



NEXTSTEP TOGETHER

รายงานประจำปี 2554
ANNUAL REPORT 2011

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



NEXTSTEP TOGETHER

The commitment to strengthen the business and dull of imagination and ideas are merged into one to support all the achievements that go along with us. It is the pace of lasting friendships and a solid goal.

Thai Metal Trade Public Company Limited is committed to build success on the path of a great friendship in every step and every angle to be more unique creative in order to let the fellow met with strong success and sustainability along the way.

Vision

Providing Structure of Your Imagination

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 solution to customer and to keep improving our business functions, in order to respond to the ever-changing demand.

- ...We provide the structures for architects to materialize great design concept...
- ...We provide the structures for customers to architects 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.

Financial Highlights

(Baht: million)

As at 31st December 2011

2011

2010

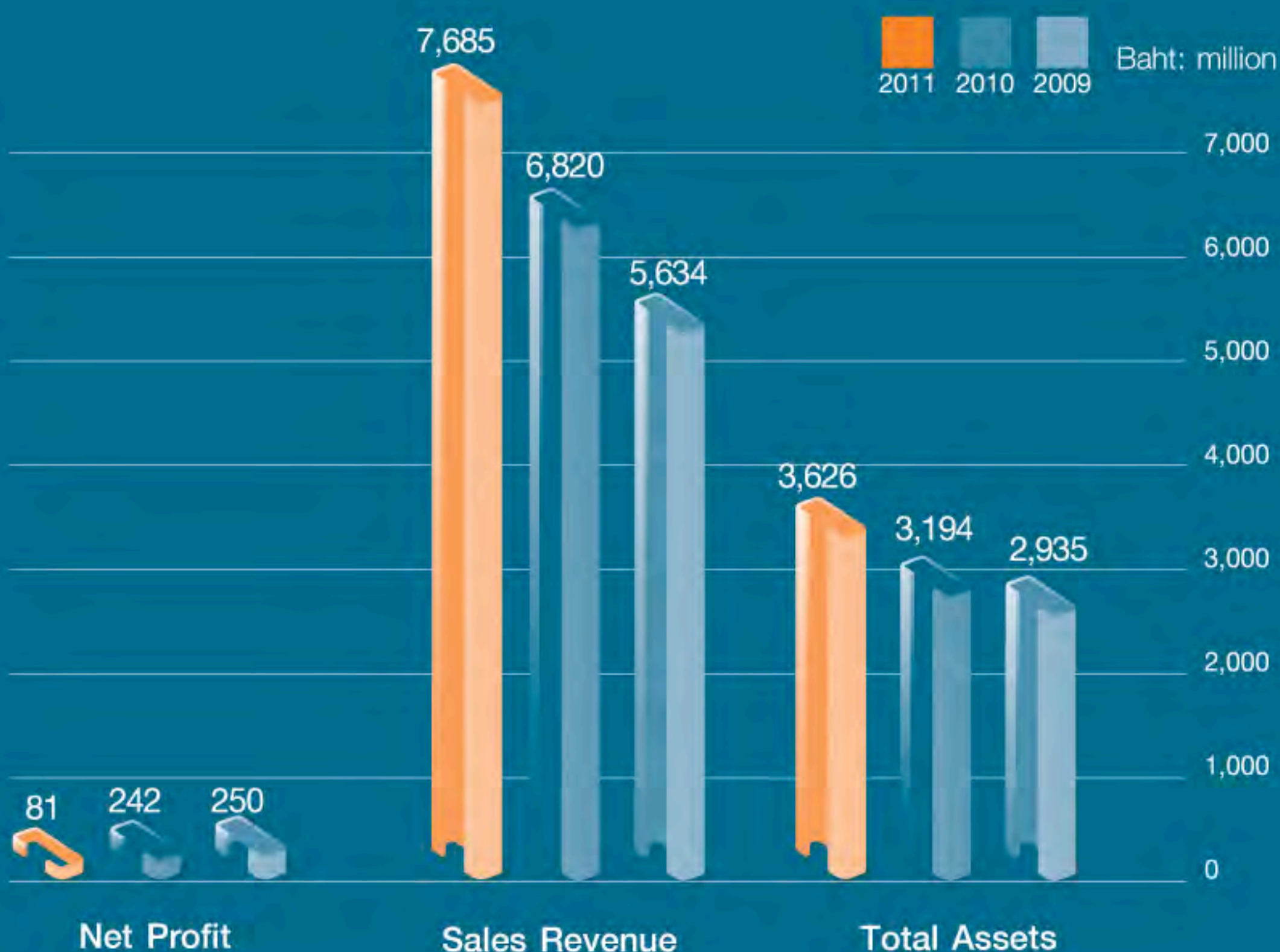
2009

Summary

Sales Revenue	7,685	6,820	5,634
Gross Profit	594	569	581
Net Profit	81	242	250
Total Assets	3,626	3,194	2,935
Total Liabilities	1,960	1,412	1,204
Shareholder's Equity	1,667	1,782	1,731
Paid-up Capital	425	425	425

Financial Ratio

Gross Profit Margin	7.74%	8.35%	10.33%
Net Profit Margin	1.05%	3.55%	4.45%
Return on Assets	2.23%	7.58%	8.55%
Return on Equity	4.85%	13.58%	14.49%
Current Ratio	1.24	1.47	1.54
Debt to Equity Ratio	1.18	0.79	0.70



Message from Board of Directors

The global steel industry in 2011 has been enduring another difficult year. As the European debts crisis seems to last longer and the distress economy of the Euro Zone is unlikely to be solved in a short period. While the US economy is still vulnerable, some additional measures are strongly required to stimulate more effectively the domestic consumption. These could bring a gloomy outlook of the global economy through out the year of 2012 and potentially slow down the global steel demand. Nevertheless the emerging countries have been playing an important role to supplement the world declining consumption, whereas most of Asian countries have continually maintained the highest economic growth since the last decade. China has been performing extraordinary well and becomes the world largest steel producer in the past few years as well as the world highest steel consumption themselves. With the capacity of more than 600 million tons of steel produced annually, the major portion is to be consumed locally. However, a sign of cooling down economy appears lately and the Chinese government has been trying hard to control the economy not to be over heated as the inflation is already at high level. Consequently, the fall of steel demand is likely to be seen globally through this coming year and that could possibly soften the steel price in the first quarter.

Thailand economy has shown a good sign of recovery in 2011. The steel consumption has reached closed to 12.5 million despite the big flood hit the central part of Thailand in October that caused enormously damages to Thai major industries. This could probably affect the steel demand in the first half of 2012. However, Thailand steel industry is approaching another challenge in this coming future as the AEC (Asian Economic Community) trade agreement will be effective in 2015 and will result in zero percent import taxes applied to almost every product traded among Asian countries, and of course steel is included. We could foresee that various forms of trade protection will be minimized and gradually eliminated. It will create a greater opportunity for most businesses in Asian as the markets are eventually combined into one single market, meanwhile a strong competition can be hardly avoided. The new era of trade among Asians is now on the horizon and may possibly change the traditional steel supply chain in this region. Thailand steel industry needs to be widely alert and prepared for those consequences.

In 2011, TMT has achieved a decent performance in the first three quarters until we were hit by a severe historical flood at the end of the year that caused a sharp fall in the fourth quarter revenue unfortunately. However, our operation can be fully recovered in early January 2012 and will be definitely ready for new challenges to come. We have been well aware of the current adverse economy climate and perceived of those possible changes in the steel industry. With the high degree of people development, a diverse product line, a sophisticated business solution and a commitment to conservative management, we believe that TMT is built to withstand any difficulties and ready to challenge any opportunities when they arrive. TMT has been continually investing in advance facilities to ensure that our customers will be handed constantly a high standard both in quality and service. We also have invested in our future success by building the TMT Knowledge Center where our people will be experienced and trained to be able to fulfill our customer diverse requirements.

Finally, the Board of Director wishes to express our sincere thankfulness to all shareholders, valuable customers and vendors, alliances as well as financial institutions, for continuous kind support and trust as being part of our success. We also would like to express our appreciation to all TMT staff for hard working and helping together pass through the severe historical flood.



(Mr. Soon Tarasansombat)
Chairman of the Board of Directors



(Mr. Paisal Tarasansombat)
Chief Executive Officer

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 Finance 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 year 2011, the Audit Committee held four meetings to review the Company's financial statements which had been certified by the external auditor and to discuss other related activities of the Company in compliance with the rules and regulations of the Stock Exchange of Thailand as well as good internal control practices.

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. The Audit Committee also verified and accepted every quarterly financial statements and provided assessments and recommendations to the Board of Directors. Where weaknesses were identified in internal controls, corrective action plans were established to eliminate or reduce the associated risks.

The Internal Auditor serves to identify and verify business risks and control weaknesses within the Company by carrying out audit activities systematically. The reports on compliance with good internal control practice and procedures with recommendations were discussed with the relevant management team to incorporate their agreed action plans and submitted to the Audit Committee. Furthermore, the Internal Auditor has held regular meetings with the Audit Committee to give updates on audit results. The Audit Committee is fully committed to ensure that both corrective and preventive actions are taken in an effective and timely manner.

The Board of Directors with the Audit Committee approved the policy and reports for related party transactions in 2011.

The Audit Committee provided the following opinions:

1. The Company's financial reports are accurate, complete and reliable
2. The Company's assets are safeguarded, proper accounting records are maintained, and resources are utilized effectively and efficiently.
3. The Company complied with the securities laws, the Exchange's regulations, and other laws relating to the Company's business.
4. Mr. Vichien Khingmontri of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services
5. The related transactions arising in 2011 were rational and made for the optimal benefits of the Company

6. In 2011, the number of the audit Committee meetings, and the attendance of such meetings by each committee member were as follows;

Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee	4/4
Mr. Anake Pinvanichkul	Member of the Audit Committee	3/4
Mrs. Ratanavalee Gorsanan	Member of the Audit Committee	3/4

7. Audit Committee performed its duties in accordance with its charter, approved by the Board of Directors.

Accordingly, the Audit Committee has recommended to the Board of Directors that Mr. Prasit Yuengsrikul, Certified Public Accountant No. 4174 of PricewaterhouseCoopers ABAS Company Limited, to be appointed as the Company's auditor for the fiscal year ending 31 December 2012 in replacement of Mr. Vichien Khingmontri who was rotated as his fifth term completion as stated by SEC regulation. The 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 27 March 2012.



Chai Jroongtanapibarn
Chairman of the Audit Committee
17 February 2012

Corporate Profile

Company Name	:	Thai Metal Trade Public Company Limited
Stock Code	:	TMT
Registration Number	:	0107547000800
Type of Business	:	Integrated Steel Service Center
Registered Capital	:	Baht 434,500,000
Issued and Paid-up Capital	:	Baht 425,000,000
Head Office	:	179, 22nd Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : 02 685 4000 Fax : 02 670 9090-2
Rama III Plant and Distribution Center	:	129, 131 Rama III Rd., Bangkholaem, Bangkok 10120
Wangnoi Plant and Distribution Center	:	332-333 Moo 5, Paholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
Investor Relations	:	Tel : 02 685 4000 ext. 6005, 6002 E-mail : ir@thaimetaltrade.com
Designated Directors as Shareholders' representative	:	Fax : 02 670 9093 E-mail : ind_dir@thaimetaltrade.com
Homepage	:	www.thaimetaltrade.com

References

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

Shareholding Structure

The Top 10 Shareholders of the Company as of March 8th, 2011*

No.	Shareholders	Number of shares	Percentage of shareholding
1.	Mr. Soon Tarasansombat	162,400,000	38.21
2.	Mr. Chamnan Tarasansombat	35,086,000	8.26
3.	Mrs. Penjit Pipattanasakul	33,464,400	7.87
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	4,799,200	1.13
10.	Mr. Tanawut Sriboonruang	4,590,000	1.08

Source: Thailand Securities Depository Company Limited

Group of shareholders whose movement has an influence on policy establishment and operation.

Shareholders	Number of shares	Percentage of shareholding
Tarasansombat Family		
1. Mr. Soon Tarasansombat	162,400,000	38.21
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)	33,464,400	7.87

Source: Thailand Securities Depository Company Limited

* Closing date for the rights to attend the Annual General Meeting of Shareholders for the year 2011

Board of Directors and Executives

Mr. Soon Tarasansombat

Chairman of the Board

Age : 70 years

Education:

- Mattayom 6

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 19/2004

Family Relationship

between directors and management :

- Father of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat

Number of shares

(include related person as section 258) :

- 192,400,000 shares or 45.27%⁽¹⁾

Experience (5 years past) :

2004 - Present	Chairman of the Board Thai Metal Trade Plc. / Steel Service Center
1986 - Present	Director Soon Huat Steel Co.,Ltd. / Property Lessor

Illegal record in the past 10 years :

- None

Mr. Paisal Tarasansombat

Director, Chief Executive Officer and
Authorized Director

Age : 46 years

Education :

- Diploma , Assumption Commercial College
- Diploma in Business Study, Eastbourne College of Art & Technology, United Kingdom
- Mini IE , Chulalongkorn University
- Top Executive Program : Class 10th, Capital Market Academy

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 21/2004

Family Relationship

between directors and management :

- Son of Mr. Soon Tarasansombat, Brother of Mr. Komsan Tarasansombat, and spouse of Mrs. Panlapa Tarasansombat

Number of shares

(include related person as section 258) :

- 33,790,100 shares or 7.95%⁽²⁾

Experience (5 years past) :

Mar. 11 - Present	Director and Chief Executive Officer Thai Metal Trade Plc. / Steel Service Center
2004 - Present	Director CONNEX Business Online Co.,Ltd. / Software Solution
1986 - Present	Director Soon Huat Steel Co.,Ltd. / Property Lessor
Mar. 08 - Feb. 11	Director, Chief of Executive Board and President Thai Metal Trade Plc. / Steel Service Center
2004 - Feb. 08	Directors and Chief of Executive Board Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Mr. Komsan Tarasansombat

Director, Executive Director, Authorized Director
and Executive Vice President - Operations

Age : 43 years

Education:

- Bachelor of Industrial Engineering, Khon Kaen University
- M.B.A. (Finance), Middle Tennessee State University, USA.

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 19/2004

Family Relationship**between directors and management :**

- Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat

Number of shares**(include related person as section 258) :**

- 32,180,000 shares or 7.57%

Experience (5 years past) :

Mar. 11 - Present	Director, Executive Director and Executive Vice President - Operations Thai Metal Trade Plc. / Steel Service Center
Aug. 09 - Feb. 11	Director, Executive Director, Executive Vice President - Operations and Acting in Executive Vice President - Supply Chain Thai Metal Trade Plc. / Steel Service Center
2005 - Jul. 09	Director, Executive Director and Executive Vice President - Operations Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Mr. Somjate Tretarnthip

Director, Nomination and Remuneration
Committee, Executive Director, Authorized
Director and Chief Finance Officer

Age : 47 years

Education:

- Bachelor of Business Administration, Ramkhamhaeng University
- Mini M.B.A., Kasetsart University

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 19/2004

Family Relationship**between directors and management :**

- None

Number of shares**(include related person as section 258) :**

- 2,720,000 shares or 0.64%

Experience (5 years past) :

Mar. 11 - Present	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer Thai Metal Trade Plc. / Steel Service Center
2004 - Present	Director CONNEX Business Online Co.,Ltd. / Software Solution
Aug. 10 - Feb.11	Director, Nomination and Remuneration Committee, Executive Director and Executive Vice President - Finance and Accounting Thai Metal Trade Plc. / Steel Service Center
Aug. 09 - Aug. 10	Director, Executive Director and Executive Vice President - Finance and Accounting Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Board of Directors and Executives

Mr. Chai Jroongtanapibarn

Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent director

Age : 57 years

Education:

- Bachelor of Accounting, Chulalongkorn University
- Master of Accounting, Thammasat University

Training for Director course of IOD :

- Director Certification Program (DCP) : Class 29/2003
- Audit Committee Program (ACP) : Year 2005

Family Relationship

between directors and management :

- None

Number of shares

(include related person as section 258) :

- None

Experience (5 years past) :

Aug. 10 - Present	Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent Director Thai Metal Trade Plc. / Steel Service Center
2007 - Present	Audit Committee Siam Food Products Plc. / Food processing for export
2006 - Present	Audit Committee Oishi Group Plc. / Food and Beverage business
2003 - Present	Director Siam Future Development / Shopping Center
2002 - Present	Chairman of Audit Committee Major Cineplex Group Plc. / Cinema and Bowling
2000 - Present	Chairman of Audit Committee Team Precision Plc. / Electronics Board
2005 - Aug.10	Chairman of Audit Committee, Chairman of Remuneration Committee and Independent Director Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Mrs. Ratanavalee Gorsanan

Audit Committee, Nomination and Remuneration Committee and Independent director

Age : 47 years

Education:

- Bachelor of Accounting, Thammasat University
- Master of Accounting, Thammasat University

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 21/2004

Family Relationship

between directors and management :

- None

Number of shares

(include related person as section 258) :

- None

Experience (5 years past) :

Aug. 10 - Present	Audit Committee, Nomination and Remuneration Committee and Independent Director Thai Metal Trade Plc. / Steel Service Center
2010 - Present	Vice President of Finance and Accounting Minor Corporation Plc. / Consumer products manufacturer
2005 - Aug. 10	Audit Committee, Remuneration Committee and Independent Director Thai Metal Trade Plc. / Steel Service Center
2002 - 2010	Chief Finance Officer Adidas (Thailand) Co.,Ltd. / Sporting goods manufacturer

Illegal record in the past 10 years :

- None

Mr. Anake Pinvanichkul

Audit Committee, Nomination and Remuneration Committee and Independent director

Age : 47 years

Education:

- Bachelor of Science, Kasetsart University
- MBA, New York University

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 23/2004

**Family Relationship
between directors and management :**

- None

**Number of shares
(include related person as section 258) :**

- None

Experience (5 years past) :

Aug. 10 - Present	Audit Committee, Nomination and Remuneration Committee and Independent Director Thai Metal Trade Plc. / Steel Service Center
2002 - Present	Director ACAP Advisory Plc. / Finance advisory and non-performing asset management
2005 - Aug. 10	Audit Committee, Remuneration Committee and Independent Director Thai Metal Trade Plc. / Steel Service Center

Mr. Prawas Sontawakul

Chief Operations Officer

Age : 53 years

Education:

- Bachelor of Engineering (Mechanical Engineering),
King Mongkut's University of Technology North Bangkok

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 12/2004

**Family Relationship
between directors and management :**

- None

**Number of shares
(include related person as section 258) :**

- None

Experience (5 years past) :

Mar. 11 - Present	Chief Operations Officer Thai Metal Trade Plc. / Steel Service Center
Aug. 08 - Feb. 11	Deputy Managing Director Vanachai Intertrading Group Co.,Ltd. / Manufacturing and sale wood products
Oct. 95 - Jul. 08	Managing Director Samchai Steel Industries Plc. / Manufacturing and sale of ERW welded pipes and Galvanized welded pipes

Illegal record in the past 10 years :

- None

Illegal record in the past 10 years :

- None

Board of Directors and Executives

Mrs. Panlapa Tarasansombat

Executive Vice President - Human Resources

Age : 44 years

Education:

- BBA, Majoring in Accounting, Assumption University
- Mini IE, Chulalongkorn University
- Graduate Diploma in Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Training for Director course of IOD :

- None

Family Relationship between directors and management :

- Spouse of Mr. Paisal Tarasansombat

Number of shares (include related person as section 258) :

- 33,790,100 shares or 7.95%⁽³⁾

Experience (5 years past) :

Aug. 09 - Present	Executive Vice President-Human Resources Thai Metal Trade Plc. / Steel Service Center
2005 - Jul. 09	Executive Vice President – Administration and Human Resources Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Ms. Petrung Maesincee

Executive Vice President – Marketing

Age : 46 years

Education:

- Bachelor of Art (Economics), Thammasat University
- Master of Art (Economics), Thammasat University

Training for Director course of IOD :

- None

Family Relationship between directors and management :

- None

Number of shares (include related person as section 258) :

- 1,275,300 shares or 0.30%

Experience (5 years past) :

Aug. 09 - Present	Executive Vice President – Marketing (Department) Thai Metal Trade Plc. / Steel Service Center
2008 - Jul. 09	Executive Vice President - Marketing (Division) Thai Metal Trade Plc. / Steel Service Center
2004 - 2007	Vice President - Marketing Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Mr. Theppasak Noppakornvisate

Vice President - Finance and Accounting

Age : 44 years

Education:

- Bachelor of Accounting, Siam University
- Master of Accountancy, Chulalongkorn University
- Master of Business Economics, National Institute of Development Administration

Training for Director course of IOD :

- None

**Family Relationship
between directors and management :**

- None

**Number of shares
(include related person as section 258) :**

- 10,000 shares or 0.002%

Experience (5 years past) :

Mar. 05 - Present Vice President - Finance and
Accounting
Thai Metal Trade Plc. /
Steel Service Center

Remarks:

- ⁽¹⁾ Mr. Soon Tarasansombat holds the Company's share of total 162,400,000 shares, which equivalent to 38.21 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold 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 percent of its total issued and paid up shares.

In this regards, the number of shares and percentage of shareholding as specified above are as of 8th March 2011, the latest book closing date.

Illegal record in the past 10 years :

- None



TMT Knowledge
CENTER

Standing beside our
EMPLOYEES

**“Happily learning...
stable development”**

New skills and experiences can be infinitely learned. We believe that TMT employees can improve their potential with their smile, sharpen their thought with their mind.

**They do not only desire
to achieve, but they also work
with pride and strong mind.**

Nature of Business



History and Background

Mr. Soon Tarasansombat founded "Soon Huat Iron Work Limited Partnership" in 1976. The business had initially been focused on only steel trading until 1986, when it was transformed to "Soon Huat Steel Co., Ltd.". The company eventually was reformed to a new business model 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 service center. 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, and reinforcing sustainable growth.

The Company's first plant is located on Rama III Road, and the substantial investment of over One Billion Baht has been spent on a plot of 112 rai compound in Ayutthaya, to increase capacity of production in steel pipe and C-Channel, steel processing and also to widen distribution capabilities.

The Company's present paid-up capital was 425 Million Baht. We are now the Thailand's largest integrated steel solution provider whose business priority lies on increasing the value of our partnership with customers, rather than on mere product sales.

The Company has made a significant of changing and development of year 2011 as follows:

- TMT Knowledge Center was completely constructed and opened as an academy to transfer, exchange and spread out the steel information and knowledge to enhance staff's competencies and create the essential value for every stakeholders. It will also support and encourage the users with new know-how to utilize their steel usage with less constraint as our determination to be a part of our customers' success.
- The Company purchased a new land with area of 22 rai 2 ngan 18 square wah, located next to its Wangnoi Plant and Distribution Center, Ayutthaya, to build a new factory and warehouse.
- TMT achieved Best IR Awards 2011, and was Excellence honor in aforementioned award in SET Awards 2011

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, 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 centre and distribution centre, manages and serves the varying preferences of both mill 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 reduce 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 product variety, quality and convenience. The Company's solution can be divided into two main categories, as follows:

1. 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.

1.1 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.

1.2 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 steel sheet 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 is already 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 2009 to 2011 is as follows:

Product Line	2011		2010		2009	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	107,420	1.39	103,787	1.51	163,108	2.88
2. Hot Formed Shape Steel	1,358,466	17.54	1,142,334	16.66	979,044	17.29
3. Steel Pipe and C-Channel	389,082	5.02	134,268	1.96	77,488	1.37
4. Sheet and Plate Steel	331,245	4.28	236,422	3.45	152,904	2.70
5. Others*	346,900	4.48	204,831	2.99	22,875	0.40
Total	2,533,113	32.70	1,821,642	26.57	1,395,419	24.64
Processing						
1. Steel Sheet (Cutting)	1,844,864	23.82	1,677,362	24.46	1,622,569	28.65
2. Steel Sheet (Shearing and Pressing)	1,843,553	23.80	1,912,686	27.89	1,482,240	26.17
3. Slit Coil	219,511	2.83	141,603	2.07	86,696	1.53
Cold Formed Steel Processing						
4. Steel Pipe	525,583	6.78	576,358	8.41	509,872	9.00
5. C-Channel	748,487	9.66	689,919	10.06	537,543	9.49
Total	5,181,998	66.90	4,997,928	72.89	4,238,920	74.85
Other Income**	31,347	0.40	37,384	0.55	28,955	0.51
Total Revenue	7,746,458	100.00	6,856,954	100.00	5,663,294	100.00


Notes : * Such as deformed bar, special size and special grade steel

** Such as processing service, delivery service and interest income



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**Standing beside our
CUSTOMERS**



**“Waken your imagination...
stand beside you
to achieve your dream”**

If we know what you dream of,
we will be ready to waken it.
TMT Knowledge Center provides
every imagination you are looking for.

**We will enlighten you
in order to make you realize that...
your dream is not too far away.**



Risk Factors

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



Risk associated with the reliability on major steel producers

During 2011, the Company purchased hot-rolled coil from three major domestic producers: Sahaviriya Steel Industry Plc. (SSI), GJ Steel Plc. (GJS) and G Steel Plc. (GSTEEL), which accounted for a combined 53.39 percent of its total purchases compared with 52.97 percent in 2010. In this regards, The Company purchased hot-rolled coil from GSTEEL through its trading partner. The Company also purchased structural steel products from Siam Yamato Steel Co., Ltd. ("SYS"), the largest structural steel producer in Thailand, accounting for 8.19 percent of the total purchases compared with 7.44 percent in 2010.

As there are only three domestic hot-rolled steel producers as well as an import restriction caused by the extending of 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.

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 by coordinating with its steel producers to share the information on customers' needs that might be easy for producers to fix the production planning. Moreover, the Company has maintained 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.

Risk associated with impacts from Anti-Dumping Measures

According to the Ministry of Commerce has extended for another period of five years on the effectiveness of the anti-dumping duties on imports of hot-rolled steel from 14 countries, which started on 21st May 2009. Such measure led to a rise in the price of imported hot-rolled coil (HRC), an increase in the trading volume of HRC produced domestically, which may cause a shortage of supply in the future if the local domestic producers could not produce their products to respond the market needs.

The Company still mitigate the risk through its minimum stock policy of 30 days to 60 days and place orders approximately 30 to 60 days in advance.

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

In 2011 and 2010, the Company's main revenue stemmed from trading and processing HRC, accounted for 77.93 percent and 80.19 percent of total revenue respectively. The Company's total purchase of HRC from domestic producers was 86.62 percent and 88.75 percent of its total HRC purchased in 2011 and in 2010 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.

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.

Risk associated with the Accounts Receivable

As at 31st December 2011, the Company had accounts receivable in the amount of Baht 1,117.75 million representing 14.55 percent of total sales, the average collection period were 50 days, while accounts receivable which aged less than 3 months was Baht 1,101.15 million representing 98.51 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.

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.

Risk associated with interest rates

As at 31st December 2011, the Company's liabilities were short-term loans from financial institutions totalling Baht 1,512.47 million representing 77.18 percent of its 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 and its age was longer than the age of the Company's account receivable.

Any changes in market interest rate may effect to interest expense and net profit. However, the interest expense in 2011 was equaled to 0.63 percent of total sales revenue while in year 2010 was 0.28 percent The interest coverage ratio was 4.39 times in year 2011 while in year 2010 was 17.59 times when compared with earning before interest and tax.

Risk associated with exchange rate risk

For the fiscal year 2011 and 2010, the Company's total imports in US dollar terms accounted for 4.47 percent and 9.38 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.

Risk associated with natural disaster

A natural disaster is typically unexpected situation as that of happening in Ayutthaya province last year. The big flood hit the surrounding area and the road side of Ayutthaya which effected to the traffic and transportation to our Wangnoi plant and led to temporary closed for 39 days. However, our head office at Sathorn and Rama 3 distribution center still open as normal. The Company had done the best effort to mitigate that risk by using Rama3 plant as an integrated service center and also outsourcing some production activities to the Company's alliances during the closing period.

In 2011, The Company has insured all risks including risks from flood which effected to inventory, buildings and machines. But unfortunately, the insurance company seems not to insure risks from flood in 2012 or may limit the loss at very low amount. Therefore, the Company has to set up an action plan and preventive system to prevent a future disaster by making permanent and mobile concrete dikes around the plant area and each factory building together with centralized drainage system and necessary equipments to prevent water leak into the factory in the future.



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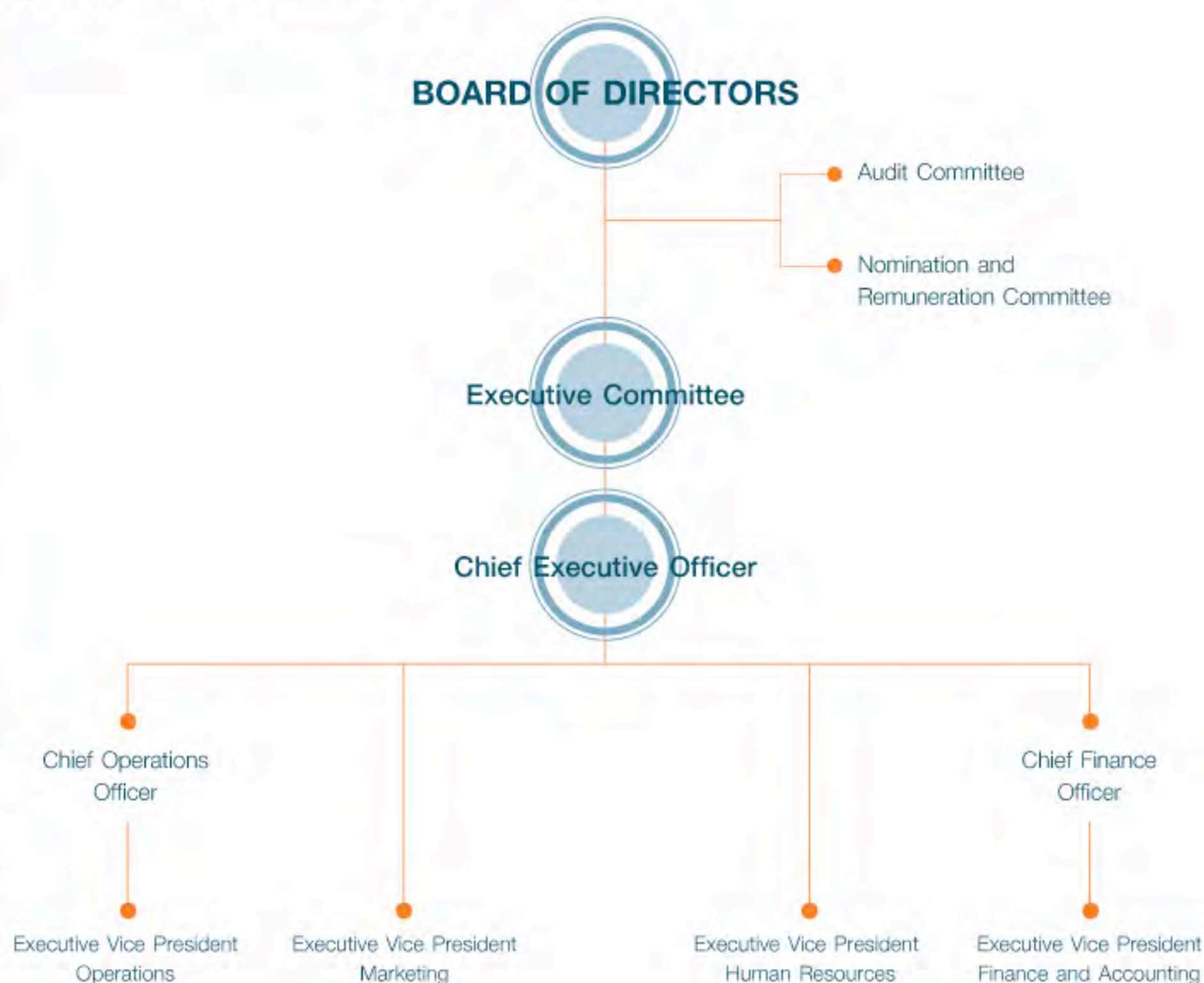
“Fulfill...
for a clear and long distance”

Let's build our way altogether to the stable destination.
Friendship can occur for only a second like new knowledge
which can occur every second we share it.
TMT Knowledge Center is ready for encouraging every thought,
knowledge, and experience from around the world in order

**To obtain a strong
and stable structure.**

Management Structure

Organization Chart as of December 31st, 2011



Board of Directors

As of December 31st, 2011, 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:

Mr. Paisal Tarasansombat
 Mr. Komsan Tarasansombat
 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:

1. 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;
2. To hold the Company's Board of directors' meeting at least once every three months;
3. To arrange the preparation of financial statement as at the end of the Company's fiscal year which is audited by auditor, and then shall propose to the shareholder's meeting for their consideration and approval;
4. The Board of directors may delegate their authority to any one or several directors or other person to take any action on their behalf 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;
5. To set target, guideline, policy, business plan and budget of the Company as well as to 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;
6. To consider the management structure, and to appoint the Executive committee, Chief Executive Officer, and other committee as deem appropriate;
7. To supervise and monitor the operating results in order to meet the business plan and budget continuously;
8. 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;
9. The 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 2011, 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 Tretarntip	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, 2011, the Executive Committee consisted of three members as follows :

Name	Position
1. Mr. Paisal Tarasansombat	Chief Executive Officer
2. Mr. Komsan Tarasansombat	Executive Director
3. Mr. Somjate Tretarntip	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 Executive Committee are as follows:

1. 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;
2. To approve buying or selling transaction that value of not exceeding Baht 500 Million per transaction;
3. To approve the investment expense which is not in the approved annual budget, and not exceeding Baht 50 Million;
4. 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;
5. To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operation matters;
6. To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;
7. 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, 2011, 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 on following matters:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine 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;
3. 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;
4. To consider, select, and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an Audit Committee' report which must be signed by the Chairman of Audit Committee and consist of at least the following information:
 - 6.1 an opinion on the accuracy, completeness and reliability of the Company's financial report,
 - 6.2 an opinion on the adequacy of the Company's internal control system,
 - 6.3 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,
 - 6.4 an opinion on the suitability of an auditor,
 - 6.5 an opinion on the transactions that may lead to conflicts of interests,
 - 6.6 the number of audit committee' s meeting, and the attendance of such meetings by each committee member,
 - 6.7 an opinion or overview comment acknowledged by the audit committee from its performance of duties in accordance with the charter , and
 - 6.8 other transactions which, according to the audit committee's opinion, should be disclosed to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board.
7. To report the Audit Committee's operation to the Board at least once every quarter;
8. To perform any duties as designated by the Board with the consent of the Audit Committee.

In addition, The Board of directors has fixed the term for members of Audit Committee 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 2011, Audit Committee's meeting held a total of four 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	3/4
3. Mr. Anake Pinvanichkul	Audit Committee	3/4

Nomination and Remuneration Committee

As of December 31st, 2011, the Nomination and Remuneration Committee consisted of four members as follows :

Name	Position
1. Mr. Chai Jroongtanapibarn	Chairman of the Nomination and Remuneration Committee
2. Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee
3. Mr. Anake Pinvanichkul	Nomination and Remuneration Committee
4. Mr. Somjate Tretarnthip	Nomination and Remuneration Committee

Scope, Duties, and Responsibilities of the Nomination and Remuneration Committee

1. To set the policy, criteria, and method of remuneration payment and nomination process for the Board of directors, sub-committee and Chief Executive Officer
2. To nominate, determine, and propose the suitable directorial candidates as the setting criteria, in order to replace the retired directors of the Board or Sub-committee or Chief Executive Officer or when those positions are vacant as well as the new position set by the Board of directors or set by laws, and then propose to the Board and / or the shareholder's meeting to approve;
3. To draw up guideline for remuneration criteria and fix the remuneration for the Board of directors, Sub-committee and Chief Executive Officer either cash or non cash and propose to the Board of directors for approval, and then propose to shareholders' meeting for final approval;
4. To review the appropriateness of the current remuneration and nomination criteria;
5. To perform any duties as designated by the Board.

Nomination and Remuneration Committee's Meeting: In year 2011, Nomination and Remuneration Committee's meeting held a total of four 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 Nomination and Remuneration Committee	1/1
2. Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee	1/1
3. Mr. Anake Pinvanichkul	Nomination and Remuneration Committee	1/1
4. Mr. Somjate Tretarnthip	Nomination and Remuneration Committee	1/1

Management Team

As of December 31st, 2011, the management of the Company consisted of six members as follows:

Name	Position
1. Mr. Paisal Tarasansombat	Chief Executive Officer
2. Mr. Prawas Sontawakul	Chief Operations Officer
3. Mr. Somjate Tretarnthip	Chief Finance Officer
4. Ms. Petrung Measincee	Executive Vice President - Marketing
5. Mr. Komsan Tarasansombat	Executive Vice President - Operations
6. Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources

Scope, Duties, and Responsibilities of Chief Executive Officer

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

1. To control and supervise the operation and/or manage day-to-day business of the Company;
2. 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;
3. 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 Chief Executive Officer are not included the approval of any transactions in respect of which Chief Executive Officer has a conflict, or any matters in respect of which Chief Executive Officer 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 be 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 guideline approved by the Board of directors.

Corporate Secretary

As of December 31st, 2011

Name	Position
Mr. Somjate Tretarnthip	Corporate Secretary

Scope, Duties, and Responsibilities of the Corporate Secretary

Responsible for organizing the meetings of the Board of directors, committees and shareholders, and 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 specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

Remuneration of directors and management

The Nomination and Remuneration Committee is responsible for prescribing and considering about the remuneration of directors and executive committee by comparing with the others in the same industry and compliance with the Company's operating results. These also including the accountabilities and responsibilities of those directors and executive committee. The allocation of remuneration is detailed as below;

The Board and Other Sub-committee Remuneration

The annual general meeting of shareholders on March 29th, 2011 has approved the directors' remuneration for Baht 4,000,000 per annum which is the same rate of year 2010 and 2009. This remuneration allocated to 7 directors separated by Baht 3,710,000 for directors' allowance and Baht 270,000 for meeting allowance. The same shareholders' meeting also approved Baht 1,900,000 for the Board of directors' bonus as the result from Company performance of year 2010. The allocation of remuneration is detailed as below:

Name	Position	Directors allowance (Baht)	Meeting Allowance (Baht)	Bonus from 2010 operating results (Baht)	Total (Baht)
1. Mr. Soon Tarasansombat	Chairman of the Board	640,000	40,000	300,000	980,000
2. Mr. Paisal Tarasansombat	Director	450,000	40,000	260,000	750,000
3. Mr. Komsan Tarasansombat	Director	450,000	40,000	260,000	750,000
4. Mr. Somjate Tretarnthip	Director and Nomination and Remuneration Committee	450,000	40,000	260,000	750,000
5. Mr. Chai Jroongtanapibarn	Director, Chairman of the Audit Committee, and Chairman of Nomination and Remuneration Committee	640,000	40,000	300,000	980,000
6. Mrs. Ratanavalee Gorsanan	Director, Audit Committee and Nomination and Remuneration Committee	540,000	40,000	260,000	840,000
7. Mr. Anake Pinvanichkul	Director, Audit Committee and Nomination and Remuneration Committee	540,000	30,000	260,000	830,000
Total		3,710,000	270,000	1,900,000	5,880,000

The Executive Committee and Management Remuneration

In year 2011, the Company paid out the executive committee and management's remuneration for 3 committees and 6 managements in term of salary, bonus, pension fund, totaling Baht 23,006,040.



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Standing beside our
SOCIETY



**“Plant a strong seed...
to our society”**

We extremely realize that
real value did not stop only at ourselves,
But it will enlighten the creativity and
foster social awareness.

**Enabling the new generation
to successfully grow
and being ready to be a structure
for the Thai economy to prosper**

Report on Good Corporate Governance



The Board of Directors has realized the significance of the Company's good corporate governance by endorsing the moral and ethics as business principles in order to conduct the business with responsibilities, due care, and loyalty to bring efficient, transparent, and trustworthy growth from our shareholders, investors, and stakeholders. The Board therefore established the good corporate governance principle and guidelines so as to preserve such policy which can be divided into 5 chapters as follows;

Chapter 1 : Rights of shareholders

1. Rights to appoint the Board of Directors

The appointment of the Company's Board of Directors is according to the Company's Articles of Association that shareholders' meeting shall elect the directors in accordance with rules and procedures as follows;

- 1.1 Each shareholder shall be entitled to one vote for each shareholding;
- 1.2 Each shareholder shall be entitled to cast all the votes under 1.1 to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons;
- 1.3 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.

Furthermore, prior to the meeting date, one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its total issued and paid up shares has the rights to nominate candidates to be elected as the Company's directors in advance according to date, time, and criteria disclosed by the Company via SET's channel and the Company's website. In this regards, the percentage of shareholding as said shall hold for a minimum period of 12 consecutive months prior to the date of invitation to use their rights. And, this year 2011, no shareholder nominated candidate as said.

In the 2011 Annual General Meeting of Shareholders, shareholders cast their vote to elect the director individually and directors who have conflict of interest could not cast the vote.

2. Rights in shareholders' meeting

- 2.1 The Company sent the notice of the 2011 shareholder's meeting which indicated date, time, place, agenda, opinion of the Board, and 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 at www.thaimetaltrade.com at least 30 days prior to the meeting date so that shareholders will have adequate time to study before making decision on each agenda. In this regards, the meeting agenda and supporting documents as said provided transparent and sufficient information for shareholders to make a decision.
- 2.2 The Company provided the opportunity to 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. The Company therefore facilitates all shareholders by attaching proxy along with the notice of the meeting.
- 2.3 The Company also published such notice of the meeting in the public daily newspaper for 3 consecutive days and 3 days prior to the meeting date in order to provide multi-channel for receiving information.
- 2.4 The Company provided the best effort to accommodate the most convenience for shareholders in term of the meeting place which the head office of the Company is situated and adjacent to the main public transportation and prepares any supplemental facility such as barcode system of TSD, adequate registration desk, spare notice of the meeting for those who do not bring such document, ballot card and staff members available for collecting the ballot card, wireless microphone in order to provide shareholders opportunities to question and presentation of each agenda etc.
- 2.5 At beginning of the meeting, the Company explained how to execute the shareholder's voting rights on each agenda, and announced the number of shareholders attending the meeting together with total shares which are entitled to vote.
- 2.6 The Board of Directors gave an opportunity for shareholders to raise any questions and suggestions on each agenda and took as responsibility to clarify for those questions.
- 2.7 The Company published the minute and resolution of the shareholders' meeting via SET's channel and the Company's website within 14 days after the meeting so as to accurately provide the information for shareholders who attended or did not attend the meeting as well as other investors.
- 2.8 The Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the executive committee has recognized the importance of attending the meeting and deemed it as important duty and responsibility to proceed. Therefore the previous 2011 Annual General Meeting of Shareholders dated March 29th, 2011, all committee which included the Board of Directors and the aforesaid sub-committees together attended the meeting.

3. Rights to receive the dividend payment

The Company's dividend payment policy for the previous year operating results is not less than 50 percent of its net profit after legal reserve deduction as required by law. In 2011 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2010 operating results at the rate of Baht 0.45 (Forty five satang) or 79.02% of net profit. The payment was paid to the Company's shareholders whose name appear on Record Date which was fixed by the resolution of the Board of Directors' meeting and approved by the shareholder's meeting.

4. Rights to access the adequate Company's information

The Company has disclosed all significant information such as operating results or financial statements via SET's channel as well as published on the Company's website within the date and time stipulated by law in order to provide multi-channel for stakeholder to receive information.

5. Rights to appoint the Company's auditor and fix audit's fee

In 2011, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2011. The proposed audit company and auditor have no relationship or conflict of interest in the Company, directors, executives and the Company's major shareholders or any related to those parties as said.

Chapter 2 : Equitable Treatment of Shareholders

1. The Company provided an opportunity for minor shareholders to propose agendas for the shareholders' meeting in advance by fixing that one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its issued and paid up shares for 12 consecutive months prior to the date of invitation to use their rights, can exercise as said. And, in 2011, the Company disclosed the aforementioned above via its website and SET's channel at least 30 days prior to the date of shareholders' meeting, and there is no shareholder proposed the agenda as said.
2. The Company made the notice of the meeting, all supporting documents, and proxy in both Thai and English for the convenience of both local and foreign shareholders.
3. The Company will not propose the additional agendas without prior notice to shareholders.
4. The Company has authorized an independent director to safeguard interest of its minor shareholders by creating the E-mail address: ind_dir@thaimetaltrade.com for shareholders to express their opinions, suggestions, or complains related to the Company's operating results. The independent director will consider and proceed as deem appropriate.
5. All directors and executives will promptly report the corporate secretary when any conflict of interest of their own or related person occurred according to the Securities and Exchange Acts so that the corporate secretary will gather and submit to the Audit Committee and the Board of Directors to consider such conflict of interest and to decide base on the Company's benefit. In this regards, the director and executive who have conflict of interest with a transaction is not allowed to present in the meeting and have no voting rights.
6. 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 is publicized. The Company also informed directors and executives, who shall have a duty as prescribed in SET and SEC's enforcement, to acknowledge their responsibility and to report their shareholding and related person's shareholding included their spouse and minor children, this also including the report on change in securities holding that shall submit to SEC and SET in accordance with the Securities and Exchange Act for preventing the use of inside information for their own benefit.

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 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

1. Customers

- 1.1 The Company provides consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit customers under an integrated management system which will be able to meet all customers' requirements.
- 1.2 The Company's products are manufactured by modern technology of production processes, and will be passed quality control before the delivery to customer, according to fixed standard and mutual covenants.
- 1.3 The product information which is presented to customer is true fact and having sufficient details. So, it is easy for the customers to make decisions.
- 1.4 The Company recognized the importance of logistics system in place which offers reliability, inventory management and cost control so as to reserve the customer's production and ensure that the customers' requirements will always be treated with great care and fulfilled.
- 1.5 The Company is committed to maintain customer private data confidentiality and prevent from using the aforementioned for personal gain without prior notice to customers.
- 1.6 The company emphasized on the result of evaluation of customer satisfaction, toward company's products and services. The results will be brought to improve and develop for better ability of responding to the customer demands.

2. Employees

- 2.1 The Company has continued its constructive people development by training staff to be capable, knowledgeable, and experienced. These also aim to build a reliable professional to provide better solution for customers and create the value of determination, reliability, challenging ideas and responsive action through the way of thoughts and practices. In the year 2011, the Company achieved more in-house training courses than last year with a new facility of TMT Knowledge center which was just completely constructed. The Company also allocated the sufficient budget for external training as the following details;
 - In-house Training for 19 courses, the number of employee joined the training, 683 persons.
 - Public Training for 71 courses, the number of employee joined the training, 117 persons.
- 2.2 The Company has regularly organized the activity with sufficient budget in order to promote a collaborative working environment among all staffs with expectation to build a harmony and drive their creativities such as Reading Group, Reading Shelf and Inspiring Company Visit etc.
- 2.3 The Company provides opportunities for staff to share their opinions or suggestions which benefit to their jobs through many various working groups, such as safety, welfare, labor standard, special operation etc. The Company also arranges a whistle blowing process for staff to communicate directly to Board of director for any leads or complaints which may disgrace or damage the Company. Besides, the Company has its policy that all parties' comments, suggestions or complaints in their normal operation should be considered and respected.

- 2.4 The Company provides a job opportunity, a competitive remuneration, welfare and privilege to employees by considering with their competency and responsibility in each level, accompanied with operating result and in line with the same industrial practice. In addition, the Company established the provident fund for long term contribution to employees and enabled opportunities for them to propose their suggestions of welfare arrangement through the welfare committee.
- 2.5 The Company has set up the Safety, Health and Working Environment Committee policy and committee to ensure that all working procedures are safe and comply with safety standard as well as set up a training and campaign to promote a good health and good working environment practices such as Working with Safety training course, "Forklift Talent", "Safety radio" and "Elimination of industrial waste for good environment". The objective is to be a leader in safety production process by decreasing an accident to zero, and having none in operation.
- 2.6 The Company promotes and protects human rights by avoiding any action that may causes human rights violation such as illegal employment, non-permitted alien workers and child labor, or any supports to cause the above action.
- 2.7 The Company has not supported any action that violates copy rights or intellectual property by establishing intellectual policy to prevent our staff and organization do any faults from technology, copy rights and the Company's working regulation.

3. Trading Partners

- 3.1 The Company has created a fair treatment with all partners in compliance with business condition and agreement as mutually agreed to develop and maintain a sustainable relationship.
- 3.2 The Company does not involved in any action that may causes trading conflict or fraud, and not to support any business transaction with any other companies which involved in such actions, for example, collusion, hoard, production restraint or unfair price competition etc.
- 3.3 The Company has determined fair criteria for partner evaluation and selection. The company will not support any actions that may cause conflicts of interests.

4. Shareholders

- 4.1 The Company has intended to extend the sustainable and continuous business growth, based on transparency and fairness, to become the leading company in steel industry and to create confidence and long-term value for shareholders.
- 4.2 The Company has disclosed precisely, completely and punctually information that may effect to shareholders' benefit and decision.
- 4.3 The Company monitored the undeliverable dividend cheque which hadn't been received by shareholders and followed to protect their rights.

5. Creditors

The Company has followed the borrowing condition and truthfully reports the Company's financial status as well as fulfills obligation when payment is due. We also facilitate creditors to have convenience and quick channel in receiving payment, such as payment through cash management centre, transferring into account, or receiving at the company.

6. Competitors

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

7. Community, Society, and Environment

- 7.1 The company has operated its business by mainly emphasizing on community, social and environment and strictly following the environmental laws and regulations.
- 7.2 The company has supported and promoted the employee to take part in natural resource's preservation and energy saving, including to avoid any action that may cause environmental pollution both in work time and daily life.
- 7.3 The company has collaborated and promoted the activities with governmental sector, sub-district administration organization or other non profit organizations as proper.

8. Government Sector

- 8.1 The Company has strictly conducted its business complied with Laws, Rules, and other regulations issued by Government sector.
- 8.2 The company is pleased to provide and share any corporate information for government sector to use as it deems appropriate.

Chapter 4 : Disclosure and Transparency

1. The Board of Directors has monitored for disclosure the significant information related to the Company's financial information and non-financial information 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 through various channel and procedure such as SET's channel, the Annual Registration Statement, Annual Report, and the Company's website. The Company also appointed the corporate secretary to take a duty and responsibility to provide and preserve such information as said.
2. In 2011, 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 day after disclosure of audited financial statement. Also, the Company participated in public activity, conference or seminar as proper such as Thai Investor's Day and In-dept with Thai Steel Sector Seminar which was co-organized by the Stock Exchange of Thailand and Thai Investor Association.
3. The Company's audited financial statement is operated by a certified public accountant from PricewaterhouseCoopers ABAS Company Limited who is independent, specialized and skillful, and is certified by Securities and Exchange Commission Thailand. The Company did not intervene in above audit by any objectives in order that stakeholders can be confident that the Company's financial statements will reflect the Company's financial status and operating results accurately.
4. The Board of Directors prepared a report on the responsibilities for financial statements which was presented along with the auditor's report in the Annual Report of the Company.
5. The Board of Directors has monitored the disclosure of directors' role and duty, management remuneration and number of attending the meeting of the Board and other sub-committees as individual in the Company's annual report.
6. The Company has 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. 6005, 6002

Facsimile No. : 02 670 9090-2

E-mail : ir@thaimetaltrade.com

Chapter 5 : The Board's responsibilities

1. The Board's structure

1.1 The Board of Director

- At the end of year 2011, the Board of Directors has its quorum of 7 persons comprised of 3 independent directors, 3 executive directors and 1 chairman of the Board who is not in management position. Such proportion is regarded to balance the power of the Board and comply with laws. 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 section.
- The term of directorship complied with the regulation detailed in the Company's Articles of Association 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 close 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.
- The directors who position in the Board are forbidden to position in the company that may have conflicts of interest in order to perform their duty efficiently, unless the shareholders' meeting had been notified prior to appointment thereto. Further details of member of the Board's working experience provided in Board of Directors and Executives section.

1.2 The Audit Committee

- At the end of year 2011, the Audit Committee who was appointed by the Board of Directors has its quorum of 3 independent directors who had no conflict of interest and connected relationship with the Company, the Board of Directors, management, major shareholders, and any others related parties of aforesaid persons, and posses qualification stated by laws. In this regards, the 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 section.
- The term of directorship of the Audit Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.

1.3 The Nomination and Remuneration Committee

- At the end of year 2011, the Nomination and Remuneration Committee who was appointed by the Board of Directors has its quorum of 4 persons consisted of 3 independent directors and 1 executive director. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- The term of directorship of the Nomination and Remuneration Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.

2. An 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),
- All those 3 independent directors are expertise in accounting and finance, experience in high management in other industry and understanding in the Company's business. The directors therefore can review creditability of financial statements and audit work.

3. The Corporate Secretary

The corporate secretary who was appointed by the Board of Directors is responsible for organizing the meetings of the Board of directors, committees and shareholders, and 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 specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

4. The Board's meeting

In 2011, The Company convened the Board of Directors and the Audit Committee's meeting once every quarter according to the schedule that are planned in advance and will call for the additional meetings as necessary. All directors have deemed it as important duty and responsibility to proceed. The Chairman of the Board regularly promoted prudent consideration and allocated adequate time for management to present significant issues and sufficient time for directors to express their opinion and discuss significant concerns carefully and neatly in the meeting, and assigned the corporate secretary to prepare and send a notice of meeting along with all related supporting documents to directors at least 7 days prior to the meeting date so as to provide the opportunity to directors to study the detail in each agenda. Details of meetings of the Board of Directors and the Audit Committee are provided in Management Structure section.

5. New Director Orientation

In case that new director is appointed, and has never been in the position of any committee or executive of the Company before, said director will be oriented by a top management or the corporate secretary for his or her acknowledgement of related code and conduct, corporate profile, nature of business, good corporate governance policy, business ethics, and other important information of the Company. Besides, the Company promotes and supports all directors and executives to be trained to enhance and gain their skill, knowledge and experience for continuous development of the Company.

6. 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 targets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company.

7. The Aggregation or Segregation

The Company has clear separated and stipulated a scope and duty of each committee. Also, the Company has appointed the audit committee which consists of 3 independent directors, to balance the power and monitor the management team of the Company.

8. The Remuneration of directors and executives

The remuneration of each committee was determined by the Nomination and Remuneration Committee which can be decomposed into 3 types; director allowance, meeting allowance, and bonus according to the criteria that fixed at an appropriate level and comparable with the same level in the industry and complied 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 Nomination and 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.

9. Business Ethics

The Board of Directors has recognized the importance to conduct its business with ethics by issuing the business ethics manual as a guideline for management to carry out their duties with transparency, integrity, considering on all stakeholders, compliance with laws and regulations. It also uses as guideline for employees to operate their work with honesty and properly. The Board regularly monitors the conducting of work whether such guiding principle is followed as expected.

10. Conflicts of Interest

The Board of Directors and the audit committee together took into account and monitored the issue that may cause conflict of interest carefully so as to check reasonability and necessity of entering into the transaction. The Board also arranges the Company to disclose such conflicts to all related stakeholders and agencies after it was approved by the Board.

11. System of Control and Internal Audit

The Company has set the authority and duties of an operator, supervisor and assessor independently in order to check and balance their performance appropriately. Also the Company has authorized the Audit Committee to monitor the operation frequently. The Audit committee has appointed KPMG Phoomchai Business Advisory Ltd., who is creditable and independent, as an internal auditor to propose and conduct the annual internal audit plan, and to report and recommend according to the result of such audit. This will enhance the system of control and efficiency of work.

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, based on the appropriate accounting policies and corresponding to its operation and practice regularly, as well as reasonableness in making projections, and adequately disclosing significant information as indicated in the notes of financial statements. The Board of Directors therefore prepared a report on the responsibilities for said matters and presented along with the auditor's report in the Company's Annual Report.

Corporate Social Responsibility Activities

The Company has committed to conduct its business on the basis of morality and business ethics as well as to sustain business growth along with social development and environment responsibility by promoting CSR mind to all staff. Throughout 2011, the Company has continued and started various social activities as follows;

Development Part

Sharing and promoting the basic knowledge about steel ability

TMT Knowledge Center was established to be a place where knowledge of steel will be transferred and exchanged. It's also ready for creating an essential value for our trading partner and all stakeholders, and also support and encourage them to be ever-conscious for the most update of steel and metal technology so as to utilize their steel usage with less constraint. To become a part of sustainable social development growth, the Company has carried out development programs as follows;



CSR Day Seminar (May. 11) In collaboration with Thaipat Institute, the Company established CSR Day Seminar at TMT Knowledge Center to promote a true meaning of CSR (Corporate Social Responsibility) and its best practice for the Company to our staff, and foster them with CSR mind.

“Innovative Steel Construction - Standard Practices and Technology for Our Future” Seminar (Jun. 11) TMT together with Iron and Steel Institute of Thailand establishes this seminar to share and deliver know-how and experience from steel construction specialist to construction sector and other related downstream industry sectors who is getting the benefit from Japan-Thailand Economic Partnership Agreement (JTEPA).

Knowledge Sharing to Customers by TMT (Aug. 11) With commitment to support and promote the steel usage under Thailand Industrial Standard, the Company provided a seminar on TISI standard to our customers at TMT Knowledge Center, to focus on the importance of industrial standard, class of steel and its specification and labeling, and also visit our production plant. This clearly illustrates how TMT can be a part of customer success and growing together.

“Chak Rongrian Soo Rong Lhek” (From School to Steel) (Sep. 11) Professor and students who is majoring in welding department from Phisanulok Technical College visited TMT Knowledge Center and our production plants. The objective is to understand the production process under TISI standard, testing procedure of our laboratory as the International Standard practice and also environmental care management.

Reading Group To enhance personnel skill development and creativity, the Company has established Reading Group activity which aims to create an atmosphere of discussion and sharing thoughts among participant through interesting books or topics and to stimulate the diversity of an idea. As this regards, a top management concerned as their duty to participate such activity every time.

www.thaimetaltrade.com With intentionality to create our website as a steel learning community where people can learn a basic understanding of steel and its innovation, together with consultation by an intelligence team, the Company keeps on updating an interesting information and know-how to present how the Power of Steel can truly be applied and utilized in many ways.

Social Responsibilities Part

Health and Safety

TMT has always places a special emphasis on promoting and supporting happy work place in order to build up a good health and good attitude of its staff, together with a place with no drugs and illegal things. As this regards, the Company conducted activities as follows;



Knowledge Sharing - How to work with safety (Mar. - Apr. 11) To create a best practice and promote a safe working, The seminar is focused on sharing and transferring the experience from supervisor and safety officer.

Safety Voice (Jun. 11) With an aim to zero accident and cultivate a good health concern among staff, a radio voice was launched and broadcasted to all working area for useful healthy tips.

Forklift Talent (Jul. 11) This project is created with an intention to build a best practice for forklift driving promoted by its supervisor as they aim to avoid accidental loss. The activities are to test a knowledge and skill of forklift staff both in theoretical and practical part. The result is shown that all participants passed and complied with the driving standard as mentioned.

Workshop of preparing for emergency case and first aid (Jul. 11) The Company has placed strong emphasis on preparing both accidental prevention and emergency response which may occur during the production, it therefore established a training course on safety and first aid to the emergency team and nurse. The Company also provides an emergency car with all necessary equipments to serve for such case.

Safely Drive-Zero Accident (Aug. 11) For safety on the road and avoiding accidental loss, the Company provided a seminar on “Truck drive and maintenance”, which was focused on the effective driving and maintenance of truck, engine and related spare part., for our transportation unit by a specialist from outside.

Anti-Drug Campaign (Jul. - Sep. 11) With a commitment to foster our staff with good health care and pleasantly environmental workplace, free drug and illegal object and to promote them to have a good health and good mind, the Company therefore set up a Drug Free Day by sampling check our staff without prior notice and found no drug or illegal things.

Annual Health Check-Up (Dec. 11) As all TMT staff is the most crucial part of our sustainable growth and also is an important person for his family and social. The Company then provided annual health check-up for its employees together with health tips from a doctor from Saimai Hospital.

Community, Social and Environment Responsibilities

The Company has concerned a collaborative living with the community and dedicated to build a self-strengthening community by encouraging its staff to be a part of community and environmental development. The Company therefore launched activities as below;



National Children’s Day (Jan. 11) The Company celebrated 2011 National Children’s Day by giving the gift to Wat Pracha School and other government agencies in Wangnoi, Ayutthaya. It was expected that those children will be happy and enjoy the activity set by thus agencies.

TMT - Social cares with PEA (Jan. 11) The Company made a donation to Provincial Electricity Authority, Wangnoi, Ayutthaya, to use as a budget for fixing an electrical system in provincial school and helping underprivileged children.

TMT supported “Relaxation for Charity Project” (Mar. 11) The Company made a donation to The Federation of Thai Industries, Ayutthaya, to support “Relaxation for Charity Project”. The donation is contributed to Phra na khon sri Ayutthaya Hospital for medical appliances purchase, underprivileged children’s scholarships and other activities as deemed appropriate.

From Mother to Child (Jun. 11) The continual project from Educational program for new mom last year, was designed to provide knowledge for its staff who are becoming a mother and who has new born to 2 years baby by training about pregnancy care, postpartum care and breastfeeding from the Company’s nurse and outsource specialist.

TMT Lulla (Jul. 11) The Company established the eco-project turning waste paper into a new book by encouraging its staff to participate. The recycled books will be delivered to underprivileged children in up-country through Volunteer Spirit Network named “Paper Ranger”.

TMT - Helping Nok-Ten victims (Aug. 11) The Company provided 300 pieces t-shirt and donated Baht 55,000 for helping flood victims caused by Nok-Ten tropical storm at Pu Tah village and surrounding area, Mae Sam Lap sub-district, Sob Mei district, Mae Hong Son.

TMT - Helping flood victims in Ayutthaya (Sep. 11) The Company donated Baht 500,000 to the Disaster Prevention and Mitigation Ayutthaya Provincial Office, for helping flood victims who suffer from tremendous damage to their property and farms in Ayutthaya province.

TMT - Helping flood victims with TLCA (Oct. 11) The Company donated Baht 100,000 to the "Capital market unites to help flood victims fund" led by Thai Listed Companies Association and related capital market agencies to raise fund for flood relief and support victims to be able to revive from this crisis rapidly.

Connected Transactions

In Year 2011, the Company had connected transactions as follows;

1. Soon Huat Steel Co.,Ltd.¹

Relationship :

Five members of Tarasansombat family who are in the top ten shareholders, namely Mr. Soon, Mrs. Pomjit, Mr. Paisal, Mr. Komsan, and Mr. Chamnan which each shareholding are 38.21, 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.

General Characteristics of the transaction :

The office building lease renewal 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 currently located. The term of lease renewal is 3 years from April 1st, 2010 to March 31st, 2013, with rental rate of Baht 200,000 per month (Same rate) which the payment date due on the 5th of each month.

Total Value of transaction :

7,200,000 Baht (for a three-year lease contract)

Opinion of the Board / Audit Committee /

The importance and reasonableness of the transaction :

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 15th, 2004 of Baht 600,000 per month or Baht 7.2 million per year (for the total of item no.1 - 3 of connected transaction) that will bring the highest benefit to the Company. The Board of Director's meeting no. 1/2010, held on February 19th, 2010, resolved to approve the Company to enter into a renewal of such transaction 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

Relationship :

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,

General Characteristics of the transaction :

Such group renewed the 5 plots of land and plant building lease which located at 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 1st, 2010 to December 31st, 2012 with rental rate of Baht 250,000 per month (Same rate) which its payment date due on December 31st of each year.

Total Value of transaction :

9,000,000 Baht (for a three-year lease contract)

Opinion of the Board / Audit Committee /

The importance and reasonableness of the transaction :

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 15th, 2004 of Baht 600,000 per month or Baht 7.2 million per year (for the total of item no.1 - 3 of connected transaction) that will bring the highest benefit to the Company. The Board of Director's meeting no. 1/2010, held on February 19th, 2010, resolved to approve the Company to enter into a renewal of such transaction for 3 years tenor ended December 31st, 2012 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.

3. Mr. Paisal Tarasansombat

Relationship :

Mr. Paisal Tarasansombat is the authorized director and Chief Executive Officer of the Company and also one of the top ten shareholders by holding 3.95 percent

General Characteristics of the transaction :

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 131 Rama III Road Bangkholaem Sub-district, Bangkholaem District, Bangkok is allowed by Mr. Paisal Tarasansombat to renew without any charges until December 31st, 2013, thereafter the rental rate shall be considered based on the market rate. In this regards, the Company has to take all the utility cost and any tax related to or by the using of those land.

Total Value of transaction :

- Baht

Opinion of the Board / Audit Committee /

The importance and reasonableness of the transaction :

This transaction is benefits the Company's operation and that will bring the highest benefit to the Company. The Board of Director's meeting no. 4/2010, held on November 11th, 2010, resolved to approve the Company to enter into a renewal of memorandum of land use.

4. Metal Commerz Pte.Ltd.²

Relationship :

Mr. Paisal Tarasansombat, the Company's authorized director and Chief Executive Officer, 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 authorized director is major shareholder of Metal Commerz Pte.Ltd. by holding 18.73 percent of its total issued and paid up shares.

General Characteristics of the transaction :

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 foreign suppliers.

Total Value of transaction :

41,529,250.31 Baht

Opinion of the Board / Audit Committee /

The importance and reasonableness of the transaction :

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:

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.
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 from manufacturing mills which the Company can negotiate for better price by comparing it with other suppliers. Most of Metal Commerz's customers are in Asia region, namely, China, Taiwan, Indonesia, Singapore
3. The above information about the name of shareholders and their shareholding is as of March 8th, 2011 (the lasted book closing date for the rights to attend the Annual General Meeting of Shareholders for year 2011).

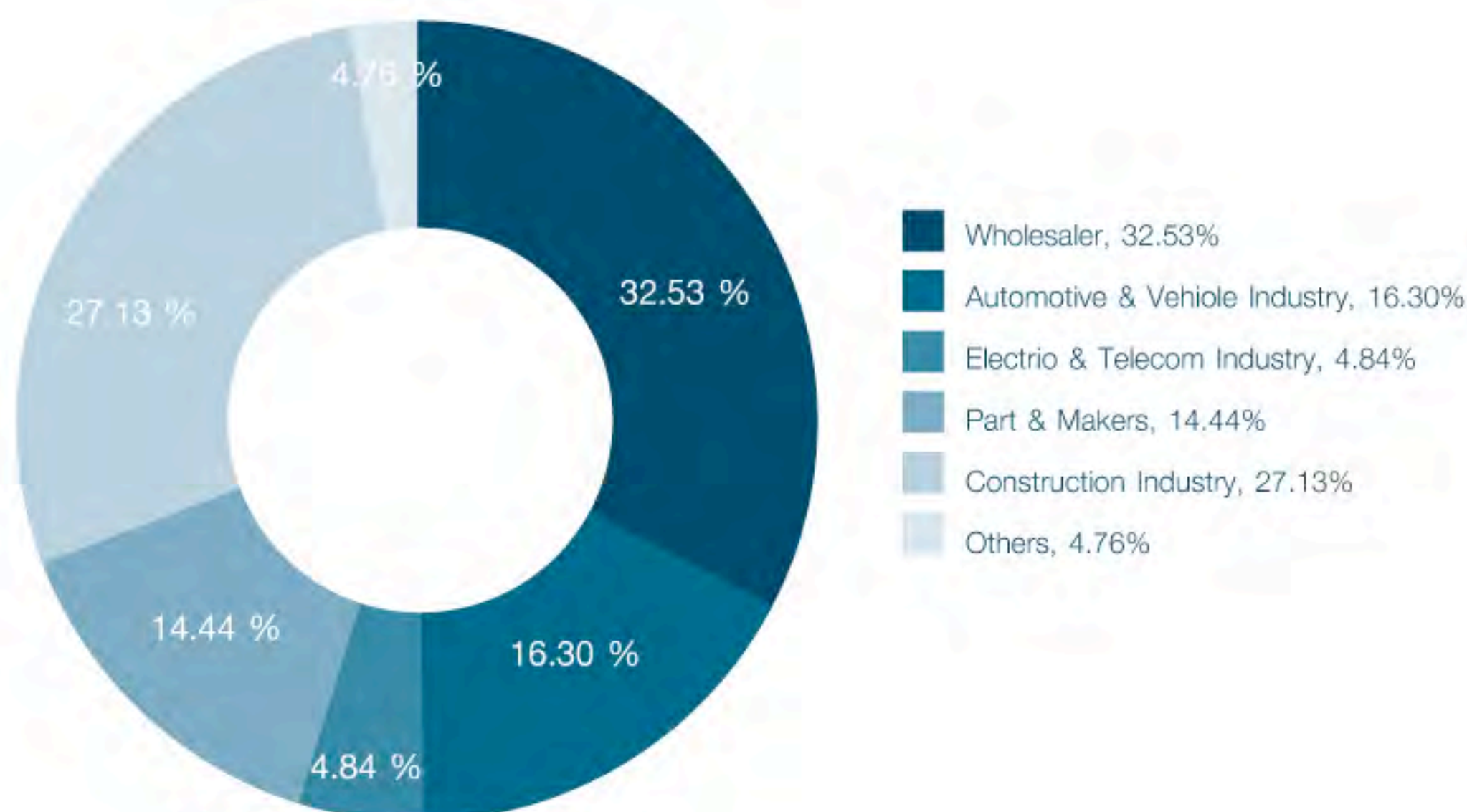
Management Discussion and Analysis

Performance

The Company has earned net profit of Baht 80.81 million which decreased 66.61 percent compared with 2010 net profit, whilst the gross profit margin was 7.74 percent compared with 8.35 percent in 2010. Though, average selling price in year 2011 was about 11.68 percent higher than year 2010, the raw material price also rose. Anyway, due to high market competition and huge impact of flooding in central part, the company cannot adjust the selling price to capture with higher raw material price for maintaining same level of gross profit margin. Selling price rose around mid of first quarter of 2011 and stabilized until the end of the year 2011.

Sales revenue

The company generated revenue from sales of Baht 7,684.57 million, which was 12.68 percent higher than net sales in 2010. The quantity of sales has increased to 287,078 MT in 2011 which was 0.77 percent higher than quantity sale of 2010. The average selling price was up to about Baht 26.87 per Kilogram or increased by 11.68 percent when compared with 2010 which was the major factor of the increasing in sales revenue. The Company's revenue structure classified by business group was as follows:



The proportion of processing and trading sales was 67:33 compared with 73:27 in 2010.

Selling and administration expense

The Company's selling and administration expense has recorded at total of Baht 289.47 million in 2011 compared with Baht 267.09 million in 2010 or increasing about Baht 22.39 million, equivalent to 8.38 percent as a result of the increasing of selling and marketing expenses about Baht 15.18 million from transportation expenses which conform to increasing in sale quantity. Administration expense was increased about Baht 7.21 million.

The Directors and Executives remuneration increased Baht 3.34 million or 12.78 percent when compared with 2010 remuneration. This was resulted from increasing in number of the management.

The Company's other expense which was arisen from the big flood in late 2011 recognizing in the statements was Baht 121.98 million. However, damaged assets that were affected by flood are insured, and the Company is in claiming process with insurance companies.

Financial position

The Company's assets totaled Baht 3,626.08 million which increased by 13.52 percent from 2010. Current assets increased by Baht 356.46 million or 17.21 percent as a result of increasing in inventory amount Baht 271.37 million and trade account receivable amount Baht 147.03 million as the rise in sales revenue. The inventory turnover period of year 2011 was 56 days, and the average collection period was 50 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 1.24 times, comparing with 1.47 times in 2010.

Additionally, the Company's Non-current assets increase Baht 75.50 million or increased by 6.72 percent mostly by acquiring new assets, building, equipments, vehicles and machines, in an amount of Baht 172.62 million, whereas, the asset disposal net at Baht 0.52 million and depreciation and amortization was about Baht 93.54 million.

Total liabilities stood at Baht 1,959.55 million or increased by Baht 547.24 million. Most of increasing came from short-term loan from financial institution as the result from more need in working capital for building up the inventory and trade account receivable. 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 0.79 times in 2010 to 1.17 times in 2011.

Report of Directors Relating to Responsibility for Financial Statements

The Board of Directors is responsible for Thai Metal Trade Public Company Limited ("the Company")'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 reports 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's financial statements also audited by an independent certified public accountant from PricewaterhouseCoopers ABAS Company Limited. 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 2011 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 statements of financial position as at 31 December 2011 and 2010, the related statements of comprehensive 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 statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010, and the results of its operations and 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

17 February 2012

Statements of Financial Position

Thai Metal Trade Public Company Limited
As at 31 December 2011 and 2010

	Notes	2011 Baht	2010 Baht
Assets			
Current assets			
Cash and cash equivalents	6	77,183,069	123,246,295
Trade accounts receivable, net	7	1,117,746,454	970,718,017
Inventories, net	8	1,221,277,720	949,908,511
Advance payments for purchases of inventories		1,375,570	11,620,840
Other current assets		9,773,189	15,399,894
Total current assets		<u>2,427,356,002</u>	<u>2,070,893,557</u>
Non-current assets			
Investment property	9	23,029,000	23,029,000
Property, plant and equipment, net	10	1,155,964,197	1,077,402,613
Intangible assets, net	11	16,892,269	19,530,669
Other assets		2,840,996	3,259,303
Total non-current assets		<u>1,198,726,462</u>	<u>1,123,221,585</u>
Total assets		<u><u>3,626,082,464</u></u>	<u><u>3,194,115,142</u></u>

The notes to the financial statements on pages 142 to 160 form an integral part of these financial statements.

Statements of Financial Position

Thai Metal Trade Public Company Limited
As at 31 December 2011 and 2010

	Notes	2011 Baht	2010 Baht
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	12	1,512,468,464	1,116,444,936
Trade accounts payable		258,319,310	137,070,645
Income tax payable		21,998,872	24,931,454
Advance receipts from customers for goods		108,835,670	78,214,078
Current portion of finance lease liabilities	13	674,887	-
Other current liabilities	14	48,331,237	55,655,022
Total current liabilities		<u>1,950,628,440</u>	<u>1,412,316,135</u>
Non-current liabilities			
Finance lease liabilities, net	13	2,923,664	-
Employee benefit obligations	15	5,999,652	-
Total non-current liabilities		<u>8,923,316</u>	<u>-</u>
Total liabilities		<u>1,959,551,756</u>	<u>1,412,316,135</u>
Shareholders' equity			
Share capital	16		
Authorised share capital			
434,500,000 ordinary shares of par			
Baht 1 each		<u>434,500,000</u>	<u>434,500,000</u>
Issued and paid-up share capital			
425,000,000 ordinary shares of paid-up			
Baht 1 each		425,000,000	425,000,000
Premium on share capital	16	402,736,298	402,736,298
Retained earnings			
Appropriated - legal reserve	21	43,450,000	43,450,000
Unappropriated		795,344,410	910,612,709
Total shareholders' equity		<u>1,666,530,708</u>	<u>1,781,799,007</u>
Total liabilities and shareholders' equity		<u>3,626,082,464</u>	<u>3,194,115,142</u>

The notes to the financial statements on pages 142 to 160 form an integral part of these financial statements.

Statements of Comprehensive Income

Thai Metal Trade Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	2011 Baht	2010 Baht
Sales		7,684,569,913	6,819,570,153
Costs of sales	24	(7,090,148,831)	(6,250,312,731)
Gross profit		594,421,082	569,257,422
Other income	17	31,347,291	37,384,386
Selling expenses		(78,811,729)	(63,635,417)
Administrative expenses	24	(210,657,975)	(203,443,196)
Other expenses	26	(121,977,051)	-
Finance costs - interest expenses		(48,773,180)	(19,309,694)
Profit before income tax	18	165,548,438	320,253,501
Income tax		(84,736,370)	(78,216,346)
Profit for the year		80,812,068	242,037,155
Other comprehensive income		-	-
Total comprehensive income for the year		80,812,068	242,037,155
Earnings per share	19		
Basic earnings per share		0.19	0.57
Diluted earnings per share		0.19	0.57

The notes to the financial statements on pages 142 to 160 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 2011 and 2010

	Notes			Retained earnings		Total Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Legal reserve Baht	Unappropriated Baht	
Opening balances as at 1 January 2011		425,000,000	402,736,298	43,450,000	910,612,709	1,781,799,007
Effect from the adoption of new accounting policy						
- Employee benefit obligations	2.2	-	-	-	(4,830,367)	(4,830,367)
Balance after adjustments		425,000,000	402,736,298	43,450,000	905,782,342	1,776,968,640
Dividends paid	20	-	-	-	(191,250,000)	(191,250,000)
Total comprehensive income for the year		-	-	-	80,812,068	80,812,068
Closing balances as at 31 December 2011		425,000,000	402,736,298	43,450,000	795,344,410	1,666,530,708
Opening balances as at 1 January 2010		425,000,000	402,736,298	43,450,000	859,817,679	1,731,003,977
Dividends paid	20	-	-	-	(191,242,125)	(191,242,125)
Total comprehensive income for the year		-	-	-	242,037,155	242,037,155
Closing balances as at 31 December 2010		425,000,000	402,736,298	43,450,000	910,612,709	1,781,799,007

The notes to the financial statements on pages 142 to 160 form an integral part of these financial statements.

Statements of Cash Flows

Thai Metal Trade Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	2011 Baht	2010 Baht
Cash flows from operating activities			
Profit before income tax		165,548,438	320,253,501
Adjustments for :			
Depreciation and amortisation	10, 11	99,053,417	105,786,858
Doubtful accounts (reversal)	7	(1,766,337)	(866,648)
Loss on declining in value of inventories	8	117,311,322	-
Gains on disposals of equipment		(2,755,671)	(4,114,058)
Employee benefit expenses	15	1,169,285	-
Interest expenses		48,773,180	19,309,694
Cash flows before changes in working capital		427,333,634	440,369,347
Changes in working capital:			
Trade accounts receivable		(145,262,100)	(227,917,125)
Inventories		(388,680,531)	(46,990,361)
Advance payments for purchases of inventories		10,245,270	90,820,440
Other current assets		5,626,705	7,480,064
Other assets		418,307	(1,338,414)
Trade accounts payable		121,248,665	74,203,151
Advance receipts from customers for goods		30,621,592	33,143,589
Other current liabilities		19,434,139	7,393,764
Cash flows receipts from operating activities before interest and income tax paid		80,985,681	377,164,455
Interest paid		(46,900,774)	(19,370,909)
Income tax paid		(87,668,952)	(87,443,722)
Net cash (payments) receipts from operating activities		(53,584,045)	270,349,824
Cash flows from investing activities			
Purchases of property, plant and equipment		(197,185,221)	(119,967,813)
Purchases of intangible assets	11	(2,876,302)	(4,387,200)
Proceeds from disposals of equipment		3,270,942	4,869,159
Net cash payments from investing activities		(196,790,581)	(119,485,854)

The notes to the financial statements on pages 142 to 160 form an integral part of these financial statements.

Statements of Cash Flows

Thai Metal Trade Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	2011 Baht	2010 Baht
Cash flows from financing activities			
Short-term loans from financial institutions, net		396,023,528	82,194,916
Payments for interest on finance lease liabilities		(155,429)	-
Payments for finance lease liabilities		(306,699)	-
Dividends paid	20	(191,250,000)	(191,242,125)
Net cash receipts (payments) in financing activities		204,311,400	(109,047,209)
Net (decrease) increase in cash and cash equivalents		(46,063,226)	41,816,761
Opening balance		123,246,295	81,429,534
Closing balance		77,183,069	123,246,295
Cash and cash equivalents are made up as follows:			
- Cash on hand		149,355	93,280
- Deposits at financial institutions		77,033,714	123,153,015
		77,183,069	123,246,295
Non-cash transactions			
Significant non-cash transactions for the years ended 31 December 2011 and 2010 are as follows:			
Increase in property, plant and equipment by other payables		2,600,748	31,075,649
Increase in property, plant and equipment by finance lease liabilities		3,905,250	-

The notes to the financial statements on pages 142 to 160 form an integral part of these financial statements.

Notes to the Financial Statements

Thai Metal Trade Public Company Limited
For the years ended 31 December 2011 and 2010

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, Bangkorleam, Bangkok 10120
- 332-333 Moo 5, Paholyothin Road, Lamsai, Wangnoi, 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 17 February 2012.

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 Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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 standards, new financial reporting standards, new interpretation, and amendments to accounting standards

- a) New accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards effective for the accounting periods beginning on or after 1 January 2011:

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 16	(Revised 2009)	Property, Plant and Equipment
TAS 17	(Revised 2009)	Leases
TAS 18	(Revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(Revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009)	Interests in Joint Ventures
TAS 33	(Revised 2009)	Earnings per Share
TAS 34	(Revised 2009)	Interim Financial Reporting
TAS 36	(Revised 2009)	Impairment of Assets
TAS 37	(Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2009)	Intangible Assets
TAS 40	(Revised 2009)	Investment Property
TFRS 2		Share-Based Payment
TFRS 3	(Revised 2009)	Business Combinations
TFRS 5	(Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources
TFRIC 15		Agreements for the Construction of Real Estate
TSIC 31		Revenue - Barter Transactions involving Advertising Services

Commencing 1 January 2011, the Company has applied the aforementioned accounting standards. The application of those accounting standards does not have significant impact to the financial statements being presented, except the following accounting standards.

- TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in shareholders' equity. Entities can choose to present the statement of comprehensive income in one statement or two statements (the statement of income and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two accounting periods without the statement of financial position as at the beginning comparative period. The Company has chosen to present the statement of comprehensive income in one statement.

- TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of PPE, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Company has chosen to apply this accounting standard by prospectively adjusted. The Company revises useful life of trucks and residual values of trucks and motor vehicles. This has impact to decrease in depreciation expense and increase in the profit for the year ended 31 December 2011 amounting to Baht 5,308,658.
- TAS 19 deal with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The Company has chosen to apply this accounting standard by adjusted brought forward retained earnings as at 1 January 2011. The impact is as follows:

	<u>Baht</u>
Opening balances as at 1 January 2011	
Employee benefit obligations - increase	4,830,367
Retained earnings - decrease	(4,830,367)

- TAS 24 (Revised 2009), the definition of related party has been expanded include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. This revised standard may impact only to the disclosure of related party information in the notes to financial statements.
- TAS 40 (Revised 2009), the standard has specific presentation and measurement requirements for investment property. The entity has to present an investment property separately in the statement of financial position. The entity can choose to measure it either cost model or fair value model. Under fair value model, any changes in fair value are recognised in profit or loss. The Company has chosen to apply this accounting standard by using cost model. Accordingly, the statement of financial position as at 31 December 2010, presented for comparative purposes, has been reclassified as follows:

	<u>Baht</u>
Statement of Financial Position as at 31 December 2010	
Investment property - increase	23,029,000
Property, plant and equipment, net - decrease	(23,029,000)

- TFRS 2 deals with accounting for transactions in which an entity receives goods or services as a consideration for either:
 - Equity instruments of the entity (equity-settled) which are recognised as equity; or
 - Cash or other assets, for which the amount is based on the price or value of the entity's share (cash-settled) which is recognised as liability.

The measurement of the transaction is based on the fair value of the goods or service received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transactions are required to re-measured at each date of the statement of financial position and at the date of settlement, with change in fair value recognised in profit or loss. However, the employee stock options of the Company were approved by the Shareholders' meeting before 1 January 2011; thus, they are exempt under this standard.

- b) New accounting standards, new interpretation, and amendments to accounting standards effective for the accounting periods beginning on or after 1 January 2013:

TAS 12		Income Taxes
TAS 20	(Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10		Government Assistance - No Specific Relation to Operating Activities
TSIC 21		Income Taxes - Recovery of Revalued Non - Depreciable Assets
TSIC 25		Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

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

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 statement of financial position 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 profit or loss.

2.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand, deposits held at call with 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 recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in the profit or loss 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 applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property of the Company is land and building held for long-term rental yields or for capital appreciation, including certain land which is currently undetermined for future use.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at cost less accumulated impairment losses (if any).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

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.

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

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, 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains or losses, net" in profit or loss.

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 fair value less costs to sell 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 reviewed for possible reversal of the impairment at each reporting date.

2.11 Leases - where the 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 lease obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property 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 profit or loss on a straight-line basis over the period of the lease.

2.12 Employee benefits

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

- *Defined benefit plans - retirement benefit*

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

- *Defined contribution plans - provident fund*

The Company operates a provident fund, being a defined contribution plan. The assets 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. The Company's contributions to the provident fund are charged to the profit or loss in the years to which they relate.

2.13 Provisions

Provisions 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 the amount has been reliably estimated. 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 valued for the sales of goods net of rebate and 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 2011 and 2010, 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 risk

The Company has short-term loans from financial institutions which 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 2011 and 2010, 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

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 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.

4.2 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.

4.3 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.

4.4 Retirement employee benefits

The Company has commitments on retirement benefits to employees under the Thai Labour Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Company determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company considers the current yields on long-term government bonds.

5 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.

6 Cash and cash equivalents

	2011 Baht	2010 Baht
Cash on hand	149,355	93,280
Current accounts	13,890,067	3,158,903
Saving accounts	63,143,647	119,994,112
Total	77,183,069	123,246,295

As at 31 December 2011, the interest rates of saving accounts were 0.50% to 1.00% per annum (2010: 0.10% to 0.25% per annum).

7 Trade accounts receivable, net

	2011 Baht	2010 Baht
Trade accounts receivable	1,122,772,082	977,509,982
<u>Less</u> Allowance for doubtful accounts	(5,025,628)	(6,791,965)
Trade accounts receivable, net	1,117,746,454	970,718,017

Outstanding trade accounts receivable can be aged as follows:

	2011 Baht	2010 Baht
Current balance	869,015,733	780,602,236
Overdue: less than 1 month	159,192,477	176,274,267
Over 1 month to 3 months	72,946,320	12,522,865
Over 3 months to 6 months	16,818,033	799,943
Over 6 months to 12 months	-	1,833,352
Over 12 months	4,799,519	5,477,319
	1,122,772,082	977,509,982
<u>Less</u> Allowance for doubtful accounts	(5,025,628)	(6,791,965)
Trade accounts receivable, net	1,117,746,454	970,718,017

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

8 Inventories, net

	2011 Baht	2010 Baht
Raw materials	65,493,635	39,576,385
Finished goods	1,273,095,407	910,332,126
Total inventories	1,338,589,042	949,908,511
Less Allowance for net realisable value		
- for raw materials	(3,520,975)	-
- for finished goods	(113,790,347)	-
Inventories, net	1,221,277,720	949,908,511

9 Investment property

	Land Baht
At 31 December 2011 and 2010	
Cost	23,029,000
Fair value	36,730,000

Investment property was valued by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and categories of the investment property valued.

10 Property, plant and equipment, net

	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 2009								
Cost	232,854,462	537,424,424	541,652,950	59,244,561	83,696,653	18,661,537	112,069	1,473,646,656
Less Accumulated depreciation	(20,350,650)	(85,505,652)	(243,424,041)	(33,574,972)	(55,563,197)	-	-	(438,418,512)
Net book value	<u>212,503,812</u>	<u>451,918,772</u>	<u>298,228,909</u>	<u>25,669,589</u>	<u>28,133,456</u>	<u>18,661,537</u>	<u>112,069</u>	<u>1,035,228,144</u>
For the year ended 31 December 2010								
Opening net book value	212,503,812	451,918,772	298,228,909	25,669,589	28,133,456	18,661,537	112,069	1,035,228,144
Additions	-	-	1,285,072	1,016,868	9,953,953	117,383,974	14,021,445	143,661,312
Transfers	-	-	10,660,387	-	-	-	(10,660,387)	-
Disposals, net	-	-	(8,892)	-	(746,209)	-	-	(755,101)
Depreciation (Note 18)	(3,219,023)	(26,782,110)	(50,526,940)	(8,130,560)	(12,073,109)	-	-	(100,731,742)
Closing net book value	<u>209,284,789</u>	<u>425,136,662</u>	<u>259,638,536</u>	<u>18,555,897</u>	<u>25,268,091</u>	<u>136,045,511</u>	<u>3,473,127</u>	<u>1,077,402,613</u>
At 31 December 2010								
Cost	232,854,462	537,424,424	553,588,209	60,261,429	81,611,895	136,045,511	3,473,127	1,605,259,057
Less Accumulated depreciation	(23,569,673)	(112,287,762)	(293,949,673)	(41,705,532)	(56,343,804)	-	-	(527,856,444)
Net book value	<u>209,284,789</u>	<u>425,136,662</u>	<u>259,638,536</u>	<u>18,555,897</u>	<u>25,268,091</u>	<u>136,045,511</u>	<u>3,473,127</u>	<u>1,077,402,613</u>

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

	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 2011								
Opening net book value	209,284,789	425,136,662	259,638,536	18,555,897	25,268,091	136,045,511	3,473,127	1,077,402,613
Additions	50,000,000	65,000	1,378,211	10,028,032	18,142,785	70,475,088	22,526,454	172,615,570
Transfers	6,676,803	166,476,657	11,258,797	12,592,296	-	(185,745,754)	(11,258,799)	-
Disposals, net	-	-	(10)	(251,633)	(263,628)	-	-	(515,271)
Depreciation (Note 18)	(3,498,900)	(33,757,427)	(41,279,877)	(10,507,850)	(4,494,661)	-	-	(93,538,715)
Closing net book value	<u>262,462,692</u>	<u>557,920,892</u>	<u>230,995,657</u>	<u>30,416,742</u>	<u>38,652,587</u>	<u>20,774,845</u>	<u>14,740,782</u>	<u>1,155,964,197</u>
At 31 December 2011								
Cost	289,531,265	703,966,081	566,210,554	78,717,589	93,340,213	20,774,845	14,740,782	1,767,281,329
Less Accumulated depreciation	<u>(27,068,573)</u>	<u>(146,045,189)</u>	<u>(335,214,897)</u>	<u>(48,300,847)</u>	<u>(54,687,626)</u>	<u>-</u>	<u>-</u>	<u>(611,317,132)</u>
Net book value	<u>262,462,692</u>	<u>557,920,892</u>	<u>230,995,657</u>	<u>30,416,742</u>	<u>38,652,587</u>	<u>20,774,845</u>	<u>14,740,782</u>	<u>1,155,964,197</u>

As at 31 December 2011, the gross carrying amounts of fully depreciated fixed assets that is still be in use is amounting to Baht 270.69 million (2010: Baht 240.22 million).

11 Intangible assets, net

	Computer software Baht
At 31 December 2009	
Cost	24,765,669
<u>Less Accumulated amortisation</u>	<u>(827,784)</u>
Net book value	<u>23,937,885</u>
For the year ended 31 December 2010	
Opening net book value	23,937,885
Additions	647,900
Amortisation charge (Note 18)	(5,055,116)
Closing net book value	<u>19,530,669</u>
At 31 December 2010	
Cost	25,413,569
<u>Less Accumulated amortisation</u>	<u>(5,882,900)</u>
Net book value	<u>19,530,669</u>
For the year ended 31 December 2011	
Opening net book value	19,530,669
Additions	2,876,302
Amortisation charge (Note 18)	(5,514,702)
Closing net book value	<u>16,892,269</u>
At 31 December 2011	
Cost	28,289,872
<u>Less Accumulated amortisation</u>	<u>(11,397,603)</u>
Net book value	<u>16,892,269</u>

12 Short-term loans from financial institutions

	2011 Baht	2010 Baht
Short-terms loans from financial institutions	1,470,000,000	851,000,000
Trust receipts	42,468,464	265,444,936
Total	<u>1,512,468,464</u>	<u>1,116,444,936</u>

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

	2011	2010
Short-term loans from financial institutions	1.80% - 3.85%	1.50% - 2.25%
Trust receipts	2.03% - 3.83%	1.50% - 2.05%

As at 31 December 2011, the short-term loans from financial institutions were unsecured loans and due within January to June 2012 (2010: within January to June 2011). The Company has provided the Negative Pledge to the financial institutions.

13 Finance lease liabilities, net

	2011 Baht	2010 Baht
Not later than 1 year	915,648	-
Later than 1 year but not later than 5 years	3,431,164	-
	4,346,812	-
<u>Less</u> Future finance charges on finance leases	(748,261)	-
Present value of finance lease liabilities	3,598,551	-

The present value of financial lease liabilities is as follows:

	2011 Baht	2010 Baht
Not later than 1 year	674,887	-
Later than 1 year but not later than 5 years	2,923,664	-
Present value of financial lease liabilities	3,598,551	-

14 Other current liabilities

	2011 Baht	2010 Baht
Accrued expenses and other payables	41,686,549	52,207,007
Withholding taxes	2,372,794	2,805,780
Accrued interest	2,273,682	556,105
Others	1,998,212	86,130
Total	48,331,237	55,655,022

15 Employee benefit obligations

	2011 Baht	2010 Baht
Statement of financial position		
- Retirement benefits	5,999,652	-
Profit or loss		
- Retirement benefits	1,299,503	-

The movement in the obligations for retirement benefit are as follows:

	2011 Baht	2010 Baht
Opening balance	4,830,367	-
Current service cost	1,095,497	-
Interest cost	204,006	-
Benefits paid	(130,218)	-
Closing balance	5,999,652	-

The amounts recognised in the statement of comprehensive income are as follows:

	2011 Baht	2010 Baht
Current service cost	1,095,497	-
Interest cost	204,006	-
Total included in staff costs	1,299,503	-

Of the total charge, Baht 1,299,503 (2010: nil) were included in administrative expenses.

The principal actuarial assumptions used were as follows:

	2011	2010
Discount rate	4.2% per annum	-
Future salary increase	3% per annum	-
Employee turnover rate	0% - 43% per annum	-

16 Share capital and premium on share capital

	Number of authorised shares	Issued and paid-up ordinary shares Baht	Premium on share capital Baht	Total Baht
At 31 December 2009	434,500,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	-	-	-	-
At 31 December 2010	434,500,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	-	-	-	-
At 31 December 2011	434,500,000	425,000,000	402,736,298	827,736,298

As at 31 December 2011, the total number of authorised ordinary shares were 434.5 million shares with a par value of Baht 1 per share (2010: 434.5 million shares with a par value of Baht 1 per share). The shares of 425 million shares were issued and fully paid-up.

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 followings:

- 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.

At the Ordinary Shareholders' Meeting held on 26 March 2010, the shareholders approved for the payment of dividends in respect of year 2009. 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 3.68 per share and 1 warrant has the right to purchase 1.16 ordinary shares.

At the Annual General Shareholders' Meeting held on 29 March 2011, the shareholders approved for the payment of dividends in respect of year 2010. 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 3.52 per share and 1 warrant has the right to purchase 1.21 ordinary shares.

17 Other income

	2011 Baht	2010 Baht
Service income	23,728,172	26,336,324
Interest income	3,915,443	1,418,791
Gains of disposals of equipment	2,755,671	4,114,058
Others	948,005	5,515,213
Total	31,347,291	37,384,386

18 Expenses by nature

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

	2011 Baht	2010 Baht
Staff costs	174,168,884	168,763,812
Depreciation on property, plant and equipment (Note 10)	93,538,715	100,731,742
Amortisation of intangible assets (Note 11)	5,514,702	5,055,116
Selling and marketing expenses	78,811,729	63,635,417
Professional and consultant fees	8,519,343	8,158,081
Rental expenses	12,294,720	12,185,280

19 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 is shown as below:

	2011	2010
Net profit attributable to shareholders (Baht)	80,812,068	242,037,155
Weighted average number of ordinary shares in issue during the year (Shares)	425,000,000	425,000,000
Basic earnings per share (Baht)	0.19	0.57

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 earnings per share is shown as below:

	2011	2010
Net profit attributable to shareholders (Baht)	80,812,068	242,037,155
Weighted average number of ordinary shares in issue (Basic)	425,000,000	425,000,000
Effect of conversion of warrants	3,864,050	3,020,229
Weighted average number of ordinary shares for diluted earnings per share (Shares)	428,864,050	428,020,229
Diluted earnings per share (Baht)	0.19	0.57

20 Dividends

At the Annual General Shareholders' Meeting held on 29 March 2011, the shareholders approved for the payment of dividends in respect of year 2010 of Baht 0.45 per share for 425 million shares, totalling Baht 191.25 million. The dividends were paid to the shareholders on 8 April 2011.

At the Annual General Shareholders' Meeting held on 26 March 2010, the shareholders approved for the payment of dividends in respect of year 2009 of Baht 0.45 per share for 191.25 million shares, totalling Baht 425 million. The dividends were paid to the shareholders on 9 April 2010.

21 Legal reserve

	2011 Baht	2010 Baht
Beginning balance	43,450,000	43,450,000
Appropriation during the year	-	-
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 authorised capital. The legal reserve is non distributable.

22 Contingencies

Letters of guarantee

As at 31 December 2011, the Company had letters of guarantee of Baht 46.30 million (2010: Baht 43.72 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipate to be arisen.

Outstanding letters of credits

As at 31 December 2011, the Company had outstanding letters of credits amounting to Baht 38.67 million and US Dollars 6.50 million in relation to purchases of goods (2010: Baht 26.23 million).

23 Commitments

Operating leases

The future minimum lease payments under operating leases as at 31 December were as follows:

	2011 Baht	2010 Baht
Due within 1 year	12,296,920	12,470,060
Due over 1 year but less than 5 years	2,898,240	15,192,960
Total	15,195,160	27,663,020

Sales commitments

As at 31 December 2011, the Company had outstanding commitments relating to the sales of goods with a fixed selling price totalling Baht 78.36 million (2010: Baht 104.95 million).

Purchase commitments

As at 31 December 2011, the Company had outstanding commitments relating to the purchases of goods with a fixed buying price totalling Baht 65.64 million and US Dollars 12.91 million (2010: nil).

Capital commitments

As at 31 December 2011, the Company had capital expenditure contracted but not yet recognised of Baht 139.09 million (2010: Baht 47.24 million).

24 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

	2011 Baht	2010 Baht
Purchases of raw materials	41,529,250	566,292,215
Computer system service expenses	-	22,500
Land and building rental expenses	5,400,000	5,400,000

Purchases of raw materials from its related party are 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 2010 until 2013, 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 2012.

As at 31 December 2011 and 2010, the Company had no outstanding account payables to related parties.

(b) Directors and managements' remuneration

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

For the years ended 31 December

	2011	2010
	Baht	Baht
Short-term benefits	28,886,040	26,114,520
Post-employee benefits	567,099	-
	<u>29,453,139</u>	<u>26,114,520</u>

25 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.

26 Other expenses

A plant of the Company was affected by the disaster of floods and had to stop production temporarily since 13 October 2011. In November 2011, the Company was able to resume its normal production.

The details of expenses arising from the disaster of floods recognised in the statements of comprehensive income for the year ended 31 December 2011 are as follows:

	2011
	Baht
Staff salaries and other fixed expenses during the period when the Company stopped its operation	5,635,287
Loss on allowance for net realisable value of damaged inventories from floods	112,540,162
Other expenses arising from floods including flood-prevention expenses	3,801,602
	<u>121,977,051</u>

However, damaged assets including inventories that were affected by the floods are insured. At the present, the Company is still in the process of filing insurance claims with its insurance companies.

27 Post statement of financial position event

At the Board of Directors' Meeting on 17 February 2012, it passed a resolution to propose the dividends payment in respect of results of operations for the year 2011 of Baht 0.15 per share for 425 million shares, totalling Baht 63.75 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2012.

Audit Fee

In year 2011, The Company paid the fee to audit firm at total amount of Baht 1,414,380 as the following:

1. Audit Fee amount Baht 1,400,000
2. Non-Audit fee amount Baht 14,380

The auditors from PricewaterhouseCoopers ABAS Company Limited are namely as below;

Name	C.P.A. No.	Audit Year	Total
Miss Nangnoi Charoenthaveesub	3044	2003 - 2006	4 years
Mr. Vichien Khingmontri	3977	2007 - 2011	5 years

In this regard, The audit firm 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.