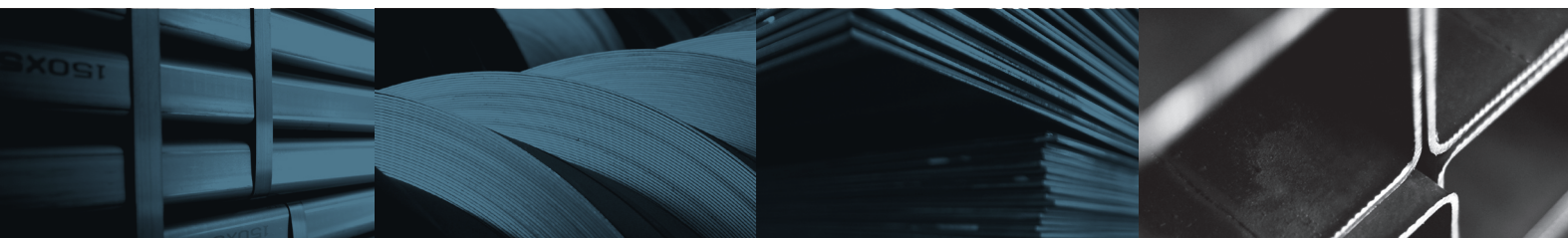




รายงานประจำปี 2552 ANNUAL REPORT 2009

บริษัท ค้าเหล็กไทย จำกัด (มหาชน) THAI METAL TRADE PUBLIC COMPANY LIMITED



Providing
structure
of your
imagination

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Vision

Providing structure
of your imagination



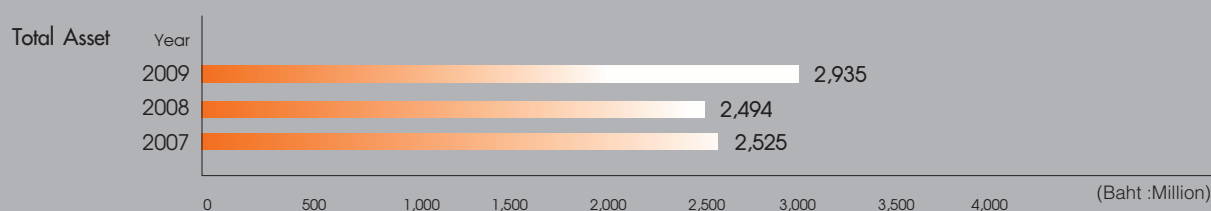
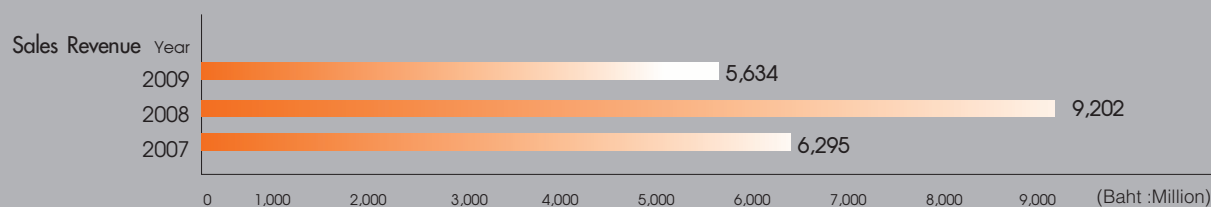
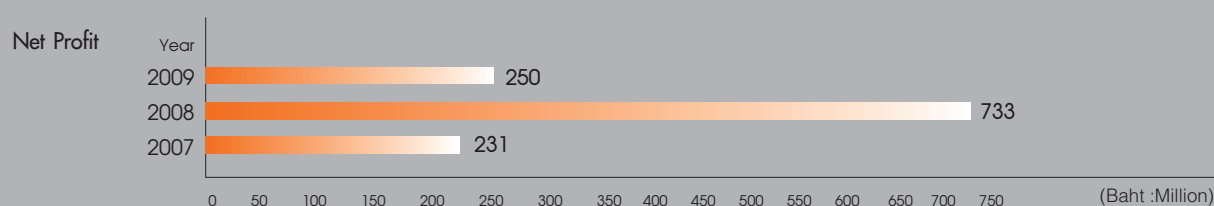
TMT Knowledge Center

This vision statement is what we believe in, and we strive every single day to live up to this commitment. To be different, we challenge ourselves at all times to come up with new creative ideas to provide better solutions to customers and to keep improving our business functions, in order to respond to the ever-changing demand.

Financial Highlights

As of 31 December 2009
(Baht : millions)

	2009	2008	2007
Summary			
Sales Revenue	5,634	9,202	6,295
Gross Profit	581	1,256	534
Net Profit	250	733	231
Total Assets	2,935	2,494	2,525
Total Liabilities	1,204	589	1,183
Shareholder's Equity	1,731	1,905	1,341
Paid-up Capital	425	425	425
Financial Ratio			
Gross Profit Margin	10.33%	13.66%	8.50%
Net Profit Margin	4.45%	7.97%	3.68%
Return on Assets	8.55%	29.40%	9.17%
Return on Equity	14.49%	38.50%	17.26%
Current Ratio	1.54	2.40	1.30
Debt to Equity Ratio	0.70	0.31	0.88



Message from Chairman of the Board



Soon Tarasansombat
Chairman of the Board



The year of 2009 was considered to be one of the hardest years for most of Thai companies to sustain their businesses through those difficulties both from the sluggish economy caused by global recession, and the political turbulences. This year, Thai economy was severely hit by huge number of reducing export orders from major foreign markets. It was resulted by the slump of world demand led by the US financial crisis that had happened since the mid of 2008. Additionally the political turmoil in April 2009 has tremendously hurt the overall investment atmosphere. Most of the private sectors had decided to suspend or delay their business expansions until more stable situation could to be seen. The service sectors were also in bad shape by failing tourist numbers and the impact of H1N1 influenza in the second quarter. Thailand GDP of 2009 had dropped to the bottom in the first quarter at approximately minus 6.5 percent until it slightly improved in the third quarter. The figure of the fourth quarter was rather optimistic with the expectation of plus 3.0 percent at the end of the year. Thank to the government continuous stimulus package that has moderately enabled Thai economy to be sustainable.

Apparently, Thai steel industry was badly affected from the country slowest economy. The total consumption of steel in 2009 dropped drastically to approximately 9 million metric tons which were about 30 percent down from 2008 while the average market

price also dropped about 40 percent accordingly. Despite those unfavorable environments, TMT has proved ourselves successfully to be able to overcome those obstacles in order to sustain our long term business growth and greater achievements.

Although the world economy in 2009 was not as good as expected, many believe that the recession has finally come to an end and the light of recovery is now able to be seen in 2010. We strongly believe that Thai economy will be able to pick up gradually this year and would bring more opportunities to all industries. With our fully supportive facilities as a leading comprehensive steel service center, plus the capable people, experienced management team, TMT is more than ready to challenge every opportunity that would create more benefits and greater values to all our stakeholders. As our new vision statement, ***"Providing Structure of Your Imagination"***, is what we believe in and we strive everyday to live up to this commitment. This shows our strong intention to walk side by side with the customers in order to provide fully supports and to be part of their success.

Finally, I would like to express my sincerely thankfulness to all colleagues and every staffs for their great contribution and I would like to thank all alliances and shareholders for being part of our success.

Message from Chief of Executive Board



Paisal Tarasansombat
Chief of Executive Board



The outlook of 2009 was not much pleasant resulted from the recession of world economy and political turmoil. Thailand GDP was pretty much low at the beginning of year until the figures improved slightly by the end of the last quarter of 2009. It has been certain that the economy already shows some good signs of recovery and the expectations of 2010 would be more preferable.

Because of the weak demand and less of new investment, the total steel consumption of Thailand decreased sharply about 30 percent from 13 million tons in 2008 down to just only 9 million tons in 2009. The average steel market price was also down approximately 40 percent, from 35 baht per kg in 2008 to 21 baht per kg in 2009 respectively. Nevertheless, TMT has performed a moderate result with total sales quantity of 255,574 tons of steel comparing to 287,864 tons in 2008 which was about 11.22 percent lower. Our total turnover in 2009 was 5,634 million baht with the net profit of 250 million baht.

We expect better performance in 2010 since the general economy has shown some better improvement and gradual recovery. We realize that the situation is still vulnerable, so deliberation and carefulness will be surely implemented. However we believe that there will be more opportunities and challenges ahead for us to achieve. With clear business direction, we position ourselves to be a fully integrated steel solution provider with the determination to serve our customers best supports, values and services. In order to fulfill this commitment, the most important element is **“People”** that is why our board of director has recently decided to establish TMT Knowledge Center where our people will be trained and experience latest development and new technology in the world of steel today.

This year, it is our greatest pride to be awarded “BEST PERFORMANCE AWARD” by the SET AWARDS 2009 This has proved our excellent performance, discipline and good corporate governance that TMT has been carrying through with the awareness of social responsibility.

Report of the Audit Committee

The Audit Committee of Thai Metal Trade Public Company Limited is comprised of three independent directors. The Company's Chief Financial Officer serves as committee secretary. The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.

For the fiscal year 2009, the Audit Committee held four meetings with the external auditor to review the Company's consolidated financial statement every quarter-end 2009 and provided assessments and recommendations to the Board of Directors. In such meetings, the Audit Committee met independently with the management and the internal and external auditors of the Company, conducted reviews and evaluations of accounting policies, the procedures relative to the accounting policies, the internal control assessment, and the audit plan. Where weaknesses were identified in internal controls, corrective action plan has been taken to eliminate or reduce the associated risks.

Accordingly, in our opinion, the internal control of Thai Metal Trade Public Company Limited operated effectively throughout the year to ensure that the Company's assets were safeguarded, proper accounting records were maintained, and resources were utilized efficiently. The Audit Committee has recommended to the Board of Directors that Mr.Vichien Khingmontri, Certified Public Accountant No.3977 of PricewaterhouseCoopers ABAS Limited, be re-appointed as the Company's auditor for the fiscal year ending December 31, 2010. The re-appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on March 26, 2010.



Chai Jroongtanapibarn

Chairman of the Audit Committee

February 19, 2010

Corporate Profile

Company Name	:	Thai Metal Trade Public Company Limited
Stock Code	:	TMT
Registration Number	:	0107547000800
Type of Business	:	The Company operates its main business as an Integrated Steel Service Center
Registered Capital	:	Baht 434,500,000
Issued and Paid-up Capital	:	Baht 425,000,000
Head Office	:	179, 22 nd Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Telephone : 02 685 4000 Facsimiles : 02 670 9090-2
Rama III Plant and Distribution Center	:	129, 131 Rama III Rd., Bangkholaem, Bangkok 10120 Telephone : 02 689 2100 Facsimile : 02 289 2645
Wang Noi Plant and Distribution Center	:	332-333 Moo 5, Paholyothin Rd., Lamsai, Wang Noi, Ayutthaya 13170 Telephone : 035 272 550-2 Facsimiles : 035 272 448
Homepage	:	www.thaimetaltrade.com

References

Share Registrar	:	Thailand Securities Depository Company Limited 62 SET Building, Ratchadaphisek Rd., Klongtoey, Bangkok 10110 Telephone : 02 359 1200-1 Facsimiles : 02 359 1259
Auditor	:	PricewaterhouseCoopers ABAS Limited 179, 15 th Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Telephone : 02 344 1000, 02 286 9999 Facsimiles : 02 286-5050
Legal Consultant	:	Seri Manop and Doyle Company Limited 21 Soi Amnuaiwat, Sutthisan Rd., Samsennok, Huaikhwang, Bangkok 10310 Telephone : 02 693 2036 Facsimiles : 02 693 4189

Resume of Directors and Management

As of 31st, December 2009

	Name	Age (years)	Education	Training for Director Course of IOD	Family Relationship between directors and management	Number of shares (include related person as section 258) / Percentage of shareholding	Illegal record in the part 10 years	Experience		
								Period	Position	Company / Type of business
1.	Mr. Soon Tarasansombat Chairman of the Board	68	Mattayom 6	Director Accreditation Program (DAP) : Class 19/2004	Father of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat	192,256,100 / 45.24 ⁽¹⁾	-None-	2004 - Present 1986 - Present	Chairman of the Board Director	Thai Metal Trade Plc. / Steel Service Center Soon Huat Steel Co.,Ltd. / Property Leasing
2.	Mr. Paisal Tarasansombat Director, Chief of Executive Board and President and Authorized Director	44	- Diploma , Assumption Commercial College - Diploma in Business Study East Bourne College of Art & Technology, UK. - Mini IE Chulalongkorn University	Director Accreditation Program (DAP) : Class 21/2004	Son of Mr. Soon Tarasansombat, Brother of Mr. Komsan Tarasansombat and Spouse of Mrs. Panlapa Tarasansombat	33,790,100 / 7.95 ⁽²⁾	-None-	Mar. 2008-Present 2004 - Present 1986 - Present 2004 - Feb. 2008	Director and Chief of Executive Board & President Director Director Director and Chief of Executive Board	Thai Metal Trade Plc. / Steel Service Center CONNEX Business Online Co., Ltd. / Software Solution Soon Huat Steel Co.,Ltd / Property Leasing Thai Metal Trade Plc. / Steel Service Center
3.	Mr. Komsan Tarasansombat Director, Executive Director, Authorized Director, Executive Vice President - Operations and Acting in Executive Vice President - Supply Chain	41	- B.A. Industrial Engineering Khon Kaen University - M.B.A. (Finance) Middle Tennessee State University, USA	Director Accreditation Program (DAP) : Class 19/2004	Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat	32,180,000 / 7.57	-None-	Aug. 2009-Present 2005 - Jul. 2009 2004 - 2005	Director, Executive Director, Executive Vice President - Operations and Acting in Executive Vice President - Supply Chain Director, Executive Director and Executive Vice President - Operations Director, Executive Director and Vice President - Operations	Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center
4.	Mr. Somjate Tretarnthip Director, Executive Director, Authorized Director and Executive Vice President - Finance and Accounting	45	- B.A. Business Administration Ramkamhaeng University - Mini M.B.A. Kasetsart University	Director Accreditation Program (DAP) : Class 19/2004	-None-	2,720,000 / 0.64	-None-	Aug. 2009-Present 2004 - Present 2005 - Jul. 2009 2004 - 2005	Director, Executive Director and Executive Vice President - Finance and Accounting Director Director, Executive Director and Executive Vice President - Accounting and Finance Director, Executive Director and Vice President - Accounting and Finance	Thai Metal Trade Plc. / Steel Service Center CONNEX Business Online Co., Ltd. / Software Solution Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center

	Name	Age (years)	Education	Training for Director Course of IOD	Family Relationship between directors and management	Number of shares (include related person as section 258) / Percentage of shareholding	Illegal record in the part 10 years	Experience		
								Period	Position	Company / Type of business
5.	Mr. Chai Jroongtanapibarn Chairman of the Audit Committee, Chairman of the Remuneration Committee and Independent Director	55	- Bachelor of Accounting Chulalongkorn University - Master of Accounting Thammasart University	- Director Certification Program (DCP) : Class 29/2003 - Audit Committee Program (ACP) : Year 2005	-None-	-None-	-None-	2007 - Present 2006 - Present 2005 - Present 2003 - Present 2002 - Present 2000 - Present 2004 - 2005	Audit Committee Audit Committee Chairman of the Audit Committee, Chairman of the Remuneration Committee and Independent Director Director Chairman of the Audit Committee Chairman of the Audit Committee Chairman of the Audit Committee and Independent Director	Siam Food Products Plc. / Food Processing for export Oishi Group Plc. / Food and Beverage Business Thai Metal Trade Plc. / Steel Service Center Siam Future Development Plc. / Shopping Center Major Cineplex Group Plc. / Cinema and Bowling Team Precision Plc. / Electronics Board Thai Metal Trade Plc. / Steel Service Center
6.	Mrs. Ratanavalee Gorsanan Audit Committee, Remuneration Committee and Independent Director	45	- Bachelor of Accounting Thammasart University - Master of Accounting Thammasart University	Director Accreditation Program (DAP) : Class 21/2004	-None-	-None-	-None-	2005 - Present 2002 - Present 2004 - 2005	Audit Committee, Remuneration Committee and Independent Director Chief Finance Officer Audit Committee and Independent Director	Thai Metal Trade Plc. / Steel Service Center Adidas (Thailand) Co., Ltd./ Sporting goods manufacturer Thai Metal Trade Plc. / Steel Service Center
7.	Mr. Anake Pinvanichkul Audit Committee, Remuneration Committee and Independent Director	45	- Bachelor of Science Kasetsart University - M.B.A. New York University	Director Accreditation Program (DAP) : Class 23/2004	-None-	-None-	-None-	2005 - Present 2002 - Present 2004 - 2005	Audit Committee, Remuneration Committee and Independent Director Director Audit Committee and Independent Director	Thai Metal Trade Plc. / Steel Service Center ACAP Advisory Plc. / Financial Advisory and Non-Performing Asset Management Thai Metal Trade Plc. / Steel Service Center

	Name	Age (years)	Education	Training for Director Course of IOD	Family Relationship between directors and management	Number of shares (include related person as section 258) / Percentage of shareholding	Illegal record in the part 10 years	Experience		
								Period	Position	Company / Type of business
8.	Mrs. Panlapa Tarasansombat Executive Vice President - Human Resources	42	- BBA. Major in Accounting Assumption University - Mini IE Chulalongkorn University	-None-	Spouse of Mr. Paisal Tarasansombat	33,790,100 / 7.95 ⁽³⁾	-None-	Aug. 2009-Present 2005 - Jul. 2009 2004 - 2005	Executive Vice President - Human Resources Executive Vice President - Administration and Human Resources Vice President - Administration and Human Resources	Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center
9.	Ms. Petrung Maesincee Executive Vice President - Marketing	44	- Bachelor of Art (Economics) Thammasat University - Master of Art (Economics) Thammasat University	-None-	-None-	1,225,300 / 0.29	-None-	Aug. 2009-Present 2008 - Jul. 2009 2004 - 2007	Executive Vice President - Marketing Executive Vice President - Marketing Vice President - Marketing	Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center Thai Metal Trade Plc. / Steel Service Center

- Remarks:**
- ⁽¹⁾ Mr. Soon Tarasansombat holds the Company's share of total 162,256,100 shares, which equivalent to 38.18 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, holds of total 30,000,000 shares, which equivalent to 7.06 percent of its total issued and paid up shares.
 - ⁽²⁾ Mr. Paisal Tarasansombat holds the Company's share of total 16,790,100 shares, which equivalent to 3.95 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 17,000,000 shares, which equivalent to 4.00 percent of its total issued and paid up shares.
 - ⁽³⁾ Mrs. Panlapa Tarasansombat holds the company's share of total 17,000,000 shares, which equivalent to 4.00 percent of its total issued and paid up shares, and Mr. Paisal Tarasansombat, her spouse, holds of total 16,790,100 shares, which equivalent to 3.95 of its total issued and paid up shares.

Shareholding Structure

The Top 10 Shareholders of the Company as of March 9th, 2009*

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	162,256,100	38.18
2	Mr. Chamnan Tarasansombat	35,086,000	8.26
3	Mrs. Penjit Pipattanasakul	33,864,400	7.97
4	Mr. Komsan Tarasansombat	32,180,000	7.57
5	Mrs. Pornjit Tarasansombat	30,000,000	7.06
6	METAL ONE CORPORATION	21,250,000	5.00
7	Mrs. Panlapa Tarasansombat	17,000,000	4.00
8	Mr. Paisal Tarasansombat	16,790,100	3.95
9	Mr. Thongchai Srisan	5,700,000	1.34
10	Mr. Supoj Subtaweechaikul	3,500,000	0.82

Source: Thailand Securities Depository Company Limited

Group of shareholders whose behavior can influence when determining policy or handling operation

Shareholders	Number of shares	Percentage of shareholding
Tarasansombat Family		
1. Mr. Soon Tarasansombat	162,256,100	38.18
2. Mr. Chamnan Tarasansombat	35,086,000	8.26
3. Mr. Komsan Tarasansombat	32,180,000	7.57
4. Mrs. Pornjit Tarasansombat	30,000,000	7.06
5. Mrs. Panlapa Tarasansombat	17,000,000	4.00
6. Mr. Paisal Tarasansombat	16,790,100	3.95
Related Person		
7. Mrs. Penjit Pipattanasakul (Daughter of Mr. Soon Tarasansombat and Sister of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat)	33,864,400	7.97

Source: Thailand Securities Depository Company Limited

* Closing date for the rights to attend the Annual General Meeting of Shareholders for the year 2009

Nature of Business



History and Background

Mr. Soon Tarasansombat founded “Soon Huad Iron Work Limited Partnership” in 1976. The business had initially been focused on only steel trading until 1986, when it was transformed to “Soon Huad Steel Co., Ltd.” The company eventually was renamed in 1992 as “Thai Metal Trade Company Limited”.

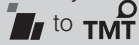
Thai Metal Trade Company Limited (TMT) was established on April 17th, 1992, with an initial paid up capital of 5 Million Baht. The Company was positioned as a fully integrated steel solution provider. Being able to cover a full range of steel products, expertise in steel trading, a manufacturing and an excellent distribution system, plus proactive marketing strategies, Thai Metal Trade was rapidly on its way to guarantee long-term growth.

On September 1st, 2004, TMT became a listed company on the Stock Exchange of Thailand. This was a bold step forward to enhancing creditability, widening financial instruments and greater business opportunities.

The Company’s present paid-up capital has been raised to 425 Million Baht. We are now the Thailand’s largest integrated steel service center whose business priority lies on increasing the value of our partnership with customers, rather than on mere product sales.

Our Plant was first located on Rama III Road in the center of Bangkok. In order to respond to rapid growth and to provide the highest standard services, the substantial investment of over One Billion Baht has been spent on a plot of 112 rai compound in Ayutthaya, to increase our capabilities of manufacturing, steel processing and also to widen distribution capabilities. TMT headquarters is now situated on the 22nd Floor of Bangkok City Tower at 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok.

The Company has made a significant of changing and development of year 2009 as follows:

- The Company has created value added to its products through a water based corrosion resistant coating system on C-channel and Pipe. From the completion of construction and installation of the new additional machines according to third phase expansion, the Company has increased its processing capacity for C-Channel and pipe to 50,000 tons per year.
- The Company was certified by ISO 9001: 2008 from SGS, UKAS, and NAC Institute on 23th June 2009
- The Company has launched a new corporate identity with new vision and changed its logo from  to 

Bubble above TMT is adapted from a coil, which is a major product of the Company’s business;

Typeface of TMT using a simple shape to represent a modern, trusty, clear and can be seen even in a small size. TMT abbreviated from THAI METAL TRADE;

Color comprised of 2 colors; Dark blue and orange;

- **Dark Blue** is represented deliberation, steadiness, trust and potential of precisely possible creativity;
- **Orange** is represented a power of creativity and infinite imagination.

This whole element means TMT is the creative thinking company that sparking the imagination, thriving forward and providing structure of your imagination.

Nature of Business Overview

With a complex requirement of customer which is diverse as its industrial needs and variety of its business application, it creates a complicated need not only in pattern, quality, standard or utilization to meet their requirement, but also a need of services which can ensure a committed delivery, secured source of material and valuable recommendation on alternatives of efficient material planning. In the mean time, this management should be synchronized and conformed to upstream material management in both local and foreign mills' constraints and conditions which are described as below:

Mills' Needs	Customers' Needs
1. Quantity Mills prefer mass production and require a minimum quantity in order to control production costs and achieve economies of scale.	1. Quantity Customers, such as construction companies, manufacturers of parts, pipe and automobile parts, require limited quantities of products for a certain period of time which may not meet the minimum quantity requirement of mills. In addition, customers need various types of products at one time.
2. Pattern Mills prefer standard pattern orders which require a normal production process in order to ensure efficiency in the production process.	2. Pattern Each customer requires different types of products. Some products cannot be completed in a mill's production process and need additional processing.
3. Delivery Mills prefer mass volume for each delivery together with few shipments and few destinations in order to control transportation costs.	3. Delivery Customers generally require a one-time delivery of several types of products in one order. In addition, many customers mean many destinations.
4. Order Mills prefer to have a confirmed order in advance and lead time in order to fix the production planning.	4. Order Consumers may require the product immediately or at a shortened period, making it difficult to place orders in advance.

The Company, as a full service center and distribution center, manages and serves the varying preferences of both mills and consumers to meet their requirement at the same time by placing orders to mills in a large volume, with some products maintained in its warehouse and others were reprocessed in order to provide various products to customers in each industry. The Company assists its customers in saving time, reducing handling and storage costs and expenses by providing a product sourcing service. The Company also helps mills reducing transportation costs by delivering the products to each consumer directly.

Features of the Services and Products

The principal activity of the Company is to act as total steel solution provider. The Company places priority on serving the needs of customers and providing the type of product customers require

through its management and warehousing system. The Company also delivers products at a pre-specified time and place. These activities comprise value-added for customers in terms of providing variety, quality and convenience product. The Company's solution can be divided into two main categories, as follows:

1. As Steel Distribution Center

The Company focuses on product sourcing and the sale of all types of steel products, which include raw material, finished and processed products. The Company sells these to industrial customers. Products are sourced from both domestic and global manufacturers and stored in its warehouse. Through its inventory management system, the Company is able to dispatch orders to its customers according to their production plan. Customers therefore obtain an efficient inventory management system which reduces

their inventory management and handling costs, and storage space. Steel trading and warehousing comprises as one of the Company's core business.

The products that fall under this category can be divided into two main groups: flat products and long products.

Flat Products

Hot-Rolled Flat Products

The production process involves the hot rolling of slab into sheets of varying widths, lengths, and thicknesses. Generally, the product contains two features: hot-rolled coil with a thickness ranging from 1.0 to 25 millimeters, and hot-rolled plate with a thickness ranging from 8 to 100 millimeters. The Company procures hot-rolled coil from steel mills and distributes this to wholesalers and other steel mills for further processing. Hot-rolled coil generally enters the rolling process before being cut into different sizes according to customers' orders. This falls under the Company's steel processing business. Flat products can be widely used in several industries, such as construction, machinery, ship building and bridge construction.

Cold-Rolled Flat Products

The production process involves smoothing the surface of hot-rolled coil and reducing the thickness by cold rolling into thin sheets with a thickness ranging from 0.3 to 2.0 millimeters. The Company procures Cold Rolled products from domestic steel service center and sells it to customers. This type of product can be used in the production of automobiles, electrical products and furniture.

Coated Steel Products

The production process involves coating hot-rolled steel and cold-rolled steel. The product features can be divided into the following categories:

- Electro Galvanized Steel
- Hot Dipped Galvanized Steel
- Color Coated Steel

The Company purchases this type of product from steel mills and distributes it to customers in the automobile manufacturing, electrical appliance and furniture manufacturing industry.

Long Products

Hot-Formed

The Company engages in the trading of hot-formed products which comprise shaped steel, such as H-Beams, I-Beams, channels, equal angles, and steel bars. These types of products are principally used in the construction industry, such as building structures, elevated and subway train stations, bridges, high-rise buildings and manufacturing plants.

Cold-Formed

Cold-formed products involve the reforming of slit coil by machine (non-heating process). This type of product includes round pipe, square pipe, rectangular pipe or C-channel steel. The Company engages in both trading and manufacturing of cold-formed products.

2. Steel Processing and Cold Forming

Due to the varying needs and preferences of customers, the Company provides a steel processing service by which it sources raw material from steel mills and processes this according to customers' specifications. Steel processing is another core business. Steel processing can be divided into the following four types:

Cutting

This involves the cutting of Hot-Rolled Coil (HRC) into varying lengths and widths according to customer specifications. The HRC will then be unrolled and cut horizontally into a standard size by a cutting machine. There are three types of cutting machines: a thin cutting machine, which is used to cut steel sheet with a thickness ranging between 1 and 6 millimetres, a thick cutting machine which is used to cut sheet steel with a thickness ranging between 6 and 13 millimetres, and a extra thick cutting machine which is used to cut steel sheet with a thickness ranging between 6 and 25 millimeters. The steel sheet will be cut into standard sizes of 4 x 8 feet, 5 x 10 feet, 5 x 20 feet or cut to length as required and be able to serve extra 2 meters in width. Customers who order this product are steel processing operators who purchase and reprocess products according to their customers' requirements, steel retailers, automobile manufacturers, furniture manufacturers, automobile parts manufacturers and constructions.

Shearing and Pressing

After being cut by the cutting machine in the above process into standard sizes, the steel will be cut with a shearing machine or cutting gas CNC into various sizes as specified by customers. The steel will then require further processing by a pressing machine in which the products are pressed and formed into specific shapes, such as channel steel and equal angle steel. Customers of these types of products are steel retailers, and automobile, furniture and parts manufacturers.

Coil Slitting

HRC is unrolled and cut by a slitting machine into smaller sizes according to customers' specifications. After being cut, the steel will be rolled into a coil resembling the shape of scotch tape or a roll of film. Customers of slit coil are manufacturers of steel pipe, C-Channel, automobile parts and furniture. Furthermore, the slit coil can be used as material for grating products with efficient cutting through Mini Leveler machine.

Cold-Forming

The production process involves the cold forming of slit coil utilizing hi-tech machinery to produce steel pipe and C-Channel steel. The Company has obtained the certification TIS 1228-2549 for C-Channel steel and TIS 107-2533 for Rounded Pipe, Square & Rectangular Pipe by the Thai Industrial Standard Institute.

the Company has created added value on Pipes and C-Channel products through a new automatic Anti-Rust Coating by primer coating machine with airless spray system which can reduced customer's production cost and safe from any hazardous volatile or solid substances for healthy and environmental friendliness. This will be launched as new product for construction and home developer sector.

Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31st December 2007 to 2009 is as follows:

Product Line	2009		2008		2007	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	163,108	2.88	298,087	3.23	370,469	5.86
2. Hot Formed Shape Steel	979,044	17.29	1,820,825	19.73	1,165,062	18.43
3. Steel Pipe and C-Channel	77,488	1.37	153,197	1.66	124,256	1.97
4. Sheet and Plate Steel	152,904	2.70	125,665	1.34	108,464	1.72
5. Others*	22,875	0.40	14,766	0.16	44,557	0.70
Total	1,395,419	24.64	2,410,539	26.12	1,812,808	28.67
Processing						
1. Sheet Steel Cutting	1,622,569	28.65	2,844,289	30.82	1,963,529	31.06
2. Sheet Steel Shearing and Pressing	1,482,240	26.17	2,535,127	27.47	1,541,674	24.39
3. Coil Slitting	86,696	1.53	115,359	1.25	94,336	1.49
Cold Formed Steel Processing						
4. Steel Pipe	509,872	9.00	532,497	5.77	394,361	6.24
5. C-Channel	537,543	9.49	764,137	8.28	488,450	7.73
Total	4,238,921	74.85	6,791,408	73.59	4,482,349	70.90
Other Income**	28,955	0.51	26,763	0.29	26,914	0.43
Total Revenue	5,663,294	100	9,228,711	100.00	6,322,071	100.00

Notes: * Such as special size and grade steel

** Such as processing service, delivery service, foreign exchange gains, interest income and scrap sales

Risk Factors

Risk factors that may have an adverse effect on TMT's business, financial position or operating results are as follows:

1. Risk associated with the reliability on major steel producers

During 2009, the Company purchased hot-rolled coil from three major domestic producers: G Steel Plc. (GSTEEL), Sahaviriya Steel Industry Plc. (SSI) and GJ Steel Plc. (GJS), which accounted for a combined 69.39 percent of the Company's total purchases in 2009 compared with 62.34 percent in 2008. In addition, the Company purchased structural steel products from Siam Yamato Steel Co., Ltd. ("SYS"), the largest structural steel producer in Thailand, accounting for 8.14 percent of the Company's 2009 total purchases compared with 9.49 percent in 2008.

As there are only three domestic hot-rolled steel producers as well as an import restriction caused by an anti-dumping measure, the Company's purchases from these producers represent a high proportion of its raw material total purchases. Hence, there may be a risk if these major domestic steel producers are unable to deliver their products to the Company as scheduled or the producer's operation is halted with any cause and if the Company is unable to provide substitute products to fill its customers' orders. However, such an event could occur only in a case where the three producers simultaneously delay delivery.

However, the Company has never experienced a delivery problem with these suppliers at the same time. The Company is able to mitigate this risk through its minimum stock policy of 30 days to 60 days and its policy to place orders approximately 30 to 60 days in advance. In addition, the Company maintains a close relationship with its producers and distributors both in local and global in order to secure and reserve the alternative material sources for the Company.

2. Risk associated with impacts from Anti-Dumping Measures

Due to many complaints from local steel producers over the adverse effects from the dumping of steel products by foreign producers, the Ministry of Commerce on 23rd May 2003 imposed anti-dumping duties on imports of hot-rolled steel from 14 countries for a period of five years, which ended on 22nd May 2008 and thereafter the measure has been reviewed and extended its effectiveness for another five years. The anti-dumping measure led to a rise in the price of imported hot-rolled coil (HRC), an increase in the trading volume of HRC produced domestically, and a higher imported cost from such 14 countries. The anti-dumping measure may cause a shortage of supply in the future if the local domestic producers could not produce their products to respond the market needs.

3. Risk associated with fluctuations in the price of Hot-rolled Coil (HRC)

In 2009 and 2008, the Company's main revenue stemmed from trading and processing HRC, accounted for 80.22 percent and 80.06 percent of total revenue respectively. The Company's total purchase of HRC from domestic producers was 87.64 percent and 99.13 percent of its total HRC purchased in 2009 and in 2008 respectively. Therefore, the volatility of domestic HRC price, which fluctuates with the world price, will have an impact on the Company's cost of goods sold, price of products, and inventory management.

Nevertheless, the Company has done a best effort to minimize the price fluctuation impact by setting its selling prices at a level whereby it can maintain its spread margin. The Company closely monitors fluctuations in steel prices to evaluate the market situation as well as price trends. This information can be used in making purchasing decisions as well as managing inventory.

4. Risk associated with the Accounts Receivable

As at 31st December 2009, the Company had accounts receivable in the amount of Baht 741.93 million representing 13.17 percent of total sales. For the fiscal year 2009, the Company's average collection period were 48 days, while accounts receivable which aged less than 3 months was Baht 734.95 million, representing 99.06 percent of net accounts receivable. Hence, the Company may encounter a delinquency risk in the event customers have a poor operating performance, and this may affect the Company's profitability and financial status.

However, the Company periodically reviews the credit quality of its customers and sets aside provisions for no guarantee doubtful accounts aged overdue more than 180 days, or if the Company detects that a client has a problem in making a payment, even if does not exceed 180 days, the Company will set aside provisions for doubtful debt for said client. The Company focuses on providing credit which was considered by Credit Committee to grant a credit line for its own customers and allows credit for repeat customers with a good credit history and long-term relationship. In the case of new customers, customers in high-risk industries or who place unusually large purchase orders, the Company will request a bank guarantee, aval or letter of credit. The Company also has a diversified revenue base and a large number of customers without having to rely on any one specific customer group. Risk is also minimised as no large proportion of credit is provided to any one sector or industry.

5. Risk associated with interest rates

As at 31st December 2009, all of the Company's liabilities were short-term loans from financial institutions totalling Baht 1,034.25 million representing 85.85 percent of total liabilities. The short-term financing consisted of short-term loans from financial institutions, trust receipts and letters of credit which were used as working capital to purchase raw material from its suppliers. Any changes in market interest rate may effect to interest expense and net profit. However, the interest expense was equaled to 0.30% of total sales revenue while in year 2008 was 0.47%. The interest coverage ratio was 20 times in year 2009 and 23 times in year 2008 when compared with earning before interest and tax.

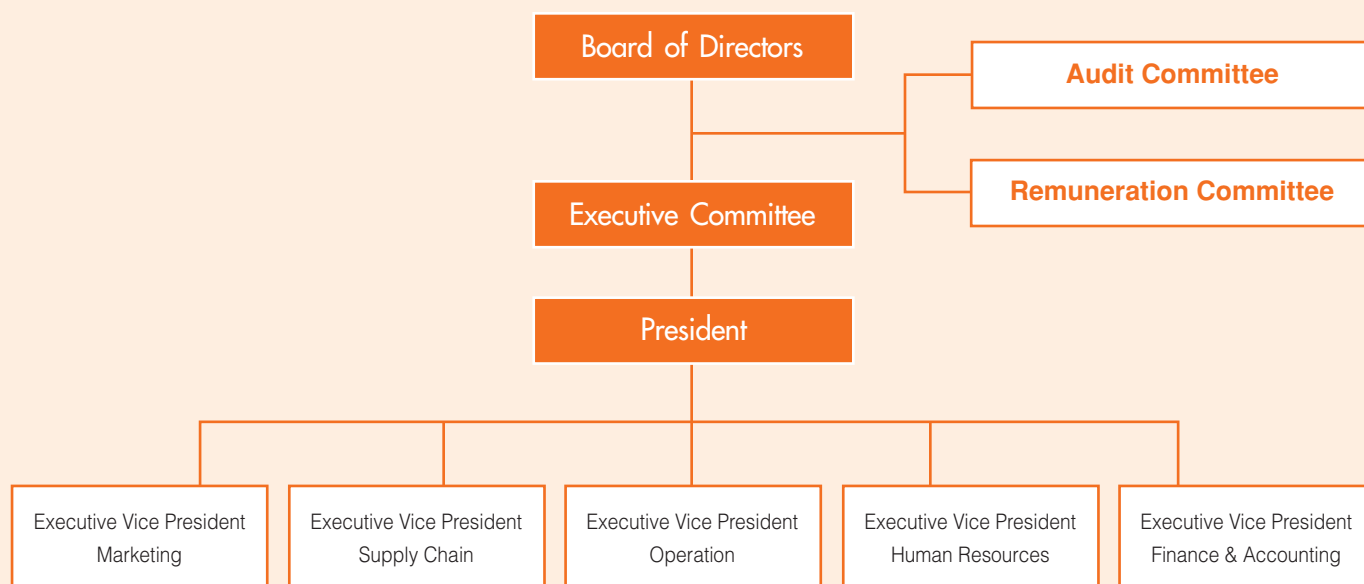
6. Risk associated with exchange rate risk

For the fiscal year 2009 and 2008, the Company's total imports in US dollar terms accounted for 10.34 percent and 0.66 percent of total purchases, respectively. This exposes the Company to a risk of fluctuations in foreign currency. However, the Company has a policy to hedge this risk by making forward contracts or converting to be Baht debt or making early payment depending on the level of cash on hand.

The Company will continue to import some of its raw material requirement while maintaining its hedging policy to manage foreign exchange risk exposure whenever the Company deems appropriate.

Management Structure

Organization Structure as of December 31st, 2009



Board of Directors

As of December 31st, 2009, the Board of Directors consisted of seven members as follows:

Name	Position
1. Mr. Soon Tarasansombat	Chairman of the Board
2. Mr. Paisal Tarasansombat	Director
3. Mr. Komsan Tarasansombat	Director
4. Mr. Somjate Tretarnthip	Director
5. Mr. Chai Jroongtanapibarn	Independent Director
6. Mrs. Ratanavalee Gorsanan	Independent Director
7. Mr. Anake Pinvanichkul	Independent Director

Authorized Directors

Authorized Directors consisted of:

1. Mr. Paisal Tarasansombat
2. Mr. Komsan Tarasansombat
3. Mr. Somjate Tretarnthip

Any above two of three directors jointly sign along with the Company's seal affixed.

Scope, Duties, and Responsibilities of the Board

The Board of Directors has its duties and responsibilities to perform in compliance with the laws, objectives, and the Company's Articles of Association as well as resolutions of shareholders' meeting with honesty and due care of the Company's benefits, except the transactions that must be approved by shareholders' meeting before conducting such as transactions that required by laws to obtain the majority votes of shareholders' meeting, the connected transaction and the acquisition or disposal of assets in accordance with the regulations specified by SET or any issues defined by government agencies etc. In this regards, the Board of Directors may assign any one director or other person to act on behalf of the Board of Directors. The Scope, Duties, and Responsibilities of the Board of Directors as follows:

- (a) To hold the Company's annual general meeting of shareholders within no later than four months from the end of the Company's fiscal year;
- (b) To hold the Company's Board of Directors' meeting at least once every three months;
- (c) To arrange the preparation of financial statement as at the end of the Company's fiscal year this audited by auditor, and therefore shall propose to the shareholder's meeting for their consideration and approval;
- (d) The Board of Directors may delegate their authority to any one or several directors or other person to take any action on behalf of and under the supervision of the Board of Directors, or empower such person/persons to have power according to the Board of Directors deem appropriate and within time limit as the Board of directors indicate. The Board of Directors may cancel, revoke, change, or amend such authorities whenever it deems appropriate. The Board of Directors may authorize the Executive Committee to manage any operations, which was already described in scope, duties, and responsibilities of executive committee, however, such authorization shall not include the consideration and approval of any transaction in respect of which his or any persons have interest or conflict of interests with the Company or its subsidiary, except where the transactions are in accordance with policies and measures as considered and approved by the Board of Directors.
- (e) To set target, guideline, policy, business plan and budget of the Company as well as monitor the operation and management of executive committee to ensure that they perform in compliance with such policies, except the following matters which must be approved by the meeting of shareholders before conducting : the issue that required by laws to obtain the majority votes of shareholders' meeting such as capital increasing, capital reduction, debenture issuance, the sale or transfer of business of the Company in whole or in essential part to other persons or the purchase or acceptance of transfer of business of other companies, and the amendment of the Company's memorandum of association. Furthermore, the Board of Directors has its duty to conduct the Company to perform in compliance with the Securities and Exchange laws and rules issued by SET such as connected transaction and the acquisition or disposal of assets according to the regulations issued by SET, or relevant legislation with the Company's business;
- (f) To consider the management structure, and to appoint the executive committee, president, and other committee as deem appropriate;
- (g) To supervise and monitor the operating results in order to meet the business plan and budget continuously;
- (h) The Director is forbidden to operate a business of the same nature as, and in competition with that of the Company, or to enter to be a partner in an ordinary partnership or a partner of limited partnership or a director of a private company or other company which operates a business of the same nature as and in competition with that of the Company, whether for their own or other's benefit, unless the meeting of shareholders has been notified prior to appointment thereto.
- (i) A Director shall file to the Company a report on his interest which may cause conflict of interest directly or indirectly when the Company enters into a contract, or has any changes in shares or debenture holding in the Company or its subsidiary.

The Board's Meeting In year 2009, The Board's meeting held a total of four meetings with directors' attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Soon Tarasansombat	Chairman of the Board	4/4
2. Mr. Paisal Tarasansombat	Director	4/4
3. Mr. Komsan Tarasansombat	Director	4/4
4. Mr. Somjate Tretarnthip	Director and Corporate Secretary	4/4
5. Mr. Chai Jroongtanapibarn	Independent Director	4/4
6. Mr. Anake Pinvanichkul	Independent Director	3/4
7. Mrs. Ratanavalee Gorsanan	Independent Director	4/4

Executive Committee

As of December 31st, 2009, the Executive Committee consisted of three members as follows:

Name	Position
1. Mr. Paisal Tarasansombat	Chief of Executive Board
2. Mr. Somjate Tretarnthip	Executive Director
3. Mr. Komsan Tarasansombat	Executive Director

Scope, Duties, and Responsibilities of the Executive Committee

The Executive Committee has its scope of authorities, duties, and responsibilities to manage the Company's normal business operation as well as to set a policy, business plan, budget, management structure and job authorization, and business protocol in relation with economic conditions in order to propose to the Board of Directors for approval and/or acceptance, including the verification and supervision of the operating results compared with its policies. The Scope, Duties, and Responsibilities of the Board of Directors as follows:

- (a) To consider the annual budget allocation as proposed by management team before submit to the Board of Directors' meeting for approval, including the consideration and approval of changes in interim expenses in case of emergency item when there is no Board of Directors' meeting, and then report to the next Board of Directors' meeting;
- (b) To approve buying or selling transaction that value of not exceeding Baht 500 Million per transaction;
- (c) To approve the investment expense which is not in the approved annual budget, and not exceeding Baht 50 Million;
- (d) To approve the expenses for investment as annual budget as approved by the Board of Directors or in accordance with the approved principle by the Board of Directors;
- (e) To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operation matters;
- (f) To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;
- (g) To control the operation and/or daily management of the Company.

However, the authorities of the Executive Committee are not included the approval of any transactions in respect of executive committee who has a conflict or any matters in respect of which executive committee or related persons has interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of Directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guidelines approved by the Board.

Audit Committee

As of December 31st, 2009, the Audit Committee consisted of three knowledgeable members as follows:

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee
2. Mrs. Ratanavalee Gorsanan	Audit Committee
3. Mr. Anake Pinvanichkul	Audit Committee

Scope, Duties, and Responsibilities of Audit Committee

The Audit Committee has its scope of authorities, duties, and responsibilities as authorized by the Board of Directors, including the report to the Board of Directors on following matters:

- (a) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (b) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine independency of internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of internal audit;
- (c) To review compliance with the Securities and Exchange Act, regulation of the Stock Exchange of Thailand and any other relevant regulations or laws which related to the Company's business;
- (d) 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 the auditor at least once a year;
- (e) 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;
- (f) To prepare, and to disclose in the Company's annual report, an audit committee' report which must be signed by the Chairman of Audit Committee 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 the 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 audit committee' s meeting, 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 disclosed to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board.
- (g) To report the Audit Committee's operation to the Board at least once every quarter;
- (h) To perform any other act as assigned by the Board of directors, with the approval of the Audit Committee.

In addition, The Board of Directors has fixed the term for members of Audit Committee of the Company as follows:

- Chairman of the Audit Committee 3 years
- Audit Committee 3 years

In this regards, when they complete their term, Chairman of Audit Committee or audit committee can be re-appointed to their position.

Audit Committee's Meeting In year 2009, Audit Committee's meeting held a total of 4 meetings with the committee's attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee	4/4
2. Mrs. Ratanavalee Gorsanan	Audit Committee	4/4
3. Mr. Anake Pinvanichkul	Audit Committee	3/4

The Remuneration Committee's Meeting In year 2009, the Remuneration Committee's meeting held a total of 2 meetings with the committee's attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Chai Jroongtanapibarn	Chairman of the Remuneration Committee	2/2
2. Mrs. Ratanavalee Gorsanan	Remuneration Committee	2/2
3. Mr. Anake Pinvanichkul	Remuneration Committee	2/2

Remuneration Committee

As of December 31st, 2009, the Remuneration Committee consisted of three members as follows:

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairman of the Remuneration Committee
2. Mrs. Ratanavalee Gorsanan	Remuneration Committee
3. Mr. Anake Pinvanichkul	Remuneration Committee

Scope, Duties, and Responsibilities of the Remuneration Committee

- To review the appropriateness of the current remuneration criteria;
- To set the policy, criteria and method of allocation such remuneration for directors, chief of executive committee, president and top management of the Company, either cash or non-cash, in compliance with the appropriateness and fairness by considering the Company's operating results and the standard practice of other company in the same industry, and propose to the Board of Directors for approval;
- To consider and set out the remuneration for directors, either cash or non-cash, and propose to the Board of Directors in order to submit to the shareholder's meeting for approval;
- To undertake other matters assigned by the Board of Directors;

Management Team

As of December 31st, 2009, the management of the Company consisted of five members as follows:

Name	Position
1. Mr. Paisal Tarasansombat	President
2. Mr. Somjate Tretarnthip	Executive Vice President - Finance and Accounting
3. Mr. Komsan Tarasansombat	Executive Vice President - Operations and Acting in Executive Vice President - Supply Chain
4. Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources
5. Ms. Petrung Maesincee	Executive Vice President - Marketing

Scope, Duties, and Responsibilities of President

The scope, duties and responsibilities of President for managing normal business and operation of the Company are as follows:

- To control and supervise the operation and/or manage day-to-day business of the Company;
- To operate or carry out the business in respect of execution of policies, business plan, and budgets approved by the Board of Directors and/or the Executive Committee;
- To act as the attorney of the Company in management to comply with objectives, Articles of Association, policies, guidelines, regulations, orders, resolutions of shareholder's meeting and/or resolutions of the Board of Directors or the Executive Committee;

However, the authorities of president are not respect of president has a conflict, or any matters in respect of which president or related persons have interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of Directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guidelines approved by the Board.

Corporate Secretary

Name	Position
Mr. Somjate Tretarnthip	Corporate Secretary

Scope, Duties, and Responsibilities of the Corporate Secretary

The Board resolved to appoint Mr. Somjate Tretarnthip as the Corporate Secretary responsible for organizing the meetings of the Board, Committees and Shareholders. The Corporate Secretary is also in charged with preparing the minutes of the Board's meeting, the minutes of other Committees' meeting, the minutes of Shareholders' meeting and annual report as well as filing documents as stipulated by law.

Nomination of Board Members

The Selection of qualified candidates to be nominated as a member of the Board, have not been processed through the Nomination Committee because of the disestablishment, however, the Board of Directors shall select by considering the qualifications as stated in Section 68 under the Public Limited Companies Act. B.E. 2535 and shall not have prohibited characteristics as specified in the Notification of Capital Market Supervisory Board No. TorChor. 24/2009. The Board members shall be elected by majority votes of shareholder's meeting according to the following measures and methods:

Rights of shareholders to appoint member of the Board

- (1) Each shareholder shall be entitled to one vote per share;
- (2) Each shareholder must use all his/her votes under (1) to elect one or several candidates for the Board membership but shall not divide such votes among candidates;
- (3) Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed at that time are elected to be the member of the Board. In the event of a tie at lower place, which would make the number of directors greater than that required, the Chairman of the Board shall cast the deciding vote.

Remuneration of directors and management

(a) The Board remuneration

In the previous Annual General Meeting of Shareholders for year 2009, held on March 27th, 2009 has resolved to approve the directors' remuneration in the total amount of not exceeding Baht 4 Million per annum which remained the same as those approved in year 2008, and therefore the Company paid out to seven directors which consisted of Baht 270,000 for meeting allowance, Baht 3,280,000 for directors' allowance, and approved directors' bonus from operating results of year 2008 for the whole committee in an amount of Baht 5,500,000. The allocation of remuneration is detailed as below:

Name	Position	Director allowance (Baht)	Meeting Allowance (Baht)	Bonus from operating results of year 2008 (Baht)	Total (Baht)
1. Mr. Soon Tarasansombat	Chairman of the Board	560,000	40,000	875,000	1,475,000
2. Mr. Paisal Tarasansombat	Director	400,000	40,000	750,000	1,190,000
3. Mr. Komsan Tarasansombat	Director	400,000	40,000	750,000	1,190,000
4. Mr. Somjate Tretarnthip	Director	400,000	40,000	750,000	1,190,000
5. Mr. Chai Jroongtanapibarn	Director, Chairman of the Audit Committee and Remuneration Committee	560,000	40,000	875,000	1,475,000
6. Mrs. Ratanavalee Gorsanan	Director, Audit Committee and Remuneration Committee	480,000	40,000	750,000	1,270,000
7. Mr. Anake Pinvanichkul	Director, Audit Committee and Remuneration Committee	480,000	30,000	750,000	1,270,000

(b) The Executive Committee and Management remuneration

In year 2009, the Company paid out the executive committee and the management remuneration for 3 committees and 5 managements in term of salary, bonus, pension fund, totaling Baht 19,530,000.

Good Corporate Governance Report

The Board of Directors of Thai Metal Trade Plc. (“the Company”) realizes the significance of the Company's good corporate governance by endorsing them as business principles in order to conduct the business with responsibilities, due care, and loyalty to bring efficient, transparent, and trustworthy growth to the Company. As said business principles are issued under good corporate governance principle for listed company year 2006, which has been used for disclosure of annual registration statement (form 56-1) and annual report (form 56-2) for the year ended 31 December 2007 onward.

Chapter 1 Rights of Shareholders

1.1 The appointment of the Board of Directors

According to the Articles of Association of the Company related to the appointment of the Board of Directors, the shareholders' meeting shall elect the directors in accordance with the rules and procedures as follows:

- (1) Each shareholder shall be entitled to one vote for each shareholding
- (2) Each shareholder shall be entitled to cast all the votes under (1) to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons.
- (3) Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors greater than the required, the Chairman of the meeting shall cast the deciding vote.

Moreover, in the latest Annual General Meeting of shareholders, the Company gives shareholders opportunity to cast their votes to elect the Company's director one by one.

1.2 Shareholder's meeting

Prior to the meeting

- (1) The Company allows shareholders to propose the agendas of shareholder's meeting and directors' nomination 30 days in advance prior to the meeting date. The detailed criteria and conditions of said proposal has been posted at the Company website (www.thaimetaltrade.com) together with

proposal form for shareholder's convenience. However, In AGM 2009, no shareholder proposed neither agenda no candidate to elect for the Company's director as said.

- (2) The Company will send notice of the meeting which indicates agendas and opinions of the Board on each item together with supporting documents to all shareholders at least 14 days prior to the meeting date and also such all relevant information will be posted on the Company's website under “Investor Relation” menu in advance 30 days prior to the meeting date in compliance with AGM Checklists to provide the opportunity to shareholders to study the supporting information in advance before receiving the hard copies.
- (3) To facilitate shareholders in both local and foreign who are unable to attend the meeting, the proxy form B and C will be provided along with notice of the meeting. Therefore they may authorize other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the Company as their proxy.
- (4) Besides the sending of notice of the meeting, the Company published such notice of the meeting in the public daily newspaper for three consecutive days and three days prior to the meeting date in accordance with the Rule and regulation of the Public Limited Company Act B.E. 2535 and also posted such notice and meeting's attachments on the Company's website under “Investor Relation” menu.

On the meeting date

- (1) The Company provides the best effort to accommodate the most convenience for shareholders in term of the meeting place, spared notice of the meeting for shareholders who do not bring such document, the presentation of each agenda displaying in big screen which lead to the convenience and participation, and wireless microphone in order to provide shareholders opportunities to question, recommend, and express their opinion as deem appropriate. This includes a registration desk with three officers to facilitate the process of registration and inspection of shareholders' identification in case of shareholders gathering at the same time.

- (2) The Company's Board of Directors, the Audit Committee, the Remuneration Committee, and Executive Committee have realized the importance of attending the meeting and deemed it as important duty and responsibility to conduct. Therefore the previous Annual General Meeting of Shareholders for the year 2009 held on 27th March 2009, all committee which included the Board of Directors, the Audit Committee, the Remuneration Committee, Executive Committee, and chief of financial and accounting officer attended the meeting.
- (3) Before consideration of each agenda as stated in the notice of the meeting, the Company assigned the master of ceremony to clarify the method for casting votes on each agenda, including the announcing of the amount of shareholders attending the meeting and the number of shares which are entitled to vote.
- (4) Equal opportunities provided for shareholders to express their opinions, and ask questions to the Board of Directors in each agenda according to the order of the agenda.

After the meeting

- (1) Besides the disclosure of resolution of shareholder's meeting via the channel of the Stock Exchange of Thailand, the Company also disseminated on its website in order to accurately provide the information for shareholders. Furthermore it also acts as information for non-attending shareholders as well as other investors.
- (2) The minute of shareholders' meeting made by the Company shall be finished and published on the Company's website with fourteen days from the date of meeting.

1.3 Rights to receive the dividend payment

The Company's dividend payment policy for the previous year operating results is not less than fifty percent of its net profit after legal reserve allocation as required by laws. In this regards, the Company has already reserved equal to ten percent of its paid-up capital. The payment was paid to the Company's shareholders whose name appear on the book closing date, which was fixed by the resolution of the Board of Directors' Meeting and approved by the Annual General Meeting of Shareholders.

Furthermore, after the Company was informed by Thailand Securities Depository Co.,Ltd. about the undeliverable dividend cheque, the Company would sent a notice of aforesaid mention to those shareholders to protect their rights.

1.4 Rights to access the adequate Company's information

The Company has been disclosed all significant information such as operating results or financial statements etc. via the channel of the Stock Exchange of Thailand as well as published on the Company's website under "News submitted to SET" menu. The Company also set up an Investor Relation Unit to keep in touch with investors, analysts and also government and public sectors. Below are the contact channels; Telephone No. : 02 685 4000 ext. 1605, 1501 Facsimile No. : 02 670 9090-2

Chapter 2 Equitable Treatment of Shareholders

- (1) The notice of meeting and supporting documents were made in Thai and English in order to ensure fair treatment to both local and foreign shareholders.
- (2) The Company made Proxy form B and C for both local and foreign shareholders who are unable to attend the meeting for exercising their rights by appointing other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the Company as their proxy. By the meantime, such proxy forms have been posted on the Company's website to facilitate the shareholders 30 days in advance before the meeting.
- (3) The Company will not propose additional agendas without prior notice to shareholders.
- (4) The Board of Directors' meeting no. 3/2009 has set the guidelines that directors and executive director shall disclose their own interest or other related person's interest which related to the management of the Company in accordance with Section 89/14 under the Securities and Exchange Act (No.4) B.E. 2551, so the Board of Directors can monitor such transactions that may create a conflict of interest and can determined for all benefits of the Company. In this regards,

directors and executive directors who have conflict of interest with the Company shall not present and vote at the meeting to discuss or decide on any connected transaction as said.

- (5) The Board of Directors has recognized the importance of inside information control and protects for internal use of restricted person only, so the Board established the policy and conduct to keep it confidential until it discloses to the public.

In this recognition, the Company has informed directors and executive directors to acknowledge their responsibility to report their shareholding and related persons' shareholding included their spouse and minor children, this also including the changes in securities holding report and submit to SEC and SET in accordance with Section 59 and the penal provision of Section 275 in the Securities and Exchange Acts B.E. 2535.

Furthermore, the directors and executive directors, including their spouse and minor children, are forbidden to buy, sell or transfer the Company's securities by using inside information which has not yet been disclosed to public. In case those persons buy, sell or transfer the Company's securities without knowing such inside information, such persons are required to report the said transaction to SEC and SET within three days from the transaction date in every time of entering into such prohibited transaction and then submit a report to the corporate secretary as evidence.

However, if any directors, executive directors and the Company's staffs are taking advantage for their own from using inside information and such action has caused any disgrace or damage to the Company, the Company will consider taking an appropriate legal action against such person.

Chapter 3 Role of Stakeholders

The Company has realized the rights and importance of all stakeholders, including customers, employees, trading partners, shareholders or investors, creditors, competitors, community and government sector. These spell out as follows;

(1) Customers :

Positioning as a leading integrated steel solution provider, TMT is geared up and ready to provide all-intensive steel-related service to our customers. Besides supplying quality products, we offer consultation, business solutions and material planning. These are aimed as customer centric to create greater values and benefit to our customers. In other words, we are transforming a conventional steel business into a fully integrated steel solution and being a structure of customer success. TMT is operated based on a sophisticated management system which has proven to be capable, efficient and able to meet all business requirements. In addition to these comprehensive facilities, good quality control system and logistics system are implemented and provided to ensure reliability and efficiency of inventory management for our customers.

(2) Employees :

Because the potential of our staff is one of the most important key success factors in achieving our vision to turn imagination into magnificent reality, therefore the continuous and constructive human resource development has always been delivered to build up our people's capability and values, not only the way of thought but also the practice that create a value determination, reliability, challenging ideas and responsive action. TMT Knowledge Center is being established to encourage our staff to be ever-conscious of the latest news and developments in the world of steel and metallurgy and to share knowledge and experience among them whereas the power of steel is inspired and ready to be a structure of any imagination.

(3) Trading Partners :

The Company has set out policy to create good-relationship between the Company and trading partners, including fair treatment toward partners in accordance with business condition and/or agreement as mutually agreed for purpose of development and maintenance of sustainable relationship.

(4) **Shareholders :**

The Company is determined to create sustainable and continuous business growth to become the Market Leader in the steel industry even though the difficulties of the economy from several factors occurred in the previous year in order to create sustainable and long-term value for shareholders, including the precise and complete disclosure. Furthermore, the Company has retained the rights of shareholders to receive dividend payment cheque by coordinating with Thailand Securities Depository Co.,Ltd. to follow shareholders who did not received such cheque to exercise their rights as they deserved.

(5) **Creditors :**

The Company is followed the borrowing condition and truthfully report the Company's financial status as well as fulfill obligation when payment is due.

(6) **Competitors :**

The Company is committed to do business under the rules of decent competition and do not falsely disparage the reputation with unfair for competitors.

(7) **Community and Society :**

The Company has conducted activities concerning corporate social responsibility (CSR) as details shown in heading Corporate Social Responsibility Activities.

(8) **Government Sector :**

The Company is strictly conducted its business complied with Laws, Rules, and other regulations issued by Government sector.

Chapter 4 Disclosure and Transparency

- (1) The Board of Directors has been monitored for disclosure the significant information related to the Company's financial information audited by the independent certified auditors complied with general accounting standard and non-financial information such as remuneration of directors, numbers of attending the meeting, scope of work of other committees, the report on connected

transaction, and corporate governance policy of the Company etc. All the information shall be disclosed in accordance with the regulations of SEC and SET and other relating notification with precisely, completely, on-time, and transparently for the equity of investors and stakeholders. The Company shall disclose the information through SET's news channel, the Annual Registration Statement, Annual Report, and the Company's website at www.thaimetaltrade.com. The Company also appointed the corporate secretary to take a duty and responsibility to provide the correct information to investors, shareholders, analysts, and stakeholders.

- (2) The analyst meeting is arranged regularly by the Company on a quarterly basis to announce the Company's operating results and financial status on the work day following the date of disclosure of audited financial statement. In this regards, the Company's also provided the information of comparative quarterly financial statement to the attendants.
- (3) The remuneration policy has been prescribed with clarity and transparency regarding remuneration at the same level as used in the same industry, such policy shall considered by the Remuneration Committee and approved by the Annual General Meeting of Shareholders. Further information about directors and executive's remuneration is detailed in Management Structure subject.

Chapter 5 The Board's responsibilities

1. Board's structure

1.1. The Board of Directors at the end of year 2009, the Board of Directors has its quorum of seven persons comprised of three independent and audit committee in complying with the regulations of SET. All those seven directors have knowledge, capabilities, experience, and skills that would be beneficial to the Company's business. The Board of Directors is appointed by shareholder's meeting. Further Information about their scope of work, duties, and responsibilities is detailed in Management Structure subject.

1.2 The Audit Committee comprised of three independent directors .The Audit Committee have no conflict of interest and connected

relationship with the Company, the Board of Directors, the Executive Committee, the Major Shareholders, and any others related parties of aforesaid persons. All those three audit committee have adequate expertise and experience to review creditability of the financial statements. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure subject.

1.3 The Remuneration Committee comprised of three independent directors who are appointed by the Board of Directors. The roles and duties of the Remuneration Committee are to consider and propose the compensation criteria paid to directors and chief of executive board for the Board of Directors' consideration before proposing for approval at the Annual General Meeting of Shareholders. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure subject.

2. The Board's term limit policy

According to the Company's Articles of Association chapter 21 stated that in every the Annual General Meeting of Shareholders, one-third of the Board of Directors shall retire by rotation, and if the number of directors can not be divided exactly into three parts, directors in a number closet to one-third shall vacate office. The directors who remained in office for longest time shall vacate office and such directors can be re-elected.

3. The Board's meeting

The Board of Directors and the Audit Committee convened the meeting regularly in accordance with the schedule that are planned in advance and will call for the additional meetings as necessary. The Chairman of the Board promotes prudent consideration and allocates adequate time for management to present significant issues and sufficient time for directors to express their opinion and discuss significant concerns carefully and neatly. Directors regularly attend the meeting except in cases of reasonable necessity, Minute of the meeting shall regularly record in each meeting for reference purposes and inspection purposes. Details of meetings of the Board of Directors during year 2009 are provided in Management Structure subject.

4. Qualifications of the Independent Directors

The Independent Directors of the Company have possessed the qualification according to the independent standard set forth in the notification of the Capital Market Supervisory Board no. TorChor 4 / 2552 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (No.2).

5. Leadership and Vision

The Board of Directors of the Company shall possess leadership, vision, and independency on decision-making to set out the business development plan and argets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company.

6. Business Ethics

The Board of Directors recognizes the importance to conduct its business with ethics by issuing guidelines to management and employees to acknowledge and understand the code of ethics or statement of business ethics in carrying out their duties with honesty and properly, and also regularly monitor the conducting of work whether such guiding principle is followed as expected.

7. Balance of Non-Executive Directors

In order to balance the power of the Board of Directors who also act as executives, the Board of Directors of the Company proposes three independent directors who possess the rights qualifications and educational background to carry out their duties; The Board of Directors in 2009 consists of

- Three executive directors
- One non-executive director (but not as independent director)
- Three independent and audit committee

Therefore the Company has 3 independent directors or equivalent to 42.88% of the Board which represents a proper balance. The authorized directors shall be designated by the shareholders' meeting.

8. The Aggregation or Segregation

The Board of Directors, the Executive Committee and Management shall have the freedom of choice and a clear separation of power and authority. The company has appointed an audit committee which consists

of three independent directors whose duty is to balance the power and monitor the management team of the Company.

9. Conflict of Interest

The Company has been recognized such problems and entrusted the Board of Directors to monitor the issue that may cause conflict of interest carefully, and also appointed the Audit Committee to consider any activities related to conflict of interest concerning.

10. The Remuneration of directors and executives

The Remuneration of directors and executives' policy has been prescribed by the Remuneration Committee which is fixed at an appropriate level and comparable with the same level in the industry and shall comply with the Company's operating results, experiences, duties, responsibilities, and performances of each directors and executives in order to attract and maintain qualified directors. Policy that the Remuneration Committee use as guideline to fix such remuneration is according to the policy prescribed by the Board of Directors. In this regards, such remuneration shall take in to account in the Annual General Meeting of Shareholder for approval. Further information of paid out remuneration is detailed in Management Structure subject.

11. System of Control and Internal Audit

The Company places emphasis on system

of control and internal audit, and therefore has set the authority and duties to operate, supervise and evaluate independently in order to check and balance their performance appropriately. The Company has regularly monitored the operation and the Audit committee has appointed KPMG Phoomchai Business Advisory Ltd. to audit the operation as the approved plan by the committee, and also reports directly to the Audit Committee for their recommendation on the control findings. This will enhance the system of control and internal audit to be more effectiveness.

12. Report on the responsibilities of the Board of Directors towards the financial report

The Board of Directors is responsible for the financial statements and financial information presented in the Annual Report. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Thailand, using based on the appropriate accounting policies and corresponding to its operation and doing practice regularly, as well as reasonableness in making projections regarding financial statements, and adequately disclosing significant information as indicated in the notes of financial statements. Thus, the Board of Directors shall prepare report on the responsibilities on said matters which shall be presented along with the auditor's report that stated in the Annual Report of the Company.

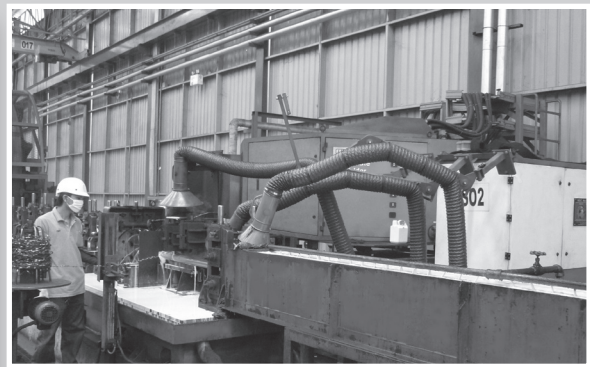
Corporate Social Responsibility Activities

The Board of Directors has emphasized the importance of corporate development and social responsibility as part of business conduct, and realized that business achievement could not be sustainable without these. Therefore, the Board pursues and promotes the activities to encourage not only the friendly environmental concern, but also safety and healthy concern in both working and community areas as well as the social responsibility. In year 2009, the Company's activities were as follows;

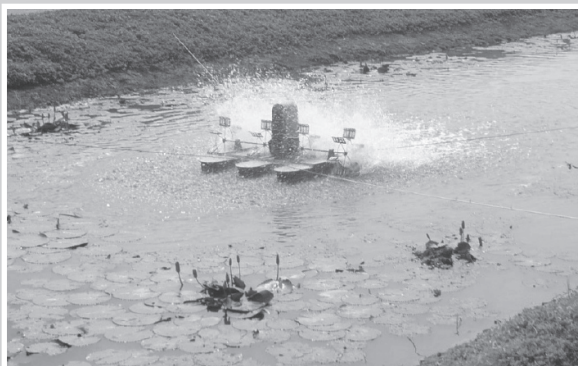
Eco Friendly Projects (January - September 2009)



1. The Company had installed and deployed the water based corrosion resistant coating system for cold-forming products which do not contain any hazardous volatile or solid substances. It is clean and safe from pollution and for consumer's usage.



2. The Company had installed an air treatment system in welding production line to purify the air in factory to ensure safety and clean environment.



3. The Company has concerned the surrounding environment by installing the water turbines along the canal in front of the Wang Noi Plant to treat the water by adding oxygen. The Company has also improved the surrounding landscape to make a good atmosphere for community and employees.

Community Friendly Project (June - December 2009)



1. The Company donated 25 computer sets to Wat Chao Mool School which located at Bangkokyai district, Bangkok. Being aware of children is the importance human resource in the future, so the learning and development skills, especially technology should be supported.



2. The Management and staff together donated blood to Ayutthaya Blood Center of Ayutthaya Hospital.

Employees Friendly Project (November-December 2009)



1. The Company has concerned its staff's health because our staff is one of the most importance key success. Hence, the Company provides the annual health check-up together with doctor's advice from Saimai Hospital.



2. The Company has launched "TMT Amazing Scrap" activity. It is an opportunity for staffs to present their creative talent by transforming scrap or useless material to a useful equipment or product.

Connected Transactions

In Year 2009, the Company had connected transactions as follows;

Person/Juristic Person which may have conflicts of interest	Relationship	General Characteristics of the transaction	Total Value of transaction (Baht)	Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction
1. Soon Huat Steel Co.,Ltd. ¹	Five members of Tarasansombat family who are in the top ten shareholders, namely Mr. Soon, Mrs. Pornjit, Mr. Paisal, Mr. Komsan, and Mr. Chamnan which each shareholding are 38.18, 7.06, 3.95, 7.57, and 8.26 percent respectively, are shareholders of Soon Huat Steel Co.,Ltd. whose combined shareholding accounted for 92 percent. Moreover, the Company and such company have two same directors namely Mr. Soon Tarasansombat and Mr. Paisal Tarasansombat, and Mr. Paisal Tarasansombat also the authorized director of those two companies.	The office building lease on 131 Rama III Road, Bangkholaem Sub-district, Bangkholaem District, Bangkok with Soon Huat Steel Co., Ltd. which Rama III Plant and Distribution center of the Company is current located. The term of lease is 3 years from April 1 st , 2007 to March 31 st , 2010, with rental rate of Baht 200,000.- per month. Soon Huat Steel Co., Ltd. has agreed to renew this leasing contract for 3 years tenor ended March 31 st , 2013. The rental rate and conditions shall remain the same which the payment date due on the 5 th of each month.	7,200,000 (for a three-year lease contract)	This transaction is reasonable and fair with clear stipulation of lease term and rental rate, and such rental rate is lower than the current market price and the appraisal value reported by U.K. Valuation and Agency Co.,Ltd. (an independent appraiser approved by SEC) on July 15 th , 2004 of Baht 600,000.- per month or Baht 7.2 million per year that will bring the highest benefit to the Company. The Board of Director's meeting no. 1/2010, held on February 19 th , 2010, resolved to approve the Company to enter into a renewal of such 2 transactions for 3 years tenor with the same conditions and rental rate. In this regards, the Directors who have conflicts of interests were not present in the meeting and had no voting rights in this agenda.
2. Group of Mr. Komsan Tarasansombat and Mr. Chamnan Tarasansombat	Mr. Komsan Tarasansombat is the Company's authorized director and one of the top ten shareholders by holding 7.57 percent of its total issued and paid up shares, and Mr. Chamnan Tarasansombat is another one of the top ten shareholders by holding 8.26 percent of its issued and paid up shares as well as relationship with Mr. Soon Tarasansombat as son and Mr. Paisal Tarasansombat as brother.	Such group leased 5 plots of land and plant building located at no. 129 Rama III Road, Bangkholaem Sub-district, Bangkholaem District, Bangkok as Rama III Plant and Distribution center of the Company. The term of lease is 3 years from January 1 st , 2007 to December 31 st , 2009 with rental rate of Baht 250,000.- per month. The Group of persons has agree to renew this leasing contract for 3 years tenor ended 31 st December 2012 with the same conditions and rental rate which its payment date due on December 31 st of each year.	9,000,000 (for a three-year lease contract)	

Remarks : 1. Soon Huat Steel Co.,Ltd. has not continued its steel business since TMT was established in year 1992. It currently operates only lease of property.

Person/Juristic Person which may have conflicts of interest	Relationship	General Characteristics of the transaction	Total Value of transaction (Baht)	Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction
3. Mr. Paisal Tarasansombat	Mr. Paisal Tarasansombat is the authorized director, Chief of Executive Board and President of the Company and also one of the top ten shareholders by holding 3.95 percent.	The use of the land with area of 2 rai, 2 ngan and 70 square wah which is a part of the land located at no. 131 Rama III Road Bangkholaem Sub-district, Bangkholaem District, Bangkok is allowed by Mr. Paisal Tarasansombat without any charges. In this regards, the use of this land will not be charged for any costs until December 31 st , 2010, thereafter the rental rate shall be considered based on the market rate.	-	This transaction benefits the Company's operation since the rental fee of the land and building in No. 1, 2, and 3 totaled Baht 5.4 million per year, which is lower than the appraisal value reported by U.K. Valuation and Agency Co., Ltd. (an independent appraiser approved by the SEC) on July 15 th , 2004 of Baht 7.2 million per year.
4. Metal Commerz Pte.Ltd. ²	Mr. Paisal Tarasansombat, Director, Chief of Executive Board and President, is director of Metal Commerz Pte.Ltd. and holds 22.88 percent of its total issued and paid up shares. Mr. Komsan Tarasansombat, the Company's director is major shareholder of Metal Commerz Pte.Ltd. by holding 18.73 percent of its total issued and paid up shares.	The Company purchases Hot Rolled Coil from Metal Commerz and uses for processing to steel products and then sells to local end users. Metal Commerz performs as a sourcing arm for raw materials and steel products from various mills around the world with competitive price than those of other suppliers.	532,506,733	The transaction is based on normal business transaction which approved in principle by the Board of Director's meeting no. 3/2008. Moreover, the purchasing price is not higher than the market price which the Company may purchase from other suppliers. The Company benefits from this transaction not only the price, but also a better balance of purchasing power among local and foreign market.

Remarks : 2. Metal Commerz Pte.Ltd. is an intermediary who provides steel products sourced from around the world which the head office is located at Singapore. The Company has gains from information regarding market price, and referrals of manufacturing mills with which the Company can negotiate for better prices and compare product prices of other suppliers. Most of Metal Commerz's customers are in the Asia region, namely, China, Taiwan, Indonesia, Singapore and Malaysia, which is a different market compared with that of the Company, which is predominantly domestic. Hence, there is no competition between the two companies. In addition, Metal Commerz has no policy to compete with the Company in the future.

Person/Juristic Person which may have conflicts of interest	Relationship	General Characteristics of the transaction	Total Value of transaction (Baht)	Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction
5. Connex Business Online Co.,Ltd.	The Company and Connex Business Online Co.,Ltd. have co-director 2 persons, namely Mr. Paisal Tarasansombat and Mr. Somjate Tretarntip and each hold 4 percent of such company's total paid up shares. Moreover, Mr. Chamnan Tarasansombat, the authorized director and major shareholder by holding 40 percent of such company's total paid up shares, has relationship with the Company's directors; Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat, and also ranked in the top ten shareholders of the Company by holding 8.26 percent	The Company has appointed Connex Business Online Co., Ltd. as IT outsourcing program developer for the Company's operation.	660,000	This transaction is based on a supporting ordinary and normal business transaction which the size of transaction was less than 1 million baht as well as lowers than 0.03% of net tangible assets of the Company (NTA) regarding the financial statement of Q3/2008. Hence, the Company can enter into this transaction without the disclosure of information to SET. In this regards, the fee of this service was reasonable and not higher than the market price with which the Company may hire from other vendors, but the Company may gain a faster service due to its staff's expertise and well understanding of the Company's business needs.

Remarks : 3. The Top 10 Shareholders of the Company as of March 9th, 2009 (Closing date for the rights to attend the Annual General Meeting of Shareholders for year 2009)

Management Discussion and Analysis

Performance

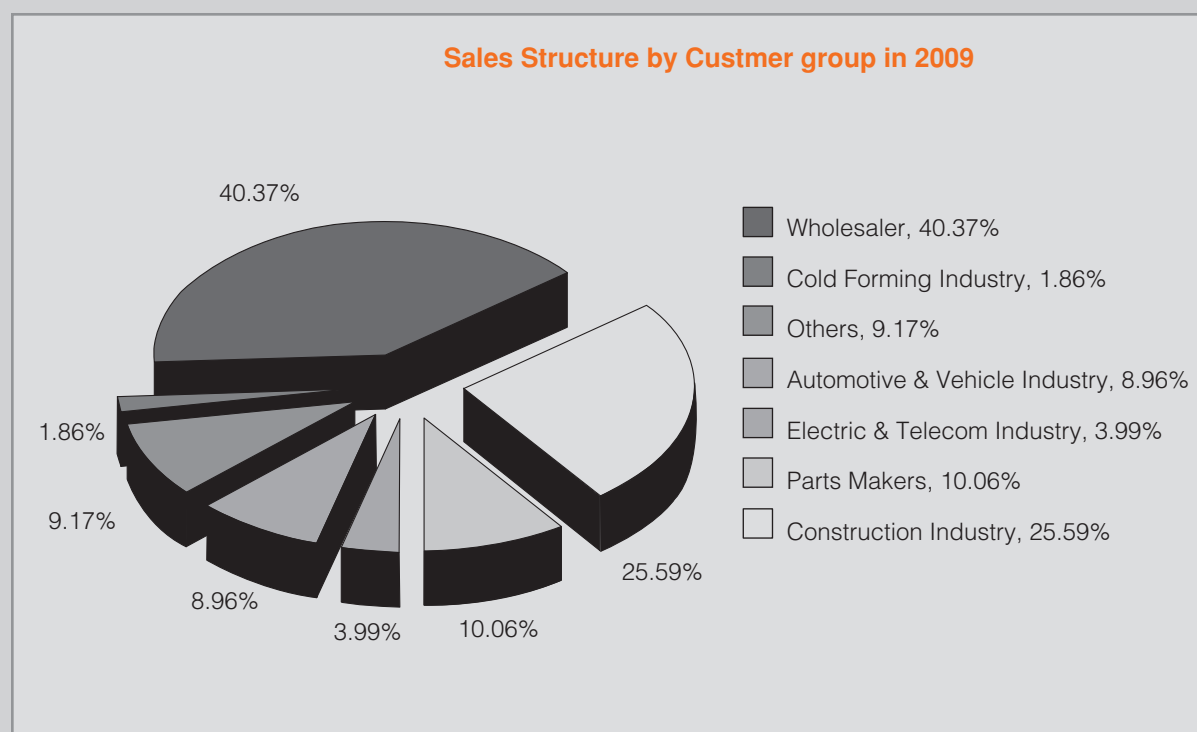
The Company has earned net profit of Baht 250.89 million which decreased 65.79 percent compared with 2008 net profit, whilst the gross profit margin was 10.33 percent compared with 13.66 percent in 2008. These were the result from less in price fluctuation which capped the gain from inventory. By the mean time, the demand was dropped which created more price competition in the market.

The selling price in 2009 was quite stable. By 1st half of year of 2009, the average selling price was dropped about 33% from year 2008 average price. Decreasing in selling price was bottomed in 2nd quarter of 2009 and moved up gradually in 3rd and 4th quarter. The average selling price of 2009 was down about 31 percent compared with year 2008.

The inventory management policy to keep inventory in 30 to 60 days on average made less impact from price fluctuation in 2009 and made the Company maintaining a moderate gross profit margin in the year 2009.

Sales revenue

The company generated revenue from sales of Baht 5.63 billion, which was 38.77 percent lower than net sales in 2008. The quantity of sales has decreased to 255,574 MT in 2009 which was 11.22 percent lower than quantity sale of 2008. The average selling price was down about 31.60 percent from the previous year to Baht 22 per Kilogram at average in 2009. And from the above reason, the Company had a significantly dropped in sale value while sale quantity was slightly down from the previous year. The Company's revenue structure classified by business group was as follows:



The proportion of processing and trading sales was 75:25 compared with 74:26 in 2008.

Selling and administration expense

The Company's selling and administration expense has recorded at total of Baht 238.56 million in 2009 compared with Baht 225.87 million in 2008 or increasing about Baht 12.69 million, equivalent to 5.62 percent. The increasing amount was from administration expenses that increased by 14 million Baht as the result from bad debt allowance and corporate development expenses. Furthermore, the expenses for maintenance and depreciation increased by 10 million Baht from additional assets in 2009, whilst the employee expenses decreased about Baht 8 million and the selling and marketing expense was down about Baht 2 million.

Financial position

The Company's assets totalled Baht 2,935.72 million, which increased by 17.70 percent from 2008. Current assets increased by Baht 440.14 million or 31.18 percent as a result of increasing in inventory amount Baht 560.65 million which was built it up from unusual level at the end of 2008, and trade accounts receivable decreased by Baht 82.89 million as the decline in sales revenue. The inventory turnover period was 58 days, and the average collection period was 48 days. Increasing in current asset had no any effects to the Company's liquidity, because the company still maintain a high level of current ratio at 1.54 times, comparing with 2.40 times in 2008.

Additionally, there is an increase in fixed assets 0.12 percent by acquire new assets amount Baht 108.98 million from building, equipments, vehicles and machines about Baht 84.22 and intangible assets (Computer Software) amount Baht 24.77 million, whilst the asset disposal net at Baht 0.38 million and depreciation and amortization was about Baht 107.31 million. Most of its increase came from property, plant and equipment investment in Wangnoi plant phase II and III

In 2009, the Company total liabilities stood at Baht 1,204.72 million, solely current liability. The liability increased by Baht 615.54 million. Most of increasing came from short-term loan from Banks as the result from building up the inventory and replacing the cashflow from operation which was extremely high in 2008 and was used for dividend payment in 2009. For current liability policy, the Company used a few of trade credit from suppliers because of the higher cost compared with the cost of short-term borrowing from financial institutions. Additionally, suppliers preferred cash purchases and provided cash discounts for its cash-purchase customers. Hence, the Company used source of fund from a financial institution as working capital for managing inventory and accounts receivable. However, the Company's debt to equity ratio slightly increased from 0.31 times in 2008 to 0.70 times in 2009.

Report of Directors Relating to Responsibility for Financial Statements

The Board of Directors is responsible for Thai Metal Trade Public Company Limited's financial statements including financial information presented in the annual report. The Financial Statements have been prepared by management in conformity with generally accepted accounting principles, with appropriated accounting policies applying consistently; and based on management's best estimates and judgments, with adequate disclosure of material issues for the best interest of shareholders and investors.

The Board of Directors has set up and maintains effective internal control system designed to provide management with reasonable assurance that transactions are recorded properly, the assets are safeguarded and that material frauds and malpractices are precluded.

The Board of Directors also appointed the Audit Committee to review the accounting policies, the accuracy and sufficiency of the Company's financial report and to ensure the adequacy and the efficiency of the internal control systems as well as the risk management system of the Company. Opinion of the Audit Committee is shown in Audit Committee's Report published in this annual report.

The Company also arranges to have independent certified public accountant as auditor audits the financial statements. The Board of Directors also provide document and information support so that the auditor can perform audits of the financial statements in accordance with generally accepted auditing standards to express his independent opinion on the true and fair of the financial positions and the results of the company's operations as stated in the financial statements. Auditor's Report is also shown in this annual report.

The Board of Directors is of an opinion that the internal control system of the Company is satisfactory and can ensure the credibility of Thai Metal Trade Public Company Limited's financial report for the fiscal year ended 31st December 2009 in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



Mr. Soon Tarasansombat
Chairman of the Board



Mr. Somjate Tretarnthip
Director

Auditor's Report

To the Shareholders of Thai Metal Trade Public Company Limited

I have audited the accompanying balance sheets as at 31 December 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended of Thai Metal Trade Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2009 and 2008, and the results of its operations, and its cash flows for the years then ended of Thai Metal Trade Public Company Limited in accordance with generally accepted accounting principles.



Vichien Khingmontri

Certified Public Accountant (Thailand) No. 3977
PricewaterhouseCoopers ABAS Limited

Bangkok
19 February 2010

Balance Sheets

Thai Metal Trade Public Company Limited

As at 31 December 2009 and 2008

		2009	2008
	Notes	Baht	Baht
Assets			
Current assets			
Cash and cash equivalents	5	81,429,534	79,478,310
Trade accounts receivable, net	6	741,934,244	824,821,952
Inventories, net	7	902,918,150	342,270,917
Advance payments for purchases of inventories		102,441,280	157,598,993
Other current assets		22,879,958	7,295,948
Total current assets		1,851,603,166	1,411,466,120
Non-current assets			
Property, plant and equipment, net	8	1,058,257,144	1,080,899,699
Intangible assets, net	9	23,937,885	-
Other assets		1,920,889	1,926,789
Total non-current assets		1,084,115,918	1,082,826,488
Total assets		2,935,719,084	2,494,292,608

The notes to the financial statements on pages 112 to 124 form an integral part of these financial statements.

Balance Sheets (Cont'd)

Thai Metal Trade Public Company Limited

As at 31 December 2009 and 2008

		2009	2008
	Notes	Baht	Baht
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	10	1,034,250,020	328,105,109
Trade accounts payable		62,867,494	48,993,220
Income tax payable		34,158,830	51,368,208
Advance receipts from customers for goods		45,070,489	135,520,181
Other current liabilities	11	28,368,274	25,190,847
Total current liabilities		1,204,715,107	589,177,565
Total liabilities		1,204,715,107	589,177,565
Shareholders' equity			
Share capital	12		
Registered share capital		434,500,000	434,500,000
Issued and paid-up share capital		425,000,000	425,000,000
Premium on share capital	12	402,736,298	402,736,298
Retained earnings			
Appropriated - legal reserve	17	43,450,000	43,450,000
Unappropriated		859,817,679	1,033,928,745
Total shareholders' equity		1,731,003,977	1,905,115,043
Total liabilities and shareholders' equity		2,935,719,084	2,494,292,608

The notes to the financial statements on pages 112 to 124 form an integral part of these financial statements.

Statements of Income

Thai Metal Trade Public Company Limited

For the years ended 31 December 2009 and 2008

		2009	2008
	Notes	Baht	Baht
Sales		5,634,339,459	9,202,575,805
Costs of sales	20	(5,052,552,832)	(7,945,912,430)
Gross profit		581,786,627	1,256,663,375
Other income	13	28,954,991	26,134,916
Selling expenses		(57,709,222)	(59,574,090)
Administrative expenses	20	(180,848,721)	(166,292,975)
Directors and managements' remuneration	20	(28,580,000)	(35,079,800)
Profit before finance costs and income tax	14	343,603,675	1,021,851,426
Finance costs - interest expenses		(17,135,468)	(43,627,668)
Profit before income tax		326,468,207	978,223,758
Income tax		(75,579,273)	(244,779,565)
Net profit for the year		250,888,934	733,444,193
Earnings per share	15		
Basic earnings per share		0.59	1.73
Diluted earnings per share		0.59	1.72

The notes to the financial statements on pages 112 to 124 form an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

Thai Metal Trade Public Company Limited

For the years ended 31 December 2009 and 2008

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Legal reserve Baht	Unappropriated Baht	
Opening balances as at 1 January 2009		425,000,000	402,736,298	43,450,000	1,033,928,745	1,905,115,043
Dividends paid	16	-	-	-	(425,000,000)	(425,000,000)
Net profit for the year		-	-	-	250,888,934	250,888,934
Closing balances as at 31 December 2009		425,000,000	402,736,298	43,450,000	859,817,679	1,731,003,977
Opening balances as at 1 January 2008		425,000,000	402,736,298	42,500,000	471,433,912	1,341,670,210
Dividends paid	16	-	-	-	(169,999,360)	(169,999,360)
Net profit for the year		-	-	950,000	732,494,193	733,444,193
Closing balances as at 31 December 2008		425,000,000	402,736,298	43,450,000	1,033,928,745	1,905,115,043

The notes to the financial statements on pages 112 to 124 form an integral part of these financial statements.

Statements of Cash Flows

Thai Metal Trade Public Company Limited

For the years ended 31 December 2009 and 2008

		2009	2008
	Notes	Baht	Baht
Cash flows from operating activities			
Profit before income tax		326,468,207	978,223,758
Adjustments for :			
Depreciation and amortisation	8, 9	107,305,672	89,430,851
Doubtful accounts	6	4,724,997	1,658,890
Allowance for declining in value of inventory	7	2,375,233	14,823,361
Gains on disposal of equipment		(1,891,565)	(938,391)
Gains on sales of short-term investments		(302,517)	-
Interest expenses		17,135,468	43,627,668
Cash flows before changes in working capita		455,815,495	1,126,826,137
Changes in working capital:			
Trade accounts receivable		78,162,711	128,045,594
Inventories		(563,022,466)	134,592,232
Advance payments for purchases of inventories		55,157,713	(157,598,993)
Other current assets		(15,584,010)	(4,673,420)
Other assets		5,900	(2,199)
Trade accounts payable		13,874,274	(9,226,365)
Advance receipts from customers for goods		(90,449,692)	107,616,480
Other current liabilities		(2,679,396)	(14,517,474)
Cash flows (payments) receipts from operating activities before interest and income tax paid		(68,719,471)	1,311,061,992
Interest paid		(18,930,333)	(44,534,627)
Income tax paid		(92,788,651)	(229,475,868)
Net cash (payments) receipts from operating activities		(180,438,455)	1,037,051,497

The notes to the financial statements on pages 112 to 124 form an integral part of these financial statements.

Statements of Cash Flows (Cont'd)

Thai Metal Trade Public Company Limited

For the years ended 31 December 2009 and 2008

		2009	2008
	Notes	Baht	Baht
Cash flows from investing activities			
Purchases of property, plant and equipment		(80,305,100)	(181,667,741)
Proceeds from disposal of equipment		2,273,720	3,581,495
Purchases of intangible assets		(21,026,369)	-
Purchases of short-term investments		(280,000,000)	-
Proceeds from sales of short-term investments		280,302,517	-
Net cash payments from investing activities		(98,755,232)	(178,086,246)
Cash flows from financing activities			
Short-term loans from financial institutions, net		706,144,911	(696,021,334)
Dividends paid	16	(425,000,000)	(169,999,360)
Net cash receipts (payments) in financing activities		281,144,911	(866,020,694)
Net increase (decrease) in cash and cash equivalents		1,951,224	(7,055,443)
Opening balance		79,478,310	86,533,753
Closing balance		81,429,534	79,478,310
Cash and cash equivalents are made up as follows:			
- Cash in hand		215,546	313,159
- Cash and deposits at financial institutions		81,213,988	79,165,151
		81,429,534	79,478,310

Non-cash transactions

Significant non-cash transactions for the year ended 31 December 2009 and 2008 are as follows:

Payables from purchases of		
- Property, plant and equipment	7,382,150	3,469,762
- Intangible assets	3,739,300	-

The notes to the financial statements on pages 112 to 124 form an integral part of these financial statements.

Notes to the Financial Statements

1 General information

Thai Metal Trade Public Company Limited (the “Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is 22nd Floor, Bangkok City Tower, 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120. In addition, the Company has two plants as follows:

- 131 Rama III Road, Bangkholaem, Bangkok 10120
- 332-333 Moo 5, Paholyothin Road, Lamsai, Wang Noi, Ayutthaya 13170

The principal business operations of the Company are selling and transforming structural steel, plates and sheets. Purchases are principally made from local suppliers and certain purchases are imported and its products are domestic sales.

These financial statements were approved by the Board of Directors on 19 February 2010.

2 Accounting policies

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act of B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention except investments as disclosed in the accounting policy below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Comparative figures have been adjusted to conform with the minimum requirements announced by the Department of Business Development Regulation dated 30 January 2009 in relation to the format of Financial Statements B.E. 2552. It effects from 1 January 2009.

- The statement of income for the year ended 31 December 2009 has been presented by function - multiple steps. As a result, the presentations of income and expenses in the statement of income for the year ended 31 December 2008 have been changed. This also includes the separation of the presentation of selling expenses and administrative expenses.
- Managements’ remuneration for the year ended 31 December 2009 has been presented with directors’ remuneration. As a result, managements’ remuneration in the statement of income for the year ended 31 December 2008 have been excluded from administrative expenses and presented with directors’ remuneration.

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

2.2 New accounting standard, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect from 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the numbers used in the International Financial Reporting Standards.

The revised accounting standard and financial reporting standard which are effective for the period beginning on or after 1 January 2009 and revised accounting framework are as follows:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)
Accounting Framework (revised 2007) (effective 26 June 2009)	

These two standards and accounting framework do not have material impacts to the financial statements being presented.

The revised accounting standard and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which have not been early adopted by the Company are as follows:

Effective on 1 January 2011

TAS 24 (revised 2007)	Related Party Disclosure (formerly TAS 47)
TAS 40	Investment Property

Effective on 1 January 2012

TAS 20	Accounting for Government Grants and Disclosure for Government Assistance
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The Company's management has assessed and determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

2.3 Foreign currency translation

Items included in the financial statements are measured using Thai Baht. The financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currency, are recognised in the statements of income.

2.4 Cash and cash equivalents

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

2.5 Trade accounts receivable

Trade accounts receivable are recognized initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. Bad debts are recognised in the income statement within administrative expenses.

2.6 Inventories

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

2.7 Investments

The Company has policy to classify investments into held-to-maturity and available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets.

Available-for-sale investments are investments intended to be held for an indefinite period of time. They may be sold in response to liquidity needs or changes in interest rates, and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which cases they are included in current assets.

Purchases and sales of investments are recognized on the trade date, which is the date that the Company commits to purchase or sell the investments. Cost of investment includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognized in equity. The fair value of investments are based on quoted bid price by reference to the Stock Exchange of Thailand and the net asset value of the investments in mutual fund as at the balance sheet date. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment in securities.

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

In disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of income.

2.8 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis to its residual value over the estimated useful life as follows except land which is considered to have an indefinite life.

Land improvement	5, 20 years
Building improvements and buildings	3, 10, 20 years
Machinery and equipment	5, 10 years
Furniture and fixtures	3, 5 years
Trucks and motor vehicles	5 years

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

Repairs and maintenance are charged to the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

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

2.9 Intangible asset - Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight - line method over their estimated useful lives in five years.

2.10 Impairment of assets

Fixed assets and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets that suffered

an impairment are reversed for possible impairment loss of the estimation of the recoverable amounts were changed in subsequent period after the Company's recognition of impairment.

2.11 Leases - where Company is the lessee

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

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

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

2.12 Employee benefits

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

The Company has not provided for post employment benefits, payable to employees under the Thai Labour Law.

2.13 Provisions

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

2.14 Revenue recognition

Revenue from sales of goods comprises the invoice value net of discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from rendering services is based on the stage of completion.

Interest income is recognised on an accrual basis unless collectibility is in doubt.

2.15 Income tax

The Company does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principle temporary differences arise from allowance for doubtful accounts and allowance for net realisable value for inventories.

3 Financial risk management

3.1 Financial risk factors

The principal financial risks faced by the Company are credit risk, liquidity risk, interest rate risk, and exchange rate risk. The risk management policy of these particular risks are as follows:

3.1.1 Credit risk

The Company has policies in place to ensure that goods are sold to customers with an appropriate credit history and as a policy, certain major credit sales should be supported by financial instruments as collateral. In addition, as at 31 December 2009 and 2008, the Company had no significant concentrations of credit risk on any industries. In addition, the Company has no significant risk with financial institutions since cash is placed with reputable financial institutions.

3.1.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to manage market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

3.1.3 Interest rate risk

The Company has short-term loans from financial institutions are normally used for working capital. These loans have fixed interest rates depending on money market rate. Interest rates approximate to the market rates as the loans are short-term.

3.1.4 Exchange rate risk

The Company purchases goods from overseas and is exposed to foreign exchange risk arising primarily from US Dollar. The Company uses forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency. As at 31 December 2009 and 2008, the Company had no foreign currencies liabilities as well as forward foreign currency contracts outstanding.

3.2 Accounting for financial instruments

The Company is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments is not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The realised gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are recognised in the financial statements.

4 Critical accounting estimates, assumption and judgement and capital risk management

4.1 Critical accounting estimates, assumption and judgement

Accounting estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

4.1.1 Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and identified instances of default of each customer. The management will fully set up allowance for outstanding amounts overdue more than 6 months and without any collateral.

4.1.2 Allowance for obsolete, slow-moving and defective inventories

The Company maintains an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category.

4.1.3 Property, plant and equipment

Management determines the estimated useful lives and residual values for the plant and equipment of which are mainly considered by technical ability and economic useful lives. The management will revise the depreciation charge where useful lives and residual values are significantly different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

4.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Outstanding trade accounts receivable can be aged as follows:

	2009	2008
	Baht	Baht
Current balance	574,110,759	560,436,108
Overdue: less than 1 month	137,265,863	202,153,005
Over 1 month to 3 months	23,573,935	41,603,976
Over 3 months to 6 months	488,963	19,483,229
Over 6 months to 12 months	11,224,364	1,145,200
Over 12 months	2,928,973	2,934,050
	749,592,857	827,755,568
<u>Less</u> Allowance for doubtful		
accounts	(7,658,613)	(2,933,616)
Trade accounts receivable, net	741,934,244	824,821,952

The Company has not provided allowance for doubtful accounts to certain accounts receivable which over 6 months because they have bank guarantees.

5 Cash and cash equivalent

	2009	2008
	Baht	Baht
Cash on hand	215,546	313,159
Current accounts	8,305,623	5,944,125
Saving accounts	72,908,365	73,221,026
Total	81,429,534	79,478,310

As at 31 December 2009, the interest rates of saving accounts were 0.10% to 0.50% per annum (2008: 0.50% to 0.80% per annum).

7 Inventories, net

	2009	2008
	Baht	Baht
Raw materials	40,582,246	7,417,309
Finished goods	864,711,137	349,676,969
Total inventories	905,293,383	357,094,278
<u>Less</u> Allowance for net realisable		
value for finished goods	(2,375,233)	(14,823,361)
Inventories, net	902,918,150	342,270,917

The Company has provided allowance of net realisable value amounting to Baht 2.38 million to finished goods of which was included in costs of sales for the year ended 31 December 2009 (2008: Baht 14.82 million).

6 Trade accounts receivable, net

	2009	2008
	Baht	Baht
Trade accounts receivable	749,592,857	827,755,568
<u>Less</u> Allowance for doubtful		
accounts	(7,658,613)	(2,933,616)
Trade accounts receivable, net	741,934,244	824,821,952

8 Property, plant and equipment, net

Thai Metal Trade Public Company Limited

For the year ended 31 December 2008

	Land and land improvement Baht	Buildings and building improvement Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machinery under installation Baht	Total Baht
At 31 December 2007								
Cost	243,920,928	400,060,721	366,443,410	30,437,542	80,706,148	48,272,334	72,193,807	1,242,034,890
<u>Less</u> Accumulated depreciation	(13,706,251)	(38,823,994)	(134,988,168)	(16,546,877)	(50,133,449)	-	-	(254,198,739)
Net book value	230,214,677	361,236,727	231,455,242	13,890,665	30,572,699	48,272,334	72,193,807	987,836,151
For the year ended 31 December 2008								
Opening net book value	230,214,677	361,236,727	231,455,242	13,890,665	30,572,699	48,272,334	72,193,807	987,836,151
Additions	-	-	2,342,485	5,444,840	11,392,803	101,292,052	64,665,323	185,137,503
Transfers	11,962,534	134,286,040	111,419,502	3,229,480	(882,278)	(146,851,089)	(113,164,189)	-
Disposals, net	-	-	-	(10,392)	(2,632,712)	-	-	(2,643,104)
Depreciation (Note 14)	(3,425,376)	(19,964,887)	(47,421,770)	(7,037,820)	(11,580,998)	-	-	(89,430,851)
Closing net book value	238,751,835	475,557,880	297,795,459	15,516,773	26,869,514	2,713,297	23,694,941	1,080,899,699
At 31 December 2008								
Cost	255,883,462	534,346,761	475,706,258	42,570,820	82,803,192	2,713,297	23,694,941	1,417,718,731
<u>Less</u> Accumulated depreciation	(17,131,627)	(58,788,881)	(177,910,799)	(27,054,047)	(55,933,678)	-	-	(336,819,032)
Net book value	238,751,835	475,557,880	297,795,459	15,516,773	26,869,514	2,713,297	23,694,941	1,080,899,699

8 Property, plant and equipment, net (Cont,d)

Thai Metal Trade Public Company Limited

For the year ended 31 December 2008

	Land and land improvement Baht	Buildings and building improvement Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machinery under installation Baht	Total Baht
For the year ended 31 December 2009								
Opening net book value	238,751,835	475,557,880	297,795,459	15,516,773	26,869,514	2,713,297	23,694,941	1,080,899,699
Additions	-	1,510,800	2,054,240	3,881,015	13,878,770	31,163,164	31,729,499	84,217,488
Transfers	-	1,566,863	55,312,371	13,648,061	-	(15,214,924)	(55,312,371)	-
Reclassification, net	-	-	771,830	(19,924)	(751,906)	-	-	-
Disposals, net	-	-	-	(393)	(381,762)	-	-	(382,155)
Depreciation (Note 14)	(3,219,023)	(26,716,771)	(57,704,991)	(7,355,943)	(11,481,160)	-	-	(106,477,888)
Closing net book value	235,532,812	451,918,772	298,228,909	25,669,589	28,133,456	18,661,537	112,069	1,058,257,144
At 31 December 2009								
Cost	255,883,462	537,424,424	541,652,950	59,244,561	83,696,653	18,661,537	112,069	1,496,675,656
<u>Less</u> Accumulated depreciation	(20,350,650)	(85,505,652)	(243,424,041)	(33,574,972)	(55,563,197)	-	-	(438,418,512)
Net book value	235,532,812	451,918,772	298,228,909	25,669,589	28,133,456	18,661,537	112,069	1,058,257,144

As at 31 December 2009, the gross carrying amounts of fully depreciated fixed assets that is still be in use is amounting to Baht 185.28 million (2008: Baht 103.07 million).

9 Intangible assets, net

	Computer software
	Baht
For the year ended 31 December 2009	
Opening net book value	-
Additions	24,765,669
Amortisation charge (Note 14)	(827,784)
Closing net book value	23,937,885
At 31 December 2009	
Cost	24,765,669
<u>Less</u> Accumulated amortisation	(827,784)
Net book value	23,937,885

The short-term loans from financial institutions denominated in Thai Baht bear interest rates during the year as follows:

	2009	2008
Short-term loans from financial institutions	1.70% - 4.05%	3.24% - 4.15%
Trust receipts	1.63% - 3.95%	3.30% - 3.95%

As at 31 December 2009, the short-term loans from financial institutions were unsecured loans and due within January to June 2010 (2008: within January to February 2009). The Company has provided the Negative Pledge to the financial institutions.

11 Other current liabilities

10 Short-term loans from Financial institutions

	2009	2008		2009	2008
	Baht	Baht		Baht	Baht
Short-term loans from financial institutions	653,000,000	280,000,000	Accrued expenses and other payables	23,658,452	13,291,453
Trust receipts	381,250,020	48,105,109	Withholding taxes	3,068,958	7,243,851
	1,034,250,020	328,105,109	Accrued interest	617,320	2,412,185
			Others	127,630	2,243,358
			Total	28,368,274	25,190,847

12 Share capital and premium on share capital

	Number of registered shares	Issued and paid-up ordinary shares Baht	Premium on share capital Baht	Total Baht
At 31 December 2007	425,000,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	9,500,000	-	-	-
At 31 December 2008	434,500,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	-	-	-	-
At 31 December 2009	434,500,000	425,000,000	402,736,298	827,736,298

As at 31 December 2009, the total registered number of shares were 434.5 million shares with a par value of Baht 1 per share (2008: 425 million shares with a par value of Baht 1 per share). The shares of 425 million shares were issued and fully paid-up.

On 15 May 2008, the Company registered new shares issued with the Ministry of Commerce to increase from 425 million shares with a par value of Baht 1 per share to 434.5 million shares with a par value of Baht 1 per share.

At the Ordinary Shareholders' Meeting held on 27 March 2008, the shareholders approved to issue and sell of 5-year allocation plan of 8.5 million warrants to the Company's directors and management under Employee Stock Ownership Plan ('ESOP scheme'). The exercise price is at Baht 4.27 per share to purchase ordinary shares of the Company which 1 warrant has the right to purchase 1 ordinary share. The Company will adjust price and/or ratio to exercise warrants. The adjustment conditions will be designed by the President or the person authorised by the President when there are any occurrence of events as defined by the Notifications of the Securities and Exchange Commission relating to Application for an approval and Approval for the Offering of Warrants on Newly Issued Shares and Underlying Shares. The exercise price and ratio will be adjusted according to the above mentioned regulations if the dividend payment ratio is over 30% of net profit. The right to exercise starts from the 1st anniversary of the issuing date and can be exercised twice a year on 8 March and 8 September of each eligible year. The exercise portion will be as the following:

- 30% exercisable on the 1st anniversary of its issuing date
- 30% exercisable on the 2nd anniversary of its issuing date
- 40% exercisable on the 3rd anniversary of its issuing date

On 28 May 2008, the Company was granted from the Securities and Exchange Commission for issue of the warrants. The Company issued 8,500,000 warrants to the Company's directors and management on 1 July 2008. The exercise price is at Baht 4.27 per share at an offered price of Baht 0 per unit. The 5-year allocation plan warrants will be expired on 1 July 2013 which 1 warrant has the right to purchase 1 ordinary share.

At the Ordinary Shareholders' Meeting held on 27 March 2009, the shareholders approved for the payment of dividends in respect of year 2008. As a result of these dividend payments, it had affected the exercise price and exercise ratio of warrants. The Company had to adjust exercise price and exercise ratio as per the warrants' terms and conditions. The new exercise price is at Baht 3.87 per share and 1 warrant has the right to purchase 1.1 ordinary shares.

13 Other income

	2009	2008
	Baht	Baht
Service income	20,943,147	20,526,653
Interest income	2,795,938	3,263,435
Others	5,215,906	2,344,828
Total	28,954,991	26,134,916

14 Expenses by nature

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

	2009	2008
	Baht	Baht
Staff costs	149,189,476	161,265,525
Depreciation on property, plant and equipment (Note 8)	106,477,888	89,430,851
Amortisation of intangible assets (Note 9)	827,784	-
Selling and marketing expenses	57,709,222	59,574,090
Professional and consultant fee	16,158,006	10,528,124
Rental expenses	12,483,848	12,410,448

15 Earnings per share

Basic earnings per share

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

Basic earnings per share are shown as below:

	2009	2008
Net profit attributable to shareholders (Baht)	250,888,934	733,444,193
Weighted average number shares during the year (Shares)	425,000,000	425,000,000
Basic earnings per share (Baht)	0.59	1.73

Diluted earnings per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

Diluted earning per share is shown as below:

	2009	2008
Net profit attributable to shareholders (Baht)	250,888,934	733,444,193
Weighted average number of ordinary shares in issue (basic)	425,000,000	425,000,000
Effect of conversion of warrants	1,024,940	400,291
Weighted average number of ordinary shares for diluted earnings per share (Shares)	426,024,940	425,400,291
Diluted earnings per share (Baht)	0.59	1.72

16 Dividends

At the Ordinary Shareholders' Meeting held on 27 March 2009, the shareholders approved for the payment of dividends in respect of year 2008 of Baht 1 per share for 425 million shares, totalling Baht 425 million. The dividends were paid to the shareholders on 10 April 2009.

At the Ordinary Shareholders' Meeting held on 27 March 2008, the shareholders approved for the payment of dividends in respect of the year 2007 of Baht 0.40 per share for 425 shares, totalling Baht 170 million. The dividends were paid to the shareholders on 11 April 2008.

17 Legal reserve

	2009	2008
	Baht	Baht
Beginning balance	43,450,000	42,500,000
Appropriation during the year	-	950,000
Ending balance	43,450,000	43,450,000

Under the Public Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non distributable.

18 Contingencies

Letters of guarantee

As at 31 December 2009 the Company had letters of guarantee totalling Baht 43.08 million (2008: Baht 53.15 million) issued by a bank for electricity usage and purchase of goods. No liabilities are anticipate to be arisen.

Outstanding letters of credits

As at 31 December 2009, the Company had outstanding letters of credits amounting to Baht 77.89 million and US Dollars 3.28 million in relation to purchase of goods (2008: Baht 20.75 million and US Dollars 1.69 million in relation to purchase of goods and assets).

19 Commitments

Operating lease

The minimum lease payments under the existing operating lease as at 31 December were as follows:

	2009	2008
	Baht	Baht
Due within 1 year	3,729,780	12,188,880
Over 1 years but less than 5 years	155,400	3,135,180
Total	3,885,180	15,324,060

Sales commitments

As at 31 December 2009, the Company had outstanding commitments relating to the sales of goods with a fixed selling price totalling Baht 39.50 million (2008: Baht 138.96 million).

Capital commitments

As at 31 December 2009, the Company had capital expenditure contracted but not yet recognised of Baht 142.67 million (2008: Baht 5.75 million and US Dollars 606,000).

20 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company including holding companies, subsidiaries and fellow subsidiaries are related parties

of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Major shareholders of the Company are members of Tarasarnsombat family.

The transactions with a related company, Metal Commerz Pte. Ltd., arose from purchasing of raw materials. Certain shareholders of the Company have significant holding in the shares of Metal Commerz Pte. Ltd.

A summary of significant transactions with related parties are as follows:

(a) Purchases and operating expenses

	2009	2008
	Baht	Baht
Purchase of raw materials	532,506,734	47,411,396
Computer system service expenses	660,000	546,250
Land and building rental expenses	5,400,000	5,400,000

Purchase of raw materials from its related party is in the normal course of business and at prices approximating purchase from other third parties.

The Company has operating lease agreements of land and building at Rama III Road with the two directors. The lease agreements are for a period of 3 years from 2007 until 2010, at price according to the rental agreement at Baht 5.4 million per annum. In addition, one of the Company's directors allows the Company to use his land of approximately 2 rai which is the part of the land at Rama III Road, free of charge for the 3-year period until December 2010.

(b) Directors and managements' remuneration

Directors and managements' remuneration comprises salaries, other remuneration and meeting fees.

21 Segment information

The Company does not present segment information either by products or by geography. The Company's business operations are trading and including transform the structural steel, plates and sheets which are in the same product group and its products are domestic sales.

22 Post balance sheet event

At the Board of Directors' Meeting on 19 February 2010, it passed a resolution to propose the dividends payment in respect of results of operations for the year 2009 of Baht 0.45 per share for 425 million shares, totalling Baht 191.25 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2010.

Audit Fee 2009 of the Auditor

In year 2009, The Company paid the fee to the Company's auditor at total amount of Baht 1,410,500 as the following:

1. Audit Fee amount Baht 1,400,000
2. Non-Audit fee amount Baht 10,500

For year 2010, the Audit Committee has proposed the 2010 Audit Fee to the Annual General Meeting of Shareholders to approve the Audit Fee at Baht 1,400,000 which is the same rate when compared with the previous year. The Company has appointed Miss Nangnoi Charoenthaveesub from Pricewaterhousecoopers ABAS Co., Ltd. for 4 consecutives years and 3 consecutive years for Mr.Vichien Khingmontri. In this regard, PricewaterhouseCoopers ABAS Company Limited and those auditors have no relationship with or conflict of interest in Thai Metal Trade Public Company Limited, directors, executive directors, and the Company's major shareholders.



We provide the structures for architects
to materialize great design concepts...

We provide the structures for customers
to achieve their success...

We provide the structures for countless
industries to thrive...

We provide the structures for the Thai
economy to prosper...

...all for a strong, sustainable growth of
Thai society today, tomorrow and beyond.



บริษัท ค่าเหล็กไทย จำกัด (มหาชน)
THAI METAL TRADE PUBLIC COMPANY LIMITED

179 อาคารบางกอกซิตี ทาวเวอร์ ชั้น 22
ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร
กรุงเทพฯ 10120
โทร. 02 685 4000
แฟกซ์ 02 670 9090-2

179, 22nd Floor Bangkok City Tower,
South Sathorn Rd., Thungmahamek,
Sathorn, Bangkok 10120 Thailand
Tel : +66 2 685 4000
Fax : +66 2 670 9090-2

www.thaimetaltrade.com