offer

The Company has instituted no policy for executives and staff to receive any gift, reward or entertainment offered by business partners or prospective business partners of the Company in a manner beyond the normal gesture of compliment in business operations. Executives and staff who receive gift, reward or entertainment shall give explanation on their proper reasons for the receipt thereof including detailed information thereon, and report the matter for the supervisor's acknowledgment. The gift or reward so received shall also be sent to be kept to relevant work unit for further management.

13. Monitoring and review of compliance with code of ethics

Internal Audit Department of the Company shall be in charge of monitoring and ensuring compliance with code of ethics and reporting result thereof to Audit Committee, as well as recording or keeping all information on any acts conducted in violation to or in breach of this code of ethics. All executives and staff shall be duty-bound to give cooperation in ensuring and providing correct and complete information to Internal Audit Department.

The Company expects all its executives and staff to take part in the responsibility for monitoring the compliance with this code of ethics, as any contradicting act to this code of ethics shall be deemed disciplinary offense as prescribed in the work regulations, and may be deemed legal offense, which will impair and do damage to the good values of the organization, which will in turn cause damage to the organization both short term and long term. Executives and staff thus have duty to forthwith report to Internal Audit Department or supervisors or top executives when seeing or learning about any acts that are seen as violation or suspicious of violation to this code of ethics.

14. Penalty

The Company shall take penal action against the employees who breach this code of ethics, thereby the supervisor in the supervision line is authorized to consider such offense and take penal action against such employee who has been in misconduct or in breach of this code of ethics. The consideration of penal action shall be made based on the nature and the severity of the offense on a case by case basis. Such penal action is classified as below:

- Verbal warning
- Written warning
- Employment suspension without pay
- Employment termination, removal or dismissal

Corporate Social and Environmental Responsibility

Excellent management is not only a thought of business sustainability, but also concerning about a society, community, customers and environment at the same time. Apart from aligning with ISO 26000: Social Responsibility, we, MILLCON Group and the subsidiaries commit to develop our community continuously and maintain various beneficial programs for community success and create new activities emphasizing on quality of life and participation of all parties, We also take part in supporting and participating in public beneficial programs throughout 2012.

Sharing of Helpfulness for the Sustainable Thai Society

Corporate Social Responsibility Youth Activity Promotion and Support Project: Mr. Somnuek Mornda, a member of Congressional District of Bangkhuntien and team welcomed CSR team at Bang Kradee community, Moo 2, 8 and 9 in the occasion that MILLCON Group participated and provided gifts and prizes for an activity held on Children's Day.

Caring and Conserving — Environmental Quality Development

Social Responsible Project: MILLCON Group continuously supports "Social Responsible Project" by granting 21 scholarships to kindergarten to high school students in 2012 to provide opportunities to students with good academic record, but in financial need.

Reforestation Activities: MILLCON Group organized the 1st Vetiver Planting as 80th Commemoration of Her Majesty Queen Sirikit at MILLCON Burapa Company Limited, 12,000 vetivers were planted. Moreover, MILLCON employees and other parties participated in tree planting in the occasion of Her Majesty the Queen's Birthday at Wat Khao Chom Hae (3rd year). The project initiated under the collaboration between the public and private sector to cultivate the environmental awareness.

Foster Religion — Preserving Traditional Arts

Religious Program: In 2012, MILCON Group led by Ms. Suttirat Leeswadtrakul, made a donation to support a temple renovation and ritual on The Buddhist Lent Day at Wat Prathumtheparam, Tumbol Nondaeng, Amphur Nonsila in Konkhan. This activity also aimed to create trust and strengthen a unified spirit in the community.

Dhamma Talk by Pra Maha Sompong: MILLCON Group organized a Dhamma Talk by Pra Maha Sompong under a topic "The Power and Happiness at Work" and donated 15 tons of structural steel for a building project at Wat Chark Pakkood. The Dhamma Talk successfully drew attention from community, students and employees.

MILLCON and Honorable Awards in 2012

With excellent performance under the principles of good corporate governance, corporate social responsibility and all units' commitment on a core value "3O" (Open mind, operation and opportunity) helping each function follows the correct direction to achieve an organization's goal, MILLCON Group and the management gained recognition and award from external institutions as follows:-

Awards "White Factory Certificate"

was granted by the Department of Industrial Works, Ministry of Industry and Suranaree University of Technology at Sangchan Room. Having Mr. Virat Kaewbangkaphom, Vice President of Long Product of MILLCON Industry received the trophy and certificate as one of the five excellent factories from Deputy Director of the Department of Industrial Works. There were 18 factories applied for the program in total

Quality Management Standard

GLOBAL CERTIFICATION SERVICE LIMITED

MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED

ISO 9001:2008

Scope of supply

ISO 9001 : 2008

Global Certifibcation Service Limited

Certificate of Registration

Mill Con Steel Industries Public Co., Ltd.

ISO 9001:2008

Manufacture of Bars and Structural Steel

ISO 9001 : 2008

URS

Certification

MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED

ISO 9001:2008

MANUFACTURING OF STEEL, DEFORMED BAR, ROUND BAR, STRUCTURAL STEEL BAR AND THREAD BAR BY HOT - ROLLED PROCESS

ISO 9001 : 2008

URS

ISO 14001 : 2004

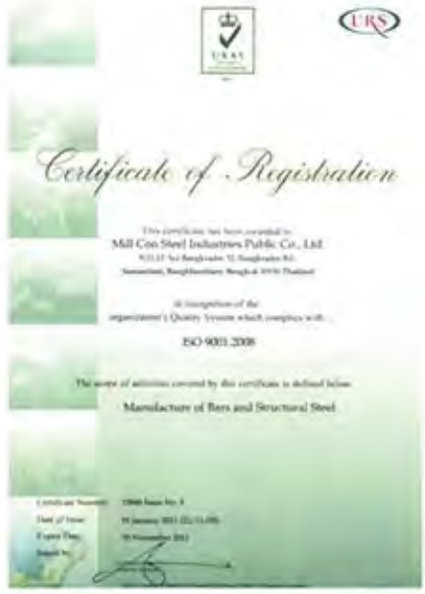
Global Certifibcation Service Limited

ISO 14001 : 2004

URS

Certificate of Laboratory Accreitation

TIS 17025-2548 (2005) ISO/IEC 17025 :
2005 Thai Industrial Standard Institute,
Ministry of Industry



Certificate of Product Compliance

Reinforcing Bar Manufactured to
AS/NZS 4671 Australian Cerfication
Authority for Reinforcing Steels Ltd. (ACRS)

Annual Report 2012

Millcon Steel Industries PCL.

Related Transactions

Transactions between the Company and its subsidiaries, subsidiaries and subsidiaries, Company and related companies and subsidiaries and related companies.

In 2012, the Company had transactions with its subsidiaries and related companies at the same conditions and prices as it had with any third party. Details on December 31, 2012 are as followings.

1) Transactions between the Company and its subsidiaries

Transactions	Millcon Burapa Co., Ltd. Amount (Baht)	*Million Miles Co., Ltd. Amount (Baht)
1. Revenues		
1.1 Sales of goods and services	273,980,090	6,600,000
1.2 Rental Income	-	231,000
1.3 Others Income	10,518,658	-
2. Expenses		
2.1 Purchase of goods	2,567,440,643	-
2.2 Received of services	-	103,227,493
2.3 Rental expenses of factory buildings and machine	23,012,880	-
3. Outstanding balances arising from purchases and sale of goods and services		
3.1 Account receivable	15,889,431	-
3.2 Prepaid Expenses	506,831,308	-
3.3 ADVANCE TO CUSTOMER	271,664,599	-

*Remark Million Miles Co.,Ltd. has transection from Jan 1,2012 toNov 29, 2012 is a "Subsidiary"

2) Transactions between Company with subsidiaries, Million Miles Company Limited.

Transactions	*Million Miles Co., Ltd. Amount (Baht)
1. Revenues	
1.1 Sales of goods and services	2,200,000
1.2 Rental Income	21,000
2. Expenses	
2.1 Received of services	10,439,241
3. Outstanding balances arising from purchases and sale of goods and services	
3.1 Deferred revenue	9,891,589
3.2 Accrued expenses	9,731,701

* Remark Million Miles Co.,Ltd. has transection from Jan 1,2012 toNov 29, 2012 is a "Subsidiary"

3) Transactions between subsidiaries, Millcon Burapa Company Limited, and subsidiaries, Million Miles Company Limited.

Transactions	*Million Miles Co., Ltd. Amount (Baht)
1. Revenues	
1.1 Rental income	480,000
2. Expenses	
2.1 Received of services	41,027,741

* Remark Million Miles Co.,Ltd. has transection from Jan 1,2012 toNov 29, 2012 is a "Subsidiary"

4) Transactions between subsidiaries, Millcon Burapa Company Limited, and associate, Million Miles Company Limited.

Transactions	*Million Miles Co., Ltd. Amount (Baht))
1. Revenues	
1.1 Rental income	160,000
2. Expenses	
2.1 Received of services	8,244,204
3. Outstanding balances arising from purchases and sale of goods and services	
3.1 Others current liabilities (Accrued expense)	10,116,323
3.2 Others current liabilities (Prepaid rent)	1,920,000
3.3 Others non - current liabilities (Prepaid rent)	13,440,000

* Remark Million Miles Co.,Ltd. has transection from Jan 1,2012 toNov 29, 2012 is a "Subsidiary"

5) Transactions between the Company and related companies

Transactions	GJ Steel Plc. Amount (Baht)	G Steel Plc. Amount (Baht)	RSP Steel Co.,Ltd. Amount (Baht)
1. Revenues			
1.1 Sales of goods and services	-	-	162,135,748
2. Expenses			
2.1 Purchase of goods	744,881,426	4,893,143	1,255,780
2.1 Office rent	-	-	465,792
3. Outstanding balances arising from purchases and sale of goods and services			
3.1 Account receivable	-	-	6,891,851
3.2 Advance payment for goods.	200,453,487	-	-
3.3 Account payable	-	-	13,800
3.4 Others current liabilities	-	-	37,566

6) Transactions between Millcon Burapa Company Limited and related companies

Transactions	GJ Steel Plc. Amount (Baht)
1. Revenues	
1.1 Sales of goods and services	729,273,790
2. Expenses	
2.1 Purchase of goods	596,289,958
3. Outstanding balances arising from purchases and sale of goods and services	
3.1 Account receivable	12,802
3.2 Advance payment for goods.	32,468

7) Transactions between Million Miles Company Limited. and related companies

Transactions	RSP Steel Co.,Ltd. Amount (Baht)
1. Revenues	
1.1 Revenue from transportation services.	1,840,129

Pricing Condition and Policy

The above related party transactions were executed between MILL and its subsidiaries and related companies, using the trading policy that was based on market mechanism.

Necessity and Reasonableness of Related Party Transactions

The said related party transactions were entered into under the usual course of business between MILL and its subsidiaries and related companies and were subject to the similar terms and conditions for non-related party transactions. That is, in executing the transactions on raw material procurement, the Company was confident in quality and consistency of raw material supply, while the transactions on product selling were a means of broadening the Company's distribution channels.

Measure or Procedure for Approval of Related Party Transactions

The individual member companies of MILLCON Group have clearly defined rules on delegation of approval authority for entering into related party transactions. Under the rules, the transactions are subject to approval from the president or board of directors of each subsidiary or from the Executive Committee Chairman or the management or the Board of Directors of the Company within the specified approval limits and under an adequate internal control system that could prevent frauds. Such approval authority is regularly reviewed to ensure smoothness and flexibility in the business operation.

If there are any future transactions that may involve a conflict of interest, the Company will strictly abide by all measures and procedures under the notifications and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, in relation to the seeking of approval from the Board of Directors and/or the shareholders of the Company under recommendation from the Audit Committee. The director/s and executive/s who has/have a conflict of interest is/are not entitled to participate in the meeting or must abstain from voting to ensure that a decision is made with fairness by the Board of Directors and the management.

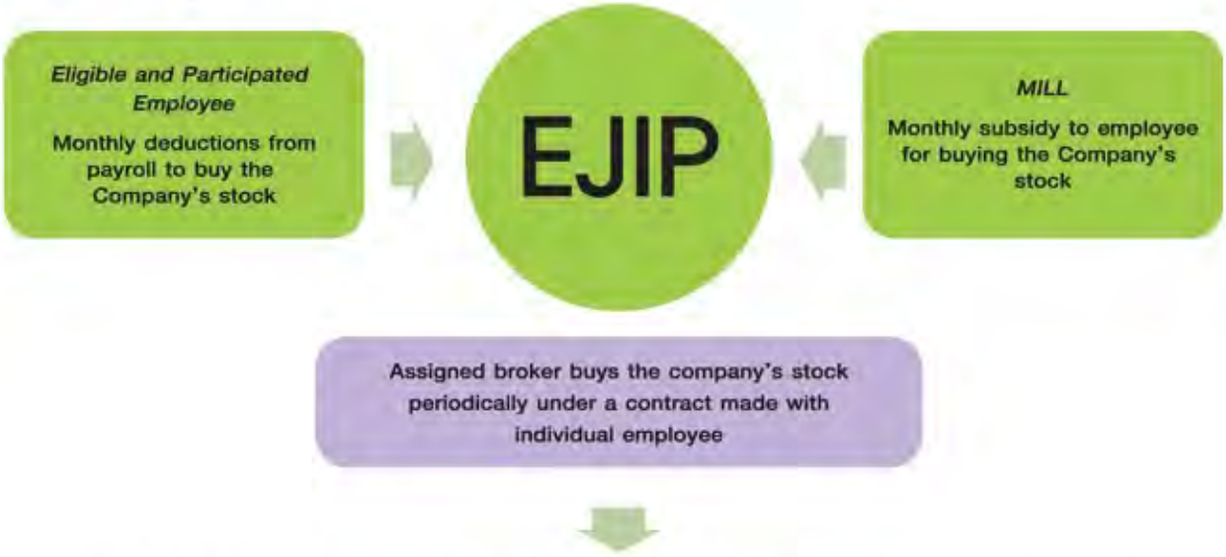
Summary of the Employee Joint Investment Program (Ejip)

Employee Joint Investment Program (EJIP) is a means of compensating employees and creating a feeling of ownership in the Company. It is also a tool for the Company in creating Long-Tem Incentives for employees.

1. Nature of EJIP

It is an investment program for the voluntarily employees of the listed companies in the Stock Exchange of Thailand upon accumulative buying of their Company's shares on a period basis (i.e. monthly or quarterly) using the dollar cost average method.

2. EJIP Arrangement



Type of Stock	Ordinary shares of MILL trading in the Stock Exchange of Thailand
Time of Investment	Specified date on a monthly basis
Investment Amount (Per Employee)	• Employees level of supervisors : 5 % or 10 % of salary (on a voluntarily basis) • Vice President or Executive : 5 %, 10 % or 15 % of salary (on a voluntarily basis) • MILL : 100 % of the deductible amount from employee in each month
Duration	May 31, 2011 - April 30,2012 (Total 1 year)

Method of Payment	• Buying - employee's deduction from monthly salary and the Company's contribution • Selling - broker transfers money from stock sale to employee's bank account
Stock Purchase	Purchasing stock shall be acquired completely within one day. If the stock shall not purchase the certain amounts in each month, this process is allowed to be completed within 3days from the first day of purchasing (T+3)
Stock Delivery	Delivered to individual employee account opened with the broker
Benefits to Employee	• Dividend gain • Capital gain • Other rights such as rights issue, warrant, shareholders' meeting
Selling Stock	Employee has the right to sell stock during the specified period in the contract.
Tax	• Employee must pay personal income tax on the contribution amount received from the Company. • Company can claim tax deductible on the contribution amount.

3. Eligible Employee Under EJIP

Those eligible for participation in the EJIP must be employees of the Company and its subsidiaries who are at a supervisory and executive level (excluding independent directors and advisors) and have been working with the Company for at least one year up to the initial contribution date. Eligible participants can join the program on a voluntary basis. In the seventh month of the program, the Company will allow fully-qualified employees at the supervisory and executive level to voluntarily apply for EJIP membership. Once approved to join the program, members may not exit the program until the end of the program duration. In the event that a member resigns from the Company before the end of EJIP period, he/she needs not return the shares invested via the Company's contribution, but must hold the shares until completion of the silent period, after which the shares can be sold under the terms and conditions set forth.

Discussion and Analysis of Financial Position and Operating Results

In 2012, world economic less expanded compared to the previous year impacted from the global economic crisis such as Europe's high public debt as a consequence of an uncertain monetary policy of EU, high rate of unemployment in many countries such as Spain, Greece, Italy, the U.S. and Japan. Even the unsolved fiscal cliff crisis of the U.S. began to effect Thai industrial section. However the company benefited from some of the positive factors. The private consumption and investment enabled the expansion and enhancing economic growth policies such as first-time home buyer, flood prevention and BTS sky train projects. Besides the post-flood recovery investment has helped boosting Thai economic.

Operating Performance - Consolidated Financial Statements

		2012	2011	Change
Revenues from sales and services	Baht million	16,457	14,966	1,491
Gross profit	Baht million	1,018	720	298
EBITDA	Baht million	884	607	277
Net profit (loss)	Baht million	91	112	-21
Earnings per share	Baht	0.02	0.03	-0.01

In view of MILLCON Group's operation results in 2012, despite the declining prices of steel products as a result of a dumping in China, the group still could operate profitably, as evident from the net profit which stayed close to the preceding year. The favorable result came from a well implementation of the operation plan and risk assessment in such circumstance.

Revenues from sales and services of MILLCON and its subsidiaries was Baht 16,457 million or 9.05% rose from the previous year at Baht 1,491 million, driven by a growing market demand of steel due to an expansion of building and construction of BTS sky train and real estate in the country.

Gross profit of the company and its subsidiaries was Baht 1,018 million, jumped from 2011 by Baht 298 million or 41% due to a startup of Green Mill Project. Melting steel scrap to produce billet used as a major raw material in the production process of various types of steel products. This project helped saving cost of importing raw material and resulted in a decreasing in the percentage of costs of sales and services to revenues from sales and services.

Net profit (loss) MILLCON group earned net profit Baht 112 million and Baht 91 million during 2011-2012. Net profit per revenue are 74% and 55% respectively. The declining profit resulted from higher finance costs coming from bank loans both short-term and long-term from 2010 until present to finance the Green Mill Project and partly used for facilitating its liquidity. In 2012, the startup of the production and selling to the market of Green Mill Project made an interest expense booked as a cost of capital last year transferred to be a financial cost of the recent year. Hence the financial cost soared by Baht 206 million or 52% in 2011.

Analysis of Financial Position - Consolidated Financial Statements

Financial Position (Baht Million)	Dec 31, 2012	Dec 31, 2011	+/-
Total assets	113,936	12,198	1,738
Total liabilities	10,599	8,984	1,615
Shareholders' equity-net	3,336	3,214	122

Total Asset

As of December 31, 2012, MILLCON and its subsidiaries had total asset of Baht 13,936 million, rose by 14% compared to 2011. Of such total, 20% or Baht 1,159 million was current assets as the company needed to grant more credit for loyal buyers with large order and punctual payment record to attract customer, boost sales volume under an intense competition situation while non-current asset increased by or 9% or Baht 578 million from the precede year as a result of booked value asset of Green Mill Project according to the growing success.

Total Liabilities

As of December 31, 2012, the company and its subsidiaries had total liabilities of Baht 10,599 million. Of such total, Baht 10,476 million was current liabilities. The current liabilities soared dramatically by a rising short-term loans from financial institutions as working capital for raw material procurement and an expansion of the business. Account payables increased due to a higher demand of raw material in line with growing sales volume and short-term loans from B/E to allow more liquidity. Non-current liabilities was at Baht 123 million, the declining came from a paid-off long-term loan of Green Mill Project of Baht 562 million and transferring of long-term and short-term of Baht 1,727 million as the company was unable to maintain financial ratio according to the financial institutions. Once the long-term loan contract was executed, that loan will be booked back as long-term loan.

Shareholder's Equity

As of December 31, 2012, total shareholder's equity of MILLCON and its subsidiaries was Baht 3,336 million, Baht 90 million increased from an operating profit and Baht 45 million from offering of convertible debentures on a private investment.

MILL's Financial Ratio

		Consolidate		
		2012	2011	2010
LIQUIDITY RATIO				
Current Ratio	times	0.67	0.82	1.05
Quick Ratio	times	0.42	0.38	0.62
Account Receivable Turnover	times	7.65	10.56	5.99
A/R Turnover Collection Period	days	47.70	34.57	60.95
Inventory Turnover	times	5.31	5.46	5.13
Inventory Turnover Period	days	68.73	66.90	71.20
Account Payables Turnover	times	24.34	45.31	31.34
A/P Turnover Payment Period	days	14.99	8.06	11.65
Cash Cycle	days	101.43	93.41	120.50

MILL's Financial Ratio

		Consolidate		
		2012	2011	2010
PROFITABILITY RATIO				
Gross Profit Margin	%	6.19	4.81	4.50
Operating Profit Margin	%	4.24	3.51	3.04
Net Profit Margin	%	0.55	0.74	1.17
Return on Equity	%	2.72	3.48	3.78
EFFICIENCY RATIO				
Return on Assets	%	0.65	0.92	1.32
Return on Fixed assets	%	1.32	1.77	3.10
Total Asset Turnover	times	1.18	1.23	1.13
FINANCIAL RATIO				
Debt to Total Asset Ratio	times	0.76	0.74	0.65
Debt to Equity Ratio	times	3.18	2.80	1.86
Interest Coverage Ratio	times	1.26	1.61	1.56

The summary of the financial ratios from 2010-2012 indicated the group has less liquidity considering the current ratio of 1.05, 0.82 and 0.67 respectively. This is a result of a reclassification of long-term loans from the financial institution to short-term loans amounting Baht 1,727 million. In fact, the liquidity improved from the precede year considering quick ratio at 0.62, 0.38 and 0.42 respectively. However, longer cash in hand in 2012 compared to the previous year as the group gain more credit from sellers while inventory turnover remained quite the same as last year, but a collection period was extended as a result from the fact that the group offered credit to customers with long relationship, large order and an appropriate payment history as a part of marketing strategy to attract customers.

In 2012, the group gained higher gross profit compared to 2011, resulted from better sales of goods and services and less production cost from replacing fuel oil with gas since 2011. This helps increasing productivity and saving energy. Also the commercial production of Green Mill project in 2012 caused lower cost of raw material in steel bar section. Partly was from gross profit from sales from the project in 2012. Operating income increased compared to the previous year, showing an improving ability of the group of companies. An expansion of Green Mill project's investment created higher cost of sales, operation and financial cost. Net profit dropped as a normal situation during the expansion. This year the group makes a payment to an overseas financial institution, so it needs to accrue an expense of Baht 20.65 million and an impairment of intangible assets amounting Baht 17.75 million.

An increasing of debt to equity ratios and decreasing of return on assets compared to 2011 as a consequence that the group was in need to find loans to cover Green Mill's expenditures such as raw material and working capital. It is expected that debt ratios will be improved once the group could officially run the production and maintain cost control for more productivity and efficiency.

Audit Committee's Report

Dear Shareholders,

The Board of Directors appointed an Audit Committee, which is composed of three independent directors, namely Dr. Yannakorn Warakunruk, as Chairman of the Audit Committee, Mr. Veravud Sanpakij and Mr. Pratana Bongkojmas, as Audit Committee Members. All of the three Audit Committee members are experts with skills in various fields such as accounting and finance and corporate management, and have met the qualifications as prescribed by the Stock Exchange of Thailand, with no shareholding, no involvement in the business operations and no vested interests in the Company.

The Audit Committee has performed duty and rendered opinion independently under the scope of duty and responsibility entrusted by the Board of Directors with respect to the oversight of the Company's operation to ensure transparency and compliance with the regulations, standards and requirements under relevant laws, with cooperation from the management, internal auditors and external auditors.

In 2012, five meetings were held, with details of meeting attendance of each Audit Committee member as shown below:

	Number of attendance	Number of absence
1. Dr. Yannakorn Warakunruk	5/5	-0-
2. Mr. Veravud Sanpakij	4/5	1
3. Mr. Pratana Bongkojmas	5/5	-0-

At the meetings, consideration was made on various matters, of which material details together with the Audit Committee's opinion could be summed up as follows:

1. Opinion on the quarterly and yearly financial statements of the Company

The Audit Committee held meetings with the external auditors, the executives in charge of financial statement preparation, and other concerned parties to make certain that the Company's financial reports were accurate in material aspect in accordance with generally accepted accounting standards and that all relevant information was adequately and properly disclosed within the specified timeframe. Auditor does not express a disclaimer opinion as there are a significant numbers of trading transactions dealing with business alliances being individuals or entities who are management's relatives or a former employee of a related partied, represented 20% of the consolidated sales. According to an investigation, those transactions were made with an appropriate trading terms and conditions in a normal course and do not have related relationship or status of a person under the meaning and definition of The Securities and Exchange Act. The Audit Committee submitted the investigation report to the Office of Securities and Exchange Commission (SEC).

2. Consideration on appropriateness of internal control system

The Audit Committee held meetings with the external auditors, who are independent, to follow up on the operation of all departments to ensure conformity with the established system, as well as to revise the Company's internal control system to be aligned and compatible with its current circumstance. The Audit Committee is of the opinion that the Company's internal control system is appropriate and adequate and has not discovered any material mistake in the past year.

3. Review of regulatory and legal compliance

The Company has engaged an internationally-recognized legal consultant to advise on compliance with regulations of concerned authorities, laws on securities and exchange, regulations of the Stock Exchange of Thailand, the Public Limited Companies Act, and other legislations related to the Company's business. The Company has exercised cautions to avoid any action that could violate rules and regulations of the concerned regulatory bodies.

4. Review of risk management system

The Board of Directors and the management have given importance to risk management and have established a policy and guideline thereon. Actions have been taken in relation to evaluation of risk factors, review of potential risks that could arise at present and in future, outlining of preventive measures to contain possible impacts of risks on the business at an acceptable level, and reporting of Risk Management Committee's performance to the Board of Directors. Internal auditors have been assigned to follow up on and monitor compliance with the risk mitigation measures to make sure that risks to which the Company is exposed are at an acceptable and manageable level. The Audit Committee is of the view that the Company's risk management procedures are appropriate.

5. Consideration and opinion on connected transactions or transactions with possible conflict of interest

The Audit Committee has examined the Company's related party transactions taking place during the past year and viewed that they were executed on an arm's-length basis, which is consistent with the auditor's opinion. Details of the transactions were correctly and completely disclosed and presented in the financial statements and notes to the financial statements.

6. Consideration on suitability of the auditors

The audit committee selected auditor for an accounting year 2013. S.K. Accountant Services Company Limited is an appropriate and non-related/beneficial from the company/subsidiaries/management/major shareholder or individual. Ms. Wanya Puttasatien, Certified Public Accountant (Thailand) No. 4387 and Ms. Jantra Wongsri-udomporn, Certified Public Accountant (Thailand) No. 4996 are appointed for the fianacial year 2013.

The audit committee selected auditor for an accounting year 2013. S.K. Accountant Services Company Limited is an appropriate and non-related/beneficial from the company/subsidiaries/management/major shareholder or individual. Ms. Wanya Puttasatien, Certified Public Accountant (Thailand) No. 4387 and Ms. Jantra Wongsri-udomporn, Certified Public Accountant (Thailand) No. 4996 are appointed for the fianacial year 2013.

On behalf of the Audit Committee

(Dr. Yannakorn Warakunruk)
Chairman of the Audit Committee

AUDITOR'S REPORT

To the Shareholders of Mill Con Steel Industries Public Company Limited

I was engaged to audit the accompanying consolidated and company financial statements of Mill Con Steel Industries Public Company Limited and its subsidiaries and of Mill Con Steel Industries Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Thai Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

I noted that there were significant numbers of sales and purchase transactions dealing with business alliances being individuals or entities who are management's relatives or a former employee of a related party (as disclosed in Note 8 to the financial statements). Those transactions, especially sales transactions, represented 20% and 26% of the consolidated and company sales for the year ended 2012, respectively and trade accounts receivable represented 26% to 44% of the total trade accounts receivable on the consolidated and the company statements of financial position as at 31 December 2012, respectively. In addition, those business alliances might have received business support from the Company and the relatives of the Group's management. Structures of those business alliances are directly and indirectly linked to the management's relatives and certain shareholders of which create suspicion that these transactions might benefit such business alliances. This factor could indicate potential unusual business transactions. Therefore, I have reported these matters to the Audit Committee on 28 February 2013 for further investigation in accordance with Section 89/25 of the Securities and Exchange Act (No. 4) B.E. 2551. On 29 March 2013, the Audit Committee submitted the investigation report to the Office of Securities and Exchange Commission (SEC). Subject to the SEC's consideration whether any further investigation is warranted and the outcome of such investigation if it were undertaken, I was unable to determine whether any necessary adjustments relate to the transactions dealt with the business alliances that need to be made to the consolidated and company financial statements if they were not in the normal course of business.

Disclaimer of Opinion

Because of the significance of matters described in the Basis for disclaimer of opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the consolidated and company financial statements for the year ended 31 December 2012 of Mill Con Steel Industries Public Company Limited and its subsidiaries and of Mill Con Steel Industries Public Company Limited.

Emphasis of Matter

I draw attention to Note 1 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern

Amornrat Pearmpoonvatanasuk
Certified Public Accountant (Thailand) No. 4599
PricewaterhouseCoopers ABAS Ltd.

Bangkok
18 April 2013

Statements of Financial Position
As at 31 December 2012 and2011

(Unit : Baht)

Assets	Notes	Consolidated		Company	
		2012	2011	2012	2011
Current assets					
Cash and cash equivalents	6	50,796,826	307,017,544	18,567,756	285,214,819
Restricted deposits at financial institutions	6	813,353,219	478,600,000	773,253,219	438,500,000
Trade accounts and notes receivable, net	7, 8, 9.3	3,030,474,136	1,270,539,087	1,814,348,877	1,260,662,984
Inventories, net	10	2,631,780,550	3,182,201,991	1,297,824,099	1,663,542,953
Advances to suppliers for purchases of goods, net	9.3	315,750,621	228,689,820	781,808,323	460,149,768
Derivative financial instruments	23	425,031	1,104,366	155,817	297,120
Other current assets	9.3, 11	208,109,974	423,740,968	394,373,421	88,635,504
Total current assets		7,050,690,357	5,891,893,776	5,080,331,512	4,197,003,148
Non-current assets					
Derivative financial instruments	23	-	26,845,384	-	25,738,595
Available-for-sale investments	12	18,400,000	27,400,000	18,400,000	27,400,000
Investment in an associate	13	19,249,817	2,778,190	18,149,990	3,000,000
Investments in subsidiaries	13	-	-	2,524,115,163	2,528,865,133
Other long-term investment, net	14	3,465,853	3,504,747	-	-
Property, plant and equipment, net	15	6,792,038,755	6,174,735,811	1,134,137,568	1,189,689,181
Intangible assets, net	16	39,490,289	65,655,553	6,329,127	5,181,278
Other non-current assets		12,180,282	5,554,073	3,049,500	3,542,226
Total non-current assets		6,884,824,996	6,306,473,758	3,704,181,348	3,783,416,413
Total assets		13,935,515,353	12,198,367,534	8,784,512,860	7,980,419,561

Statements of Financial Position(Cont'd)
As at 31 December 2012 and2011

(Unit : Baht)

Liabilities and shareholders' equity	Notes	Consolidated		Company	
		2012	2011	2011	2012
Current liabilities					
Short-term loans from financial institutions, net	17.1	8,636,156,151	5,532,498,605	4,522,118,856	3,872,468,237
Short-term loans from discounted bills		458,110,000	119,251,500	458,110,000	119,251,500
Trade accounts payable	9.3	788,358,058	480,152,897	416,314,889	650,659,627
Advances from customers for sales of goods	9.3	359,174,422	456,745,724	359,174,423	252,617,552
Current portion of long-term loans from financial institutions, net	17.2	33,600,000	170,836,953	4,522,118,856	3,872,468,237
Current portion of liabilities under finance leases, net	18	6,922,699	13,779,589	33,600,000	39,950,000
Derivative financial instruments	23	17,837,986	9,555,482	383,482	359,477
Accounts payable for purchase of fixed assets		18,635,258	335,870,619	113,151	3,360,264
Other current liabilities	9.3	157,117,346	60,270,039	1,580,353	2,976,709
Total current liabilities		10,475,911,920	7,178,961,408	5,851,022,874	5,010,581,561
Non-current liabilities					
Liabilities under finance leases, net	18	8,728,466	37,838,938	770,906	1,154,389
Convertible bonds	21	-	38,340,207	-	38,340,207
Long-term loans from financial institutions, net	17.2	88,424,675	1,718,810,263	88,424,675	124,800,000
Retirement benefit obligations	19	12,864,070	10,450,684	11,392,816	9,535,996
Other non-current liabilities		13,440,000	-	-	-
Total non-current liabilities		123,457,211	1,805,440,092	100,588,397	173,830,592
Total liabilities		10,599,369,131	8,984,401,500	5,951,611,271	5,184,412,153

Statements of Financial Position(Cont'd)
As at 31 December 2012 and2011

(Unit : Baht)

Liabilities and shareholders' equity	Notes	Consolidated		Company	
		2012	2011	2012	2011
Shareholders' equity					
Share capital	20				
Authorised share capital	20				
- 294,864,171 preferred shares of par Baht 0.40 each		117,945,668	117,945,668	117,945,668	117,945,668
- 2,765,782,754 ordinary shares of par Baht 0.40 each		1,106,313,102	1,100,579,768	1,106,313,102	1,100,579,768
(31 December 2011 : 2,751,449,419 ordinary shares of par Baht 0.40 each)					
		1,224,258,770	1,218,525,436	1,224,258,770	1,218,525,436
Issued and paid-up share capital	20				
- 294,864,171 preferred shares of par Baht 0.40 each		117,945,668	117,945,668	117,945,668	117,945,668
- 1,568,739,409 ordinary shares of par Baht 0.40 each		627,495,764	626,585,208	627,495,764	626,585,208
(31 December 2011 : 1,566,463,019 ordinary shares of par Baht 0.40 each)					
Convertible bonds	21	175,000,000	129,966,666	175,000,000	129,966,666
Premium on paid-up capital	20				
Premium on preferred shares		1,089,887,863	1,089,88 7,863	1,089,887,863	1,089,887,863
Premium on ordinary shares		734,860,978	731,608,017	734,860,978	731,608,017
Retained earnings					
Appropriated - legal reserve	22	32,442,515	32,163,299	32,442,515	32,163,299
Unappropriated		576,106,992	495,565,712	66,868,801	70,450,687
Other components of shareholders' equity		(51,339,423)	(42,339,423)	(11,600,000)	(2,600,000)
Equity attributable to owners of the parent		3,302,400,357	3,181,383,010	2,832,901,589	2,796,007,408
Non-controlling interests		33,745,865	32,583,024	-	-
Total shareholders' equity		3,336,146,222	3,213,966,034	2,832,901,589	2,796,007,408
Total liabilities and shareholers' equity		13,935,515,353	12,198,367,534	8,784,512,860	7,980,419,561

Statements of Comprehensive Income

For the years ended 31 December 2012 and2011 (Unit : Baht)

	Notes	Consolidated		Company	
		2012	2011	2011	2012
Revenues					
Sales of goods and services	8, 9.1	16,457,055,539	14,966,283,215	11,956,572,956	15,876,280,207
Share of profits from an associate	13	1,099,827	-	-	-
Other income	9.1, 24.2	143,921,288	107,161,024	90,379,700	46,700,127
Total revenues		16,602,076,654	15,073,444,239	12,046,952,656	15,922,980,334
Expenses					
Cost of sales and services	9.2	(15,438,943,770)	(14,246,473,052)	(11,415,417,572)	(15,287,912,767)
Selling expenses	9.2	(163,994,429)	(130,117,529)	(109,017,451)	(97,595,492)
Administrative expenses	9.2	(264,295,444)	(170,147,370)	(141,892,092)	(116,289,033)
Other expenses	24.3	(32,737,952)	(462,371)	(8,812,175)	(2,288,433)
Finance costs	25	(604,269,787)	(398,629,197)	(362,879,279)	(352,246,378)
Share of losses from an associate		-	(221,810)	-	-
Loss from deemed disposal in a subsidiary	13.1	(3,615,178)	-	-	-
Total expenses		(16,507,856,560)	(14,946,051,329)	(12,038,018,569)	(15,856,332,103)
Profit before income tax	26	94,220,094	127,392,910	8,934,087	66,648,231
Income tax		(3,349,771)	(15,692,526)	(3,349,771)	-
Profit for the year		90,870,323	111,700,384	5,584,316	66,648,231
Other comprehensive loss					
- Fair value loss of available-for-sale investments		(9,000,000)	(2,600,000)	(9,000,000)	(2,600,000)
Other comprehensive loss for the year		(9,000,000)	(2,600,000)	(9,000,000)	(2,600,000)
Total comprehensive income (loss)		81,870,323	109,100,384	(3,415,684)	64,048,231
Profit attributable to:					
- Owners of the parent		89,707,482	111,531,656	5,584,316	66,648,231
- Non-controlling interests		1,162,841	168,728	-	-
Profit for the year		90,870,323	111,700,384	5,584,316	66,648,231
Total comprehensive income (loss) attributable to:					
- Owners of the parent		80,707,482	108,931,656	(3,415,684)	64,048,231
- Non-controlling interests		1,162,841	168,728	-	-
Total comprehensive income (loss) for the year		81,870,323	109,100,384	(3,415,684)	64,048,231
Earnings (loss) per share for the year					
Basic earnings (loss) per share	27	0.02	0.03	(0.04)	-
Diluted earnings (loss) per share	27	0.02	0.03	(0.03)	-

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2012 and2011

Consolidated (Baht)

	Note	Equity attributable to owners of the parent									Non-controlling interest	Total shareholders' equity
		Issued and paid-up share capital	Convertible bonds	Premium on shares	Retained earnings		Other components of shareholders' equity			Total owners of the parent		
					Appropriated legal reserve	Unappropriated	Other comprehensive loss: Fair value loss of available-for-sale investments	Discount from changes in shareholding interest in a subsidiary	Total other components of shareholders' equity			
Opening balance as at 1 January 2011		741,864,236	-	1,797,002,792	28,695,626	464,997,628	-	(35,200,807)	(35,200,807)	2,997,359,475	29,416,344	3,026,775,819
Changes in shareholders' equity for the year												
Issue of preferred shares	20	2,666,640	-	24,493,088	-	-	-	-	-	27,159,728	-	27,159,728
Issue of convertible bonds	21	-	129,966,666	-	-	-	-	-	-	129,966,666	-	129,966,666
Legal reserve	22	-	-	-	3,467,673	(3,467,673)	-	-	-	-		-
Discount from changes in shareholding		-	-	-	-	-	-	(4,538,616)	(4,538,616)	(4,538,616)	2,997,952	(1,540,664)
interest in a subsidiary		-	-	-	-	(77,495,899)	-	-	-	(77,495,899)	-	(77,495,899)
Dividend paid		-	-	-	-	111,531,656	(2,600,000)	-	(2,600,000)	108,931,656	168,728	109,100,384
Closing balance as at 31 December 2011		744,530,876	129,966,666	1,821,495,880	32,163,299	495,565,712	(2,600,000)	(39,739,423)	(42,339,423)	3,181,383,010	32,583,024	3,213,966,034
Opening balance as at 1 January 2012		744,530,876	129,966,666	1,821,495,880	32,163,299	495,565,712	(2,600,000)	(39,739,423)	(42,339,423)	3,181,383,010	32,583,024	3,213,966,034
Changes in shareholders' equity for the year												
Issue of ordinary shares	20	910,556	-	3,252,961	-	-	-	-	-	4,163,517	-	4,163,517
Convertible bonds	21	-	45,033,334	-	-	-	-	-	-	45,033,334	-	45,033,334
Legal reserve	22	-	-	-	279,216	(279,216)		-	-	-	-	-
Interest expense of convertible bonds classified		-	-	-	-	(8,886,986)	-	-	-	(8,886,986)	-	(8,886,986)
Total comprehensive income for the year		-	-	-	-	89,707,482	(9,000,000)	-	(9,000,000)	80,707,482	1,162,841	81,870,323
Closing balance as at 31 December 2012		745,441,432	175,000,000	1,824,748,841	32,442,515	576,106,992	(11,600,000)	(39,739,423)	(51,339,423)	3,302,400,357	33,745,865	3,336,146,222

Statements of Changes in Shareholders' Equity (Cont' d)

For the years ended 31 December 2012 and 2011

Company (Baht)

	Notes	Issued and paid-up share capital	Convertible bonds	Premium on shares	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
					Appropriated - Legal reserve	Unappropriated	Other comprehensive loss: Fair value loss of available-for-sale	Total other components of shareholders' equity	
Opening balance as at 1 January 2011		741,864,236	-	1,797,002,792	28,695,626	84,766,029	-	-	2,652,328,683
Changes in shareholders' equity for the year									
Issue of preferred shares	20	2,666,640	-	24,493,088	-	-	-	-	27,159,728
Issue of convertible bonds	21	-	129,966,666	-	-	-	-	-	129,966,666
Legal reserve	22	-	-	-	3,467,673	(3,467,673)	-	-	-
Dividend paid		-	-	-	-	(77,495,900)	-	-	(77,495,900)
Total comprehensive income for the year		-	-	-	-	66,648,231	(2,600,000)	(2,600,000)	64,048,231
Closing balance as at 31 December 2011		744,530,876	129,966,666	1,821,495,880	32,163,299	70,450,687	(2,600,000)	(2,600,000)	2,796,007,408
Opening balance as at 1 January 2012		744,530,876	129,966,666	1,821,495,880	32,163,299	70,450,687	(2,600,000)	(2,600,000)	2,796,007,408
Changes in shareholders' equity for the year									
Issue of preferred shares	20	910,556	-	3,252,961	-	-	-	-	4,163,517
Convertible bonds	21	-	45,033,334	-	-	-	-	-	45,033,334
Legal reserve	22	-	-	-	279,216	(279,216)	-	-	-
Interest expense of convertible bonds classified		-	-	-	-	(8,886,986)	-	-	(8,886,986)
as equity instrument		-	-	-	-	5,584,316	(9,000,000)	(9,000,000)	(3,415,684)
Closing balance as at 31 December 2012		745,441,432	175,000,000	1,824,748,841	32,442,515	66,868,801	(11,600,000)	(11,600,000)	2,832,901,589

Statements of Cash Flows
For the years ended 31 December 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011	2012	2011
Cash flows from operating activities					
Profit before income tax		94,220,094	127,392,910	8,934,087	66,648,231
Adjustment for:					
Depreciation	15	174,647,679	69,703,752	27,027,712	24,672,762
Amortisation	16	10,940,953	10,880,675	176,451	115,234
Loss on disposal of trading investment	24.3	8,508,216	-	8,508,216	-
Loss on impairment of intangible assets		17,761,004	-	-	-
Loss on impairment of investment in a subsidiary	13.1	-	-	9,999,800	-
Loss from deemed disposal in a subsidiary	13.1	3,615,178	-	-	-
Allowance for doubtful accounts (reversal)		(3,155,723)	3,058,739	(3,155,723)	3,039,740
Amortised premium of bond		38,894	38,894	-	-
Allowance for net realisable value of inventories	10	5,069,747	5,036,297	4,365,656	5,089,810
Gain on disposal of investment in a subsidiary		-	-	-	(196,250)
Gain on disposal of property, plant and equipment	24.2	(45,477,843)	(1,162,848)	(44,894,567)	(857,431)
Loss from written-off plant and equipment	24.3	303,961	1,670,079	303,959	1,621,123
Unrealised fair value (gain) loss on derivative financial instruments		17,412,955	(26,652,790)	(42,666)	(13,127,101)
Dividend income		(1,000,000)	-	(1,000,000)	-
Share of (gain) loss from an associate		(1,099,827)	221,810	-	-
Unrealised (gain) loss on exchange rate		(12,925,313)	15,690,804	(18,620)	14,921,596
Retirement benefit expenses	19	2,731,522	2,193,258	1,856,820	6,853,416
Interest income		(8,816,449)	(6,805,450)	(7,596,911)	(5,737,388)
Finance costs - interest expenses		553,849,164	327,510,650	318,748,922	301,412,268
Changes in operating assets and liabilities					
Trade accounts and notes receivable		(1,774,130,068)	291,008,560	(550,530,170)	292,805,367
Inventories		545,351,694	(1,161,737,947)	361,353,198	(640,788,823)
Advances to suppliers for purchases of goods		(87,060,801)	386,931,220	(321,658,555)	257,849,072
Other current assets		126,963,447	(19,361,715)	(317,003,552)	6,594,793
Other non-current assets		(25,989)	1,767,334	492,726	1,007,741
Proceeds from disposal of trading investment		23,976,948	-	23,976,948	-
Trade accounts payable		353,858,392	331,493,641	(211,669,286)	540,390,722
Advance from customers for sales of goods		(97,571,302)	381,575,475	106,556,871	192,120,627
Payments for import tax and duty		-	(2,814,208)	-	-
Other current liabilities		118,828,030	(148,081,253)	(7,769,225)	62,715,739
Other non-current liabilities		13,440,000	-	-	-
Cash flows from operations		40,254,563	589,557,887	(593,037,909)	1,117,151,248
Cash received from interests		8,230,995	20,480,905	7,011,457	5,037,954
Cash paid for interests		(564,040,695)	(364,999,199)	(339,555,766)	(295,751,998)
Cash paid for income tax		(7,279,691)	(30,802,512)	(7,262,869)	(11,025,537)
Net cash generated from (used in) operating activities		**(522,834,828)**	**214,237,081**	**(932,845,087)**	**815,411,667**

Statements of Cash Flows (Cont'd)
For the years ended 31 December 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011	2012	2011
Cash flows from investing activities					
Restricted deposits at financial institutions		(334,753,219)	(55,159,883)	(334,753,219)	(55,159,883)
Payments of additional share capital of subsidiaries	13.1	-	-	-	(362,225,195)
Proceeds from disposal of investment in a subsidiary		-	-	-	446,250
Purchase of investment in an associate	13.2	(20,399,820)	(3,000,000)	(20,399,820)	(3,000,000)
Purchase of available-for-sale investments	12	-	(30,000,000)	-	(30,000,000)
Purchase of property, plant and equipment		(1,169,848,883)	(2,485,004,287)	(38,512,849)	(371,387,646)
Purchase of intangible assets		(1,641,100)	(3,663,448)	(424,300)	(1,810,000)
Proceeds from disposal of equipment		126,511,002	6,869,621	110,231,002	6,564,200
Dividend received		1,000,000	-	1,000,000	-
Net cash from (used in) investing activities		(1,399,132,020)	(2,569,957,997)	(282,859,186)	(816,572,274)
Cash flows from financing activities					
Proceeds from short-term loans from financial institutions	17.1	26,643,399,890	20,171,387,228	17,209,951,392	14,086,206,556
Repayments of short-term loans from financial institutions	17.1	(25,271,854,560)	(19,005,322,564)	(16,560,282,153)	(13,842,810,359)
Proceeds from short-term loans from discounted bills		2,705,939,000	4,458,741,139	2,494,079,000	4,458,741,139
Repayments of short-term loans from discounted bills		(2,367,080,500)	(4,854,724,014)	(2,155,220,500)	(4,854,724,014)
Proceeds from long-term loans from financial institutions		187,825,748	1,627,839,560	-	150,000,000
Repayments of long-term loans from financial institutions		(188,121,084)	(15,000,000)	(42,725,325)	(15,000,000)
Payments for transaction costs of long-term loans		(2,507,395)	(26,620,172)	-	-
Proceeds from convertible bonds		-	175,000,000	-	175,000,000
Payments for liabilities under finance leases		(41,252,579)	(11,632,130)	(447,096)	(74,516)
Proceeds from issue of share capital		4,163,517	27,159,728	4,163,517	27,159,728
Dividend payment		(461,625)	(73,993,259)	(461,625)	(73,732,583)
Net cash from (used in) financing activities		1,670,050,412	2,472,835,516	949,057,210	110,765,951
Net (decrease) increase in cash and cash equivalents		(251,916,436)	117,114,600	(266,647,063)	109,605,344
Cash received from purchase of investment in a subsidiary		2,855,816	-	-	-
Cash payment from deemed disposal of investment in a subsidiary		(7,160,098)	-	-	-
Beginning balance		307,017,544	189,902,944	285,214,819	175,609,475
Ending balance		50,796,826	307,017,544	18,567,756	285,214,819
Non-cash transactions					
Significant non-cash transactions for the years ended 31 December 2012 and 2011:					
Outstanding payable arising from purchases of property, plant and equipment		41,285,323	335,870,619	1,580,353	2,976,709
Outstanding payable arising from purchases of intangible assets		1,200,000	300,000	1,200,000	300,000
Purchase of vehicles under financial leases		-	15,910,280	-	1,571,495
Transfer of inventories to property, plant and equipment		-	26,958,866	-	-

1 General information

Mill Con Steel Industries Public Company Limited (the "Company") is a public limited company incorporated and resident in Thailand. The address of its registered office is:

Head office : 9, 11, 13, Soi Banggradee 32, Banggradee Road, Samaedum, Bangkhuntien, Bangkok 10150

Branch 1 : 52 Thaniya Plaza Building 29th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok 10500

Branch 2 : 99 Moo 3, T. Nikompattana, A. Nikompattana, Rayong 21180

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The Company is principally engaged in manufacturing and trading steel products.

These Group consolidated and company financial statements were authorised for issue by the Board of Directors on 18 April 2013.

Financial position

As at 31 December 2012, the Group has the consolidated current liabilities in excess of the consolidated current assets amounting Baht 3,425 million. The consolidated current liabilities mainly include short-term loans from promissory note and trust receipt of Baht 6,909 million, which will be due during January and June 2013 and long-term loans from a financial institution of Baht 1,727 million which were reclassified to short-term loans because the Group noted that some of the financial ratios were not complied with the financial covenants specified in the long-term loans agreement (Note 17). This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, due to the fact that the Group has unutilised credit facilities of Baht 852 million (Note 17) and the management is in the process of working with the financial institutions and major shareholders on a plan to raise sufficient liquidity for the Group; therefore, the management believes that the Group will continue its operations at least for the forthcoming 12 months. Accordingly the Group's financial information has been prepared on a going concern basis.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to

2 Accounting policies (Cont'd)

exercise its judgement in the process of applying the Group's accounting policies and to disclose the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 4.

An English version of the consolidated and company financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively "the accounting standards")

2.2.1 The accounting standards being effective for the accounting periods 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
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Commencing 1 January 2013, the Group will apply the aforementioned accounting standards. The application of those accounting standards does not have significant impact to the financial statements being presented except accounting standards as below.

- TAS 12 prescribed the accounting treatment for income taxes, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Group is currently assessing the impact of this accounting standard.

- TAS 21 (Revised 2009) required each individual entity to determine its functional currency which is a currency of the primary economic environment in which the entity operates. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. In addition, the results and financial position of all the group entities that have a functional currency difference from the presentation currency are translated in the presentation currency by (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position (b) income and expenses are translated at exchange rate at the date of the transactions and (c) all resulting exchange differences are recognised in the statement of comprehensive income. The Group is currently assessing the impact of this accounting standard.

- TFRS 8 requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure.

2.2.2 The accounting standards being effective for the accounting periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

2 **Accounting policies** (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively "the accounting standards") (Cont'd)

2.2.2 The accounting standards being effective for the accounting periods beginning on or after 1 January 2014 (Cont'd)

The Group has not early adopted the aforementioned accounting standards and the Group's management is in the process of reviewing the impacts of those accounting standards. However significant changes in accounting standards are summarised as below.

- TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

- TFRIC 12 deals with public-to-private service concession arrangements for the delivery of public services. It applies only to concession agreements where the use of the infrastructure is controlled by the grantor. This interpretation requires two different accounting treatments, depending on the specific terms of the concession agreement. When the operator builds infrastructure and has an unconditional contractual right to receive cash or another financial asset from the grantor, that right is treated as a financial asset. When the operator builds infrastructure and receives a right (a licence) to charge users of the public service, that right is treated as an intangible asset.

- TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values.

- TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements.

2.3 Group Accounting - Investments in subsidiaries and an associate

2.3.1 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and an associate (Cont'd)

2.3.2 Transactions with non-controlling interests

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the company financial statements, investments in subsidiaries are accounted for using the cost method of accounting. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A test for impairment for investments in subsidiaries is carried out when there is a factor indicating that investments might be impaired. If the carrying value of the investments is higher than its recoverable amount, impairment loss is charged to the profit or loss.

A list of the Group's subsidiaries and the financial effects of the acquisitions and disposals of subsidiaries are shown in Note 13.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, the difference between any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in shareholders' equity. Gains or losses on disposals to non-controlling interests are also recorded in shareholders' equity.

When the Group ceases to have control, any retained interest in the former subsidiary is re-measured at its fair value, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest. In addition, any amounts previously recognised in statement of comprehensive income in respect of the former subsidiary are accounted for in the income statement as if the Group had directly disposed of the related assets or liabilities.

2.3.3 Investment in an associate

Associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is initially recognised at cost and accounted for using the equity method of accounting in the consolidated financial statements.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in the investment in an associate are recognised in the profit or loss.

In the Company's financial statements, the investment in an associate is accounted for using the cost method.

2 Accounting policies (Cont'd)

A list of the Group's principal associate and the effects acquisition of the associate are shown in Note 13.

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using the reporting currency of that entity. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rate prevailing at the end of the reporting period. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash in hand, deposits at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.6 Trade accounts receivable

Trade receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. Bad debts are recognised in the profit or loss as part of administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost of raw materials (Billet) and other inventories are determined by the specific method and the first-in, first-out method, respectively. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excluded borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Investments

Investments other than investments in subsidiaries and an associate are classified into the following three categories: trading investments, held-to-maturity, and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except those with maturities within 12 months from the end of the reporting period, which are classified as current assets.

2 Accounting policies (Cont'd)

2.8 Investments (Cont'd)

- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in the profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income or loss. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment in securities.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. All plant and equipment are stated at historical cost less accumulated depreciation and impairment (if any). The costs of property, plant and equipment comprise both the purchase price and any costs directly attributable to bringing the assets to location and condition necessary for them to be capable of operating in the manner intended by management. Their costs also include the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located, the obligation for which the Group incurs either when the items are acquired or as a consequence of having used the items during a particular period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line method to write-off the cost of each asset, to its residual value over the estimated useful life as follows:

Land improvement	5 - 20 years
Buildings and buildings improvement	10 - 50 years
Machinery and equipment	5 - 50 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Utilities system	50 years

2 **Accounting policies** (Cont'd)

The Group review and adjust the assets' residual values and useful lives, if appropriate, at the end of each reporting period.

Where the carrying amount of asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset, during the period of time required to complete and prepare the asset for its intended use. All other borrowing costs are recognised as expenses in profit or loss.

2.10 Intangible assets

2.10.1 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over the period of its expected benefit, not exceeding 10 years.

2.10.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives between 5 and 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.10.3 Relationship with customer

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship which is 6 years and 8 months.

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets and intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Accounting policies (Cont'd)

2.12 Leases where a Group company is the lessee

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.14 Income taxes

The Group calculates income taxes according to the Revenue Code and records them on accrual basis. The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences.

2.15 Employee benefits

The Group has post-employment benefits consisting of both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age of employee, years of service and compensation.

2 Accounting policies (Cont'd)

2.15 Employee benefits (Cont'd)

2.15.1 Defined benefit plan - retirement benefit

The Group provides for post employment benefits, payable to employees under the labour laws applicable in Thailand and other countries in which the Group has its operations. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains or losses will be recognised in the profit or loss in the period to which they relate. The costs associated with providing these benefits are charged to the profit or loss so as to spread the cost over the employment period during which the entitlement to benefits is earned.

2.15.2 Defined contribution plan - provident fund

The Group operates a provident fund that is a defined contribution plan. The assets are held in a separate fund which is managed by an external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund are charged to the profit or loss in the year to which they relate.

2.15.3 Defined contribution plan - Employee Joint Investment Program

Since 31 May 2011, the Group operates Employee Joint Investment Program for the Group's employees to purchase the Company's shares through Employee Joint Investment Program, being a defined contribution plan, the assets for which are held in a separate agent. The Program is funded by payments from employees and by the Group. The Group's contributions to the Program are charged to the profit or loss in the year to which they relate.

2.16 General provisions

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

2.17 Share capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares or options are shown in shareholders' equity as a deduction, net of tax, from the proceeds.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group' s activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the shareholder's right to receive payment is established.

2 Accounting policies (Cont'd)

2.19 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders and the Board of Directors.

2.20 Segment reporting

The Group is principally engaged in manufacturing and trading steel products, both in Thailand and overseas. The Group does not disclose information in respect of geographical segments because revenue from overseas sales for the year ended 31 December 2012 was Baht 1,326 million, equivalent to 8.07% of total sales of goods and services (for the year ended 31 December 2011: Baht 584 million, equivalent to 3.90% of total sales of goods and services).

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

3.1.1 Foreign exchange risk

The Group has exposure to foreign currency exchange fluctuations on purchasing /selling of goods and loans. The Group manages this risk through the financial derivatives such as forward foreign exchange contracts, and forward foreign currency and interest rate as following:

Forward foreign exchange contracts and foreign exchange option

The Group uses derivative financial instruments such as forward foreign exchange contracts and Foreign-exchange option to hedge certain exposures by establishing the rate at which a foreign currency asset will be realized or a foreign currency liability settled.

Foreign currency and interest rate forward contracts

Foreign currency and interest rate forward contracts are financial instrument to protect fluctuations of exchange rates and interest rate.

3.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution. The Group has no significant interest-bearing assets.The Group hedges the interest rate exposure by using financial instruments such as foreign currency and interest rate forward contracts as described in Note 3.1.1.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies to limit the amount of credit exposure to each financial institution.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

3.2 Accounting for derivative financial instruments and hedging activities

The Group recognises derivative financial instruments in the financial statements on the inception. Subsequently the Group measures each derivative financial instrument at its fair value. Gains and losses on the derivative financial instruments which relate to borrowings are offset for financial reporting purposes and are recognised as finance costs in the profit or loss, whereas the gains and losses on the derivative financial instruments which relate to trading business are offset for financial reporting purposes and are recognised as other income/(other expenses) in the profit or loss.

3.3 Fair value

The fair value of trading investments and available-for-sale investments is based on quoted market prices at the end of the reporting period.

When a financial instrument is traded in an active market, its quoted market price provides the best evidence of fair value. The fair value of forward foreign exchange and interest rate contracts are determined using market rates as at the statement of financial position date determined by the Group's financial institutions.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group/Company for similar financial instruments.

Information on the fair values of financial derivative instruments and borrowings are disclosed in Notes 17 and 23.

4 Critical accounting estimates, assumptions and judgements

Accounting estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During 2012, the Group did not make any critical estimates, assumptions and judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, decrease share capital, or issue new shares.

6 Cash and cash equivalents

Cash and cash equivalents as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash on hand	251,222	196,724	150,000	150,000
Deposits with financial institutions				
- current accounts	12,310,062	107,903	4,108,077	46,900
- savings accounts	28,834,481	301,621,644	6,575,767	280,774,941
- fixed accounts	9,401,061	5,091,273	7,733,912	4,242,978
Total cash and cash equivalents	50,796,826	307,017,544	18,567,756	285,214,819

Deposits with financial institutions pledged as collateral as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Deposits with financial institutions				
- saving accounts	418,351,419	206,000,000	418,351,419	206,000,000
- fixed accounts	395,001,800	272,600,000	354,901,800	232,500,000
	813,353,219	478,600,000	773,253,219	438,500,000

As at 31 December 2012, the weighted average interest rate of savings accounts with financial institutions was
0.25% - 1.75% per annum (2011 : 0.25% - 0.87% per annum).

As at 31 December 2012, interest rate of fixed deposit with financial institutions was 0.90% - 4.50% per annum (2011 : 0.50% - 2.50% per annum).

As at 31 December 2012 and 2011, the deposits with financial institutions have been pledged as collateral for credit facilities.

7 Trade accounts and notes receivable, net

Trade accounts and notes receivable as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts receivable				
- third parties	1,963,828,370	737,114,116	731,826,482	727,219,013
- related parties (Note 9.3)	6,904,653	-	22,781,282	-
	1,970,733,023	737,114,116	754,607,764	727,219,013
Notes receivable				
- third parties	1,060,892,247	537,750,828	1,060,892,247	537,750,828
Total trade accounts and notes receivable	3,031,625,270	1,274,864,944	1,815,500,011	1,264,969,841
Less Allowance for doubtful accounts	(1,151,134)	(4,325,857)	(1,151,134)	(4,306,857)
Total trade accounts and notes receivable, net	3,030,474,136	1,270,539,087	1,814,348,877	1,260,662,984

7 Trade accounts and notes receivable, net (Cont'd)

Trade accounts and notes receivable can be aged as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Not yet due	2,124,507,238	897,368,547	1,418,116,337	915,921,418
Overdue not exceeding 3 months	737,248,633	366,350,952	349,308,329	342,518,055
Overdue 3 to 6 months	136,534,824	6,768,050	46,924,211	2,223,511
Overdue 6 to 12 months	32,132,903	2,000	-	-
Overdue more than 12 months	1,201,672	4,375,395	1,151,134	4,306,857
Total trade accounts and notes receivable	3,031,625,270	1,274,864,944	1,815,500,011	1,264,969,841
Less Allowance for doubtful accounts	(1,151,134)	(4,325,857)	(1,151,134)	(4,306,857)
Total trade accounts and notes receivable, net	3,030,474,136	1,270,539,087	1,814,348,877	1,260,662,984

For domestic sales, the normal credit terms granted by the Company to 240 days. For export sales, the general terms are that sales covered by letters of credit.

8 Transactions with business alliances

According to Section 89/1 of the Securities and Exchange Act BE 2535 (including its amendments) and Clause 2 (3) of the Notification of the Capital Market Supervisory Board No. TorChor 21/2551 Re: Rules on Connected Transactions, the following business alliances are not related persons or connected persons of the Group according to the definition stated in the notification. However, the Company has numbers of significant transactions dealt with these business alliances being individuals or entities which are management's relatives or a former employee of a related party. These persons and entities were not previously identified and disclosed that they are management's relatives or a former employee of a related party. The Group management considered and classified the following entities as its business alliances. These entities might be a part of business alliances of the Group which could have been identified as of the financial statements date.

Name of business alliances	Relationship
- Insight Steel Co., Ltd.	- a major shareholder and the authorised director is management's relative
- Simba Inter Co., Ltd.	- a major shareholder and the authorised director is also a shareholder of the Group holding 1.49% interest of the Group (information as of 11 April 2012). The previous owner of this company became a management's relative.
- Triple O Trading Co., Ltd.	- a major shareholder and the authorised director, who was a former employee of a related party, hold 0.54% interest of the Group (information as of 11 April 2012). This entity has been receiving financial supports from one of the Group's shareholder who is a management's relative. The structure of the parties involved is indirectly linked to a management's relative.
- Jarasrungroj Co., Ltd.	- a major shareholder and the authorised director is management's relative
- Deesinchai Steel Co., Ltd.	- a major shareholder and the authorised director is management's relative
- Platinum Auto Services Co., Ltd.	- one of authorized directors is a shareholder of the Group holding 0.56% interest of the Group (information as of 11 April 2012) and is a relative of a subsidiary's management.

8 Transactions with business alliances (Cont'd)

The following significant transactions were carried out with business alliances:

8.1 Revenues

For the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Revenue				
Sales of goods	3,294,411,595	2,951,598,702	3,116,620,537	2,951,538,702

8.2 Purchase of goods and services

For the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Purchase of goods and services				
Purchase of goods	5,084,954	-	5,084,954	-
Purchase of services	8,773,079	5,394,986	5,426,933	4,057,710

8.3 Outstanding balances arising from purchases and sales of goods and services

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts receivable	793,104,662	541,517,279	793,104,662	541,517,279
Other assets (deposit for rental cars)	2,160,073	1,375,273	1,422,600	1,093,000
Other current liabilities (accrued expenses)	1,265,008	754,350	555,865	51,895

9 Related party transactions

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

9 Related party transactions (Cont'd)

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

A group of individual shareholders who are members of the Company's management hold 26.68% interests in the Company's share capital. The Company's remaining shares are widely held.

The following significant transactions were carried out with related parties:

Transactions with Million Miles Co., Ltd. during 1 January to 29 November 2012 are treated as transactions with a subsidiary. After such period, it was classified as transactions with an associate.

9.1 Revenues

For the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Revenue				
Sales of goods and services				
- Subsidiaries	-	-	280,580,090	1,730,454,417
- An associate	2,200,000	-	2,200,000	-
- Related parties	893,249,667	-	162,135,748	-
Total sales of goods	895,449,667	-	444,915,838	1,730,454,417
Rental income				
- Subsidiaries	-	-	231,000	252,000
- An associate	181,000	-	21,000	-
Total rental income	181,000	-	252,000	252,000
Other income				
- Subsidiaries	-	-	10,518,658	-

Sale of goods and services transactions with related parties are carried out under commercial terms and conditions that are treated in the same manner as unrelated parties.

9 Related party transactions (Cont'd)

9.2 Purchase of goods and services

For the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Purchase of goods and services				
Purchase of goods				
- Subsidiaries	-	-	2,567,440,643	3,149,710,177
- Related parties	1,347,320,307	1,830,783,266	751,030,349	1,768,704,344
Total purchase of goods	1,347,320,307	1,830,783,266	3,318,470,992	4,918,414,521
Purchase of services				
- Subsidiaries	-	-	103,227,493	118,483,460
- An associate	18,683,445	-	10,439,241	-
Total purchase of services	18,683,445	-	113,666,734	118,483,460
Rental expenses of factory buildings and machine				
- Subsidiaries	-	-	23,012,880	9,588,700
Rental expenses of office building				
- A related party	465,792	-	465,792	-
Directors' and management's remunerations				
- Salaries and short-term employee benefits	43,342,772	36,236,708	43,342,772	32,211,226
- Post-employment benefit	867,119	2,432,264	867,119	2,432,264
Total directors' and management's remunerations	44,209,891	38,668,972	44,209,891	34,643,490

Purchase of goods and services transactions with related parties are carried out under commercial terms and conditions that are treated in the same manner as unrelated parties.

9 Related party transactions (Cont'd)

9.3 Outstanding balances arising from purchases and sales of goods and services

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts receivable				
- A subsidiary	-	-	15,889,431	-
- Related parties	6,904,653	-	6,891,851	-
Total trade accounts receivable (Note 7)	6,904,653	-	22,781,282	-
Advances to suppliers for purchase of goods				
- A subsidiary	-	-	506,831,308	285,000,000
- Related parties	200,485,955	81,808,644	200,453,487	76,527,738
Total advances to suppliers for purchase of goods	200,485,955	81,808,644	707,284,795	361,527,738
Other current assets (Advances)				
- A subsidiary	-	-	271,664,599	12,000,000
Other current assets				
- A subsidiary	-	-	-	21,000
Trade accounts payable				
- Subsidiaries	-	-	-	199,472,830
- Related parties	13,800	-	13,800	-
Total trade accounts payable	13,800	-	13,800	199,472,830
Advances from customers for sales of goods				
- An associate	9,891,589	-	9,891,589	-
Other current liabilities (accrued expenses)				
- Subsidiaries	-	-	-	31,630,758
- An associate	21,768,024	-	9,731,701	-
- Related parties	37,566	-	37,566	-
- Shareholders	463,121	924,746	463,121	924,746
Total other current liabilities	22,268,711	924,746	10,232,388	32,555,504
Other non-current liabilities				
- An associate	13,440,000	-	-	-

10 Inventories, net

Inventories as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Raw materials	1,330,531,299	2,086,381,473	538,818,100	724,780,943
Spare parts and supplies	233,825,024	42,234,761	51,866,937	39,651,883
Semi-finished goods	20,567,683	48,107,594	20,567,683	48,107,594
Finished goods	899,703,217	903,482,489	678,099,247	854,045,941
	2,484,627,223	3,080,206,317	1,289,351,967	1,666,586,361
Less Allowance for net realisable value of inventories				
- Raw material	(1,080,615)	(71,164)	(831,652)	(69,880)
- Semi-finished goods	(14,086)	(151,636)	(14,086)	(151,636)
- Finished goods	(3,975,046)	(4,813,496)	(3,519,918)	(4,868,294)
	2,479,557,476	3,075,170,021	1,284,986,311	1,661,496,551
Goods in transit	152,223,074	107,031,970	12,837,788	2,046,402
Total inventories, net	2,631,780,550	3,182,201,991	1,297,824,099	1,663,542,953

During 2012, the Group and the Company recognised loss from the net realisable value being lower than cost in the consolidated and company statements of comprehensive income amounting to Baht 5,069,747 and Baht 4,365,656, respectively (2011 : Baht 5,036,297 and Baht 5,089,810, respectively).

Inventory in the consolidated and company financial statements with a value of Baht 157,134,851 and Baht 112,456,513 respectively (2011 : Baht 123,708,199 and Baht 115,061,429 respectively) is carried at net realisable value, this being lower than cost.

11 Other current assets

Other current assets as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Revenue department receivable	41,572,993	282,322,254	29,655,293	15,615,671
Prepaid transaction costs of capital and loan	-	3,814,527	-	3,814,527
Prepaid interest expenses	44,185,522	23,886,291	33,449,803	16,728,827
Other receivable (Note 9.3)	26,619,947	22,232,806	292,608,705	21,974,126
Prepaid corporate income tax	15,283,176	11,556,684	14,938,635	11,025,537
Others	80,448,336	79,928,406	23,720,985	19,476,816
Total other current assets	208,109,974	423,740,968	394,373,421	88,635,504

12 Available-for-sale investments

Available-for-sale investments as at 31 December comprise the following:

	Consolidated/Company	
	2012 Baht	2011 Baht
At 1 January	27,400,000	-
Additions	-	30,000,000
Less Re-measuring available-for-sale investments	(9,000,000)	(2,600,000)
At 31 December	18,400,000	27,400,000

The fair values of the available-for-sale investments are as follows:

	Consolidated/Company	
	2012 Baht	2011 Baht
Cost as at 31 December	30,000,000	30,000,000
Less Unrealised loss	(11,600,000)	(2,600,000)
Fair value as at 31 December	18,400,000	27,400,000

At 31 December, the summary of available-for-sale investments is as follows:

	Consolidated/Company	
	2012 Baht	2011 Baht
Available-for-sale investments in equity securities	30,000,000	30,000,000
Less Changes in value of investments	(11,600,000)	(2,600,000)
Available-for-sale investments in equity securities, net	18,400,000	27,400,000

Available-for-sales investments represent investments in the marketable securities of 10,000,000 shares at Baht 3 per share.

13 Investments in subsidiaries and an associate

13.1 Subsidiaries

Movements of net book amount of investments in subsidiaries for the year ended 31 December 2012 can be analysed as follows:

	Company Baht
Investments in subsidiaries	
Opening net book amount	2,528,865,133
Reclassification of investment in Ocean Profit Co., Ltd. from an associate to be a subsidiary	9,999,800
Less Loss from impairment in a investment in Ocean Profit Co., Ltd.	(9,999,800)
Reclassification of investment in Million Miles Co, Ltd. from a subsidiary to be an associate	(4,749,970)
Closing net book amount	2,524,115,163

13 Investments in subsidiaries and an associate (Cont'd)

13.1 Subsidiaries (Cont'd)

Deemed disposal in investment in Million Miles Co., Ltd. ("Million Miles")

At the Annual General Shareholders Meeting of Million Miles Co., Ltd. No.1/2555 held on 30 April 2012, the shareholders passed a resolution to increase its registered share capital from Baht 5,000,000 to Baht 55,000,000, by issuing new ordinary share 5,000,000 shares at par value of Baht 10 per share and offered to existing shareholders in proportion of one existing ordinary share to one newly issued ordinary share at the selling price of Baht 10 per share. However, the Company purchased newly issued ordinary shares of Million Miles only 1,340,002 shares with a par value of Baht 10 per share. As a result of investing in newly issued shares, the Company holds investment in ordinary shares of Million Miles totalling 1,814,999 shares equivalent to 33.00% of total registered and paid-up capital. The voluntarily non-exercise purchased shares capital of 3,409,968 shares were sold to third parties. The Company paid for the increase in share capital to Million Miles on 27 November 2012. Million Miles registered its increase in share capital with the Ministry of Commerce on 29 November 2012.

As a result of increase in share capital of Million Miles, the Company diluted its shareholding interest in Million Miles from 95.00% to 33.00%. The Company reclassified investment in ordinary shares of Million Miles from investment in a subsidiary to investment in an associate.

As of 29 November 2012, the Company's interest on net assets of Million Miles was Baht 8,365,148. The Company recorded loss on deemed disposal in investment in Million Miles amounting to Baht 3,615,178.

Investment in ordinary shares of Ocean Profit Co., Ltd. ("Ocean Profit")

At the Board of Directors' meeting no. 11/2011 held on 23 December 2011, it was unanimously resolved that the Company would purchase the remaining 69,998 shares of Ocean Profit from other existing shareholders at the selling price of Baht 100 per share, totalling Baht 6,999,800. The Company purchased and paid for this share capital on 20 January 2012, and as a result, the Company's interest in the total ordinary shares of Ocean Profit increased from 30% to 99.99%. As a consequence of the additional investment, the Company reclassified the investment in Ocean Profit Co., Ltd. from investment in an associate to investment in a subsidiary.

13 Investments in subsidiaries and an associate (Cont'd)

13.3 Subsidiaries (Cont'd)

The details of investments in subsidiaries incorporated in Thailand as follows:

						Company	
		Paid-up share capital		Shareholding interest		Investment at cost	
Subsidiaries	Nature of business	31 December 2012 (Baht)	31 December 2011 (Baht)	31 December 2012 (Percentage)	31 December 2011 (Percentage)	31 December 2012 (Baht)	31 December 2011 (Baht)
Millcon Burapa Co., Ltd.	Manufacture and distribution of round bars, deformed bars, structural steel and billet	2,399,999,990	2,399,999,990	98.73	98.73	2,524,115,163	2,524,115,163
Million Miles Co., Ltd.	Transportation service	-*	5,000,000	-	95.00	-	4,749,970
Ocean Profit Co., Ltd.	Wholesale of steel products	10,000,000	-	99.99	-	9,999,800	-
						2,534,114,963	2,528,865,133

* Reclassification of investment from a subsidiary to be an associate

13 Investments in subsidiaries and an associate (Cont'd)

13.2 An associate

Movements of net book amount of investment in an associate for the year ended 31 December 2012 can be analysed as follows:

	Consolidated Baht	Company Baht
Investment in an associate		
Opening net book amount	2,778,190	3,000,000
Purchase of ordinary shares of Ocean Profit Co., Ltd. from other shareholders	6,999,800	6,999,800
Reclassification of investment in Ocean Profit Co., Ltd. from an associate to be a subsidiary (Note 13.1)	(9,777,990)	(9,999,800)
Reclassification of investment in Million Miles Co, Ltd. from a subsidiary to be an associate (Note 13.1)	4,749,970	18,149,990
Acquisition of additional investment in a subsidiary - Million Miles Co., Ltd.		
- investment in newly issued ordinary shares in the proportion of new shareholding interest	13,400,020	-
Share of profits from an associate	1,099,827	-
Closing net book amount	19,249,817	18,149,990

13 Investments in subsidiaries and an associate (Cont'd)

13.2 An associate (Cont'd)

The details of investment in an associate incorporated in Thailand as at 31 December are as follows:

						Consolidated		Company	
		Paid-up share capital		Shareholding interest		Investment at equity method		Investment at cost	
Associate	Nature of business	31 December 2012 (Baht)	31 December 2011 (Baht)	31 December 2012 (Percentage)	31 December 2011 (Percentage)	31 December 2012 (Baht)	31 December 2011 (Baht)	31 December 2012 (Baht)	31 December 2011 (Baht)
Million Miles Co., Ltd.	Transportation service	55,000,000	-	33.33	-	19,249,817	-	18,149,990	-
Ocean Profit Co., Ltd.	Wholesale of steel products	-	10,000,000	-	30.00	-*	2,778,190	-	3,000,000
						19,249,817	2,778,190	18,149,990	3,000,000

* Reclassification of investment from an associate to be a subsidiary

14 Other long-term investment, net

Other long-term investment as at 31 December comprises the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Government bond	3,400,000	3,400,000	-	-
Add Excess in value of bond	274,601	274,601	-	-
Less Amortised premium value of bond	(208,748)	(169,854)	-	-
Other long-term investment, net	3,465,853	3,504,747	-	-

The government bond with maturity period of 10 years will be due in September 2014 and bear interest rate at 5.90% per annum.

15 Property, plant and equipment, net

15.1 The movements of property, plant and equipment for the years ended 31 December 2012 and 2011 comprise the following:

									Consolidated
	Land Baht	Land improvement Baht	Buildings & buildings improvement Baht	Machinery & equipment Baht	Furniture, fixtures & office equipment Baht	Motor vehicles Baht	Utilities system Baht	Construction in progress Baht	Total Baht
As at 1 January 2011									
Cost	320,055,661	6,946,002	467,963,622	1,205,120,470	30,875,122	62,836,909	160,550,340	1,791,832,522	4,046,180,648
Less Accumulated depreciation	-	(4,345,086)	(141,503,325)	(502,022,544)	(15,701,580)	(9,389,788)	(48,692,509)	-	(721,654,832)
Net book amount	320,055,661	2,600,916	326,460,297	703,097,926	15,173,542	53,447,121	111,857,831	1,791,832,522	3,324,525,816
For the year ended 31 December 2011									
Opening net book amount	320,055,661	2,600,916	326,460,297	703,097,926	15,173,542	53,447,121	111,857,831	1,791,832,522	3,324,525,816
Additions	-	929,933	267,116	8,387,569	3,749,651	9,928,821	-	2,904,490,582	2,927,753,672
Transfer in (out)	-	44,746,522	(6,535,377)	31,023,975	627,337	-	12,376,167	(82,701,694)	(463,070)
Disposals - cost	-	-	-	-	(439,821)	(3,756,162)	-	(5,670,275)	(9,866,258)
- accumulated depreciation	-	-	-	-	439,789	3,719,693	-	-	4,159,482
Write off - cost	-	-	(2,080,000)	(788,096)	(855,951)	-	-	-	(3,724,047)
- accumulated depreciation	-	-	708,398	590,450	755,120	-	-	-	2,053,968
Depreciation charge (Note 26)	-	(3,188,064)	(9,700,100)	(35,712,320)	(4,693,075)	(235,228)	(16,174,965)	-	(69,703,752)
Closing net book amount	320,055,661	45,089,307	309,120,334	706,599,504	14,756,592	63,104,245	108,059,033	4,607,951,135	6,174,735,811
As at 31 December 2011									
Cost	320,055,661	52,622,457	459,615,361	1,243,743,918	33,956,338	69,009,568	172,926,507	4,607,951,135	6,959,880,945
Less Accumulated depreciation	-	(7,533,150)	(150,495,027)	(537,144,414)	(19,199,746)	(5,905,323)	(64,867,474)	-	(785,145,134)
Net book amount	320,055,661	45,089,307	309,120,334	706,599,504	14,756,592	63,104,245	108,059,033	4,607,951,135	6,174,735,811

15 Property, plant and equipment, net (Cont'd)

15.1 The movements of property, plant and equipment for the years ended 31 December 2012 and 2011 comprise the following: (Cont'd)

									Consolidated
	Land Baht	Land improvement Baht	Buildings & buildings improvement Baht	Machinery & equipment Baht	Furniture, fixtures & office equipment Baht	Motor vehicles Baht	Utilities system Baht	Construction in progress Baht	Total Baht
For the year ended 31 December 2012									
Opening net book amount	320,055,661	45,089,307	309,120,334	706,599,504	14,756,592	63,104,245	108,059,033	4,607,951,135	6,174,735,811
Additions	-	-	182,002	21,485,181	3,199,139	230,765,547	8,002,000	864,498,772	1,128,132,641
Transfer in (out)	-	591,914	1,146,522,304	2,779,437,201	-	24,869,159	675,943,201	(4,627,363,779)	-
Disposals - cost	(44,550,478)	(331,323)	(29,479,235)	(689,079)	(144,460)	(20,750,000)	(1,900,592)	-	(97,845,167)
- accumulated depreciation	-	109,683	10,679,533	20,667	143,587	5,053,279	805,263	-	16,812,012
Write off - cost	-	-	(472,144)	(3,203,222)	(78,202)	-	-	-	(3,753,568)
- accumulated depreciation	-	-	176,728	3,203,209	69,670	-	-	-	3,449,607
Depreciation charge (Note 26)	-	(3,049,228)	(26,608,817)	(105,913,119)	(5,481,238)	(17,649,190)	(15,946,087)	-	(174,647,679)
Reclassification - accumulated depreciation	-	-	-	-	-	(9,639,906)	9,639,906	-	-
Deemed disposal of assets of Million Miles Co., Ltd. due to reclassification of investment from subsidiary to associate (Note 13.1)									
- cost	-	-	-	-	(219,487)	(270,874,462)	(7,062,000)	-	(278,155,949)
- accumulated depreciation	-	-	-	-	97,964	22,969,966	243,117	-	23,311,047
Closing net book amount	275,505,183	42,410,353	1,410,120,705	3,400,940,342	12,343,565	27,848,638	777,783,841	845,086,128	6,792,038,755
As at 31 December 2012									
Cost	275,505,183	52,883,048	1,576,368,288	4,040,773,999	36,713,328	33,019,812	847,909,116	845,086,128	7,708,258,902
Less Accumulated depreciation	-	(10,472,695)	(166,247,583)	(639,833,657)	(24,369,763)	(5,171,174)	(70,125,275)	-	(916,220,147)
Net book amount	275,505,183	42,410,353	1,410,120,705	3,400,940,342	12,343,565	27,848,638	777,783,841	845,086,128	6,792,038,755

15 Property, plant and equipment, net (Cont'd)

15.1 The movements of property, plant and equipment for the years ended 31 December 2012 and 2011 comprise the following: (Cont'd)

									Company
	Land Baht	Land improvement Baht	Buildings & buildings improvement Baht	Machinery & equipment Baht	Furniture, fixtures & office equipment Baht	Motor vehicles Baht	Utilities system Baht	Construction in progress Baht	Total Baht
As at 1 January 2011									
Cost	229,487,201	6,946,002	238,420,374	483,744,858	18,690,474	1,946,261	9,561,773	70,685,911	1,059,482,854
Less Accumulated depreciation	-	(4,345,086)	(55,622,697)	(111,409,893)	(7,127,335)	(1,905,424)	(3,590,665)	-	(184,001,100)
Net book amount	229,487,201	2,600,916	182,797,677	372,334,965	11,563,139	40,837	5,971,108	70,685,911	875,481,754
For the year ended 31 December 2011									
Opening net book amount	229,487,201	2,600,916	182,797,677	372,334,965	11,563,139	40,837	5,971,108	70,685,911	875,481,754
Additions	-	929,933	267,116	2,986,119	2,178,028	2,202,071	-	337,677,850	346,241,117
Transfer in (out)	-	44,746,522	(6,535,377)	28,618,228	627,337	-	12,376,167	(79,865,913)	(33,036)
Disposals - cost	-	-	-	-	(439,822)	(96,262)	-	(5,670,274)	(6,206,358)
- accumulated depreciation	-	-	-	-	439,789	59,800	-	-	499,589
Write off - cost	-	-	(2,080,000)	(682,724)	(416,725)	-	-	-	(3,179,449)
- accumulated depreciation	-	-	708,398	532,517	317,411	-	-	-	1,558,326
Depreciation charge (Note 26)	-	(3,188,064)	(3,993,476)	(13,123,922)	(3,437,115)	(99,217)	(830,968)	-	(24,672,762)
Closing net book amount	229,487,201	45,089,307	171,164,338	390,665,183	10,832,042	2,107,229	17,516,307	322,827,574	1,189,689,181
As at 31 December 2011									
Cost	229,487,201	52,622,457	230,072,113	514,666,481	20,639,292	4,052,070	21,937,940	322,827,574	1,396,305,128
Less Accumulated depreciation	-	(7,533,150)	(58,907,775)	(124,001,298)	(9,807,250)	(1,944,841)	(4,421,633)	-	(206,615,947)
Net book amount	229,487,201	45,089,307	171,164,338	390,665,183	10,832,042	2,107,229	17,516,307	322,827,574	1,189,689,181

15 Property, plant and equipment, net (Cont'd)

15.1 The movements of property, plant and equipment for the years ended 31 December 2012 and 2011 comprise the following: (Cont'd)

Company

	Land Baht	Land improvement Baht	Buildings & buildings improvement Baht	Machinery & equipment Baht	Furniture, fixtures & office equipment Baht	Motor vehicles Baht	Utilities system Baht	Construction in progress Baht	Total Baht
For the year ended 31 December 2012									
Opening net book amount	229,487,201	45,089,307	171,164,338	390,665,183	10,832,042	2,107,229	17,516,307	322,827,574	1,189,689,181
Additions	-	-	28,000	1,210,797	1,637,292	-	-	34,240,404	37,116,493
Transfer in (out)	-	591,914	3,219,339	29,679,715	-	-	-	(33,490,968)	-
Disposals - cost	(44,550,478)	(331,323)	(29,479,235)	(689,079)	(144,460)	(650,000)	(1,900,592)	-	(77,745,167)
- accumulated depreciation	-	109,683	10,679,533	20,667	143,587	649,999	805,263	-	12,408,732
Write off - cost	-	-	(423,540)	(3,203,222)	(78,202)	-	-	-	(3,704,964)
- accumulated depreciation	-	-	128,126	3,203,209	69,670	-	-	-	3,401,005
Depreciation charge (Note 26)	-	(3,049,228)	(3,908,335)	(14,818,456)	(4,047,708)	(398,507)	(805,478)	-	(27,027,712)
Closing net book amount	184,936,723	42,410,353	151,408,226	406,068,814	8,412,221	1,708,721	15,615,500	323,577,010	1,134,137,568
As at 31 December 2012									
Cost	184,936,723	52,883,048	203,416,677	541,664,692	22,053,922	3,402,070	20,037,348	323,577,010	1,351,971,490
Less Accumulated depreciation	-	(10,472,695)	(52,008,451)	(135,595,878)	(13,641,701)	(1,693,349)	(4,421,848)	-	(217,833,922)
Net book amount	184,936,723	42,410,353	151,408,226	406,068,814	8,412,221	1,708,721	15,615,500	323,577,010	1,134,137,568

During the year ended 31 December 2012, the finance costs of Baht 44,172,628 (2011: Baht 121,475,262) arising from financing specifically entered into for the construction of plant were capitalised during the period and included in additions. A capitalisation rate of 6.20% - 8.03% per annum was used representing the actual borrowing costs of the loans used to finance the project.

15 Property, plant and equipment, net (Cont'd)

15.1 The movements of property, plant and equipment for the years ended 31 December 2012 and 2011 comprise the following: (Cont'd)

Leased assets included above, where the Group and Company are a leasee under a finance lease, comprise vehicles are as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cost - capitalised finance lease	23,246,730	69,884,112	2,095,327	2,095,327
Less Accumulated depreciation	(2,168,564)	(9,859,031)	(459,824)	(81,488)
Net book amount	21,078,166	60,025,081	1,635,503	2,013,839

15.2 Collateral

As at 31 December 2012 and 2011, the Group has mortgaged the following part of the land, buildings and machinery to financial institutions as collateral for overdrafts, long-term loans and working capital facilities from financial institutions.

	Net book value	
	2012 Baht	2011 Baht
Land, buildings and machinery of Mill Con Steel Industries Public Company Limited	808,851,837	864,755,005
Land, buildings and machinery of a subsidiary - Millcon Burapa Co., Ltd.	353,006,002	359,760,939

16 Intangible assets, net

The movements of intangible assets for the years ended 31 December 2012 and 2011 comprise the following:

					Consolidated
	Computer software Baht	Customer relationship Baht	Development cost of new products Baht	Computer software under installation Baht	Total Baht
As at 1 January 2011					
Cost	722,760	39,922,000	47,657,414	6,600,000	94,902,174
Less Accumulated amortisation	(463,775)	(15,968,800)	(5,356,819)	-	(21,789,394)
Net book amount	258,985	23,953,200	42,300,595	6,600,000	73,112,780
For the year ended 31 December 2011					
Opening net book amount	258,985	23,953,200	42,300,595	6,600,000	73,112,780
Additions	262,648	-	-	3,160,800	3,423,448
Amortisation charge	(126,634)	(5,988,297)	(4,765,744)	-	(10,880,675)
Closing net book amount	394,999	17,964,903	37,534,851	9,760,800	65,655,553
As at 31 December 2011					
Cost	985,408	39,922,000	47,657,414	9,760,800	98,325,622
Less Accumulated amortisation	(590,409)	(21,957,097)	(10,122,563)	-	(32,670,069)
Net book amount	394,999	17,964,903	37,534,851	9,760,800	65,655,553
For the year ended 31 December 2012					
Opening net book amount	394,999	17,964,903	37,534,851	9,760,800	65,655,553
Additions	124,300	-	-	2,416,800	2,541,100
Amortisation charge	(186,917)	(5,988,297)	(4,765,739)	-	(10,940,953)
Loss from impairment of asset	-	-	(16,384,556)	(1,376,448)	(17,761,004)
Deemed disposal of assets of Million Miles Co., Ltd. due to reclassification of investment from subsidiary to associate (Note 13.1)					
- cost	(33,088)	-	-	(1,377,600)	(1,410,688)
- accumulated depreciation	29,833	-	-	-	29,833
- allowance for impairment	-	-	-	1,376,448	1,376,448
Closing net book amount	329,127	11,976,606	16,384,556	10,800,000	39,490,289
As at 31 December 2012					
Cost	1,076,620	39,922,000	47,657,414	10,800,000	99,456,034
Less Loss from impairment of asset	-	-	(16,384,556)	-	(16,384,556)
Less Accumulated amortisation	(747,493)	(27,945,394)	(14,888,302)	-	(43,581,189)
Net book amount	329,127	11,976,606	16,384,556	10,800,000	39,490,289

16 Intangible assets, net (Cont'd)

Intangible assets that have definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the value in use. During the year 2012, the Group provided an impairment provision for the development cost of new products amounting to Baht 16.38 million. This calculation used a cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections beyond the five-year period are extrapolated using the estimated growth rates at 0% per annum. The pre-tax discount rate used in the calculation is 10.51% per annum.

The movements of intangible assets for the years ended 31 December 2012 and 2011 comprise the following: (Cont'd)

			Company
	Computer software Baht	Computer software under installation Baht	Total Baht
As at 1 January 2011			
Cost	642,320	3,300,000	3,942,320
Less Accumulated amortisation	(455,808)	-	(455,808)
Net book amount	186,512	3,300,000	3,486,512
For the year ended 31 December 2011			
Opening net book amount	186,512	3,300,000	3,486,512
Additions	310,000	1,500,000	1,810,000
Amortisation charge	(115,234)	-	(115,234)
Closing net book amount	381,278	4,800,000	5,181,278
As at 31 December 2011			
Cost	952,320	4,800,000	5,752,320
Less Accumulated amortisation	(571,042)	-	(571,042)
Net book amount	381,278	4,800,000	5,181,278
For the year ended 31 December 2012			
Opening net book amount	381,278	4,800,000	5,181,278
Additions	124,300	1,200,000	1,324,300
Amortisation charge	(176,451)	-	(176,451)
Closing net book amount	329,127	6,000,000	6,329,127
As at 31 December 2012			
Cost	1,076,620	6,000,000	7,076,620
Less Accumulated amortisation	(747,493)	-	(747,493)
Net book amount	329,127	6,000,000	6,329,127

17 Loans from financial institutions, net

17.1 Short-term loans from financial institutions, net

Short-term loans from financial institutions for the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Short-term loans - promissory note	6,076,472,583	3,832,552,056	4,005,477,523	2,703,980,080
Short-term loans - trust receipt	832,217,278	1,138,761,988	516,641,333	589,732,357
Reclassified from long-term loans net of transaction cost (Note 17.2)	1,727,466,290	561,184,561	-	578,755,800
Total short-term loans from financial institutions, net	8,636,156,151	5,532,498,605	4,522,118,856	3,872,468,237

Short-term loans from financial institutions of the Company

As at 31 December 2012, short-term loans from promissory note of Baht 4,005 million and from trust receipt of Baht 517 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery and the Company's director (31 December 2011 : short-term loans from promissory note of Baht 2,704 million and from trust receipt of Baht 590 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery and the Company's director).

Short-term loans from financial institutions of a subsidiary

As at 31 December 2012, short-term loans from promissory note of Baht 2,071 million and from trust receipt of Baht 316 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery, fixed deposits at financial institutions and the Company's director (31 December 2011 : short-term loans from promissory note of Baht 1,128 million and from trust receipt of Baht 549 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery, fixed deposits at financial institutions and the Company's director).

Movements of short-term loans from financial institutions for the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Beginning balance	5,532,498,605	3,805,249,380	3,872,468,237	3,050,316,240
Loans made during the year	26,643,399,890	20,171,387,228	17,209,951,392	14,086,206,556
Repayments of loans during the year	(25,254,051,255)	(19,005,322,564)	(16,542,478,848)	(13,842,810,359)
Reclassified from long-term loans (Note 17.2)	1,727,466,290	561,184,561	-	578,755,800
Realised gain on exchange rate from loan repayments	(17,803,305)	-	(17,803,305)	-
Unrealised gain on exchange rate	(12,925,313)	-	(18,620)	-
Written-off transaction costs	17,571,239	-	-	-
Ending balance	8,636,156,151	5,532,498,605	4,522,118,856	3,872,468,237

On 4 July 2012, the Company repaid the long-term loan from a foreign financial institution (DEUTSCHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH) amounting to Euro 14 million which is equivalent to Baht 562 million.

17 Loans from financial institutions, net (Cont'd)

17.2 Long-term loans from financial institutions, net

Long-term loans from financial institutions as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Current portion of long-term loans (Thai Baht currency)	33,600,000	170,836,953	33,600,000	39,950,000
Loans due later than 1 year				
- Thai Baht currency	88,424,675	1,739,072,418	88,424,675	124,800,000
- Euro currency (Euro 14 million)	-	-	-	-
	88,424,675	1,739,072,418	88,424,675	124,800,000
Transaction costs, net	-	(20,262,155)	-	-
Loans due later than 1 year, net	88,424,675	1,718,810,263	88,424,675	124,800,000
Total long-term loans from financial institutions, net	122,024,675	1,889,647,216	122,024,675	164,750,000

Long-term loans from financial institutions of the Company

(1) Thai Baht currency loan

The long-term loan in Thai Baht currency of Baht 122 million represents loan from a local financial institution, bearing interest at the rates of MLR less 0.50% discount to MLR less 1.00% discount per annum (31 December 2011 : Baht 165 million represents loan from a local financial institution, bearing interest at the rates of MLR less 0.50% discount to MLR less 1.00% discount per annum). The loan is guaranteed by the Company's director and mortgaged by the land, buildings, and machinery.

(2) Euro currency loan

The long-term loan in Euro currency of Euro14 million equivalent to Baht 579 million (2011: Baht 579 million) represents loan from a foreign financial institution, bearing interest at the fixed rate of 6.20% per annum. The loan is due for repayment starting from 15 June 2014 to 15 December 2016 and guaranteed by the Company's director and pledged by the share certificate of Millcon Burapa Co., Ltd.. Under this loan agreement, the Company must comply with conditions and restrictions stated in the agreement such as to maintain financial ratio, shareholding interest ratio in Millcon Burapa Co., Ltd., and right to obtain ordinary shares options etc. The lender has the right to exercise conversion option in subscription for newly issued ordinary shares in the Company based on the amount of non-repayment loan at the specified price as stated in the agreement. The transaction cost relating to this loan was Baht 27 million.

Long-term loans from a financial institution of the Company amounting to Euro 14 million was classified as short-term loans since the second quarter of 2011. However, the Company repaid such loan on 4 July 2012 (Note 17.1).

Long-term loans from financial institutions of a subsidiary

(1) Thai Baht currency loan

The long-term loan obtained from a local financial institution is in Thai Baht currency of Baht 1,727 million, bearing interest at the rate of MLR less 1.00% discount per annum (31 December 2011 : Baht 1,745 million bearing interest at the rate of MLR per annum). The loan is due for repayment starting from 30 September 2012 to 31 March 2019 and guaranteed by the subsidiary's land, building, machinery, inventories, share certificate of the Company for investment in Millcon Burapa Co., Ltd, and the Company's director. According to the loan agreement, the Group has to comply with the requirement specified in the agreement such as compliance with debt covenant. The transaction cost relating to this loan was Baht 32 million.

17 Loans from financial institutions, net (Cont'd)

17.2 Long-term loans from financial institutions, net (Cont'd)

The Group noted that some of the financial ratios were not complied with the financial covenants specified in the long-term loan agreements of Millcon Burapa Co., Ltd (the Company's subsidiary). Therefore, as at 31 December 2012, such long-term loans from a financial institution of subsidiary of Baht 1,727 million were reclassified to short-term loans. However, if the Group would be able to maintain the financial ratios according to the long-term loan agreements, the loans would be reclassified back to non-current liabilities.

This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, due to the fact that the Group has unutilised credit facilities of Baht 852 million (Note 17) and the management is in the process of working with the financial institutions and major shareholders on a plan to raise sufficient liquidity for the Group; therefore, the management believes that the Group will continue its operations at least for the forthcoming 12 months. Accordingly the Group's financial information has been prepared on a going concern basis.

The interest rate exposure on the borrowings of the Group and the Company is the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Total borrowings:				
- at fixed rates (6.20%)	-	561,184,561	-	578,755,800
- at floating rates (included the reclassified short-term loans of Baht 1,727 million)	1,849,490,965	1,889,647,216	122,024,675	164,750,000
Weighted average effective interest rates: bank borrowings	6.00% - 7.625%	6.20% - 7.25%	6.125%-7.125%	6.20% - 7.25%

The movements in book value of long-term loans from financial institutions for the year ended 31 December 2012 comprise the following:

	Consolidated Baht	Company Baht
Beginning balance	1,889,647,216	164,750,000
Loans made during the year	187,825,748	-
Repayment of long-term loans during the year	(188,121,084)	(42,725,325)
Transaction cost, net	5,944,085	-
Disposal of liabilities of Million Miles Co., Ltd. due to deemed disposal of investment in subsidiary to be an associate (Note 13.1)	(45,805,000)	-
Reclassified to short-term loans (Note 17.1)	(1,727,466,290)	-
Ending balance	122,024,675	122,024,675

From the calculation of financial ratios as at 31 December 2012, the Group noted that some of the financial ratios were not complied with the financial covenants specified in the long-term loan agreements. The Group has, therefore, reclassified the long-term loans which may become due and payable on demand to present as current liabilities in accordance with Thai Accounting Standard No. 1: Presentation of Financial Statements. If the Group would be able to maintain the financial ratios according to the long-term loan agreements, the loans would be reclassified back to non-current liabilities.

17 Loans from financial institutions, net (Cont'd)

17.2 Long-term loans from financial institutions, net (Cont'd)

The carrying values and fair values of long-term loans are as follow:

	Consolidated		Company	
	2012 Million Baht	2011 Million Baht	2012 Million Baht	2011 Million Baht
Long-term loans (included the reclassified short-term loans)				
- carrying value	1,849	2,441	122	744
- fair value	1,928	2,416	107	725

The fair values of long-term loans are based on discounted cash flows using a discount rate from the market borrowing rates which are available to the Company at the date on the statement of financial position. The carrying amounts of short-term loans are shown at an approximate fair value.

Maturity of long-term loans can be analysed as follow:

	Consolidated		Company	
	2012 Million Baht	2011 Million Baht	2012 Million Baht	2011 Million Baht
No later than 1 year	34	171	34	40
Between 2 and 5 years	88	1,957	88	704
Over 5 years	-	313	-	-
Total long-term loans	122	2,441	122	744

Unutilised credit facilities as at 31 December comprise the following:

	Consolidated			
	2012		2011	
	Long-term loan facilities Baht	Working capital facilities Baht	Long-term loan facilities Baht	Working capital facilities Baht
Fixed rate				
- draw down with no timeframe limitation	-	-	144,688,950	-
Floating rate				
- draw down with no timeframe limitation	-	852,331,166	216,352,783	1,493,000,250
	-	852,331,166	361,041,733	1,493,000,250

	Company			
	2012		2011	
	Long-term loan facilities Baht	Working capital facilities Baht	Long-term loan facilities Baht	Working capital facilities Baht
Fixed rate				
- draw down with no timeframe limitation	-	-	144,688,950	-
Floating rate				
- draw down with no timeframe limitation	-	798,433,908	41,250,000	1,105,099,780
	-	798,433,908	185,938,950	1,105,099,780

18 Liabilities under finance leases, net

Movements of liabilities under finance leases for the years ended 31 December comprise following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Beginning balance	58,505,358	52,719,916	1,713,866	-
Addition during the year	211,297,631	17,606,781	-	1,788,381
Payment during the year	(41,252,579)	(11,821,339)	(447,095)	(74,515)
Disposal of liabilities of Million Miles Co., Ltd. due to deemed disposal of investment in subsidiary to be an associate (Note 13.1)	(211,300,439)	-	-	-
Ending balance	17,249,971	58,505,358	1,266,771	1,713,866

Liabilities under finance leases as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Not later than 1 year	7,846,295	17,047,103	447,095	447,095
Later than 1 year but not later than 5 years	9,403,676	41,458,255	819,676	1,266,771
	17,249,971	58,505,358	1,266,771	1,713,866
Less Future finance charges on finance leases	(1,598,806)	(6,886,831)	(112,383)	(200,000)
Present value of liabilities under finance leases	15,651,165	51,618,527	1,154,388	1,513,866
Liabilities under finance leases				
- current	6,922,699	13,779,589	383,482	359,477
- non-current	8,728,466	37,838,938	770,906	1,154,389
Total liabilities under finance leases	15,651,165	51,618,527	1,154,388	1,513,866

19 Retirement benefit obligations

The movements in the retirement benefit obligations over the year are as follows:

	Consolidated Baht	Company Baht
For the year ended 31 December 2012		
Opening balance for the year	10,450,684	9,535,996
Retirement benefit expenses	2,731,522	1,856,820
Benefit paid	-	-
Disposal of liabilities of Million Miles Co., Ltd. due to deemed disposal of investment in subsidiary to be an associate (Note 13.1)	(318,136)	-
Closing balance for the year	12,864,070	11,392,816

19 Retirement benefit obligations (Cont'd)

The amounts recognised in the profit and loss are as follows:

	Consolidated Baht	Company Baht
For the year ended 31 December 2012		
Current service cost	2,344,738	1,503,988
Interest cost	386,784	352,832
Actuarial (gains)/losses	-	-
	2,731,522	1,856,820
For the year ended 31 December 2012		
Cost of sales	1,392,359	582,468
Selling and administrative expenses	1,339,163	1,274,352
	2,731,522	1,856,820

The principal actuarial assumptions used as at 31 December were as follows:

	Consolidated		Company	
	2012	2011	2012	2011
Discount rate	3.7% - 3.8%	3.7% - 3.8%	3.7%	3.7%
Future salary increases	3.5% - 7.0%	3.5% - 7.0%	3.5% - 7.0%	3.5% - 7.0%

20 Share capital and premium on share capital

The movements of share capital and premium on share capital for the year ended 31 December 2012 and 2011 comprise the following:

	Number of registered shares		Number of issued and paid-up shares		Issued and paid-up shares			
	Ordinary shares Shares	Preferred shares Shares	Ordinary shares Shares	Preferred shares Shares	Ordinary shares Baht	Preferred shares Baht	Premium on ordinary shares Baht	Premium on preferred shares Baht
As at 31 December 2010	2,112,199,420	544,608,960	1,566,463,019	288,197,571	626,585,208	115,279,028	731,608,017	1,065,394,775
Issue of shares during the year	-	-	-	6,666,600	-	2,666,640	-	24,493,088
Decrease of number of registered shares	(218,750,001)	(249,744,789)	-	-	-	-	-	-
Increase of number of registered shares	858,000,000	-	-	-	-	-	-	-
As at 31 December 2011	2,751,449,419	294,864,171	1,566,463,019	294,864,171	626,585,208	117,945,668	731,608,017	1,089,887,863
Issue of shares during the year	-	-	2,276,390	-	910,556	-	3,252,961	-
Decrease of number of registered shares	(453,666,665)	-	-	-	-	-	-	-
Increase of number of registered shares	468,000,000	-	-	-	-	-	-	-
As at 31 December 2012	2,765,782,754	294,864,171	1,568,739,409	294,864,171	627,495,764	117,945,668	734,860,978	1,089,887,863

As at 31 December 2012, the authorised shares comprise of 2,765,782,754 ordinary shares (2011 : 2,751,449,419 shares) with a par value of Baht 0.40 per share (31 December 2011 : Baht 0.40 per share), totalling Baht 1,106 million (2011 : Baht 1,101 million), and 294,864,171 preferred shares (2011 : 294,864,171 shares) with a par value of Baht 0.40 per share (2011 : Baht 0.40 per share), totalling Baht 118 million (2011 : Baht 118 million).

As at 31 December 2012, the Company's issued and fully paid-up share capital comprise of 1,568,739,409 ordinary shares (2011 : 1,566,463,019 shares) with a par value of Baht 0.40 per share (2011 : Baht 0.40 per share); totalling issued and fully paid-up ordinary shares was amount of Baht 627 million (2011 : Baht 627 million) and premium on ordinary shares of Baht 735 million (2011 : Baht 732 million); 283,164,171 Group A preferred shares (2011 : 283,164,171 shares) and 11,700,000 Group B preferred shares (2011 : 11,700,000 shares) with a par value of Baht 0.40 per share, (2011 : Baht 0.40 per share) totalling issued and fully paid-up preferred shares was amount of Baht 118 million (2011 : Baht 118 million) and premium on preferred shares of Baht 1,090 million (2011 : Baht 1,090 million) net with underwriting fee and transaction costs.

20 Share capital and premium on share capital (Cont'd)

Preferred share has right to obtain a cumulative dividend at the rate of 5% per annum. The term of preferential right of preferred shares shall be 5 years from the date of issuing and selling. Upon the completion of such period, the preferential right of preferred shares shall immediately expire. The right of preferred shares which have been converted to ordinary shares, which shall be the same as that of ordinary shares. As at 31 December 2012, Baht 61,804,476 of cumulative preference share dividends have not been provided because the Company did not declare any dividends.

During the year 2008, the Company issued warrants to the Company's shareholder and directors and employees of 119,600,000 units. The exercise ratio is 1 warrant per 2.734 ordinary shares and the exercise price is Baht 1.829 per share. The warrants are expired in February 2014. In June 2012, the Company's management and employees exercised their warrants of 2,276,390 ordinary shares, totalling paid-up capital of Baht 4,163,517. The Company registered the increase of registered shares with the Ministry of Commerce on 10 July 2012.

Decrease of registered capital

At the Annual General Meeting of Shareholders no. 1/2012 held on 30 April 2012, shareholders approved a decrease in its registered capital of 453,666,665 shares at the par value of Baht 0.40 per share, from the registered capital of Baht 1,218,525,436 to Baht 1,037,058,770, by cancelling unissued ordinary shares making of transactions proposed for consideration in;
- 198,666,665 shares for cancellation of issuance and offer of convertible bonds.
- 255,000,000 shares for issuance and offer to reserve for the allotment to DEG- DEUTSHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH ("DEG") and/or the private placement according.

The Company registered the reduction with the Ministry of Commerce on 11 May 2012.

Increase of registered capital

At the Annual General Meeting of Shareholders no. 1/2012 held on 30 April 2012, shareholders approved an increase in its registered capital from Baht 1,037,058,770 to Baht 1,224,258,770 by issuing ordinary shares up to 468,000,000 shares at the par value of Baht 0.40 per share, totalling Baht 187,200,000, to accommodate making of transactions proposed for consideration in;
- 213,000,000 shares for issuance and offer of warrants for purchasing of ordinary shares of the Company to DEG- DEUTSHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH ("DEG") and/or the private placement according.
- 255,000,000 shares for issuance and offer to reserve for the allotment to DEG- DEUTSHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH ("DEG") and/or the private placement according.

The Company registered the increase with the Ministry of Commerce on 14 May 2012.

Allocation of new ordinary shares

At the Annual General Meeting of Shareholders no. 1/2012 held on 30 April 2012, shareholders approved an allocation of such new ordinary shares of 468,000,000 shares at the par value of Baht 0.40 per share as follows:

1) Allocation of new ordinary shares of up to 255,000,000 shares at the par value of Baht 0.40 per share to DEG - DEUTSHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH ("DEG") and/or specific persons on a private placement basis, at the offer price not lower than Baht 2.70 per share.

2) Allocation of new ordinary shares of up to 213,000,000 shares at the par value of Baht 0.40 per share to accommodate exercise of warrants for purchasing of ordinary shares of the Company to DEG - DEUTSHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH ("DEG") and/or specific persons on a private placement.

On 4 July 2012, the Company made loan repayments to DEG - DEUTSHE INVESTITIONS - UND ENTWICKLUNGSGESELLSCHAFT MBH ("DEG"). However, the allocated ordinary shares to accommodate making of transactions of DEG remain unchanged.

Issuance and offer of warrants for purchasing of ordinary shares of the Company for specific persons on a private placement

At the Annual General Meeting of Shareholders no. 1/2012 held on 30 April 2012, shareholders approved an issuance and offer of warrants for purchasing of ordinary shares of the Company not over 213,000,000 units to specific persons on a private placement. The exercise ratio is 1 warrant per 1 ordinary share and the exercise price is Baht 2.70 per share. However, at 31 December 2012, there was no subscription of warrants.

21 Convertible bonds

At the Board of Directors Meeting of the Company no. 2/2012 held on 23 March 2012, the directors passed resolutions to approve the changes of features of convertible debenture relating to the right to convert the convertible bonds to ordinary shares. The changes were approved by the holders of the convertible bonds on 28 March 2012.

Summary of Features of Convertible Debentures (CDs) are as below:

Type	: Non-guaranteed convertible debentures in a name certificate form representing the right to convert the CDs to ordinary shares of the Company
Offering size	: Not exceeding Baht 1,809,000,000
Offering price per unit	: Baht 1,000
Conversion ratio	: Principal amount of the CDs divided by the conversion price
Conversion price	: Baht 3 for 1 ordinary share
Interest (Coupon)	: 5% per annum throughout the term to maturity (payable annually)
Face value of the CD	: Baht 1,000 per unit
Number of ordinary shares reserved for the conversion	: Not exceeding 603,000,000 shares
Term to maturity	: Not exceeding 6 years from the date on which the CDs are issued
Conversion period (Old feature)	: **Voluntary Conversion:** The holder of the CDs has the right to convert all or part of the CDs to ordinary shares of the Company on the last business day of each month. The CDs can be converted for the first time on the first month after one year starting from issuing date. The minimum conversion amount shall be 1,000 units, except for the month prior to the maturity date where, the holder shall have the right to covert all of the CDs held by him without any minimum conversion amount being required. The Company will pay interest for CDs which have been converted by calculating until the date prior to the conversion date (excluding the conversion date). The number of days in each year used for interest calculation is 365 day. **Mandatory Conversion:** The Company has the right to convert all or part of the CDs to ordinary shares of the Company on the last business day of each month. The CDs can be converted for the first time on the first month after one year starting from issuing date. The minimum conversion amount shall be 10% of the total CDs issued and sold which have not been converted. In case, there is more than one holder, the number of CDs to be converted shall be allocated proportionately to the units held by all holders. In the event that the Company exercises the aforementioned conversion right and, as a result, the holder holds less than 1,000 units, that holder has the right to convert all of the remaining part of the CDs to ordinary shares of the Company on the last business day of each month. In the event that the Company exercises the aforementioned conversion right, the Company will compensate the holder by paying the interest calculated from the conversion date until the maturity date with the discount rate of 5% per annum. The number of days in each year used for interest calculation is 365 day.

21 Convertible bonds (Cont'd)

Summary of Features of Convertible Debentures (CDs) are as below: (Cont'd)

Conversion period (New feature) (Cont'd)	:	The Company has the right to convert all or part of the CDs to ordinary shares of the Company at any time by formally informing to the holders of CDs no later than 7 days before conversion date. The minimum conversion amount shall be 10% of the total CDs issued and sold which have not been converted. In case, there is more than one holder, the number of CDs to be converted shall be allocated proportionately to the units held by all holders. In the event that the Company exercises the aforementioned conversion right and, as a result, the holder holds less than 1,000 units, the Company has the right to convert all of the remaining part of the CDs to ordinary shares of the Company on the conversion date. In the event that the Company exercises the aforementioned conversion right, the Company will compensate the holder by paying the interest calculated from the conversion date until the maturity date (excluding the conversion date). The number of days in each year used for interest calculation is 365 day. On maturity of CDs, the Company has the right to convert all or part of the CDs to ordinary shares of the Company or to redeem the CDs. In the event that the Company redeem partial CDs, the remaining part of CDs will be converted to ordinary shares of the Company.
Maturity period for conversion of the CDs to the Company's ordinary shares	:	Until the maturity date
Offering method	:	The CDs will be offered to specific investors not exceeding 10 investors during each 4-month period, as defined in Clause 32 (2) of the Notification of the Capital Market Supervisory Board No. TorJor 9/2552 regarding the Application and Permission to Offer for Sale Newly Issued Debentures.
Redemption on maturity date (Old features)	:	The holders of the CDs shall convert all CDs held by them to ordinary shares of the Company at the conversion price on the maturity date.
Redemption on maturity date (New features)	:	On maturity of CDs, the Company has the right to convert all or part of the CDs to ordinary shares of the Company or to redeem the CDs. In the event that the Company redeem partial CDs, the remaining part of CDs will be converted to ordinary shares of the Company.

As at 28 December 2011, the Company issued convertible bonds of 175,000 units at the par value of Baht 1,000 per unit, totaling amount of Baht 175,000,000, to specific investors. The convertible bonds are classified as compound financial derivative. The fair values of the liability component and the equity conversion component are determined on the date of issue of bonds. The fair value of the equity conversion component is calculated using the market price of the Company's share as at that date and is included in the shareholders' equity. The residual amount represents the value of liability component.

21 Convertible bonds (Cont'd)

According to Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", the Company has the option of either redeeming the convertible bonds or converting them into ordinary shares on the maturity date and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price); therefore, the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company's management expressed the intention to convert these bonds into ordinary shares on the maturity date. Therefore, after acceptance by the holder of convertible bonds on 28 March 2012, the whole amount of the convertible bonds is presented as part of shareholders' equity and future interest on the bonds will be recorded in the shareholders' equity. Due to the change in condition in respect of the convertible bonds, the Company reclassified the convertible bonds which were previously presented as compound financial instrument as at 31 December 2011 with a liability portion of Baht 45 million, to present as shareholder's equity since the date that the changes were approved by the holder of the convertible bonds.

However, at the Annual General Meeting of Shareholders no.1/2012 held on 30 April 2012, shareholders approved a cancellation of issuance and offer of convertible bonds of Baht 595,999,995.

22 Legal reserve

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Beginning balance	32,163,299	28,695,626	32,163,299	28,695,626
Appropriation during the year	279,216	3,467,673	279,216	3,467,673
Ending balance	32,442,515	32,163,299	32,442,515	32,163,299

Under the Public Limited Company Act., the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

23 Financial instruments

23.1 Financial assets and liabilities in foreign currencies

As at 31 December, the Group has financial assets and liabilities in foreign currencies as follows:

	Consolidated		Company	
	2012 Baht Million	2011 Baht Million	2012 Baht Million	2011 Baht Million
Assets				
US Dollar	49.92	44.03	12.30	43.41
Australia dollar	9.21	3.52	9.21	3.52
Total	59.13	47.55	21.51	46.93
Liabilities				
Euro	79.87	567.21	-	578.76
US Dollar	1,024.95	536.02	210.55	8.33
Yen	4.65	-	-	-
Swiss franc	3.46	-	-	-
Total	1,112.93	1,103.23	210.55	587.09

23.2 Financial derivative instruments

As at 31 December, the Group has outstanding financial derivative contracts as follows:

Forward foreign exchange contracts

Forward foreign exchange contracts have been entered into to manage exposure to fluctuations in foreign currency exchange rates on accounts receivable, loans and accounts payable denominated in foreign currencies.

Foreign exchange forward contracts

	Consolidated		Company	
	2012	2011	2012	2011
Euro				
- Average exchange rate (Baht/Euro)	41.96 - 44.13	40.26 - 43.87	-	40.87 - 43.11
- Amount in Euro	1,810,095	22,589,545	-	15,835,600
- Amount in local currency (Baht)	77,167,886	936,628,547	-	650,592,097
US Dollar				
- Average exchange rate (Baht/USD)	30.92 - 32.11	30.26 - 31.92	30.99 - 32.11	30.37 - 31.92
- Amount in USD	31,672,843	2,885,199	1,138,598	1,211,193
- Amount in local currency (Baht)	994,060,041	88,642,672	35,591,700	37,501,135
Australia dollar				
- Average exchange rate (Baht/AUD)	-	32.21	-	32.21
- Amount in AUD	-	16,068	-	16,068
- Amount in local currency (Baht)	-	517,552	-	517,552

Net fair values

The net fair values of derivative financial instruments as at 31 December comprise the following:

	Consolidated			
	2012		2011	
	Foreign currency amounts	Fair values favourable (unfavourable) Baht	Foreign currency amounts	Fair values favourable (unfavourable) Baht
Derivative financial instruments (assets)				
- Foreign exchange forward contracts				
Euro				
- Current	-	-	1,588,013	386,851
- Non-current	-	-	16,500,000	26,845,384
US Dollar				
- Current	5,285,598	425,031	900,000	712,053
Australia Dollar				
- Current	-	-	16,068	5,462
Derivative financial instruments (liabilities)				
- Foreign exchange forward contracts				
Euro				
- Current	1,810,095	(2,656,400)	4,501,531	(7,116,855)
US Dollar				
- Current	26,387,245	(15,181,586)	1,985,199	(2,438,627)

23 Financial instruments (Cont'd)

23.2 Financial derivative instruments (Cont'd)

Net fair values (Cont'd)

The net fair values of derivative financial instruments as at 31 December comprise the following: (Cont'd)

				Company
		2012		2011
	Foreign currency amounts	Fair values favourable (unfavourable) Baht	Foreign currency amounts	Fair values favourable (unfavourable) Baht
Derivative financial instruments (assets)				
- Foreign exchange forward contracts				
Euro				
- Non-current	-	-	14,000,000	25,738,595
US Dollar				
- Current	338,598	155,817	400,000	291,658
Australia Dollar				
- Current	-	-	16,068	5,462
Derivative financial instruments (liabilities)				
- Foreign exchange forward contracts				
Euro				
- Current	-	-	1,835,600	(2,535,202)
US Dollar				
- Current	800,000	(113,151)	811,193	(825,062)

The fair value of forward foreign exchange contracts is determined by the market rate of each contract which is calculated by financial institutions dealing with the Group at the date of the statement of financial position.

24 Revenues/Expenses

24.1 Sale of goods and services

Sales of goods and services recorded in the consolidated statements of comprehensive income for the year ended 31 December 2012 included sales of raw materials amount of Baht 3,193 million. Such revenue had the related cost of sales amounting to Baht 3,097 million (For the year ended 31 December 2011: included sales of raw materials amount of Baht 2,331 million. Such revenue had the related cost of sales amounting Baht 2,249 million).

Sales of goods and services recorded in the company statements of comprehensive income for the year ended 31 December 2012 included sales of raw materials amount of Baht 1,611 million. Such revenue had the related cost of sales amounting to Baht 1,567 million (For the year ended 31 December 2011: included sales of raw materials amount of Baht 2,559 million. Such revenue had the related cost of sales amounting Baht 2,483 million).

24 Revenues/Expenses (Cont'd)

24.2 Other income

Other income for the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Net gain on exchange rate	56,724,072	44,386,079	4,199,765	1,179,325
Gain from disposal of property, plant and equipment	45,477,843	-	44,894,567	-
Interest income	8,816,449	6,805,451	7,596,911	5,737,388
Dividend income	1,000,000	-	1,000,000	-
Net fair value gain from derivative financial instruments	3,105,809	11,586,515	3,105,809	-
Sales of scrap	13,373,176	24,478,738	23,872,425	24,220,189
Rental income	3,452,977	4,340,400	3,504,977	4,592,400
Others	11,970,962	15,563,841	2,205,246	10,970,825
Total other income	143,921,288	107,161,024	90,379,700	46,700,127

Gain from disposal of property, plant and equipment amount of Baht 45 million resulted from sales of land and building to a company at the selling price of Baht 110 million accounting to the Board of Directors' meeting no. 2/2012 held on 23 March 2012.

24.3 Other expenses

Other expenses for the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Loss from disposal of equipment	-	462,371	-	769,653
Loss from write-off of plant and equipment	303,961	-	303,959	-
Loss on disposal of trading investment	8,508,216	-	8,508,216	-
Net fair value loss from derivative financial instruments	23,925,775	-	-	1,518,780
Total other expenses	32,737,952	462,371	8,812,175	2,288,433

25 Finance costs

Finance costs for the years ended 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Interest expenses	553,849,164	323,585,113	318,748,922	301,412,267
Written-off transaction costs of long-term loans (Utilised and unutilised facilities)	9,365,239	-	9,365,239	-
Bank charge	34,772,390	74,368,613	28,482,124	50,158,640
Net (gain) loss from foreign exchange rate for loans and accrued interests	(19,455,601)	15,321,351	(19,455,601)	15,321,351
Net fair value (gain) loss from derivative financial instruments of loans	25,738,595	(14,645,880)	25,738,595	(14,645,880)
Total finance costs	604,269,787	398,629,197	362,879,279	352,246,378

26 Expense by nature

The following expenditure items, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Raw materials and consumable used	12,935,488,257	9,004,084,956	9,916,982,341	6,637,685,085
Purchases of finished goods and raw material	1,894,157,007	4,232,334,665	2,076,080,656	8,573,884,020
Change in finished goods and semi-finished goods	381,405,289	592,239,913	5,584,316 203,486,605	66,648,231 (293,988,239)
Staff costs	256,547,269	150,078,116	168,977,113	105,691,771
Depreciation on property, plant and equipment (Note 15)	174,658,140	69,703,752	27,027,712	24,672,762
Utilities expenses	590,696,134	104,142,118	126,717,268	75,595,600
Oil/gas	278,476,575	197,445,093	195,118,541	130,458,480

27 Basic earnings (loss) per share

Basic earnings (loss) per share and diluted earnings (loss) per share for the year ended 31 December 2012 and 2011 are as follows;

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to shareholders after deduction of preference shares dividend by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2012	2011	2012	2011
Basic earnings (loss) per share				
Profit attributable to owners of the parent	89,707,482	111,531,656		
Less Dividend of preference shares	(61,804,476)	(61,831,269)	(61,804,476)	(61,831,269)
Profit (loss) attributable to ordinary shareholders	27,903,006	49,700,387	(56,220,160)	4,816,962
Weighted average number of ordinary shares in issue	1,567,619,873	1,566,463,019	1,567,619,873	1,566,463,019
Basic earnings (loss) per share (Baht per share)	0.02	0.03	(0.04)	-

The diluted earnings (loss) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible preferred shares, convertible bonds, and warrants. The convertible preferred shares and convertible bonds are assumed to have been converted into ordinary shares. For the warrant, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrant. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

	Consolidated		Company	
	2012	2011	2012	2011
Diluted earnings (loss) per share				
Profit (loss) attributable to owners of the parent	27,903,006	49,700,387	(56,220,160)	4,816,962
Weighted average number of ordinary shares in issue	1,567,619,873	1,566,463,019	1,567,619,873	1,566,463,019
Adjustments for				
- warrants	58,333,333	16,564,167	58,333,333	16,564,167
- convertible bonds	68,025,226	639,269	68,025,226	639,269
Weighted average number of ordinary shares for diluted earnings (loss) per share	1,693,978,432	1,583,666,455	1,693,978,432	1,583,666,455
Diluted earnings (loss) per share (Baht per share)	0.02	0.03	(0.03)	-

28 Guarantees

28.1 Guarantee contract

Guarantee contracts as at 31 December comprise the following:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Guarantee of a subsidiary's liabilities	-	35,650,000	-	35,650,000
Guarantee of an associate's liabilities	238,836,380	-	238,836,380	-

28.2 Bank guarantees

As at 31 December, the local bank had issued letters of guarantee on behalf of the Group as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
In respect of electricity usage	79,437,600	81,884,000	9,694,600	12,001,000
In respect of purchase of gas-petroleum	7,000,000	-	7,000,000	-

29 Commitments

As at 31 December, the Group had commitments but not yet recognised in the consolidated and company financial statements as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Capital commitments	31,157,969	228,193,645	21,577,969	1,505,804
Operating lease commitments	76,415,988	23,602,977	56,991,576	71,804,513
Shipping guarantee commitments	167,154,216	-	167,154,216	-
Letter of credit for purchase of goods commitments				
- Thai Baht	86,670,103	394,568,116	86,670,103	394,568,116
- US Dollar	13,112,750	132,390,389	13,112,750	132,390,389
Service contract commitments	1,682,540	1,478,600	1,552,940	1,470,900

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