

ANNUAL REPORT 2013

TYC^{NS}

บริษัท ไทยคูน เวิลด์ไวด์ กรุ๊ป (ประเทศไทย) จำกัด (มหาชน)

Tycoons Worldwide Group (Thailand) Public Co.,Ltd.







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1. Policy and business operating overview

Background

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

In year 2011, Tycoons Group International Co., Ltd has set aside 60,000,000 shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd (about 9.94% of total outstanding common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd) to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange and has been listed on Sep. 29, 2011. Therefore, the shareholding that Tycoons Group International Co., Ltd holds Tycoons Worldwide Group (Thailand) Public Co., Ltd decreased from 79.47% to 69.53%

1.1 General operating policy

Vertical integration, focus on cost down, catch customers requirements for products indeed, and constantly innovative ideas, raise the bar for ourselves.

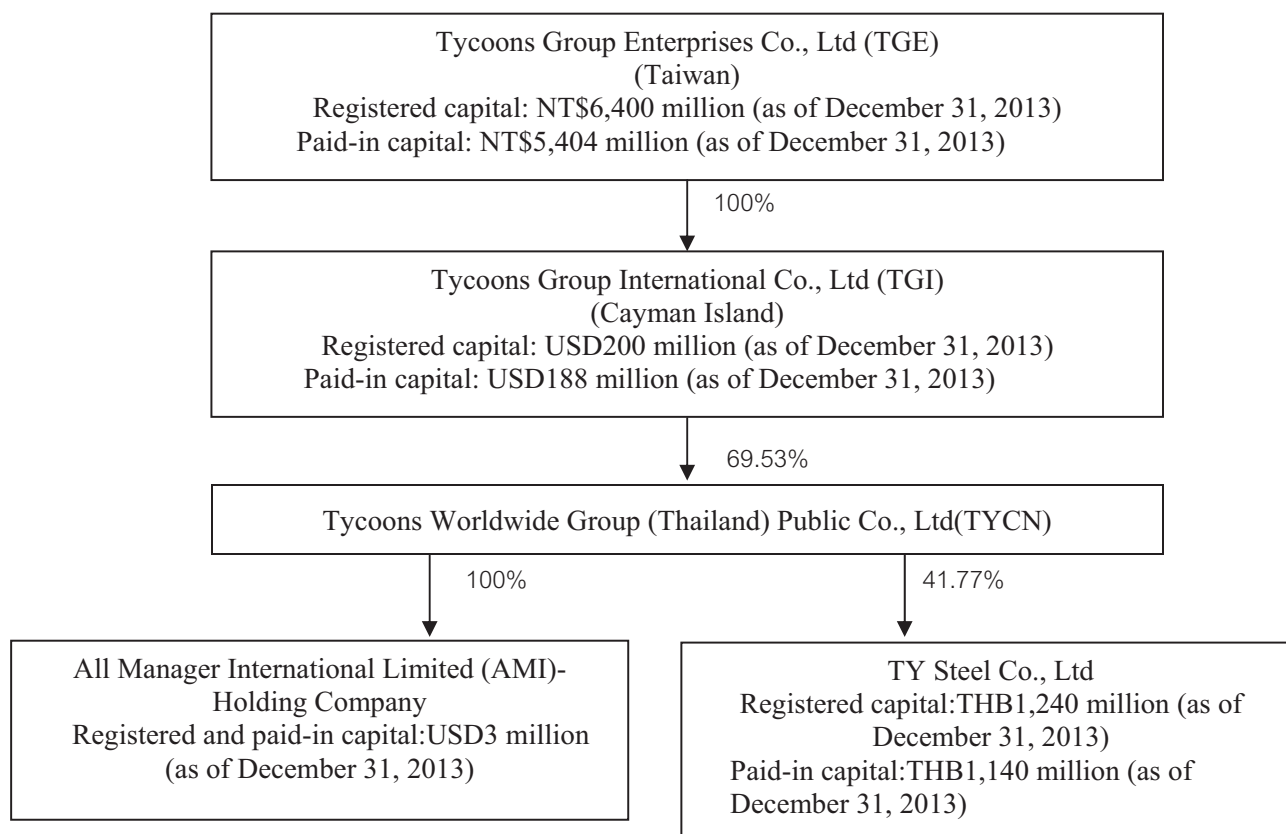
1.1.1 Operational objectives

1. Follow our vertical integrated policy, we set a goal, we will branched into billet production, the most upstream of steel-making industry.
2. We continue to maintain our position of leadership in producing wire rods and offering related service in Thailand.
3. We will continuously improve our products' quality, upgrade our production and operation efficiency, and focus on cost down.

1.2 Significant change and development

In year 2011, major shareholder Tycoons Group International Co., Ltd has set aside 60,000,000 shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd (about 9.94% of total outstanding common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd) to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange and has been listed on Sep.29, 2011. Therefore, the shareholding that Tycoons Group International Co., Ltd holds Tycoons Worldwide Group (Thailand) Public Co., Ltd decreased from 79.47% to 69.53%.

1.3 Structure of the group



TGE was approved to be incorporated by the Ministry of Economic Affairs under the company law of the Republic of China on November 20, 1980. Its total registered capital as of December 31, 2013 was NT\$ 6,400 million, paid-in capital was about USD 180 million (30NTD=1USD). Currently, TGE's main business is to produce annealed wire using wire rod, raw material imported from TYCN. TGE also directly sells wire rods and annealed wire to customers in the Taiwanese market. TGE currently has the production facility in Taiwan for production of annealed wire, bolt and the only heat treatment facility in Taiwan for the screws. TGE also took the view that there was further potential for upward integration in its industry. Thus, after consideration, TGE established TYCN in Thailand as its production base for upward integrated products (wire rods as well as annealed wires and screw). TGE chose Thailand as a production base because Thailand is extremely competitive in terms of logistics and manufacturing cost. TGE's investment in TYCN is done through the TGI to take advantage of advantageous tax treatment. TGE's primary market is limited to Taiwan to avoid so-called cannibalization within its group of companies. In accordance with company policy, management and operation of TGE and TYCN are clearly separated, and the two management teams are independent each other, in order that each company is acting in its own best interests.

TY Steel Co., Ltd. (hereinafter called "TY") was established on September 14, 2011. TY is 41.77% and 58.23% owned by TYCN and TGI separately which was incorporated in Thailand. TY had a registered capital of 1,240,000,000 baht and paid up capital of 1,140,044,000 bath. TY's principal business is to produce and sell billet and will be expected produce on Q2 2014.

1.4 Relationship with the business group of major shareholder

Currently, TYCN's largest customer for sales of merchandise, including wire rod and annealed wire, is Tycoons Group Enterprise (TGE), TYCN's indirect majority shareholder via Tycoons Group International Co., Ltd.(TGI), (TGE holds a stake of up to 100% in TGI and TYCN is a 69.53% owned subsidiary of TGI). TYCN's sales to TGE accounted for 28.55% of TYCN's total sales in 2013. If TGE does not continue to purchase merchandise from TYCN or reduces the quantity of goods that it purchases from TYCN, this could affect TYCN. However, because TYCN was established specifically to serve as a production base for TGE, the company believes that it is unlikely that TGE will significantly reduce its purchase volume from TYCN. The company also believes that the historical business relationship between the two companies as well the fact that TGE has also acted as agent for TYCN in Taiwan somewhat reduces this risk. Furthermore, TYCN believes that selling through TGE creates mutual marketing benefits for both companies. TYCN does have the flexibility to seek other markets for its products or sell directly to Taiwan, depending on which is most beneficial to it. Therefore, the business relationship between TGE and TYCN will be able to maintain mutually beneficial way.

In accordance with company policy, management and operation of TGE and TYCN are clearly separated, and the two management teams are independent each other, in order that each company is acting in its own best interests.

2. Nature of the business

Revenue structure

Product	2013		2012		2011	
	MB	%	MB	%	MB	%
Domestic Sales						
1. Wire rod	3,242.94	35.24	4,292.71	45.51	3,282.73	37.82
2. Annealed wire	180.34	1.96	157.11	1.67	148.34	1.71
3. Screw	-	-	-	-	-	-
4. Bolt	-	-	1.98	0.02	-	-
5 Others	40.11	0.43	78.22	0.83	126.29	1.45
Total domestic Sales	3,463.39	37.66	4,530.02	48.03	3,557.36	40.98
International Sales						
1. Wire rod	1,961.66	21.33	1,547.00	16.40	1,495.66	17.24
2. Annealed wire	1,478.66	16.08	1,321.20	14.01	1,681.08	19.37
3. Screw	902.07	9.81	704.08	7.47	779.20	8.96
4. Bolt	1,389.10	15.11	1,329.19	14.09	1,109.48	12.78
5 Others	0.82	0.01	-	-	58.10	0.67
Total International Sales	5,732.31	62.34	4,901.47	51.97	5,123.52	59.02
Total Sale	9,195.70	100	9,431.49	100	8,680.88	100

TYCN was granted the promotional privileges from the Board of Investment (BOI) under a promotion certificate issued on October 11, 1996 to manufacture steel wire rod and screw under category 2.15 manufacture of steel wire, round bar or steel billet and category 4.7 manufacture of metal wire or wire products and a promotion certificate issued on April 9, 2003 to manufacture annealed wire (>6mm) and bolt under category 4.7 manufacture of metal wire or wire products.

2.2 Marketing and competitive

2.2.1 Marketing

1. Domestic market

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

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

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

In all, the domestic sales accounted for 37.66% of the company's total sales in 2013 compared to 40.98 ~ 48.03% during the year 2011-2012.

2. International market

Similar to domestic market, wire rods and annealed wires are sold to manufacturers of different end user applications. Currently, TYCN's sales of products through TGE accounted for around 28.55% of total sales in 2013, besides, the company expand to the Southeast Asian and India market. With respect to screws, the main customer is the USA market where Taiwan is the largest exporter. TYCN's primarily market in USA, Europe and Asia, accounting for 100% of total screws sales in 2013. In respect to bolts, the market primary in USA and Europe in 2013.

For Wire Rod and Annealed Wire TYCN's most crucial client is TGE, who purchases wire rods and annealed wires for its internal use. TGE also sells these two products to the other Taiwanese manufacturers since TGE has been in the market for

years and has built up a broad customer base. TYCN also makes use of direct sale to other market, such as India, Southeast Asia.

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

In all, the international sales accounted for 62.34% total sales in 2013 compared to 51.97 ~ 59.02% during the years 2011-2012.

2.2.2 competition

1. Local competition

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

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

2. International competition

Since exports account for 62.34% of TYCN's total sales, TYCN's competitors include regional companies such as companies from Japan, Korea, China and Taiwan. For the sake of comparison, a discussion of competitors, broken down by product, is as follows:

1). Wire rod and annealed wire: The products sold abroad are mostly high quality products. The main market includes Taiwan, in which TGE acts as an agent for the company (rather than TYCN selling directly), which facilitates brand recognition in Taiwan. TYCN's main competitors in this market are China Steel, Yieh Hsing, Quintain Steel, Feng Hsin Iron & Steel. Certain other importers, including Kobe Steel, Daido Steel, NKK Bars & Shapes and Nippon Steel from Japan, Poscol from Korea and Baoshan Iron, Shanghai Baostreet Group, Benxi Iron & Steel and Maanshan Iron & Steel from China, among others, are also competitors in this market. In terms of the intensity of competition, mostly price is quoted by China Steel, the largest state enterprise. As a result, other competitors composing local producers and importers focus on the quality-oriented product as well as the product designed to be well correspond to specific customers' need rather than the price war, which is advantageous to TYCN. Specifically, TYCN's wire rod can be described as the high-

tensile wire rod, which suits for the production of fastener products. Moreover, long established network with Taiwanese company can help the TYCN's product easily penetrate the market accordingly.

2) Screws and bolts: The primary sales market for such screws and bolt is the US and Europe, the largest consuming market of all, with moderately competitive environment. Taiwan accounts for a significant portion of sales of such screws and bolts to the US and Europe in part due to their products reliability. TYCN can benefit from this relationship. TYCN's main competitors in sales to this market include companies from Taiwan, Japan, Korea and China.

3. Risk factors

3.1 Risk relating to the uncertainty in price of products and raw materials

Billet is the most important material of the Company's product, wire rod. Therefore, the price of billet and wire rod will significantly influence our revenue, cost of good sold and net income. The main sources of billet are Brazil, Russia, South Africa, Europe and China. Among these countries, China's policy and condition is consideration of the others. The suppliers in China often think over the market price and demanding so far as basis for production, rather than consider the matter of long term trend and to steady market price. As a result, price of material fluctuated massively. The price fluctuation of raw material will affect the cost of our company; on the other hand, the price of product also depends on market demand. How to disperse sources of material will seriously affect the cost and profit of the Company.

In order to reduce the risk of price variation of billet and wire rod, and then influence the sale, cost and profit of the Company, we could adjust the combination of products at any point to choose a highest profit of combination. With flexibility production could raise the ability of the Company to face risk of price variation. On top of that, the Company also keep good relationship with suppliers all over the world, with diversity sources the Company could have better condition of purchasing during the period of price volatile.

3.2 Risk relating to the US market

As highlighted by the fact that the export of screws to the US represented 1.02%, 4.47% and 1.25% of total sale in 2011, 2012 and 2013 respectively, (and represented 11.12%, 59.92% and 14.53% of total sales of screws for the year 2011, 2012 and 2013), the US market is therefore a very important market for screw sales. However, TYCN is exposed to the loss of such market, or decline in demand from US market. Nevertheless, US is the major market in the world, with a very high level of demand generally, and most of the screws imported by the US are imported from Taiwanese-affiliate companies (of which TYCN is one of the top companies). US market has a long business history Taiwanese screw and fastener products which the company believes further mitigates this risk of reliance on US market and the company also expand to Russia, Uzbekistan and other asia market.

3.3 Risk incurred from the new entry of the competitors

Despite the Company has vertical integrate production line with ability to produce high quality wire rod, the capacity of wire rod is also No. 3 in Thai market, but it does not ensure the Company will keep the competitiveness at present. The Company feel that except for potential new entry, the real competitors are the steel producers from non- AFTA countries like Korea, Japan and China, rather than local producers in Thailand. Moreover, these producers have plants in Thailand gradually and enjoy tariff privileges. In spite of these steel producers have established plants in AFTA countries, however, if they want to build an vertical integrate production line from middle to down stream like TYCN, they need to put a great deal of capital. Besides, the Company will keep increasing competitiveness ourselves by strengthen research development ability and quality control.

3.4 Foreign Exchange Risk

The demanding of raw material of the Company as well as other steel producers, raw material has to be imported and paid by US dollars. Recently the economical policy of America and material arbitrage make US dollars volatile, therefore, the Company have to face the risk of foreign exchange. Due to our Company 's market is all over the world, export sales account for over 62% of total sales of the Company, moreover, 95% of export sales are quoted by US dollars. Therefore, most parts of foreign assets exchange risks could be counteracted with foreign liabilities, and this is so-called natural hedge. Meanwhile, the company also makes derivative transaction by signing forward exchange contracts with bank in order to adjust the net exposure position risks.

3.5 Risk of high proportion of the sales transaction through the majority shareholder TGE

Currently, TYCN's largest customer for sales of merchandise, including wire rod and annealed wire, is Tycoons Group Enterprise (TGE), TYCN's indirect majority shareholder via Tycoons Group International Co., Ltd.(TGI), (TGE holds a stake of up to 100% in TGI and TYCN is a 69.53% owned subsidiary of TGI). TYCN's sales to TGE accounted for 28.55% of TYCN's total sales in 2013. If TGE does not continue to purchase merchandise from TYCN or reduces the quantity of goods that it purchases from TYCN, this could affect TYCN. However, because TYCN was established specifically to serve as a production base for TGE, the company believes that it is unlikely that TGE will significantly reduce its purchase volume from TYCN. The company also believes that the historical business relationship between the two companies as well the fact that TGE has also acted as agent for TYCN in Taiwan somewhat reduces this risk. Furthermore, TYCN believes that selling through TGE creates mutual marketing benefits for both companies. TYCN does have the flexibility to seek other markets for its products or sell directly to Taiwan, depending on which is most beneficial to it. Therefore, the business relationship between TGE and TYCN will be able to maintain mutually beneficial way.

4. General information and other significant information

4.1 General information

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

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

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

Registered share capital: 603,503,900 common shares, 6,035,039,000 Baht.

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

Company registration: 0107546000172

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

Facsimile No. : (038)-636-977

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

4.1.2 Name of subsidiary and associated company :

- (1) All Manage International Limited with 100 % owned by TYCN
 Registered address: P.O. Box 957, Offshare Incorporations Centre, Road Town, Tortola, British Virgin Islands.
 Registered and paid-up share capital : 1,875 ordinary shares of no par value each, paid-up Capital USD 3,000,000.
 Type of business: Holding Company
 The certificate of incorporation number : 1491005

- (2) TY Steel Co., Ltd. with 41.77% owned by TYCN
 Registered address: 99/8 Moo1, Tumbon Nikompattana, Amphur Nikompattana, Rayong 21180 Thailand
 Registered share and capital: 124,000,000 common shares, par value 10 baht, 1,240,000,000 baht
 Issued share and paid-up capital: 114,004,044 common shares, 1,140,044,000 baht
 Type of business: produce and sell billet
 Company registration: 0215554004031

4.1.3 Taiwan Depository Receipt (TDR)

Tycoons Group International Co., Ltd, a main shareholder of Tycoons Worldwide Group (Thailand) Public Co., Ltd., has set aside 60,000,000 common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange. Each TDR unit represents two common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd. and has been listed in Taiwan Stock Exchange on 29 Sep. 2011. The depository bank is First Commercial Bank, as Citibank is custodian.

4.2 Reference

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

5. Shareholders

Names of the ten largest shareholders of the company on March 20, 2013

Name	Number of shares (shares)	Percentage (%)
1. Tycoons Group International Company Limited	419,588,592	69.53
2. Citibank Nominees Singapore PTE LED-FIRST Commercial bank-TDR	60,000,000	9.94
3. Chase Nominees Limited 42	55,036,100	9.12
4. บริษัท ไทยคูน เวิลด์ไวด์ กรุ๊ป (ประเทศไทย) จำกัด (มหาชน)	6,755,000	1.12
5. บริษัท ไทยเอ็นวีดีอาร์ จำกัด	4,957,580	0.82
6. MISS YAO, CHIN-HSIANG	3,384,887	0.56
7. นายสม ปรียวัต	2,200,000	0.36
8. MRS. SONG- LIN HUANG	1,893,800	0.31
9. นายสันติ ปัญญาภูมิไกล	1,834,500	0.30
10. นายณรงค์ศักดิ์ หอวีเชียร	1,351,700	0.23
11. Others	46,501,741	7.71
Total	603,503,900	100

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

6. Dividend payment policies

- The dividend payment policy of the company is that dividends will be paid at a rate of no less than 40 percent of the Company's net profit after corporate income tax each year. However, many factors must be took into consideration before deciding to pay a dividend, including operation results and financial status, the company's liquidity, business expansion and other factors related to management of the company. In order to pay a dividend, such payment must be agreed upon at a shareholders meeting with consent of the company's board of directors.
If there is any profit after the final accounts of such financial year, the company may allocate the profits in the following orders, provided that the company shall first apply such profits to pay off its tax payment then

compensate for its accumulated losses:

- (1) Set five percent of the remaining profits as reserve fund.
 - (2) Upon properly reserving the fund for reserve fund, set one percent of the remainder of the profits as directors' bonus.
 - (3) Upon properly reserving the fund for reserve fund, the employees' bonus shall be set in the range between two to five percent of the remainder of the profits.
 - (4) After the funds for items 1 to 3 are properly reserved, at least forty percent of the remainder of the profits plus the accumulated and undivided profits of previous year shall be set as dividends (deducting the distributed interim dividends). The dividends to be distributed in the form of cash shall not be less than fifty percent of the distributable dividends. No distribution shall be allowed if divided per share is less than THB 0.2.
2. The dividend was paid: the company omitted annual dividend for 2010, 2011 and 2012.
 3. The payment rate compared to the net profit: the company omitted annual dividend for 2010, 2011 and 2012.

7. Management structure

The management structure of the company is composed of the Board of Directors, the audit committee and the management team, details of which are as follows:

7.1 Board of Director

The Board of Directors as at Dec 31, 2013

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

*Mr. Ou Yang-Lung have resigned director position, and Mr. Yang, Po-Lung as the new director, instead of Mr. Ou Yang, Lung to serve the remaining director position term, effective from 24 February 2014 Onwards

Independent director

1) All Independent Director Members has requisite qualification in accordance with relevant SEC and SET rules and guidelines, (specifically, that such members has one accounting or finance backgrounds is Mr. Surabhon Kwunchaithunya).

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

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

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

Details of Attendance and service of the Board of Directors

Name	Number of attendances / Total of meeting		Number of years the directors have served
	2012	2013	2013 (years)
1. Mr.Huang, Wen-Sung	5/6	4/4	10.5
2. Ms.Lu, Yen-Chuan	3/6	3/4	10.5
3 Mr.Huang, Ping-Lun	6/6	4/4	7.5
4 Mr. Ouyang, Lun	5/6	4/4	3.0
5 Mr.Surabhon Kwunchaithunya	6/6	4/4	10.5
6 Mr.Jirawat Huang	6/6	3/4	10.5
7 Mr.Phiphat Wangphichit	5/6	4/4	10.5

Directors authorized to sign on behalf of the company

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

The Audit Committee as at Dec 31,2013

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

Name of the secretary of the audit committee is Mr. Pin-Hung Hsu, Tony

The Executive Board as at Dec 31 , 2013

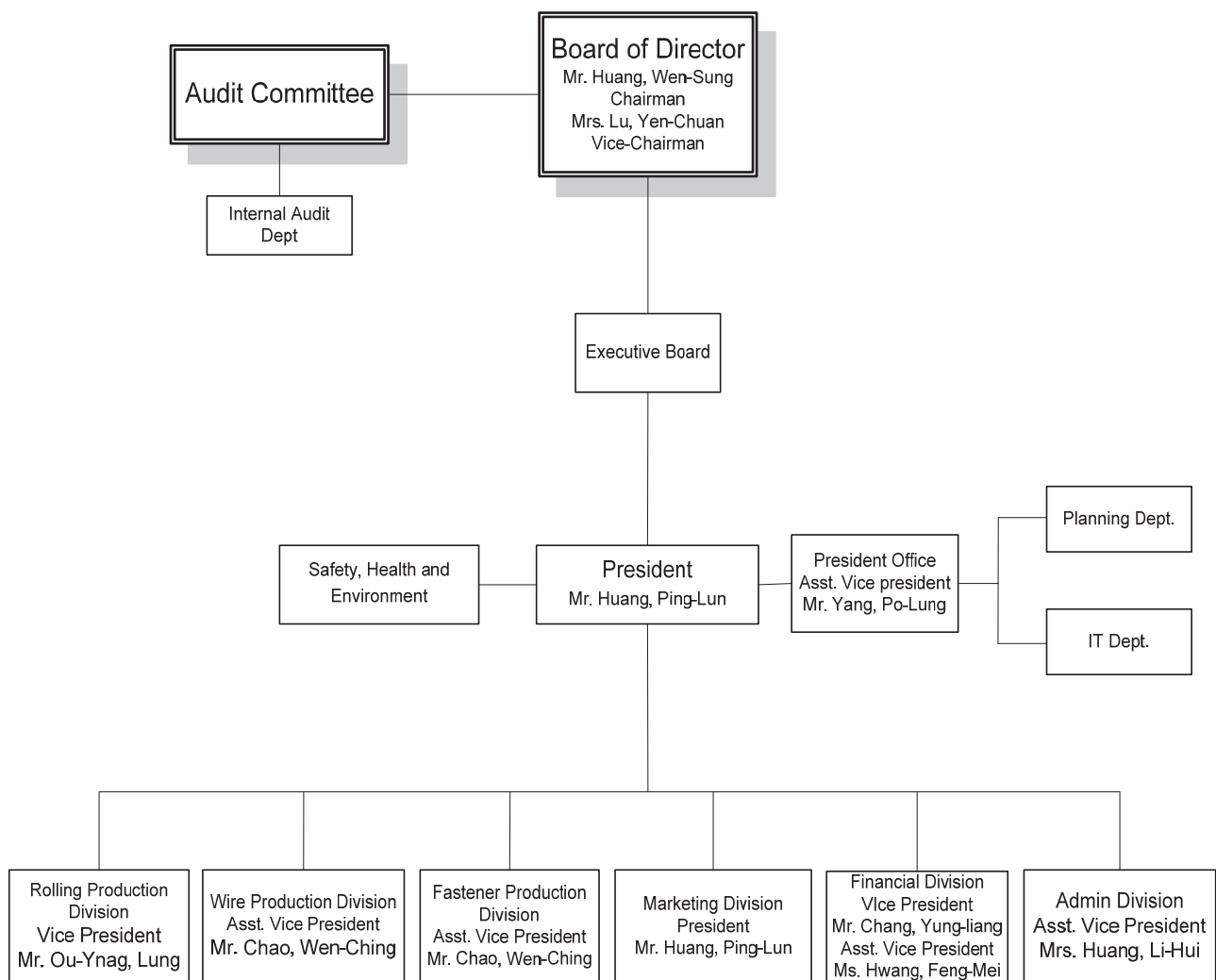
No.	Name-Last Name	Position
1	Mr.Huang, Wen-Sung	Chairman of Board
2	Ms.Lu, Yen-Chuan	Vice Chairman of Board
3	Mr.OuYang, Lung	Director
4	Mr. Huang, Ping-Lun	Director

7.2 Management

1.Names of the management team as at Dec 31, 2013

No.	Name-Last Name	Position
1	Mr.Huang, Wen-Sung	Chairman
2	Ms.Lu, Yen-Chuan	Vice Chairman
3	Mr. Huang, Ping-Lun	President
4	Mr.Chang, Yung-Liang	Vice President
5	Mr.Ou yang, Lung	Vice President
6	Ms. Hwang, Feng-Mei	Asst. Vice President
7	Mr. Huang, Li-Hui	Asst. Vice President
8	Mr. Yang, Po-Lung	Asst. Vice President
9	Mr. Chao, Wen-Ching	Asst. Vice President

Organization chart.



CV of Executive and Management team 2013

Director and Management team

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
1. Mr. Huang, Wen-Sung Chairman / Director (12/08/2003)	59	Business Professional High School	-	-	2003 – Current 2003 – Current 2003 – Current 2005 - Current 2008 – Current 2011 - Current	Chairman / Tycoons Group enterprise Co., Ltd. Chairman / Tycoons Group International Co., Ltd. Chairman / Tycoons Worldwide Group (Thailand) Plc Director / Baw Heng Steel (Vietnam) Co., Ltd. Director / ALL Manage International Limited Director / TY Steel Co., Ltd.
2. Ms. Lu, Yen-Chuan Director / Vice Chairman (12/08/2003)	60	Electrical Calculation Dept., Ming- Juan Commercial Junior College Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2003 – Current 2009 – Current 2006 – 2009 2003 – 2006 2005 – Current	Director / Tycoons Group Enterprise Co., Ltd. Director, Vice Chairman / Director, President / Director, Executive Vice President /Tycoons Worldwide Group (Thailand) Plc. Director / Baw Heng Steel (Vietnam) Co., Ltd
3. Mr. Ou Yang, Lung Director/ Vice President (01/04/2007) Company Secretary (14/08/2012-24/02/2014)	59	Machine Engineering Dept. Feng- Cha University	0.02	-	2003 – 2006 2007 – Current 2011 - Current	Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc Vice President / Tycoons Worldwide Group (Thailand) Plc. Director, Vice President / Tycoons Worldwide Group (Thailand) Plc.
4.Mr. Huang, Ping-Lun Director (27/03/2006) President (11/05/2012)	34	Business Management Seattle University Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	0.02	Son of Mr.Huang Wen-Sung	2006 – 2010 2010 – 2012 2012 – Current 2011 - Current	Director, Senior Sale Manager / Director, Assistant Vice President / Director, President / Tycoons Worldwide Group (Thailand) Plc. Director / TY Steel Co., Ltd.

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
5.Mr. Surabhon Kwunchaithunya Independent Director / Chairman of Audit Committee (12/08/2003)	63	MBA, University of Washington BS. In Industrial Engineering, University of Washington Director's Certification Program (DCP) Class 47/2004, Thai Institute Of Directors (IOD)	-	-	2003 – Current 2006 – Current 2010 - Current 2012 – Current 2010 – 2012 2010 – 2012 2010 – 2012 2010 – 2012	Independent Director , Chairman of Audit Committee / Tycoons Worldwide Group (Thailand) Plc. Director and Vice Executive Chairman / Country Group Securities Plc. Director, Executive Director, Acting Chairman of Risk Management Committee and Corporate Governance Committee Member / MFC Asset Management Public Company Limited Director / Thai Chamber of Commerce & Industry Director / The Stock Exchange of Thailand Chairman, Risk Management Committee, The Stock Exchange of Thailand Director, Thailand Futures Exchange PCL Member, Disciplinary Committee, The Stock Exchange of Thailand
6.Mr. Jirawat Huang Independent Director / Audit Committee (12/08/2003)	59	Chin Yun Industry College (Taiwan) Director's Accreditation Program (DAP) Class 47/2004 Thai Institute Of Directors (IOD)	-	-	2003 – Current 2003 – Current	Manager Director / Lee Chemical Products Co.,Ltd. Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
7. Mr. Phiphat Wangphichit Independent Director / Audit Committee (12/08/2003)	77	Agriculture Pintong agriculture Collage (Taiwan) Director's Accreditation Program (DAP) Class 47/2004, which was organized by Thai Institute Of Directors (IOD)	-	-	2003 – Current 2003 – Current 2003 – Current 2003 – Current	Managing Director / United Industrial Gas Co.,Ltd Managing Director / Canking Engineering (Thailand)Co., Ltd Managing Director / Chachoengsao Oxygen Co.,Ltd. Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
8. Mr. Chang, Yung-Liang Asst. Vice President (11/08/2009)	54	Financial Master Credit Course. National Taiwan University	-	-	2004 – 2010 2011- Current	Asst. Vice President of Financial Division Tycoons Worldwide Group (Thailand) Plc. Vice President of Financial Division Tycoons Worldwide Group (Thailand) Plc
9. Ms. Hwang, Feng- Mei Asst. Vice President (01/12/2011)	49	National Central University Business Administration Dept.	-	-	2000 – 2010 2011- Current	Senior manager of Financial Division in Tycoons Worldwide Group (Thailand) Plc. Asst. Vice President of Financial Division in Tycoons Worldwide Group (Thailand) Plc

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
10. Ms. Huang, Li- Hui Asst. Vice President (01/12/2011)	55	National Central University Business Administration Dept	0.1	-	2001 – 2010 2011- Current	Senior manager of IT Dept. Tycoons Worldwide Group (Thailand) Plc Assistant Vice President of Admin Diviion in Tycoons Worldwide Group (Thailand) Plc
11. Mr. Yang, Po-Lung Assistant Vice President (01/11/2013) Director (24/02/2014) Company Secretary (24/02/2014)	56	Accounting Department. Dan-Jiang University Director’s Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2000 – 2011 2003 – 2011 2013 - Current	Assistant Vice President / Director / Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc
12. Mr. Chao, Wen-Ching	39	Department of Mechanical and Automation Engineering Kao Yuan University	-	-	2011 – 2013 2013 - Current	Manager Screw Department / Manager Screw, Annealing Wire Department / Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc

7.3 Company Secretary

Name Mr. Yang, Po-Lung **Age** 56 years **Nationality** Taiwan

Education : Accounting Dept./Dan-Jiang University

Company's Position : Director / Assistant Vice President

Working Experience

2000 – 2011 Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc.

2003 – 2011 Director / Tycoons Worldwide Group (Thailand) Plc.

2013 – Current Director/ Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc.

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

The Board of Directors

1. To perform its duty in the most professional manner to comply with all laws, the company's objectives, articles of association and shareholder's resolutions as well as to preserve the company's benefit and interests.
2. To determine the company's direction and control all business operations in accordance with the related government entities' rules and regulations. To assure the disclosure of information to shareholders and related entities as well as perform transparency management to achieve optimal benefits to the company.
3. To ensure that business is operated efficiently and in compliance with all regulatory bodies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
4. To ensure that the company has effective internal control systems and an internal audit unit that works closely with the audit committee.
5. The Board of Directors may establish an executive board and a management team or delegate control to other persons to manage the company under the Board of Directors' supervision. The delegation must be accompanied by responsibilities and limitation of the control and must not be delegated to persons in circumstances that would lead to conflicts of interest with the company and its subsidiaries.
6. To have the intention to run the business continuously and conduct themselves with honesty and integrity and to be interested in the business in which they hold the directorship.
7. To be consistently responsive to the shareholders and protect their interests as well as providing to them fair, complete and transparent disclosure.
8. Consider the approval of business plans, annual budgets and sales/acquisitions of the asset exceeding 50 MB, joint ventures in expanding its business and approval of any other loans besides the working capital loans, which are solely authorized by the Executive Board.

All aforementioned responsibilities can be enforced and approved by the Board of Director except for the following items, which require shareholders' approval.

- 1) In compliance with the law, requiring a shareholders' resolution in regard to transfers or disposals of an entity, increases in paid-up capital, merger etc;
- 2) Connected transactions as set out in SET regulations;

Apart from the resolution of a shareholder meeting, a vote of not less than three quarters of the total number of votes of shareholders who attend the meeting and have the right to vote is required to approve the following events:

- 3) The sale or transfer of the whole or important parts of the business of the company to other persons;
- 4) The purchase or acceptance of transfer of the business of other companies or private companies by the company;
- 5) The making, amending or terminating of contracts with respect to the granting of a lease of the whole or important parts of the business of the company, the assignment of the management of the business of the company to any other persons or the amalgamation of the business with other persons with the purpose of profit and loss sharing;
- 6) The amending of the articles of association and memorandum of association;
- 7) The increase and reduction in company capital;
- 8) The merger or termination of the company; and
- 9) Any other relevant issue stipulated by law.

The Audit Committee

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

1. To review the Company's financial process to ensure that it is accurate and adequate
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - (1) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (2) an opinion on the adequacy of the Company's internal control system,
 - (3) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (4) an opinion on the suitability of an auditor,

- (5) an opinion on the transactions that may lead to conflicts of interests,
 - (6) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (7) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (8) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

The Executive Board

1. Prescribe the policy, direction, strategy and structure of major management work for the business operation of the company to respond to and support the economic and competitive situation as prescribed and declared to the shareholders and to propose the same for approval of the Board of Directors.
2. Prescribe business plan, budget and management power of the company and propose the same for approval of the Board of Directors.
3. Inspect, follow up the policy and management guidelines in various aspects to determine whether it is properly implemented to benefit the business operation of the company.
4. Inspect and follow up the results of business operations to determine whether it is in accordance with the approved business plan.
5. Consider, as a preliminary matter, large investment projects of the company below 50 MB (if greater than 50 MB, it will be forwarded to the Board of Directors).
6. Perform other duties as being assigned by the Board of Directors from time to time.
7. In case of such matter is already prescribed in the business plan or budget duly approved by the Board of Directors, the Executive Board shall be entitled to take any action regardless of the amount of money involved.
8. In any matters other than those specified in clause 7, the Executive Board is empowered to approve items concerning working capital loans (any other loan will be forwarded to Board of Directors for consideration).
9. Approval on opening an account with any financial institution.

The Managing Director

1. To be a chairman of all management.
2. To approve all operational plans of every department.
3. To manage and run the business according to the normal practices of the company. With respect to any significant matters, including adhoc matters, adversely affecting the company's reputation and financial status regarding the company's business, the managing director will consult the Board of Directors for their consideration.
4. Follow up the company's business operations to conform them to the company plan and assigned policy.
5. To approve requests from any department over which he has authority.

6. To preliminarily consider and propose investment plans or new businesses together with sales/acquisitions of asset in an amount exceeding Bt 50 million before submitting such matters to the Board for approval through Executive Board
7. To propose the annual expense budget to be forwarded to the Board of Directors.
8. To consider merit of, appoint, transfer, punishing, discharging and recruiting managers.
9. To run the business following the policies set out by the Board of Directors.
10. To carry out such duties in good faith and with care to preserve the interests of the company.
11. To authorize the foregoing except the approval of connected transaction as per definition of the office of the Securities and Exchange Commission (SEC).
12. The managing director shall propose any borrowing or lending transactions, solicitation of facilities from financial institutions and granting of guarantees on behalf of any parties, to the Executive Board and/or Board of Directors to obtain approval. Working capital loans from financial institutions, however, shall be forwarded to Executive Board exclusively.

Company Secretary

1. preparing and keeping the following documents:
 - (a) a register of directors;
 - (b) a notice calling director meeting, a minutes of meeting of the board of directors and an annual report of the company;
 - (c) a notice calling shareholder meeting and a minutes of shareholders' meeting;
2. keeping a report on interest filed by a director or an executive;
3. performing any other acts as specified in the notification of the Capital Market Supervisory Board.

7.4 Remuneration for director and management

1.Cash Remuneration

Director's and Management remuneration at Dec 31, 2012-2013 as follow.

Type of remuneration	Director's remuneration persons(Baht)		Executives' remuneration persons(Baht)	
	2013(7)	2012(7)	2013(9)	2012(7)
Salary	1,080,000	1,080,000	13,853,343	12,734,677
Bonus	-	2,327,131	839,850	982,305
Premium	-	-	-	-
Profit-sharing	-	-	-	-
Other welfare	-	-	-	-
Total	1,080,000	3,407,131	14,693,193	13,716,982

Director's and Management remuneration (Salary& Bonus) in year 2012 and 2013 as above:

The directors' remuneration of the Company has not been approved by Remuneration Committee due to the Company didn't set the Committee up. However, the directors' remuneration has already been compared to other similar industries and taken account of other issues such as business expansion and growing up of profit.

Eventually, it is approved by Board of directors with careful consideration and approved by shareholders through shareholders 'meeting.

Name	Position	Salary& Bonus	
		2012	2013
1. Mr.Huang, Wen-Sung	Chairman of Board	1,400,926	240,000
2. Ms.Lu, Yen-Chuan	Vice Chairman of Board	862,992	120,000
3. Mr.Huang, Ping-Lun	Director	759,311	120,000
4. Mr. Ouyang, Lung	Director	241,372	120,000
5.Mr.Surabhon Kwunchaithunya	Independent director and Chairman of the Audit Committee	309,656	240,000
6. Mr.Jirawat Huang	Independent director and Audit Committee	166,437	120,000
7. Mr.Phiphat Wangphichit	Independent director and Audit Committee	166,437	120,000
Total		3,407,131	1,080,000

2. Other remunerations
-None-

8. Corporate governance

8.1 Policy of corporate governance

Policy of corporate governance of the Company please refer to our website (www.tycons.com) corporate governance of Investor Relations page.

8.2 Report of actions taken in response the corporate governance 2013

1. Rights of Shareholders

The Company values the right of shareholders by convening the shareholders meeting annually as requested by the law. For year 2013, The Company has held the meeting on April 23, 2013 and 7 directors attended the meeting.

The Company has assigned Thailand Securities Depository Company Limited (TSD), the registrar of The Company security, to distribute all the meeting notice to all shareholders 14 days prior to the meeting (April 9, 2013).

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

The Company encouraged the shareholders to express their opinions and ask questions during the 2013 annual shareholders' meeting, in which the directors are responsible for answering the questions. For this particular meeting The Company allow the shareholders to propose the agenda of the meeting on December 17, 2012 to January 17, 2013.

The Company has posted the meeting invitation on the website, www.tycons.com, 30 days prior to 2013 annual shareholders' meeting and posted the minutes of meeting 3 days after the meeting.

2. Equitable Treatment of Shareholders

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

The policy to allow the shareholders to propose the director candidate prior to the meeting on December 17, 2012 to January 17, 2013.

The Board of Directors does not allow directors, managements and related parties of employees to trade The Company's securities one month prior to the announcement of the company financial statement. In 2013, the given parties have strictly complied with the policy.

The Board of Directors has required its members to disclose any of their information related to the related parties and conflict of interest to the board, so that, for the best of the company's benefit, the board can consider company business activity and take a prompt action that might be affected by that information. In 2013, there was no any of information related to the related parties and conflict of interest to the board.

3. Treatment of Stakeholders

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

In 2013, the independent directors did not receive any report concerning problem with the law, the accuracy of the financial statement, internal control system, or ethic.

3. Treatment of stakeholders

The Company has been formulated the policy of corporate social responsibility(refer to item 10 corporate social responsibility), we comprehend the importance of helping and supporting society, community, and maintaining environment continuously; Tycoons also takes consideration of likely influence to stakeholders, such as stockholders、employees, the community where we belongs, customers, suppliers, government, societies and nations; we formulate the direction that allowed employees can participate our corporate social responsibility policy together.

4. Disclosure and Transparency

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

The Company places the timely and accurately disclosure of financial and other information that may affect the share price at priority through SET website. Moreover, the company has also established Investor Relations Office. For investors and those who are interested in obtaining the company's information, they may contact Investor Relation Officer at Tel: 038-636-800-20 or fax: 038-636-822 or iro@tycons.com.

In 2013, IR officer has provided information to parties such as shareholders and analysts in many occasions such as quarterly performance and invest projects.

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

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

5. Responsibilities of the Board

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

Risk Management

The Board of Directors has adopted a risk management system for all material and controllable risk and included the reporting and evaluating system in response the current situation. In 2013, the Board of Directors has considered political and economic risk, which now does not affect the company directly. As for exchange rate, the company has employed forward contract to minimize the risk. All managements are responsible for risk management. In assessing the risk, the chance of occurring and the impact it might create was examined, then prevention measures was proposed. The Company has monitored any possible risks of all departments and then reported to the committee, so that the committee could report to the Board of Directors in time. The company regularly trained the employee and rehearsed its plan such as Emergency Response Plan.

Code of Ethics

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

Independence and Impartiality of Directors

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

Qualifications of Directors

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

Qualifications of Independent Directors

The Board of Directors has set the qualifications of independent directors according to the Stock Exchange of Thailand's requirements. In 2013, Mr. Surabhon Kwunchaithunya, a highly experience person in accounting and financial field, was elected as independent director whose qualification is in line with the requirement.

Composition of the Board of Directors

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

The Chairman of the Board / the Managing Director

The Board of Directors determined that the MD and the Chairman of the Board are different individuals, and their authorities and duties are clearly separated to ensure balance between management and corporate governance..

Terms of Directorship

The term of directorship is three years. Each year, one third of the directors will complete their terms. In 2013, the followings directors retire by rotation and re-elect to return to the office.

- | | |
|----------------------|--|
| 1. Mr. Ou Yang Lung | Director |
| 2. Mr. Jirawat Huang | Independent Director (Audit Committee) |

Board of Directors' Meeting

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

There were 4 times meetings held in 2013. Please see the attendance record of directors.

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

Scope and Responsibility of the Board

The Board of Directors has set a clear scope of responsibility of the board of directors, which is followed strictly by the board.

Internal Control/Audit System

The company has developed the internal control system to monitor and audit the area including finance and operation to ensure that they comply with the law and regulations. It

would provide the balancing mechanism for the company to protect the shareholders' investment and the company asset. The company established internal auditing unit to audit and ensure that all departments are operated in accordance with the regulations, and moreover to assess the efficiency of the auditing work. The board of directors ensured that the internal auditing unit is independent and can serve as balancing mechanism. In 2013, the internal auditor has presented the report on the efficiency of the control system to the board of audit committee and board of directors for review.

8.3 Election of the directors and the management

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

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

The appointment of president of the Company must be approved the Board of directors, and management of the Company directly appointed by the president.

8.4 Supervision operations of its subsidiaries and associates

The Company investment in subsidiaries or associated company must be approved by the Board of directors and authorized the Chairman/directors on behalf of the Company as the Chairman/directors of the subsidiaries and associated company by the proportion of shareholding.

8.5 Supervision of internal information

8.5.1 The company has a policy on supervision of usage of internal company information by its executives and staff for their own benefit. The executives and staff who come to possess internal company information are not permitted to buy or sell the securities of the company 1 month prior to the company announcing its results of operations (financial statements).

8.5.2 Significant information that may affect the price of securities. The company announces its results of operations within 45 days from the end of a financial quarter and 60 days after the end of the accounting year.

8.5.3 The company also requires that its executives prepare and submit to the Office of Securities and Exchange Commission reports on holdings of shares by them, their spouses and underage children, in listed companies in respect of which they are executives (according to the Securities and Exchange Act B.E. 2535 Section 59 and pursuant to Section 275 which stipulates that any director, manager, person who holds a management position or auditor who contravenes or fails to comply with Section 59 shall be liable to a fine not exceeding five hundred thousand Baht and a further fine not exceeding ten thousand Baht for every day during which non-compliance continues).

8.6 Audit remuneration

1). Audit Fee

The company and its subsidiary financial Statement 2013 annual audited fee and quarterly reviewed fee amount 1,585,000 Baht, and the financial Statement 2012 annual audited fee and quarterly reviewed fee amount 1,585,000 Baht.

2). Non-Audit Fee

Reviewed tax return of business 2012 and 2013(Por. Ngor. Dor. 50) and will be paid in 2012 and 2013 amount 225,000 Baht and 247,500 Baht respectively.

9. Corporate Social Responsibilities: CSR

9.1 Policy of corporate social responsibilities

The Company has been formulated the policy of corporate social responsibility(refer to item 10 corporate social responsibility), we comprehend the importance of helping and supporting society, community, and maintaining environment continuously; Tycoons also takes consideration of likely influence to stakeholders, such as stockholders 、 employees, the community where we belongs, customers, suppliers, government, societies and nations; we formulate the direction that allowed employees can participate our corporate social responsibility policy together, there are the following eight points:

1.Equitable Business:

Tycoons complies with laws and regulations, and when we are in the process of manufacturing, we producing the products with safe, reliable, well packaged, good performance and in accordance with standards. To our customers, we abides by the contracts, competes fairly, do product advertising honestly and sincerely, takes response action immediately while clients complains happened, and provides products information

completely and correctly. To our suppliers, we select suppliers fairly. We must follow contracts' arrangements which already committed trading conditions and fulfilled the contracts to complete the transactions. Moreover, we treat suppliers in a impartial manner and create a mutual beneficial situation aggressively. According to corporate governance, we disclose financial information, business situations and organization structure, and respect for intellectual property rights.

2.Principles for countering bribery and against corruption:

We formulate the policy that prohibit company's directors, management levels and staffs conducted or accepted various forms of bribe and corruption, either directly or indirectly, and make sure in accordance with policy to execute and review.

3.Respecting human rights:

We respect the rights of employees and other stakeholders, we have no discrimination with races, colors, religions, genders, nationalities, ages, disability or other situations that been considered as human rights. Our company will esteem human rights appropriately and spread around the corporate operation, to eliminate unfair, discrimination, harass and infringe on various rights.

4.Do justice to employees:

The most important thing in corporate operation is employees, therefore, we should improving employees' job satisfaction and treat every employees in fair, helping their development and obtaining remuneration and appropriate welfare, providing safe and healthy work environment to our employee. The caring responsibilities should include offer necessary facilities of health and emergency first aid, eliminate enforced labor in any forms, repeal child labor, eliminate the discrimination of hired and profession, provide equal opportunities of employment is the company's main responsibilities and regard as the social responsibilities.

5.Take responsible to consumers:

Provide service with high quality, offer safe, useful and applicable products, provide information in correct, on time, and the system of supervision with intact and well-structured, which have characteristics with check and track, it can disclose sufficient information about important issue of company.

6.Environmental protection:

For the sustainable development of the company and the survival of mankind, we fulfill our environmental responsibilities in pollution prevention and environment protection, the Company set up the environmental management system with effective implementation, obey environmental law and enforce to practice, reduce pollution for continuative improvement and pollution prevention of environmental by concerning technique, save resources and valuable resources, enforce prevention of all possible accidents and stop the expanding of accident.

7.Participate community or society developing:

The Company realize level of education, culture, quality of life, safe and sanitation of community, and considering enterprise's operation will influence environment, we will actively participate government and community's activities, contributing to economic welfare of community and social development, encouraging our employees join community's public service activities.

8.Implement innovation about responsibilities for social 、 environmental and stakeholders, and disseminate innovation:

Tycoons will seeking newer, better and timely management and production mode constantly in our operation, improve and implement well corporate governance, create profit to stockholders as feedback, respect the rights of other stakeholders, maintain and improve safety and health of employees, cultivate mutual trust between enterprise and society where we operated in, participation in social care, maintain and improve facilities to saving energy 、 reduce wastewater 、 litter 、 exhaust emissions, reduce pollution, protection of environmental sustainability.

9.2 Implement of corporate social responsibilities

1.Equitable Business:

Our products quality are followed international standard to manufacture, and we acquired certification of ISO9001 quality management systems in 2001 in order to provide safe, effective and applicable products. While our company agree to and sign various kinds of contracts with external parties, we all followed the principle of integrity and mutual benefit, negotiated reasonable contents of contracts, fulfilled commitments of contracts positive. We establish evaluation system for customers and firms for outsourcing, when we signed contracts with others, the rights and obligations for both sides will write down exhaustive. We disclose financial information, business situations and organization structure according to corporate governance.

2.Principles for countering bribery and against corruption:

Our policy for countering bribery and against corruption has been deliberated in progress, and we will propose it in board of directors, make board of directors comprehend they have responsibilities to supervise company's operation should accordance with laws and regulations, the laws and regulations which above-mentioned include do not bribery and do not support the laws related to bribery and corruption, and the board of directors have duty to supervise above-mentioned affairs.

3.Respecting human rights:

We respect the rights of employees and other stakeholders, we have no discrimination with races, colors, religions, genders, nationalities, ages, disability or other situations that been considered as human rights. Our company will esteem human rights appropriately and spread around the corporate operation, to eliminate unfair, discrimination, harass and infringe on various rights.

4. Do justice to employees

We signed official contract of employment with all employees, accordance with employment laws, we gave appropriate remuneration and welfare to employees, we prepared education and training awareness budget every year, and we dedicated to cultivate staff's abilities and upgrade their value. We also set up infirmary and nurses and host physical examination every year to look after employees' safety and health. We do not force labor to violate labor laws, we do not hire child labor, provide equal opportunities of employment, we have no discrimination of genders and races, we treat employees in fair.

5. Take responsible to consumers:

Our products quality are followed international standard to manufacture, we acquired certification of ISO-9001 quality management systems in 2001, and we provide products with safe, effective and applicable. We adopt oracle ERP system and supervise the information of process of production. We can check and trace the efficient of product's quality.

6. Environmental protection:

The Company acquired the ISO - 14001 certification (Environmental Management Systems) in year 2001, The Company take care of the environment and properly treat the wastewater and sewage of manufacturing process by waste water treatment plant, through the treatment system and effluent the water will be tested to ascertain that it meets with the official standards. The waste gas is exhausted after the wet scrubber treatment. Industrial waste is entrusted qualified waste transporter and disposer to disposal. Our job is to reduce the energy use, the generation of waste and pollution during the process of manufacturing.

7. Implement innovation about responsibilities for social 、 environmental and stakeholders, and disseminate innovation:

Each year, the company will report to board of director to review our well corporate governance policy and implementation status, we keep communicate with stakeholders and respect the rights they owned, improve the safety of employees hearing protection, dissemination of community public service activities and encourage employees to participate, improve the blow and draw system of pool deck of pickling, sustainable development to protect the environment.

9.3 Beneficial activities to the community and environment

The Company realize level of education, culture, quality of life, safe and sanitation of community, and considering enterprise's operation will influence environment, we will actively participate government and community's activities, contributing to economic welfare of community and social development, encouraging our employees join community's public service activities.

We, our company participated community public service activities in year 2012 and 2013, such as donated renovation funds for primary school's classrooms and air conditioning equipment, sponsored religious ceremony of folk rituals of traditional cultural heritage, sponsored disabled 、 chronic illnesses patients and donated daily commodity, donate contributions to the red cross society of Rayong as assistance funds of disabled 、

the aged and poverty-stricken people, donated food, drinking water and commodity to victims of huge flood, our employees participate public hiking activities, in order to service for the public, we donated computers and printers to provide residents can easily handle the affairs informatisation, consecrate Buddhist monk's garments and donate contributions.

10 . Internal control and risk management

10.1 At the company's Board of Director meeting No.1/2014 on February 24, 2014 which was attended by the three independent directors and the audit committee members, the board review the opinion of board of the audit committee and evaluated the internal controls of the company by asking certain information of management. The board reviewed the company's internal controls in five key areas:

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

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

10.2 The report of the audit committee of year 2013 as follows:

The audit committee jointly reviewed the 2013 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

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

10.3 Chief of internal auditor of the Company

- (1) Name of chief of internal auditor: Pin- Hung Hsu ,Tony
- (2) Opinion of Board of audit committee to the qualifications of chief of internal auditor
Board of audit committee considered the qualifications of education 、experience of the chief of internal auditor who can perform internal audit positions effectively.
- (3) Appointment, transfer and dismissal of the chief of internal auditor must be approved by the Board of audit committee.

11. Connected transactions

11.1 During the year 2013 and 2012, the company has entered into connected transaction with persons/parties, which may create conflict of interest as follows:

Person who may have conflict of interest Relationship Transaction			Amount of connected transaction (MB)		<i>Pricing policy / Necessity and Appropriateness / Remarks</i>
			2013	2012	
1.Tycoons Group Enterprise (TGE)	Holding 100% Shares of Parent company	Revenue from sale	2,625	1,868	<p>The audit committee reviewed and commented as follows:</p> <p>(1) Sales-for wire rod and annealed wire and screw the market in Taiwan is substantially large relative to Thai market, thus motivating TYCN selling to TGE in Taiwan. Some of wire rod and annealed wire sold to TGE will be used internally whilst most of it will be on sold to Taiwanese customers. The logic behind selling through TGE is due to TGE's long-term relationships and profile with Taiwanese customers. This arrangement mean that it is not necessary for TYCN to build up its own recognition with Taiwanese customers or need to invest in marketing in Taiwanese market.</p> <p>(2) Materials, supplies and fixed assets.-The audit committee reviewed and commented that purchase item from the parent company is considered to be normal trading, in which TGE provides the minority raw material(apart from main raw material consisting of billet). Specifically, the chemical component cannot be acquired locally, thus necessitating TYCN to purchase in large quantities from TGE. It is recognized that Taiwan is the leader in machinery production for the screws and annealed wire, therefore machinery parts will are sourced in Taiwan via TGE. As a result, imports of both items from TGE is considered to be reasonable.</p> <p>(3) Credit terms for the related party was set to be 30 days, because of the transportation, inventory and re-sale period of TGE to end-customers.</p> <p>(4) The pricing policy for inter company purchase and sale transactions with its related parties normal are at market price.</p>
		Total Purchase of raw material and supplies	296	218	
		Purchases of assets	0	24	
2.Tycoons Group International (TGI)	Parent company	Total Purchase of raw material and supplies	1,881	1,086	
		Revenue from sale	-	-	
3.TY Steel Company Limited	41.77% owned of TYCN	Sale of land	-	98	
		Total Purchase of raw material and supplies	-	-	
4.Jing Hai Hardware Co., Ltd.	19.75% owned of parent company	Sales	83	-	
		Total purchase of raw material and supplies	56	-	

11.2 Measures/Procedures of approving connected transactions

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

11.3 Policy or trend of connected transactions

Should there be future connected transaction between the company and its parent company or subsidiaries apart from those normal trades that might involve parties with conflicts of interest, the company will seek the opinion of the audit committee regarding the necessity of and accountability for such proposed transaction. In the event that the audit committee does not have the requisite expertise to evaluate the transaction, the company will seek the opinions of independent experts or its auditors. The board of directors will take into consideration such opinions. The company will also include any such transactions in the notes to its financial statements, which are audited by the company's auditors.

In making future connected transactions, the company's directors will also comply with the laws on securities and the regulations, announcements, orders and notifications of the SET and SEC, as well as the regulations regarding disclosure of connected transactions and acquisitions and dispositions of significant assets of a listed company.

12. Significant of financial statement

12.1 Financial statements

(million THB)

Balance Sheet	Consolidated			Separate		
Transactions	2013	2012	2011	2013	2012	2011
<u>CURRENT ASSETS</u>						
Cash and cash equivalents	167.27	669.46	548.95	167.27	669.46	548.95
Trade accounts receivable, net	380.84	378.18	394.60	380.84	378.18	394.6
Inventories - net	2,457.41	3,502.52	3,458.65	2,457.41	3,502.51	3,458.65
Other current assets	87.06	170.08	99.59	87.06	170.08	99.59
<i>Total Current Assets</i>	<i>3,092.58</i>	<i>4,720.24</i>	<i>4,501.79</i>	<i>3,092.58</i>	<i>4,720.23</i>	<i>4,501.79</i>
<u>NON CURRENT ASSETS</u>						
Restricted bank deposit	174.24	91.5	86.5	174.24	91.50	86.50
Investment in a subsidiary	-	-	-	61.37	97.39	97.39
Investment in an associated	373.12	216.11	90.84	417.99	229.90	104.50
Other long-term investment	62.42	91.90	95.07	-	-	-
Property, plant and equipment-net	5,184.78	5,430.81	5,705.87	5,184.78	5,430.81	5,705.87
Intangible assets, net	0.50	0.73	0.24	0.50	0.73	0.24
Deferred tax assets	113.00	162.28	161.55	113.00	162.28	161.55
Other non-current assets	13.56	16.15	18.09	13.56	16.15	18.09
<i>Total Non-current Assets</i>	<i>5,921.62</i>	<i>6,009.48</i>	<i>6,158.16</i>	<i>5,965.44</i>	<i>6,028.76</i>	<i>6,174.14</i>
Total assets	9,014.20	10,729.72	10,659.95	9,058.02	10,748.99	10,675.93
<u>CURRENT LIABILITIES</u>						
Short-term loan from financial institutions	1,805.32	2,473.77	2,166.45	1,805.32	2,473.77	2,166.45
Trade accounts payable	1,119.95	1,232.86	730.64	1,119.95	1,232.86	730.64
Current portion of long-term loans	226.12	762.00	332.00	226.12	762.00	332.00
Current portion of hire purchase creditors	2.98	2.23	1.16	2.98	2.23	1.16
Other current liabilities	77.19	146.30	110.48	77.19	146.30	110.48
<i>Total current liabilities</i>	<i>3,231.56</i>	<i>4,617.16</i>	<i>3,340.73</i>	<i>3,231.56</i>	<i>4,617.16</i>	<i>3,340.73</i>
<u>NON-CURRENT LIABILITIES</u>						
Hire purchase creditors	4.86	5.34	2.06	4.86	5.34	2.06
Long-term loan	281.77	40.00	802.00	281.77	40.00	802.00
Provision of long-term employee benefits	14.82	13.22	11.67	14.82	13.22	11.67
<i>Total Non-current liabilities</i>	<i>301.45</i>	<i>58.56</i>	<i>815.73</i>	<i>301.44</i>	<i>58.56</i>	<i>815.73</i>
Total liabilities	3,533.00	4,675.72	4,156.46	3,533.00	4,675.72	4,156.46
<u>SHAREHOLDERS' EQUITY</u>						
Authorized 603,503,900 common shares, Bath 10 par value	6,035.04	6,035.04	6,035.04	6,035.04	6,035.04	6,035.04
Issued 603,503,900 common shares, fully paid	6,035.04	6,035.04	6,035.04	6,035.04	6,035.04	6,035.04
Premium common shares	-	-	-	-	-	-
Premium on treasury stock	-	-	-	-	-	-
Translation adjustment	1.04	-5.50	-2.32	-	-	-
Retained Earnings	-507.36	71.99	472.70	-462.49	85.76	486.35
Treasury ordinary shares	-47.53	-47.53	-1.93	-47.53	-47.53	-1.93
<i>Total shareholders' equity</i>	<i>5,481.19</i>	<i>6,054.00</i>	<i>6,503.49</i>	<i>5,525.02</i>	<i>6,073.27</i>	<i>6,519.46</i>
Total liabilities and shareholders' equity	9,014.20	10,729.72	10,659.95	9,058.02	10,748.99	10,675.93

12.2 Income statement and Cash flow

('million THB)

Income statement and Cash flow	Consolidated			Separate		
Transaction	2013	2012	2011	2013	2012	2011
Revenue from sales-net	9,195.70	9,431.49	8,680.88	9,195.70	9,431.49	8,680.88
Other income	22.64	30.80	42.62	22.64	30.80	42.62
Total revenues	9,218.34	9,462.29	8,723.50	9,218.34	9,462.29	8,723.50
Cost of sales	9,108.16	9,461.49	7,868.75	9,108.16	9,461.49	7,868.75
Selling and administrative expenses	369.89	360.41	370.45	369.89	360.41	370.45
Other expense	156.40	-59.74	129.35	156.40	-59.74	129.35
Total expenses	9,634.45	9,762.16	8,368.55	9,634.45	9,762.16	8,368.55
Profit before share of loss & finance cost	-416.11	-299.87	354.95	-416.11	-299.87	354.95
Share of loss from investment in an associated	-31.09	-0.12	-13.66	-	-	-
Finance Cost	82.87	101.45	108.67	82.87	101.45	108.67
Loss before income tax income	-530.07	-401.44	232.62	-498.98	-401.32	246.28
Income tax income (expenses)	-49.28	0.73	-	-49.28	0.73	-
Loss for the period	-579.35	-400.71	232.62	-548.26	-400.59	246.28
Basic earning (loss) per share	-0.97	-0.67	0.39	-0.92	-0.67	0.41
The weighted average number of common shares	598.98	598.98	603.5	598.98	598.98	603.50
Net cash flow from operating	1,011.12	418.69	-104.54	1,011.12	418.69	-104.54
Net cash flow from investing	-404.06	-122.58	-150.52	-404.06	-122.58	-150.52
Net cash flow from financing	-1,109.25	-175.60	455.55	-1,109.25	-175.60	455.55
Increase in translation adjustment	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-502.19	120.51	200.49	-502.19	120.51	200.49

12.3 Financial ratios

Ratios	Consolidated			Separate		
	2013	2012	2011	2013	2012	2011
<u>Liquidity</u>						
Current ratio (times)	0.96	1.02	1.35	0.96	1.02	1.35
Quick ratio (times)	0.17	0.23	0.29	0.17	0.23	0.29
Accounts receivable turnover (times)	24.23	24.41	22.95	24.23	24.41	22.95
A/R collection period (days)	14.86	14.75	15.90	14.86	14.75	15.90
Inventory turnover (times)	3.06	2.72	2.30	3.06	2.72	2.30
Days sales outstanding (days)	117.78	132.43	158.62	117.78	132.43	158.62
Accounts payable turnover (times)	7.74	9.64	7.90	7.74	9.64	7.90
Payment period (days)	46.50	37.35	46.29	46.50	37.35	46.29
Cash Cycle (days)	86.14	109.83	128.32	86.14	109.83	128.32
<u>Profitability</u>						
Gross profit margin (%)	0.95	-0.32	9.36	0.95	-0.32	9.36
Cost of goods sold to sales (%)	99.05	100.32	90.64	99.05	100.32	90.64
Operating profit margin (%)	-3.07	-4.15	5.09	-3.07	-4.15	5.09
Net income margin (%)	-6.30	-4.33	2.68	-5.96	-4.26	2.68
Return on equity (%)	-10.04	-6.69	3.73	-9.45	-6.54	3.73
Earning Per Share (Weighted Average)	-0.97	-0.67	0.39	-0.92	-0.67	0.41
Book Value Per Share (BVPS)	9.15	9.82	10.51	9.22	9.87	10.54
<u>Efficiency</u>						
Return on total assets (%)	-5.87	-3.88	3.28	-5.54	-3.80	3.41
Return on fixed assets (%)	-5.79	-2.19	1.49	-5.20	-2.06	1.49
Total asset turnover (times)	0.93	0.90	0.83	0.93	0.89	0.83
<u>Financial policy</u>						
Debt to equity ratio (times)	0.64	0.77	0.65	0.64	0.77	0.65
Dividend payout ratio (%)	-	-	-	-	-	-
<u>Growth rate (%)</u>						
Assets	-15.99	0.66	1.72	-15.73	0.69	1.80
Liabilities	-24.44	12.49	-1.15	-24.44	12.49	-1.15
Net Sale	-2.50	8.65	41.54	-2.50	8.65	41.54
Cost of goods sold	-3.73	20.24	38.89	-3.73	20.24	38.89
Selling and general administrative expenses	2.63	-2.56	11.45	2.63	-2.56	11.45
Net income	-44.58	-272.26	-40.65	-36.86	-262.65	-37.16
Gross profit	391.82	-103.69	73.76	391.82	-103.69	73.67

13. Management discussion and analysis (MD&A)

13.1 Overall past performance

In year 2013, net sales decreased by 2.5% from 9,432 to 9,196 MB. This in total sales is attributable as to 37.66% to domestic and as to 62.34% in international sales. Since the steel industry was still recession, the sale price of steel products was declined. The net loss of 2013 was 579MB increased by 44.39% compared to net loss 401MB of 2012, it's because the gross profit cannot increase effectively and recognized impairment loss on fixed assets and long-term investment, loss on exchange. In 2012, sales revenue was 9,432 MB increased by 8.65% compared to 8,680MB in 2011. Since the steel industry was recession, demand decreased, the selling price of steel products was declined result in sale volume increased. The net loss of 2012 was 401MB decreased by 262.95% compared to 246MB of 2011, it's because the selling price of steel products declined.

TYCN began operations in 1999 with its world-class middle stream to downstream vertically integrated plant in Thailand. As it has the highest capacity among Thai wire rod producers, TYCN's initial utilization was only 50%, thereafter, as it began to accumulate experience, TYCN accelerated its utilization rate to be 93% in 2004. TYCN's capacity utilization rate was 41%- 67 % in 2011-2013 because of the steel industry was still recession, demand of steel products decrease.

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

13.2 Performance by product group

(1) Revenue from sales

Sales revenue of 2013 was 9,196MB decreased by 2.5% compared to 9,432 MB of 2012, because the steel industry was still recession, sale price of steel products was declined. Sales revenue of 2012 was 9,432MB increased by 8.65% compared to 8,680 of 2011. This was the selling price of steel products was declined result in sale volume increased compared to 2011.

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

Revenue from wire rods in year 2013 was 5,205MB, decreased by 11% compared to 2012. Revenue from wire rods in 2012 was 5,840MB, a 22% increase from 2011.

Revenue from annealed wire in 2013 was 1,659MB, increased by 12% compared to 2012. The sales of 2012 was 1,478MB, a 19% decrease from 2011.

Revenue from screws in 2013 was 902 MB, increased by 28% compared to 2012. The reason for this was sale price decline and sale volume increase. In 2012, revenue from sales screws was 704 MB, increase by 10% compared to 2011.

Revenue from bolts in 2013 was 1,389MB, increased by 4% compared to 2012. In 2012 was 1,331 MB, increased by 20% compared to 2011.

(2) Expenses

Cost of sales

Cost of sales is primarily composed of conversion cost and raw materials, of which billet is the main component. In year 2013, costs of sales were 9,108 MB, decreased by 3.74% compared to year 2012. This was mainly because of the unit cost of products decline

Selling and administrative expenses (SG&A)

In year 2013, selling and administrative expenses were 370MB, a 2.63% increase from year 2012, as a result of the SG&A as a percentage of sales was 4%, and 4% in 2013 and 2012 respectively. The major components of SG&A are depreciation, salary and wages as well as transportation costs, which vary directly with sales volume. In 2013 SG&A were increased resulted from administration expenses increase.

(3) Profit

Gross profit

In 2013, gross profit was 87MB, gross profit margin rate of 2013 was 0.95% increased from -0.32% of 2012 resulted from the extent of unit cost of sale decline was lower than the extent of sale price decline. In 2012 gross margin rate decreased from 9.36% of 2011 to -0.32% of 2012, resulted from sale price declined

Operating profit

Operating profit in 2013 was -282 MB, the rate increased from -4.14% of 2012 to -3.07% of 2013, resulted from gross profit cannot increase effectively, and operating profit was negative. As for 2012, the rate was -4.14% decreased from 5.09 % of 2011, resulted from sale price declined.

Net income

Net income in 2013 was -579 MB, net income rate decreased from -4.25% of 2012 to -6.30% of 2013. The net income -579MB of 2013 mainly resulted from the steel industry was still recession, the sale price of steel products was declined and recognized impairment loss on fixed assets and long-term investment, losses on exchange.

13.3 Financial status

(1) Assets

Composition

As of December 31 2013, TYCN's had total assets 9,014MB, decreased by 15.99% with amount 1,715MB compared to 2012. The major items accounting for this assets

decrease was cash and cash equivalents, inventory, valued added tax refunded and property, plant and equipment.

As of December 31 2012, TYCN's had total assets 10,730MB, increased by 0.66% amounted 70 MB compared to 2011. The major items accounting for this assets increase was cash and cash equivalents, investment in an associate and decrease was property, plant and equipment .

Current assets of 2013 was 3,092MB decreased by 34.49% with amount 1,628MB compared to 2012. This is mainly due to decrease of cash and cash equivalents, inventory and valued added tax refundable.

Non-current assets of 2013 was 5,922MB, decrease by 1.46% with amount 88 MB compared to 2012, the reason was the depreciation expense of fixed assets increase.

Quality of assets

a) Assets

At each reporting date, the Company performs impairment reviews in respect of the properly, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

b) Accounts receivable

As of December 31, 2013 accounts receivable amounted to 464 MB, which could be broken down into A/R of unrelated parties 363MB and A/R of related party 101MB and. A/R amounted to 478MB in 2012 which could be broken down into A/R of unrelated parties 431MB and A/R from related party 47MB. The normal credit term granted by the Company for related parties is 30 days while credit term for other parties varies from 10 - 75 days. New clients as well as customers whose payments are overdue will be subject to make a payment equal to a certain percentage of the purchase amount before shipment.

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

	Unit: MB	
	Dec 31, 2013	Dec 31, 2012
Inter- company A/R	101	47
A/R –unrelated parties	363	431
Total A/R	464	478
Aging of A/R-unrelated parties		
Less than and up to 3 months	276	326
Over 3 months up to 6 months	0.1	0.2
Over 6 months up to 12 months	0.3	0.1
Over 12 months	87	105
Sub-total	363	431
Less Allowance for doubtful A/C	(86)	(105)

Accounts Receivable turnover has been decreased from 24.41 times of year 2012 to 24.23 times of year 2013. It's because of sales and account receivable little change in year 2013 and 2012. Besides, the total amount of A/R stayed stable resulted in A/R collection period decline 0.11 days from 14.75 days of year 2012 to 14.86 days of year 2013.

(2) Liquidity

Cash flow

TYCN had a net decrease in cash and cash equivalents at year-end 2013 of -502MB. Cash and cash equivalents at the end of 2013 amounted 167MB the change in cash flow amount was due to:

Net cash flow from operating	1,011 MB
Net cash flow from investing	-404 MB
Net cash flow from financing	-1,109 MB
Net decrease in cash	-502 MB

Net cash flow from investing decreased by 404MB mainly because of increase in cash paid for investment in associate, acquisition of plant and equipment and restricted bank deposits.

Net cash flow from operating activities was increase 1,011MB, mostly due to inventory decrease.

Net cash flow from financing activities decreased by 1,109MB mainly because of payment of interest expenses, repayment of short-term loans from financial institutions and repayment of long-term loans.

Liquidity ratios

The company's current ratio has been decreasing standing at 0.96 and 1.02 in the years 2013 and 2012 respectively, because of ratio of current assets decreased more than ratio of current liabilities.

Effects from the maturity of current liabilities on the liquidity

In 2013, short-term loans from financial institutions and trade and other payables as well as current portion of long-term loans have accounted for a large proportion of current liabilities. These first two items are payable within one year. As mentioned before, however, these loans were used to purchase raw materials for normal business operations. As a result, the company believes that the short-term maturity of such current liabilities should not adversely affect the company's liquidity.

Accounts payable turnover has been decreased from 9.64 times of year 2012 to 7.74 times of year 2013. It's because of period of repaid accounts payable got longer, therefore, the payment period increase 9 days from 37.5 days of year 2012 to 46.5 days of year 2013.

(3) Capital expenditure

Capital expenditures amounted to 142MB and 101MB for the year 2013 and 2012, respectively.

(4) Sources of funds**Funds structure**

The debt to equity ratio was 0.64 and 0.77 between the years 2013 and 2012. The debt to assets ratio was 0.39 and 0.44 between 2013 and 2012. This indicated that TYCN had only a small amount of risk and a healthy balance sheet.

Shareholders' equity

As of December 31, 2013, shareholders' equity was 5,481 MB, a decrease of 9.46% or 573MB from year 2012. This was due to net loss in 2013.

Liabilities

At the end of 2013, TYCN's liabilities amounted to 3,533 MB, which is equivalent to 39.19 % of liabilities and shareholder's equity, and company's long-term Liabilities and equity was 5,763 MB, or 111% of net fixed assets. This indicates that TYCN had a healthy financial structure.

(5) Factors potentially affecting company's performance in the future

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

13.4 Financial Statements

If investors want to learn more information about issuing company, please review the registration statements for the year (56-1) on the website www.sec.co.th.

Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated 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 explanatory information, and have also audited the separate financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited for the same period.

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 my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary, and of Tycoons Worldwide Group (Thailand) Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3 to the financial statements regarding the change in accounting policy made due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change in accounting policy. The Company has also presented consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 24 February 2014

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

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	8	167,272,795	669,460,736	548,951,347	167,269,047	669,457,237	548,947,727
Trade and other receivables	9	380,837,605	378,183,684	394,596,942	380,837,605	378,183,684	394,596,942
Inventories	10	2,457,415,837	3,502,514,644	3,458,648,598	2,457,415,837	3,502,514,644	3,458,648,598
Advance payments for goods and services	11	58,498,658	68,363,967	22,901,294	58,498,658	68,363,967	22,901,294
Valued added tax refundable		8,303,667	98,710,234	47,828,982	8,303,667	98,710,234	47,828,982
Other current assets		20,255,532	3,003,786	28,857,326	20,255,532	3,003,786	28,857,326
Total current assets		3,092,584,094	4,720,237,051	4,501,784,489	3,092,580,346	4,720,233,552	4,501,780,869
Non-current assets							
Restricted bank deposits	12	174,239,673	91,500,000	86,500,000	174,239,673	91,500,000	86,500,000
Investment in subsidiary	13	-	-	-	61,372,575	97,394,980	97,394,980
Investment in associate	14	373,117,933	216,116,881	90,840,293	417,991,970	229,895,584	104,499,985
Other long-term investment	15	62,418,395	91,894,800	95,073,600	-	-	-
Property, plant and equipment	16	5,184,778,335	5,430,808,797	5,705,870,519	5,184,778,335	5,430,808,797	5,705,870,519
Intangible assets		502,885	731,256	236,533	502,885	731,256	236,533
Deferred tax assets	4,25	113,000,000	162,280,688	161,551,455	113,000,000	162,280,688	161,551,455
Other non-current assets		13,559,339	16,153,418	18,091,686	13,559,339	16,153,418	18,091,686
Total non-current assets		5,921,616,560	6,009,485,840	6,158,164,086	5,965,444,777	6,028,764,723	6,174,145,158
Total assets		9,014,200,654	10,729,722,891	10,659,948,575	9,058,025,123	10,748,998,275	10,675,926,027

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

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

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		<u>31 December 2013</u>	<u>31 December 2012</u>	<u>1 January 2012</u>	<u>31 December 2013</u>	<u>31 December 2012</u>	<u>1 January 2012</u>
			(Restated)			(Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	17	1,805,318,198	2,473,774,913	2,166,446,319	1,805,318,198	2,473,774,913	2,166,446,319
Trade and other payables	18	1,119,946,661	1,232,855,270	730,637,223	1,119,946,661	1,232,855,270	730,637,223
Current portion of long-term loans from financial institutions	19	226,121,633	762,000,000	332,000,000	226,121,633	762,000,000	332,000,000
Current portion of liabilities under finance lease agreements		2,983,355	2,233,655	1,161,508	2,983,355	2,233,655	1,161,508
Advance received from customers		60,311,863	112,691,040	65,058,551	60,311,863	112,691,040	65,058,551
Provision for loss from raw material purchase contracts	20	6,064,605	11,720,694	25,408,365	6,064,605	11,720,694	25,408,365
Other current liabilities		10,814,007	21,886,749	20,021,560	10,814,007	21,886,749	20,021,560
Total current liabilities		<u>3,231,560,322</u>	<u>4,617,162,321</u>	<u>3,340,733,526</u>	<u>3,231,560,322</u>	<u>4,617,162,321</u>	<u>3,340,733,526</u>
Non-current liabilities							
Long-term loans from financial institutions - net of current portion	19	281,775,847	40,000,000	802,000,000	281,775,847	40,000,000	802,000,000
Liabilities under finance lease agreements - net of current portion		4,857,455	5,343,353	2,055,615	4,857,455	5,343,353	2,055,615
Provision for long-term employee benefits	21	14,815,073	13,217,940	11,670,584	14,815,073	13,217,940	11,670,584
Total non-current liabilities		<u>301,448,375</u>	<u>58,561,293</u>	<u>815,726,199</u>	<u>301,448,375</u>	<u>58,561,293</u>	<u>815,726,199</u>
Total liabilities		<u>3,533,008,697</u>	<u>4,675,723,614</u>	<u>4,156,459,725</u>	<u>3,533,008,697</u>	<u>4,675,723,614</u>	<u>4,156,459,725</u>

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

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

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
Shareholders' equity							
Share capital							
Registered							
603,503,900 ordinary shares of Baht 10 each		6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000
Issued and fully paid							
603,503,900 ordinary shares of Baht 10 each		6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000	6,035,039,000
Treasury shares	22	(47,531,810)	(47,531,810)	-1,927,105	(47,531,810)	(47,531,810)	-1,927,105
Retained earnings							
Appropriated							
Statutory reserve	23	16,832,439	16,832,439	16,832,439	16,832,439	16,832,439	16,832,439
Treasury share reserve	22	47,531,810	47,531,810	1,927,105	47,531,810	47,531,810	1,927,105
Unappropriated (deficits)		-571,725,100	7,628,469	453,939,121	(526,855,013)	21,403,222	467,594,863
Exchange differences on translation of							
financial statements in foreign currency		1,045,618	(5,500,631)	-2,321,710	-	-	-
Total shareholders' equity		5,481,191,957	6,053,999,277	6,503,488,850	5,525,016,426	6,073,274,661	6,519,466,302
Total liabilities and shareholders' equity		9,014,200,654	10,729,722,891	10,659,948,575	9,058,025,123	10,748,998,275	10,675,926,027
		-	-	-	-	-	-

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

Directors

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

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(Restated)		(Restated)
Revenues					
Sales		9,195,700,002	9,431,492,157	9,195,700,002	9,431,492,157
Interest income		6,903,323	8,020,417	6,903,323	8,020,417
Other income		15,740,943	22,778,860	15,740,943	22,778,860
Total revenues		<u>9,218,344,268</u>	<u>9,462,291,434</u>	<u>9,218,344,268</u>	<u>9,462,291,434</u>
Expenses					
Cost of sales		9,108,163,672	9,461,489,134	9,108,163,672	9,461,489,134
Reversal of decrease of inventory to net realisable value		(69,513,000)	(2,729,064)	(69,513,000)	(2,729,064)
		9,038,650,672	9,458,760,070	9,038,650,672	9,458,760,070
Selling expenses		225,953,570	226,915,624	225,953,570	226,915,624
Administrative expenses		143,938,847	133,493,088	143,938,847	133,493,088
Bad debt		9,018,998	-	9,018,998	-
Reversal of allowance for doubtful accounts		(18,165,910)	(11,566,077)	(18,165,910)	(11,566,077)
Reversal of losses from raw material purchase contracts	20	(5,656,089)	(13,687,671)	(5,656,089)	(13,687,671)
Impairment loss on investment in subsidiary	13	-	-	36,022,405	-
Impairment loss on investment in other long-term investment	15	36,022,405	-	-	-
Impairment loss on fixed assets	16	82,434,237	-	82,434,237	-
Losses on disposal and write-off of equipment		37,534,155	568,349	37,534,155	568,349
Losses (gains) on exchange		84,723,140	(32,326,104)	84,723,140	(32,326,104)
Total expenses		<u>9,634,454,025</u>	<u>9,762,157,279</u>	<u>9,634,454,025</u>	<u>9,762,157,279</u>
Loss before share of loss from investment					
in associate, finance cost and income tax expenses		(416,109,757)	(299,865,845)	(416,109,757)	(299,865,845)
Share of loss from investment in associate	14	(31,095,334)	(119,011)	-	-
Loss before finance cost and income tax expenses		<u>(447,205,091)</u>	<u>(299,984,856)</u>	<u>(416,109,757)</u>	<u>(299,865,845)</u>
Finance cost		(82,867,790)	(101,450,324)	(82,867,790)	(101,450,324)
Loss before income tax expenses		<u>(530,072,881)</u>	<u>(401,435,180)</u>	<u>(498,977,547)</u>	<u>(401,316,169)</u>
Income tax income (expenses)	25	(49,280,688)	729,233	(49,280,688)	729,233
Loss for the year		<u>(579,353,569)</u>	<u>(400,705,947)</u>	<u>(548,258,235)</u>	<u>(400,586,936)</u>
Other comprehensive income:					
Exchange differences on translation of					
financial statements in foreign currency		6,546,249	(3,178,921)	-	-
Other comprehensive income for the year		<u>6,546,249</u>	<u>(3,178,921)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(572,807,320)</u>	<u>(403,884,868)</u>	<u>(548,258,235)</u>	<u>(400,586,936)</u>

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

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

Statement of comprehensive income (Continued)

For the year ended 31 December 2013

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(Restated)		(Restated)
Loss attributable to:					
Equity holders of the Company		<u>(579,353,569)</u>	<u>(400,705,947)</u>	<u>(548,258,235)</u>	<u>(400,586,936)</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>(572,807,320)</u>	<u>(403,884,868)</u>	<u>(548,258,235)</u>	<u>(400,586,936)</u>
Earnings per share					
Basic loss per share					
Loss attributable to equity holders of the Company	26	<u>(0.97)</u>	<u>(0.67)</u>	<u>(0.92)</u>	<u>(0.67)</u>

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

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

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements						
	Issued and paid-up share capital	Treasury shares	Retained earnings			Other comprehensive income	Total shareholders' equity
			Statutory reserve	Treasury shares reserve	Unappropriated (deficits)	Exchange differences	
						on translation of financial statements in foreign currency	
Balance as at 31 December 2011 - as previously reported	6,035,039,000	(1,927,105)	16,832,439	1,927,105	292,387,666	(2,321,710)	6,341,937,395
Cumulative effect of the change in accounting policy for income tax (Note 4)	-	-	-	-	161,551,455	-	161,551,455
Balance as at 31 December 2011 - as restated	6,035,039,000	(1,927,105)	16,832,439	1,927,105	453,939,121	(2,321,710)	6,503,488,850
Treasury shares (Note 22)	-	(45,604,705)	-	-	-	-	(45,604,705)
Unappropriated retained earnings transferred to treasury shares reserve (Note 22)	-	-	-	45,604,705	(45,604,705)	-	-
Total comprehensive income for the year - restated	-	-	-	-	(400,705,947)	(3,178,921)	(403,884,868)
Balance as at 31 December 2012 - as restated	<u>6,035,039,000</u>	<u>(47,531,810)</u>	<u>16,832,439</u>	<u>47,531,810</u>	<u>7,628,469</u>	<u>(5,500,631)</u>	<u>6,053,999,277</u>
Balance as at 31 December 2012 - as previously reported	6,035,039,000	(47,531,810)	16,832,439	47,531,810	(154,652,219)	(5,500,631)	5,891,718,589
Cumulative effect of the change in accounting policy for income tax (Note 4)	-	-	-	-	162,280,688	-	162,280,688
Balance as at 31 December 2012 - as restated	6,035,039,000	(47,531,810)	16,832,439	47,531,810	7,628,469	(5,500,631)	6,053,999,277
Total comprehensive income for the year	-	-	-	-	(579,353,569)	6,546,249	(572,807,320)
Balance as at 31 December 2013	<u>6,035,039,000</u>	<u>(47,531,810)</u>	<u>16,832,439</u>	<u>47,531,810</u>	<u>(571,725,100)</u>	<u>1,045,618</u>	<u>5,481,191,957</u>
							-

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

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Treasury shares	Statutory reserve	Retained earnings Treasury shares reserve	Unappropriated (deficits)	
Balance as at 31 December 2011 - as previously reported	6,035,039,000	(1,927,105)	16,832,439	1,927,105	306,043,408	6,357,914,847
Cumulative effect of the change in accounting policy for income tax (Note 4)	-	-	-	-	161,551,455	161,551,455
Balance as at 31 December 2011 - as restated	6,035,039,000	(1,927,105)	16,832,439	1,927,105	467,594,863	6,519,466,302
Treasury shares (Note 22)	-	(45,604,705)	-	-	-	(45,604,705)
Unappropriated retained earnings transferred to treasury shares reserve (Note 22)	-	-	-	45,604,705	(45,604,705)	-
Total comprehensive income for the year - as restated	-	-	-	-	(400,586,936)	(400,586,936)
Balance as at 31 December 2012 - as restated	6,035,039,000	(47,531,810)	16,832,439	47,531,810	21,403,222	6,073,274,661
Balance as at 31 December 2012 - as previously reported	6,035,039,000	(47,531,810)	16,832,439	47,531,810	(140,877,466)	5,910,993,973
Cumulative effect of the change in accounting policy for income tax (Note 4)	-	-	-	-	162,280,688	162,280,688
Balance as at 31 December 2012 - as restated	6,035,039,000	(47,531,810)	16,832,439	47,531,810	21,403,222	6,073,274,661
Total comprehensive income for the year	-	-	-	-	(548,258,235)	(548,258,235)
Balance as at 31 December 2013	6,035,039,000	(47,531,810)	16,832,439	47,531,810	(526,855,013)	5,525,016,426

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

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

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities				
Loss before tax	(530,072,881)	(401,435,180)	(498,977,547)	(401,316,169)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation	271,995,845	286,547,264	271,995,845	286,547,264
Amortisation	12,769,194	11,784,747	12,769,194	11,784,747
Bad debt	9,018,998	-	9,018,998	-
Reversal of allowance for doubtful accounts	(18,165,910)	(11,566,077)	(18,165,910)	(11,566,077)
Reversal of decrease of inventories to net realisable value	(69,513,000)	(2,729,064)	(69,513,000)	(2,729,064)
Reversal of losses from raw material purchase contracts	(5,656,089)	(13,687,671)	(5,656,089)	(13,687,671)
Losses on disposal and write-off of equipment	36,543,986	568,350	36,543,986	568,350
Impairment loss on investment in subsidiary	-	-	36,022,405	-
Impairment loss on investment in other long-term investment	36,022,405	-	-	-
Impairment loss on fixed assets	82,434,237	-	82,434,237	-
Share of loss from investment in associate	31,095,334	119,011	-	-
Unrealised gains on fair value of derivatives	(12,069,378)	(314,243)	(12,069,378)	(314,243)
Provision for long-term employee benefits	1,197,850	1,547,356	1,197,850	1,547,356
Unrealised losses (gain) on exchange	82,514,485	(773,585)	82,514,485	(773,585)
Interest income	(6,903,323)	(8,020,417)	(6,903,323)	(8,020,417)
Interest expenses	<u>76,991,926</u>	<u>95,191,686</u>	<u>76,991,926</u>	<u>95,191,686</u>
Loss from operating activities before changes in operating assets and liabilities	(1,796,321)	(42,767,823)	(1,796,321)	(42,767,823)
Operating assets (increase) decrease				
Trade and other receivables	11,596,591	28,415,804	11,596,591	28,415,804
Inventories	1,114,611,807	(41,136,982)	1,114,611,807	(41,136,982)
Other current assets	95,089,508	(69,845,779)	95,089,508	(69,845,779)
Other non-current assets	(9,946,744)	(10,341,202)	(9,946,744)	(10,341,202)
Operating liabilities increase (decrease)				
Trade and other payables	(135,380,111)	505,201,970	(135,380,111)	505,201,970
Other current liabilities	<u>(63,052,636)</u>	<u>49,167,315</u>	<u>(63,052,636)</u>	<u>49,167,315</u>
Net cash flows from operating activities	<u>1,011,122,094</u>	<u>418,693,303</u>	<u>1,011,122,094</u>	<u>418,693,303</u>

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

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

Cash flow statement (continued)

For the years ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Increase in restricted bank deposits	(82,739,673)	(5,000,000)	(82,739,673)	(5,000,000)
Cash paid for investment in associate	(188,096,386)	(125,395,599)	(188,096,386)	(125,395,599)
Acquisition of plant and equipment	(142,391,034)	(101,449,818)	(142,391,034)	(101,449,818)
Interest income	6,958,615	8,166,977	6,958,615	8,166,977
Proceeds from sales of equipment	<u>2,210,168</u>	<u>101,094,778</u>	<u>2,210,168</u>	<u>101,094,778</u>
Net cash flows used in investing activities	<u>(404,058,310)</u>	<u>(122,583,662)</u>	<u>(404,058,310)</u>	<u>(122,583,662)</u>
Cash flows from financing activities				
Payment of interest expenses	(79,941,139)	(98,674,902)	(79,941,139)	(98,674,902)
Increase (decrease) of short-term loans from financial institutions	(730,771,730)	307,481,410	(730,771,730)	307,481,410
Repayment of long-term loans	(294,102,520)	(332,000,000)	(294,102,520)	(332,000,000)
Repayment of liabilities under finance lease agreements	(4,436,585)	(6,801,934)	(4,436,585)	(6,801,934)
Cash paid to purchase treasury shares	<u>-</u>	<u>(45,604,705)</u>	<u>-</u>	<u>(45,604,705)</u>
Net cash flows used in financing activities	<u>(1,109,251,974)</u>	<u>(175,600,131)</u>	<u>(1,109,251,974)</u>	<u>(175,600,131)</u>
Increase (decrease) in translation adjustments	<u>249</u>	<u>(121)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(502,187,941)</u>	<u>120,509,389</u>	<u>(502,188,190)</u>	<u>120,509,510</u>
Cash and cash equivalents at beginning of year	<u>669,460,736</u>	<u>548,951,347</u>	<u>669,457,237</u>	<u>548,947,727</u>
Cash and cash equivalents at end of year	<u><u>167,272,795</u></u>	<u><u>669,460,736</u></u>	<u><u>167,269,047</u></u>	<u><u>669,457,237</u></u>
	-	-	-	-
Supplementary cash flow information:				
Non-cash transactions:				
Purchases of vehicles through finance lease agreements	4,762,740	11,698,852	4,762,740	11,698,852

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2013

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u> Percent	<u>2012</u> Percent
All Manage International Limited	Holding company	British Virgin	100	100

- b) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statement of the subsidiary is prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

2.3 The separate financial statements, which present investment in subsidiary and associate under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiary have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiary had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014

		<u>Effective date</u>
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of change in accounting policy due to the adoption of new accounting standard

During the current year, the Company and its subsidiary made the change described in Note 3 to the financial statements to its significant accounting policy, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	As at	As at	As at
	31 December 2013	31 December 2012	1 January 2012
Statements of financial position			
Increase in deferred tax assets	113,000	162,281	161,551
Increase in unappropriated retained earnings	113,000	162,281	161,551

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	For the years ended 31 December	
	<u>2013</u>	<u>2012</u>
Statements of comprehensive income		
Profit or loss:		
Increase (decrease) in income tax expenses	49,281	(729)
Increase (decrease) in basic earnings per share (Baht per share)	(0.083)	0.001

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

Interest income

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

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

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

5.5 Investments

- a) Investments in non-marketable equity securities, which the Company classified as other long-term investment, are stated at cost net of allowance for impairment loss.
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiary and associate are accounted for in the separate financial statements using the cost method.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.6 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Related party transactions

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

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

5.8 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.12 Provisions

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

5.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.14 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht using fair value at the end of reporting period. Gains and losses from the translation are included in determining income.

Currency option contracts

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

The notional amounts of cross currency option agreements utilized by the Company to manage foreign exchange risk are not recognized as assets or liabilities upon inception of the agreement.

6. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Decrease of inventories to net realisable value

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

Impairment of other long-term investments

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

Property, plant and equipment and depreciation

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

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

The followings are relationships with related parties.

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

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

(Unit: Million Baht)

	Consolidated/Separate		
	financial statements		Pricing policy
	<u>2013</u>	<u>2012</u>	
Transactions with ultimate parent company			
Sales	2,625	1,868	With reference to market price
Purchases of raw materials	296	218	With reference to market price
Purchases of assets	-	24	By mutual agreed price
Transactions with parent company			
Purchases of raw materials	1,881	1,086	With reference to market price

(Unit: Million Baht)

	Consolidated/Separate		
	financial statements		Pricing policy
	<u>2013</u>	<u>2012</u>	
Transactions with associated company			
Sales	2	-	With reference to market price
Sales of lands	-	98	With appraisal price by independent valuer
Transactions with related company			
Sales	83	-	With reference to market price
Purchases of raw materials	56	-	With reference to market price

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht) Consolidated/Separate financial statements	
	<u>2013</u>	<u>2012</u>
<u>Trade accounts receivable - related party</u> (Note 9)		
Ultimate parent company	101,430	46,947
Total trade accounts receivable - related parties	<u>101,430</u>	<u>46,947</u>
<u>Other receivable - related party</u> (Note 9)		
Related company (related by common shareholder)	3	1,472
Total other receivable - related party	<u>3</u>	<u>1,472</u>
<u>Trade accounts payable - related parties</u> (Note 18)		
Parent company	676,779	705,511
Ultimate parent company	37,082	49,797
Total trade accounts payable - related parties	<u>713,861</u>	<u>755,308</u>
<u>Other payable - related party</u> (Note 18)		
Ultimate parent company	49	318
Total other payable - related party	<u>49</u>	<u>318</u>

Directors and management's benefits

During the year ended 31 December 2013 and 2012, the Company and its subsidiary had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2013</u>	<u>2012</u>
Short-term employee benefits	16	17
Total	16	17

Guarantee obligation

The Company has placed the shares of its associated company with banks as security for a syndicated loan granted to the associated company by overseas banks as described in Note 14.1 to the financial statements.

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash	271	236	271	236
Bank deposits	167,002	669,225	166,998	669,221
Total	167,273	669,461	167,269	669,457

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 0.63 percent per annum (2012: between 0.60 and 3.05 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2013</u>	<u>2012</u>
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	96,089	46,947
Past due		
Up to 3 months	5,341	-

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	<u>2013</u>	<u>2012</u>
Total trade receivables - related parties	101,430	46,947
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	186,714	178,829
Past due		
Up to 3 months	89,282	146,692
Over 3 - 6 months	125	187
Over 6 - 12 months	322	72
Over 12 months	86,628	104,856
Total	363,071	430,636
Less: Allowance for doubtful accounts	(85,948)	(104,864)
Total trade receivables - unrelated parties, net	277,123	325,772
Total trade receivables - net	378,553	372,719
<u>Other receivables</u>		
Other receivables - related party	3	1,472
Other receivables - unrelated parties	1,642	3,299
Interest receivable	640	694
Total other receivables	2,285	5,465
Total trade and other receivables - net	380,838	378,184

The normal credit term granted by the Company for related parties is 30 days while credit term for other parties varies from 10 - 75 days.

10. Inventories

(Unit: Thousand Baht)						
Consolidated / Separate financial statements						
	Cost		Decrease to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Raw materials	732,209	961,825	(4,973)	(37,502)	727,236	924,323
Work in process	231,452	380,077	(12,551)	(26,102)	218,901	353,975
Finished goods	410,396	562,596	(22,665)	(43,754)	387,731	518,842
Spare parts, factory supplies and scrap	496,774	471,843	(7,973)	-	488,801	471,843
Goods in transit	641,689	1,250,791	(6,942)	(17,259)	634,747	1,233,532
Total	2,512,520	3,627,132	(55,104)	(124,617)	2,457,416	3,502,515

11. Advance payments for goods and services

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2013</u>	<u>2012</u>
Advance payments for goods and services	304,876	297,560
Less : Allowance for doubtful debts	(246,377)	(229,196)
Advance payments for goods and services - net	<u>58,499</u>	<u>68,364</u>

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

On 12 November 2009, the Company notified its suppliers to deliver the remaining raw materials per the contract within 30 November 2009, and that if they were not able to make delivery on schedule without notification of the reason for this to the Company, the Company would terminate the contracts and request the return of advance payments based on the current market price for the outstanding raw materials. However, the Company did not receive any contact from the suppliers regarding delivery of the raw materials, and so wrote off Baht 282 million of the advance payments for goods as bad debt expenses in the 2009, representing the excess of the value of the raw materials at the contract prices over their value at the market price as at the end of November 2009. The Company is pursuing collection of the remaining USD 8.7 million (approximately Baht 288 million) of advance payment from the two companies. As at 31 December 2009, the Company expects the remaining amounts will not be recoverable and has set aside full allowance for doubtful debt.

During the second quarter of 2010, the counterparty paid CNY 8.16 million (approximately USD 1.18 million or approximately Baht 39 million) through the Company's overseas related company and the Company reversed allowance for doubtful debt in the same amount, the Company received the settlement from this related company in the first quarter of 2011.

Currently, the Company is in the process of pursuing the remaining debt and taking legal action.

12. Restricted bank deposits

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

13. Investment in subsidiary

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

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Paid-up capital		Cost	
			31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
			(%)	(%)				
All Manage International Limited	Holding company	British Virgin Islands	100	100	USD 3 million	USD 3 million	97,395	97,395
Less : Allowance for impairment loss on investment							(36,022)	-
Investment in subsidiary - net							<u>61,373</u>	<u>97,395</u>

14. Investment in an associate

14.1 Details of an associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
					Carrying amounts based on equity method		Cost	
			<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(%)	(%)				
TY Steel Company Limited	Produce billet	Thailand	41.77	49.76	373,118	216,117	417,992	229,895
Total					<u>373,118</u>	<u>216,117</u>	<u>417,992</u>	<u>229,895</u>

In June and July 2013, the Company paid in the additionally called up capital of Baht 4.50 per share (45 percent called up) of TY Steel Co., Ltd. totaling Baht 188 million. As a result, the Baht 840 million share capital of that associated company is fully paid up.

On 13 August 2013, TY Steel Co., Ltd. (associated company) registered the increase of its share capital from Baht 840 million (84,000,000 shares, at par value Baht 10 per share) to be Baht 1,240 million (124,000,000 shares, at par value Baht 10 per share) with the Ministry of Commerce. The Company then additionally invested in 9,995,600 of the additional ordinary shares of the associated company but payment has not been called up yet. As a result of this investment, the Company's shareholding in that company changed from 49.76 percent to 41.77 percent.

The Company has placed the shares of this associated company with banks as security for a syndicated loan granted to the associated company by overseas banks.

14.2 Share of loss

During the years, the Company has recognised its share of loss from investment in associated company in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	Share of loss from investment in associate during the year	
	<u>2013</u>	<u>2012</u>
TY Steel Company Limited	(31,095)	(119)
Total	<u>(31,095)</u>	<u>(119)</u>

14.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Loss	
	as at		as at		as at		for the year ended		for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
TY Steel Company Limited	1,140,044	461,591	3,177,243	678,435	2,132,991	244,787	-	-	(67,848)	(239)

15. Other long-term investment

Other long-term investment is 3 million shares investment in Tycoons Steel International Co., Ltd., (TSI) incorporated in the Cayman Islands, held by the Company's subsidiary totaling USD 3 million. The investment represented 6 percent of the registered capital of this company, which invested in Guang Lian Steel (Vietnam) Co., Ltd., in order to operate a steel refinery project in Vietnam.

During the first quarter of current year, Tycoons Steel International Co., Ltd., decided to sell the investment in Guang Lian Steel (Vietnam) Co., Ltd, and at present is in the process of requesting permission from the Vietnamese government. Because the net realisable value of the investment from the sale will be lower than the cost of investment, the net book value of Tycoons Steel International Co., Ltd. decreased. The management of the subsidiary therefore decided to set aside allowance for impairment loss on the investment in Tycoons Steel International Co., Ltd. amounting to Baht 36 million.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated/Separate financial statements						Total
	Land and land improvement	Building and attached facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Assets under installation and construction	
Cost							
1 January 2012	706,391	1,776,944	5,882,218	277,307	53,691	20,520	8,717,071
Additions	5,607	9,019	23,005	25,847	6,113	43,557	113,148
Disposals/write-off	(91,216)	-	(24,134)	(23,010)	(242)	-	(138,602)
Transfers in (out)	-	198	11,879	12,521	673	(25,271)	-
31 December 2012	620,782	1,786,161	5,892,968	292,665	60,235	38,806	8,691,617
Additions	1,000	48,189	44,792	21,301	4,314	27,557	147,153
Disposals/write-off	-	(11,200)	(40,205)	(20,000)	(140)	-	(71,545)
Transfers in (out)	250	11,381	39,512	2,895	102	(54,140)	-
31 December 2013	622,032	1,834,531	5,937,067	296,861	64,511	12,223	8,767,225
Accumulated depreciation							
1 January 2012	47,996	740,256	1,925,879	251,626	45,443	-	3,011,200
Depreciation for the year	4,980	58,977	206,710	12,358	3,522	-	286,547
Depreciation on disposals/write-off	-	-	(13,687)	(23,010)	(242)	-	(36,939)
31 December 2012	52,976	799,233	2,118,902	240,974	48,723	-	3,260,808
Depreciation for the year	5,066	59,977	185,658	16,672	4,623	-	271,996
Depreciation on disposals/write-off	-	(5,124)	(11,767)	(15,772)	(128)	-	(32,791)
31 December 2013	58,042	854,086	2,292,793	241,874	53,218	-	3,500,013
Allowance for impairment loss							
1 January 2012	-	-	-	-	-	-	-
31 December 2012	-	-	-	-	-	-	-
Increase during the year	-	-	82,434	-	-	-	82,434
31 December 2013	-	-	82,434	-	-	-	82,434
Net book value							
31 December 2012	567,806	986,928	3,774,066	51,691	11,512	38,806	5,430,809
31 December 2013	563,990	980,445	3,561,840	54,987	11,293	12,223	5,184,778
Depreciation for the year							
2012 (Baht 268 million included in manufacturing cost, and the balance in selling and administrative expenses)							286,547
2013 (Baht 252 million included in manufacturing cost, and the balance in selling and administrative expenses)							271,996

As at 31 December 2013, the Company had vehicles under finance lease agreements with net book value amounting to Baht 12 million. (2012: Baht 5 million)

As at 31 December 2013, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 878 million (2012: Baht 850 million).

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

17. Short-term loans from financial institutions

(Unit: Thousand Baht)			
	Interest rate (percent per annum)	Consolidated/Separate financial statements	
		<u>2013</u>	<u>2012</u>
Short-term loans from			
financial institutions	1.60 - 2.40	<u>1,805,318</u>	<u>2,473,775</u>
Total		<u>1,805,318</u>	<u>2,473,775</u>

Short-term loans from financial institutions are guaranteed by the Company's director, the ultimate parent company, pledged of fixed deposits as described in Note 12 to the financial statements and mortgaged of most of its property, plant and machinery as described in Note 16 to the financial statements.

18. Trade and other payables

(Unit: Thousand Baht)		
	Consolidated /Separate financial statements	
	<u>2013</u>	<u>2012</u>
Trade payables - related party	713,861	755,308
Trade payables - unrelated parties	330,839	368,005
Other payables - related party	49	318
Interest payable	6,470	9,356
Accrued expenses	<u>68,728</u>	<u>99,868</u>
Total trade and other payables	<u>1,119,947</u>	<u>1,232,855</u>

19. Long-term loans from financial institutions

			(Unit: Thousand Baht)	
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated/Separate financial statements	
			<u>2013</u>	<u>2012</u>
1	Average MLR-0.75	Semi-annual installments as from January 2007 totaling 19 installments	469,627	672,000
2	MLR-1.50	Semi-annual installments as from October 2007 totaling 11 installments	38,271	80,000
3	BKIBOR+0.50	Semi-annual installments as from October 2008 totaling 10 installments	-	50,000
Total			507,898	802,000
Less: Portion due within one year			(226,122)	(762,000)
Long-term loans, net of current portion			<u>281,776</u>	<u>40,000</u>

The long-term loans are guaranteed by the Company's director, the ultimate parent company, the pledged of fixed deposits as described in Note 12 to the financial statements and the mortgaged of most of its property, plant and equipment as described in Note 16 to the financial statements.

Some loan agreements contain covenants relating to, among other matters, the maintenance of certain financial ratios and the holdings of the current shareholders. As at 31 December 2012, the Company was unable to maintain financial ratios stipulated in an agreement. Under the agreement, this means the lender has the right to call the loan immediately, and the Company therefore classified this long-term loan as current liability. Consequently, on 26 February 2013, the Company received a letter from the lender, granting a waiver for such non-compliance subject to the Company placing an amount equal to one installment of principal and interest in a Debt Service Reserve account within 31 March 2013. The Company has complied with this condition.

Furthermore, as at 31 December 2013, the Company was also unable to maintain those financial ratios. However the Company received a letter from the lender, grading a waiver for such non-compliance subject. The company has therefore classified the loan as per original repayment schedule as at 31 December 2013.

20. Provision for loss from raw material purchase contracts

As at 31 December 2013, the Company set aside provision totaling Baht 6.1 million (2012: Baht 11.7 million) for losses expected to be incurred from non-cancellable raw material purchase contracts and presented this as "provision for loss from raw material purchase contracts" under current liabilities in statements of financial position. Such provision is the estimated amount of the unavoidable costs of meeting obligations under the contracts, less the economic benefits expected to be received under them.

21. Provision for long-term employee benefits

Provision for long-term employee benefit, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	Consolidated /Separate financial statements	
	<u>2013</u>	<u>2012</u>
Provision for long-term employee benefits at beginning of year	13,218	11,671
Current service cost	1,147	1,138
Interest cost	450	409
Provision for long-term employee benefits at end of year	<u>14,815</u>	<u>13,218</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Current service cost	1,147	1,138
Interest cost	450	409
Total expense recognised in profit or loss	<u>1,597</u>	<u>1,547</u>
Line items under which such expenses are included in profit or loss		
Cost of sales	704	721
Selling and administrative expenses	893	826

Principal actuarial assumptions at the valuation date were as follows:

	<u>2013</u>	<u>2012</u>
	(% per annum)	(% per annum)
Discount rate	3.9	3.9
Future salary increase rate	3.5 - 5.0	3.5 - 5.0
Staff turnover rate (depending on age)	0.0 - 60.0	0.0 - 60.0

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	(Unit: Thousand Baht)
Year 2013	14,815
Year 2012	13,218
Year 2011	11,671
Year 2010	10,129

22. Treasury shares

Details of treasury shares are as follows:

	Consolidated/Separate financial statements	
	2013	2012
Value of treasury stock (Baht)	47,531,810	47,531,810
Number of treasury shares (shares)	6,755,000	6,755,000
Average cost per share (Baht)	7.04	7.04
The percentage of number of treasury shares to the number of share capital issued by the Company	1.12%	1.12%

Under the notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2548 public companies buying back their own shares (treasury shares) must have retained earnings in an amount not less than the outstanding balance of the treasury shares, and if retained earnings are appropriated for dividend payment, the balance of retained earnings remaining after such payment must likewise be no less than the balance of the treasury shares. The Company proceeded in accordance with these guidelines and appropriated an amount of retained earnings to the treasury stock reserve equal to the amount paid to acquire the shares.

23. Statutory reserve

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

24. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2013	2012
Salary and wages and other employee benefits	228,353	222,129
Depreciation and amortisation	275,279	298,332
Transportation expenses	197,525	197,692
Raw materials and consumables used	5,333,768	6,912,504
Changes in inventories of finished goods and work in progress	300,824	42,064

25. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	49,281	(729)	49,281	(729)
Income tax expense (income) reported in the statement of comprehensive income	49,281	(729)	49,281	(729)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Accounting profit before tax	(579,354)	(401,435)	(498,978)	(401,316)
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	-	-	-	-
Reversed (recorded) deferred tax assets on unused tax losses	49,261	(729)	49,281	(729)
Income tax expenses reported in the statement of comprehensive income	49,281	(729)	49,281	(729)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
Deferred tax assets						
Allowance for diminution in value of inventories	10,042	12,902	12,360	10,042	12,902	12,360
Allowance for asset impairment	16,487	-	-	16,487	-	-
Provision for loss from raw material purchase contracts	1,213	2,644	2,466	1,213	2,644	2,466
Provision for long-term employee benefits	2,963	2,344	2,334	2,963	2,344	2,334
Unused tax loss	82,295	144,391	144,391	82,295	144,391	144,391
Total	113,000	162,281	161,551	113,000	162,281	161,551

26. Basic earnings per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outsiders in issue during the year (net of treasury shares).

	(Unit: share)	
	<u>2013</u>	<u>2012</u>
Issued ordinary shares at 1 January	603,503,900	603,503,900
Effect of treasury shares held by the Company (Note 22)	<u>(6,755,000)</u>	<u>(4,525,581)</u>
Weighted average number of ordinary shares at 31 December	<u>596,748,900</u>	<u>598,978,319</u>

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Loss for the year (Thousand Baht)	(579,354)	(400,706)	(548,258)	(400,587)
Weighted average number of ordinary shares (Thousand shares)	596,749	598,978	596,749	598,978
Loss per share (Baht/share)	(0.97)	(0.67)	(0.92)	(0.67)

27. Promotional privileges

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

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

	Promoted operations		Non-promoted operations		(Unit: Thousand Baht) Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Sales						
Domestic sales	1,917,415	100,530	1,549,614	4,429,490	3,467,029	4,530,020
Export sales	3,478,413	1,626,107	2,250,258	3,275,365	5,728,671	4,901,472
Total sales	<u>5,395,828</u>	<u>1,726,637</u>	<u>3,799,872</u>	<u>7,704,855</u>	<u>9,195,700</u>	<u>9,431,492</u>

28. Segment information

For management purposes, the Company and its subsidiary are organised into business units based on its products and services.

The Company and its subsidiary business operations involve four principal segments: (1) manufacture steel wire rods (2) manufacture steel annealing wire (3) manufacture screw and bolt and (4) trading.

Below is the financial information for the year ended 2013 and 2012 by segment.

(Unit: Million Baht)

	Manufacture steel wire rods		Manufacture steel annealing wire		Manufacture screw and bolt		Trading		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
										(Restated)
Domestic sales	1,727	2,945	180	158	29	29	1,529	1,397	3,465	4,529
Export sales	595	935	1,479	1,320	2,058	1,985	1,599	662	5,731	4,902
Total revenues	<u>2,322</u>	<u>3,880</u>	<u>1,659</u>	<u>1,478</u>	<u>2,087</u>	<u>2,014</u>	<u>3,128</u>	<u>2,059</u>	<u>9,196</u>	<u>9,431</u>
Segment operating income (loss)	(230)	(180)	(8)	(57)	(80)	(229)	43	87	(275)	(379)
Unallocated income and expenses:										
Gains (losses) on exchange									(84)	32
Other income									23	31
Losses on disposal of equipment									(37)	(1)
Impairment loss on assets									(82)	-
Impairment loss on investment in other long-term									(36)	-
Reversal of decrease of inventory to net realisable value									68	3
Reversal of losses from raw material purchase contract									7	14
Finance cost									(83)	(101)
Income tax income (expenses)									(49)	1
Share of loss from investment in associate									(31)	-
Loss for the year									<u>(579)</u>	<u>(401)</u>

(Unit: Million Baht)

	Manufacture Steel wire rods		Manufacture Steel annealing wire		Manufacture Screw and bolt		Trading other Operations		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
										(Restated)
Property, plant and equipment	2,690	2,760	682	700	1,128	1,278	685	693	5,185	5,431
Unallocated assets									<u>3,829</u>	<u>5,299</u>
Total assets									<u>9,014</u>	<u>10,730</u>

Major customers

For the year 2013, the Company and its subsidiary have revenue from one major customer in amount of Baht 2,625 million, arising from sales by all segments (2012: Baht 1,868 million derived from one major customer, arising from sales by all segments).

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 5 and 3 percent of basic salary respectively. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 2.7 million (2012: Baht 2.5 million) to the fund.

30. Commitments and contingent liabilities

As at 31 December 2013, the Company had the following outstanding commitments and contingent liabilities.

30.1 Investing commitments

The Company has uncalled portions of investment in associated company, totaling Baht 100 million (2012: Baht 188 million).

30.2 Capital commitments

The Company had capital commitments amounting of approximately Baht 2 million (2012: Baht 4 million), relating to building improvement and purchase of equipment.

30.3 Raw material purchase commitments

The Company entered into raw material purchase agreements amounting of USD 16 million (2012: USD 28 million). The materials will be shipped to the Company within 90-180 days from the contract dates.

30.4 Guarantees

There were outstanding bank guarantees of approximately Baht 57 million (2012: Baht 57 million) issued by banks on behalf of the Company in respect of certain performance bonds for electricity and others.

31. Financial instruments

31.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2013					
	Fixed interest rates		Floating	Non-		
	Within	1 - 5	interest	interest		
	1 year	years	rate	bearing	Total	Effective interest rate
						(% p.a.)
	(Million Baht)					
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	167	-	167	0.10 – 0.63
Trade and other receivables	-	-	-	381	381	-
Restricted bank deposits	174	-	-	-	174	2.00 – 2.50
Other long-term investment	-	-	-	63	63	-
	174	-	167	444	785	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	1,120	1,120	-
Liabilities under finance lease agreement	3	5	-	-	8	2.05-3.65
Short-term loans	-	-	1,805	-	1,805	1.60-2.40
Long-term loans	-	-	508	-	508	Average MLR - 0.75 and MLR - 1.5
	3	5	2,313	1,120	3,441	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2013						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate	
Within 1 year	1 - 5 years					
(Million Baht)					(% p.a.)	
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	167	-	167	0.10 - 0.63
Trade and other receivables	-	-	-	381	381	-
Restricted bank deposits	174	-	-	-	174	2.00 – 2.50
	174	-	167	381	722	

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2013					
	Fixed interest rates		Floating	Non-		
	Within	1 - 5	interest	interest		
	1 year	years	rate	bearing	Total	Effective interest rate
						(% p.a.)
	(Million Baht)					
Financial liabilities						
Trade and other payables	-	-	-	1,120	1,120	-
Liabilities under finance lease						
agreement	3	5	-	-	8	2.05-3.65
Short-term loans	-	-	1,805	-	1,805	1.60-2.40
Long-term loans	-	-	508	-	508	Average MLR - 0.75
						and MLR - 1.5
	3	5	2,313	1,120	3,441	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2012						
	Fixed interest rates		Floating	Non-		
	Within	1 - 5	interest	interest		
	1 year	years	rate	bearing	Total	Effective interest rate
<u>Financial Assets</u>	(Million Baht)					(% p.a.)
Cash and cash equivalent	-	-	669	-	669	0.60 - 3.05
Trade and other receivables	-	-	-	378	378	-
Restricted bank deposits	92	-	-	-	92	2.00 - 3.00
Other long-term investment	-	-	-	92	92	-
	92	-	669	470	1,231	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	1,233	1,233	-
Liabilities under finance lease agreement	2	5	-	-	7	2.05-3.65
Short-term loans	-	-	2,474	-	2,474	1.50-2.31
Long-term loans	-	-	802	-	802	Average MLR - 0.75
						MLR - 1.5 and
						BKIBOR + 0.50
	2	5	3,276	1,233	4,516	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2012						
	Fixed interest rates		Floating	Non-	Total	Effective interest rate
	Within 1 year	1 - 5 years	interest rate	interest bearing		
Financial Assets	(Million Baht)					(% p.a.)
Cash and cash equivalent	-	-	669	-	669	0.60 - 3.05
Trade and other receivables	-	-	-	378	378	-
Restricted bank deposits	92	-	-	-	92	2.00 - 3.00
	92	-	669	378	1,139	
Financial liabilities						
Trade and other payables	-	-	-	1,233	1,233	-
Liabilities under finance lease agreement	2	5	-	-	7	2.05-3.65
Short-term loans	-	-	2,474	-	2,474	1.50-2.31
Long-term loans	-	-	802	-	802	Average MLR - 0.75 MLR - 1.5 and BKIBOR + 0.50
	2	5	3,276	1,233	4,516	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	8.70	7.76	83.36	112.34	32.8136	30.6316
Euro	0.78	1.33	0.11	0.03	45.0217	40.5563

Forward exchange contracts outstanding are summarised below.

As at 31 December 2013					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
US dollar	19.08	4.10	31.37 - 32.95	31.53 - 32.44	9 January 2014 - 2 July 2014
Euro	-	1.04	-	43.03 - 43.80	24 February 2014 - 3 March 2014

As at 31 December 2012			
Foreign currency	Sold amount (Million)	Contractual exchange rate	
		(Baht per 1 foreign currency unit)	
			Contractual maturity date
US dollar	6.22	30.72 - 30.88	14 January 2013 - 20 March 2013
Euro	0.41	40.71	25 March 2013

31.2 Fair values of financial instruments

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

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

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 0.64:1 (31 December 2012: 0.77:1) and the Company's was 0.64:1 (31 December 2012: 0.77:1).

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 24 February 2014.



รายงานความรับผิดชอบของคณะกรรมการบริษัทต่อรายงานทางการเงิน

คณะกรรมการบริษัทได้ให้ความสำคัญต่อหน้าที่และความรับผิดชอบดูแลกิจการบริษัทฯ ให้เป็นไปตามนโยบายการกำกับดูแลกิจการที่ดีการกำกับดูแลการเงินและสารสนเทศทางการเงินที่ปรากฏในรายงานประจำปี มีข้อมูลที่ต้อง ครบถ้วน เปิดเผยอย่างเพียงพอ งบการเงินได้ถือปฏิบัติตามมาตรฐานการบัญชีที่รับรองทั่วไปในประเทศไทย โดยเลือกใช้นโยบายการบัญชีที่เหมาะสมและถือปฏิบัติอย่างสม่ำเสมอ และใช้ดุลยพินิจอย่างระมัดระวัง รวมถึงจัดให้มีและดำรงรักษาไว้ซึ่งระบบการควบคุมภายในที่มีประสิทธิผลเพื่อให้เชื่อมั่นอย่างมีเหตุผลต่อความเชื่อถือได้ของงบการเงินการดูแลรักษาทรัพย์สินมีระบบการป้องกันที่ดีไม่มีรายการทุจริตหรือมีการดำเนินการที่ผิดปกติรายการที่เกี่ยวข้องกันซึ่งอาจทำให้เกิดความขัดแย้งทางประโยชน์เป็นรายการจริงทางการค้าอันเป็นธุรกิจปกติทั่วไปอย่างสมเหตุสมผล และเป็นประโยชน์สูงสุด รวมทั้งมีการปฏิบัติตามกฎหมายและกฎเกณฑ์ที่เกี่ยวข้องซึ่งคณะกรรมการตรวจสอบได้รายงานผลการปฏิบัติงานต่อคณะกรรมการบริษัทแล้วและได้รายงานความเห็นเกี่ยวกับเรื่องนี้ในรายงานคณะกรรมการตรวจสอบซึ่งปรากฏในรายงานประจำปี

คณะกรรมการบริษัทมีความเห็นว่าระบบการควบคุมภายในของบริษัทฯโดยรวมอยู่ในระดับที่น่าพอใจและสามารถให้ความมั่นใจอย่างมีเหตุผลต่อความเชื่อถือได้ของงบการเงินของบริษัทฯ ณ วันที่ 31 ธันวาคม 2556 ซึ่งผู้สอบบัญชีของบริษัทฯ ได้ตรวจสอบตามมาตรฐานการสอบบัญชีที่รับรองทั่วไปและแสดงความเห็นว่างบการเงินแสดงฐานะการเงินและผลการดำเนินงานโดยถูกต้องตามที่ควรในสาระสำคัญตามหลักการบัญชีที่รับรองทั่วไป

บริษัท ไทยคุณ เวิลด์ไวด์ กรุ๊ป (ประเทศไทย) จำกัด (มหาชน)

นายหวง เหวิน สง
(ประธานกรรมการ)



รายงานคณะกรรมการตรวจสอบ

คณะกรรมการตรวจสอบได้สอบทานงบการเงินรวมของบริษัทและบริษัทย่อยประจำปี 2556 ร่วมกับผู้สอบบัญชี เพื่อนำเสนอต่อคณะกรรมการบริษัทรับทราบรายงานการตรวจสอบ ประชุมหารือร่วมกับฝ่ายที่เกี่ยวข้องสอบทานการปฏิบัติตามข้อกำหนด และกฎหมายรวมทั้งพิจารณาการเปิดเผยข้อมูลรายการที่เกี่ยวข้องกันให้เป็นไปตามเกณฑ์ตลาดหลักทรัพย์แห่งประเทศไทย

คณะกรรมการตรวจสอบได้พิจารณางบการเงินดังกล่าวมีความเห็นว่า บริษัทมีการจัดทำรายงานทางการเงินเป็นไปตามมาตรฐานบัญชีที่รับรองทั่วไป มีการเปิดเผยข้อมูลเพียงพอ มีระบบการควบคุมภายใน ระบบตรวจสอบภายใน และระบบบริหารความเสี่ยงที่น่าพอใจ ไม่มีข้อที่ต้องปรับปรุงอย่างเป็นสาระสำคัญ

(นายพิพัฒน์ หวังพิชิต)

กรรมการตรวจสอบ

(นายสุรพล ขวัญใจธัญญา)

ประธานคณะกรรมการตรวจสอบ

(นายจิรวัดน์ หวาง)

กรรมการตรวจสอบ

REPORT OF THE AUDIT COMMITTEE

The audit committee jointly reviewed the 2013 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

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

(Mr. Phiphat Wangphichit)
Audit Committee

(Mr. Surabhon Kwunchaithunya)
Audit Committee Chairman

(Mr. Jirawat Huang)
Audit Committee

TYC*NS*
