

ANNUAL REPORT 2013

รายงานประจำปี 2556



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

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THE RELIABILITY IS THE ANSWER

ความเชื่อถือและวางใจได้ คือคำตอบ

“บนเส้นทางธุรกิจที่เต็มไปด้วยความท้าทาย ต้องการเพื่อนร่วมทางที่น่าเชื่อถือและวางใจได้ เพื่อก้าวเดินไปข้างหน้าสู่ความสำเร็จ TMT พร้อมเป็นเพื่อนคู่คิดที่ยึดมั่นคำสัญญาและให้คำแนะนำที่ดีที่สุดเสมอมา จึงมั่นใจได้ว่าไม่ว่าอุปสรรคข้างหน้าจะยิ่งใหญ่สักเพียงใด เราจะยืนหยัดอยู่เคียงข้างและวางใจได้เสมอ”


TMT

Providing structure of your imQgination

เราเป็นโครงสร้างให้กับทุกจินตนาการ



นี่คือวิสัยทัศน์ที่เรามุ่งมั่นทำให้เกิดขึ้นและเป็นจริง
ที่ทำให้เราก้าวไปอีกขั้นในการทำธุรกิจเหลืออย่างแตกต่าง
ท้าทายให้เราคิด สร้าง ทำ อย่างสร้างสรรค์ พัฒนา
ตนเองอย่างไม่หยุดนิ่ง หาแนวทางอย่างไม่มีที่สิ้นสุด
ในการตอบสนองความต้องการใช้เหล็กที่หลากหลาย
ของลูกค้า

เป็นโครงสร้างให้กับความคิดใหม่ๆ ของสถาปนิก
เป็นโครงสร้างในการหาแนวทางที่เป็นประโยชน์แก่ลูกค้า
เป็นโครงสร้างในการเติบโตของธุรกิจและอุตสาหกรรม
เป็นโครงสร้างที่ขับเคลื่อนเศรษฐกิจและสังคมไทย และ
เป็นโครงสร้างที่ทำให้เราเติบโตในวันนี้และวันต่อๆ ไปอย่างยั่งยืน



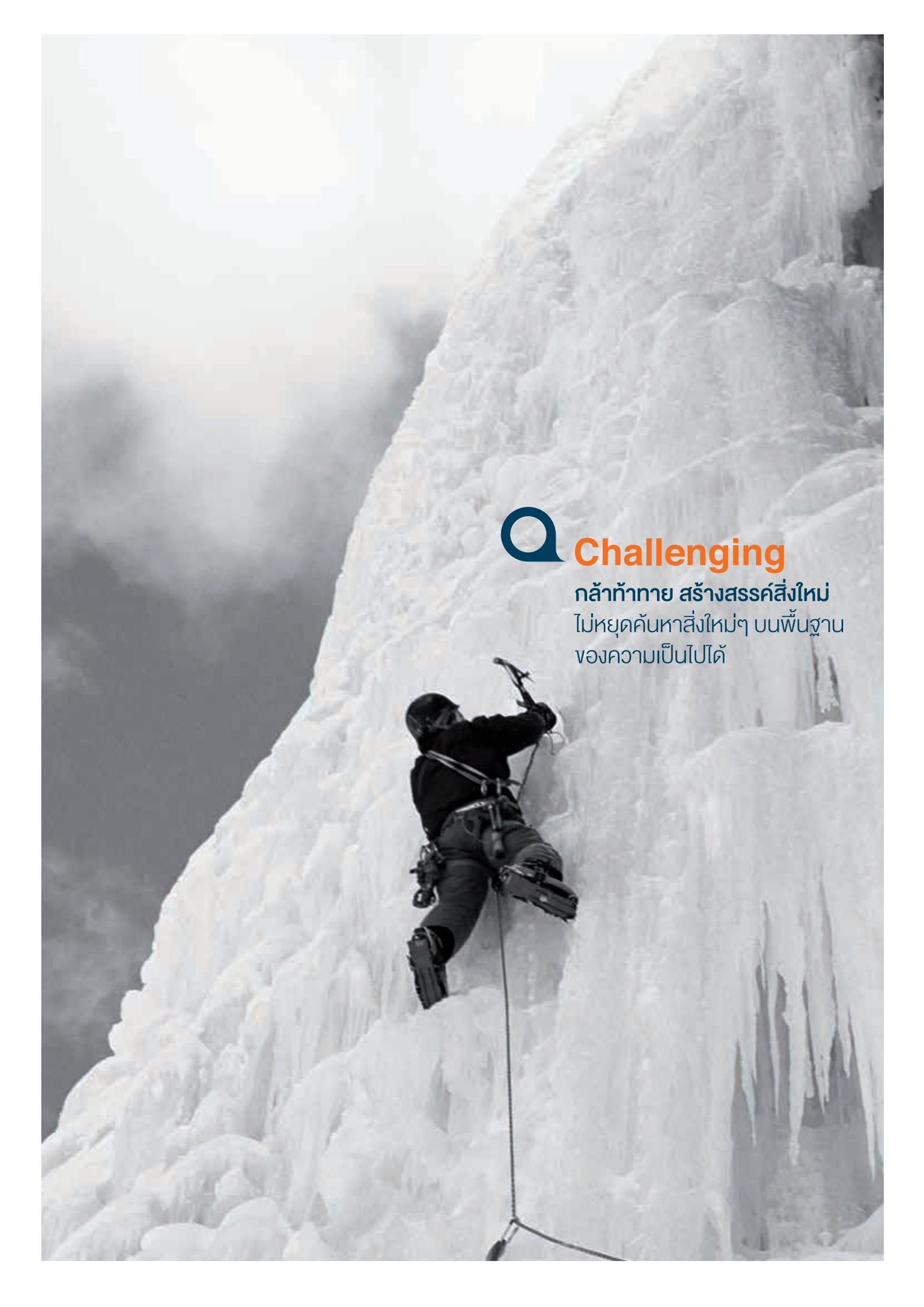




Determination

มุ่งมั่นสู่ความสำเร็จ

เพื่อมอบสิ่งที่ดีที่สุดให้กับลูกค้าของเรา

A full-page background image showing a person in black gear climbing a steep, textured ice wall. The climber is positioned in the lower half of the frame, using ice axes and a rope. The ice wall is composed of large, irregular ice blocks and icicles, creating a complex and challenging surface. The background is a hazy, overcast sky.

Challenging

กล้าท้าทาย สร้างสรรค์สิ่งใหม่
ไม่หยุดค้นหาสิ่งใหม่ๆ บนพื้นฐาน
ของความเป็นไปได้



Responsive

พร้อมตอบสนองทุกความต้องการ
ช่วยกันคิด ร่วมกันทำ มุ่งมั่นที่จะ
ตอบสนองความต้องการของลูกค้า
ด้วยหัวใจที่พร้อมให้บริการ



Reliable

เชื่อถือและวางใจได้

เราพร้อมเป็นเพื่อนคู่คิด
ที่รักษาคำพูด ตรงต่อเวลา
และให้คำแนะนำที่ดีที่สุดเสมอ







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 solutions to customers 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 concepts...
- ...We provide the structures for customers to achieve their success...
- ...We provide the structures for countless industries to thrive...
- ...We provide the structures for the Thai economy to prosper...
- ...all for a strong, sustainable growth of Thai society today, tomorrow and beyond.

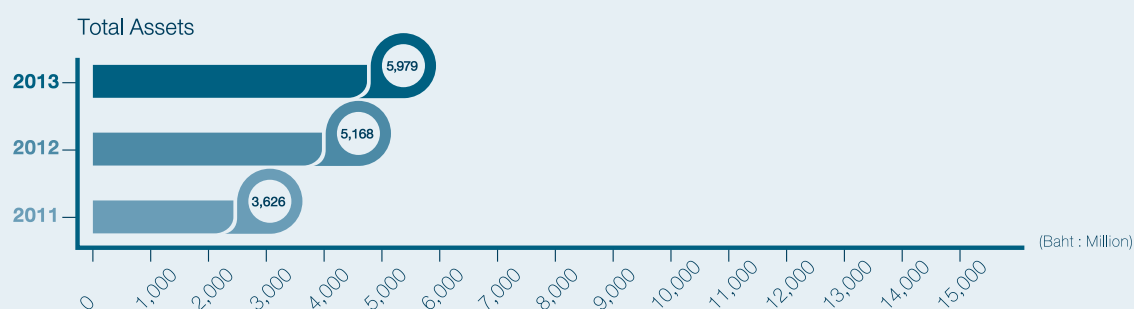
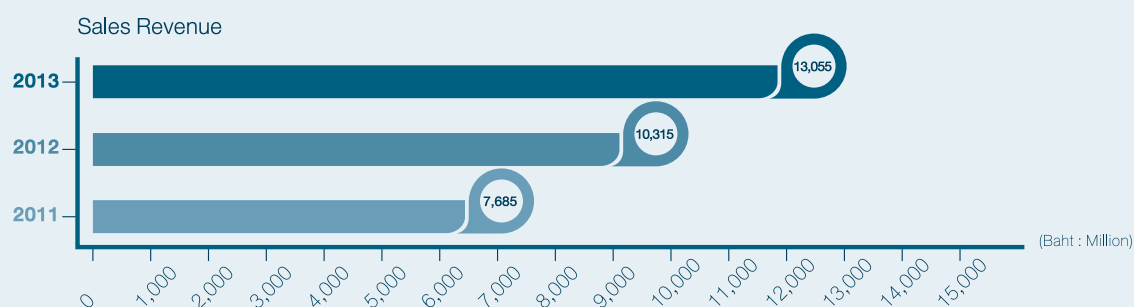
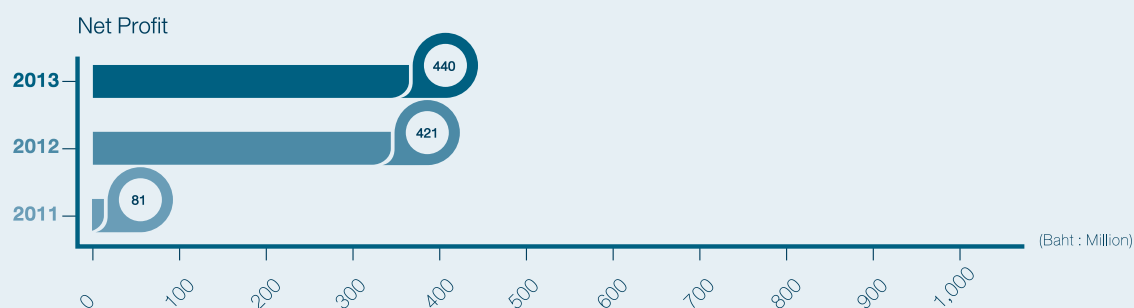


Financial Highlights

As at 31 December 2013

	2013	2012	2011
Summary (Baht : million)			
Sales Revenue	13,055	10,315	7,685
Gross Profit	1,072	917	594
Net Profit	440	421	81
Total Assets	5,979	5,168	3,626
Total Liabilities	3,795	3,105	1,960
Shareholder's Equity	2,183	2,063	1,667
Paid-up Capital	435	492	425

	2013	2012	2011
Financial Ratio			
Gross Profit Margin	8.21%	8.89%	7.74%
Net Profit Margin	3.37%	4.08%	1.05%
Return on Assets	7.36%	8.15%	2.23%
Return on Equity	20.17%	20.40%	4.85%
Current Ratio	1.71	1.21	1.24
Debt to Equity Ratio	1.74	1.50	1.18



Message from the Board of Directors

In 2013 TMT has remarkably achieved 13 billions baht of sales with the quantity of 530,000 tons that have been delivered broadly to our valued customers all across the country. It was the highest record since TMT had been established in 1992. On behalf of TMT, we sincerely would like to thank all valued customers, business alliances, staffs and shareholders for their fully trust and continuous support from those have enabled us to accomplish our objectives by providing business values through many areas of function such as comprehensive supply chain solutions, good quality of products, best services and the most of all, to be part of our customer's success.

Despite many global and domestic factors which have brought a volatility and uncertainty to Thailand market such as the price softening led by the excess productivity in world steel market resulted in huge volume of steel import into Thailand in early 2013, these had consequently caused the imposition of safeguard measure against the Hot Rolled Steel products imported to Thailand raised by the local manufacturers in spite of their insufficient supply. The unusual high level of inventory in the market had weakened the steel price in the second half of the year plus the decline in Thai economy that inevitably effected the steel consumption accordingly. Nevertheless, TMT still has achieved its mission to expand the market shares and to offer business value creation to its customers. These key success factors are from our continuous investment in people development, warehouse expansion, efficiency enhancement of both the working process and the sophisticated automation system together with business networking collaboration among our alliances in order to provide the best solution of products management and efficient delivery.

In addition, the Company has firmly established the corporate branding into the market through well-known modern trade channels by offering them an all-in-one solution to sustain and secure customers' supply chain at the optimal inventory and at lower cost. We also strongly communicated TMT brand acknowledgement broadly into other various steel industry segments to ensure trust and reliability.

This is our commitment to keep exploring and challenging any opportunities and develops any potentiality for sustainable growth.



Mr. Soon Tarasansombat

Chairman of the Board

Corporate Profile

Thai Metal Trade Public Company Limited

Stock Code	: TMT
Registration Number	: 0107547000800
Type of Business	: Integrated Steel Service Center
Registered Capital	: Baht 436,000,000
Issued and Paid-up Capital	: Baht 435,379,017
Head Office	: 179 Bangkok City Tower 22 nd Floor, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Thailand 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. 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 : 02 229 2800 Fax : 02 654 5642
Auditor	: PricewaterhouseCoopers ABAS Company Limited 179, 15 th Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : 02 344 1000 Fax : 02 286 5050
Legal Consultant	: Seri Manop and Doyle Company Limited 21 Soi Amnuaywat, Suthisarn Rd., Samsen-nok, Huay Kwang, Bangkok 10310 Tel : 02 693 2036 Fax : 02 693 4189

Policy and Business Overview

“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 solutions to customers 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 concepts...

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

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

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

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

“Not just only adding more value to our products and services, it is also our strong commitment to support customers in achieving their success.”

Positioned as a leading integrated steel solution provider, TMT is geared up and ready to provide an all-inclusive steel-related service to our customers. Besides supplying quality products, we offer consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit our customers. In other words, we are transforming a conventional steel business into a fully integrated steel solution.

TMT is operated based on a sophisticated management system which has proven to be capable, efficient and able to meet all requirements. In addition to these comprehensive facilities, technologies, and good quality control system, we are also concerned regarding to social and environmental responsibilities. Furthermore, the company has an excellent logistics system in place which offers reliability, inventory management and on time delivery to our customers. All of the above implementations are further complemented by a high performing information system and a hi-speed data communication network to ensure that all customers' requirements will always be treated with great care and fulfilled.

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 17, 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 1, 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 and distribution center is located on Rama III Road, and the substantial investment of over One Billion Baht has been spent on a plot of 135 rai compound in Ayutthaya, to increase capacity of warehouse and capacity.

The Company’s present paid-up capital was Baht 435,379,017. We are now one of 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.

Significant of changing and development, in 2013 as follows:

- Factory and Warehouse expansion project phase 5 totally 4 buildings on 22 Rai of Land was completed in 2013. The production capacity will be increased 60,000 tons per year and additional space for 35,000 tons from new warehouses. This project will enhance internal supply chain capability efficiently.
- A new Hot Rolled Coil Slitter and a new Gas Cutting Machine were completely installed. These two production lines will increase 60,000 tons capacity per year.
- Barcode implementation, new IT Development for warehouse management and GPS for truck fleet were completely implemented and integrated with core ERP (SAP) to improve efficiency of Supply Chain and Logistics Management.
- As a result from factory and warehouse expansion including installment of new machines, efficiency enhancement for existing machines, adding more supporting tools and equipment and process improvement, the total capacity is currently increased to 756,000 tons per annual or increasing 38.57 percent from the previous year.
- Continued a **TMT** Corporate Brand Communication broadly through various public medias such as TV commercial, Magazines, Highway Billboards to promote TMT’s products and solutions and also establish brand awareness directly to consumer.
- TMT’s paid-up capital was increased to Baht 435,379,017 from the exercise of warrants to purchase ordinary shares of the ESOP program which was issued to directors and management.

Nature of Business

Our Products & Services

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, optimal cost and convenience with professionalism and dependable expertise which are at the core of all TMT operations, and that is why we are proudly referred to as Thailand's one-stop integrated steel solution service. The Company's solution can be divided into categories, as follows:

1. Steel Distribution Center

Our customers are fully served domestically and internationally with all kinds of steel products, from raw materials to finished products. The TMT distribution center is situated at a strategic location that increases our capabilities to transport products all across the board to most destinations within the shortest time. This apparently results in minimizing inventory management costs to our customers.

2. Steel Processing

We are capable of handling virtually all kinds of steel orders, even ones with specific requirements. With our state-of-the art machinery and teams of professionally trained mechanics, we can cater for shearing, slitting and cutting to any specific requirements as needed.

3. Cold Forming Process

As a one-stop integrated steel solution provider, TMT is equipped with comprehensive cold forming production lines to produce various types of general structural steel for construction.

4. Constantly Adding Value to Our Products

At TMT, we strive to constantly add greater value to our existing and future offerings whenever we can, relentlessly making it worthwhile for customers to choose our products and services. This is evident in our recent successful development of the water based corrosion resistant coating system to be applied to our cold forming products. The system has proven to be safe and eco-friendly because it does not contain any hazardous volatile or solid substances, and it is a clear proof of our genuine commitment to corporate environmental friendliness.

Marketing and Competition

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 center and distribution center, 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.

Sources of Supply

In 2013 the Company's products were from its production and procurement from other sources which were raw materials for use in its production and for sale, described as follows:

The Production

The Company had completed its factory and warehouse expansion for 4 buildings in 2013, totally 13 buildings. Moreover, two new production lines had been completely installed together with existing machines improvement and enhancing with supporting tool and equipment as well as process improvement, resulted the increasing of total capacity to 756,000 tons per annual or 38.57% increasing from the previous year. By the way, the utilization rate of the Company's production was at 67.81% last year.

Raw Material Sourcing

Hot Rolled Coil is the main raw material for the Company's production. The Company purchased Hot Rolled Coil from various domestic and foreign mills where the domestic sourcing was accounted to 47.08% and the import sourcing was 12.29% of total purchasing amount in 2013.

Products for Sale sourcing

The Company sources the products for sale as the customer's requirement which cannot be produced itself or some can be produced but not match with its the production planning as the following:

1. **Hot Rolled Steel Section** The Company purchased Hot Rolled Steel Section products from various domestic mills, accounting to 27.07% of the 2013 total purchase. These products are H or I Sections, Equal and Angle.

2. **Cold Rolled Steel Section** Though the Company can produce some types of this Cold Rolled Steel Section, TMT also purchase the others mostly are Pipes from various domestic manufacturers which accounted to 6.29% of the total purchase in 2013.

3. **Hot Rolled Plate** This product type is not the production from Hot Rolled Coil or cannot be processed through the Company's production line. Therefore, the Company purchased from various domestic mills at 5.00% of total purchase amount.

4. **Other Steel Products** As a Total Steel Solution Provider, TMT has to source and procure to serve the variety of customers' needs such as D Formed Bars, Steel Rods, Stainless Steel, Wire Mesh, etc., amounting 2.27% of the total purchase in 2013.

Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31st December 2011 to 2013 is as follows:

Product Category	2013		2012		2011	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	18,985	0.14	228,386	2.19	107,420	1.39
2. Hot Formed Shape Steel	3,445,739	26.23	2,039,161	19.54	1,358,466	17.54
3. Steel Pipe and C-Channel	771,373	5.87	555,578	5.32	389,082	5.02
4. Sheet and Plate Steel	715,918	5.45	628,091	6.02	331,245	4.28
5. Others*	224,512	1.71	197,955	1.90	346,900	4.48
Total	5,176,527	39.41	3,649,172	34.96	2,533,113	32.70
Processing						
1. Steel Sheet (Cutting)	2,805,584	21.36	2,446,296	23.44	1,844,864	23.82
2. Steel Sheet (Shearing and Pressing)	2,584,734	19.68	2,470,681	23.67	1,843,553	23.80
3. Slit Coil	297,380	2.26	284,766	2.73	219,511	2.83
Cold Formed Steel Processing						
4. Steel Pipe	907,419	6.91	607,667	5.82	525,583	6.78
5. C-Channel	1,318,730	10.04	888,093	8.51	748,487	9.66
Total	7,913,846	60.25	6,697,503	64.16	5,181,998	66.90
Other Income **	44,589	0.34	91,502	0.88	31,347	0.40
Total Revenue	13,134,963	100.00	10,438,176	100.00	7,746,459	100.00

- Notes:**
- * Such as deformed bar, special size and special grade steel
 - ** Such as processing service, delivery service and interest income
 - ** In 2012 the other income included flood claim compensation from insurance 41.90 million Baht

Shareholders Structure / Dividend Policy

The Top 10 Shareholders of the Company as of March 6th, 2013*

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	162,350,000	37.88
2	Mr. Chamnan Tarasansombat	35,056,000	8.18
3	Mrs. Penjit Pipattanasakul (Daughter of Mr. Soon Tarasansombat and Sister of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat)	33,464,400	7.81
4	Mr. Komsan Tarasansombat	32,379,875	7.55
5	Mrs. Pornjit Tarasansombat	30,000,000	7.00
6	METAL ONE CORPORATION	21,250,000	4.96
7	Mrs. Panlapa Tarasansombat	17,121,600	3.99
8	Mr. Paisal Tarasansombat	16,531,500	3.86
9	Mr. Anan Raveesaengsoon	8,600,000	2.01
10	RAMKHAMHAENG HOSPITAL PLC.	3,584,200	0.84
11	Other Shareholders	68,288,002	15.93
Total		428,625,577	100.00

Source: Thailand Securities Depository Company Limited

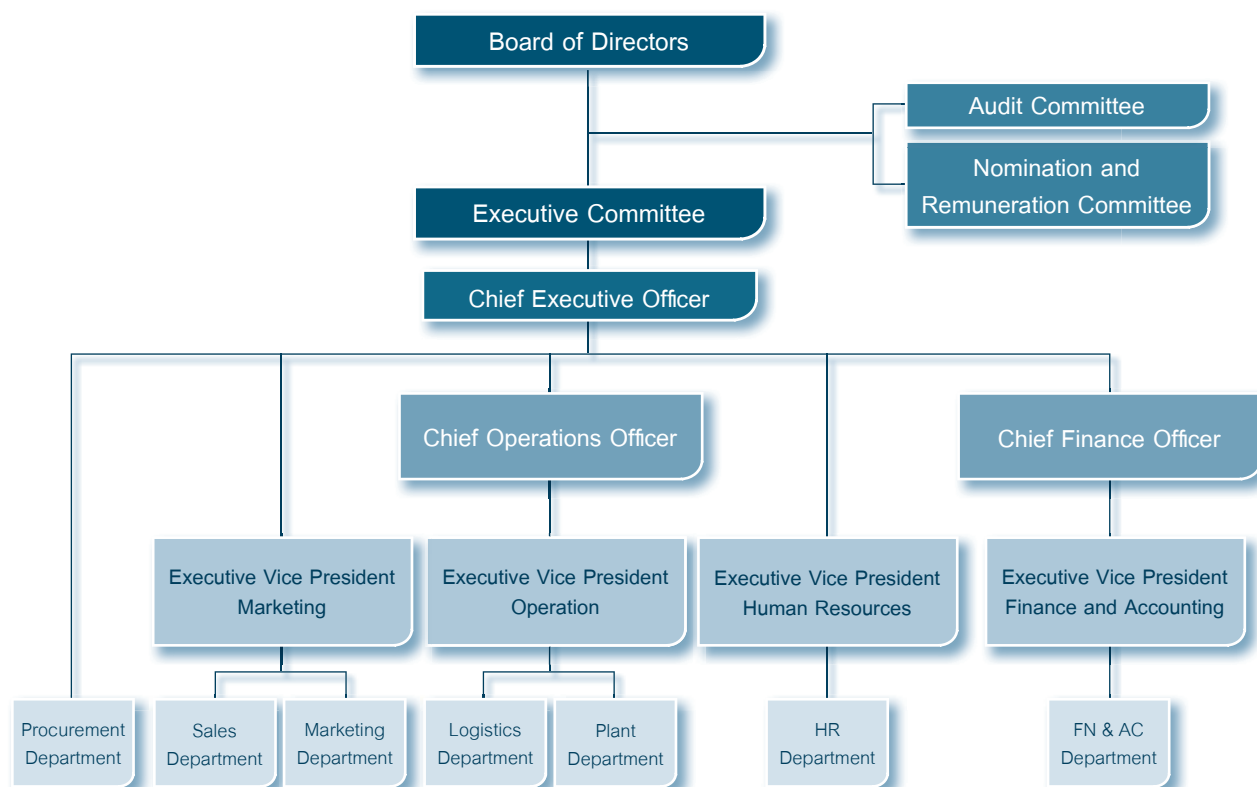
* Closing date for the rights to attend the Annual General Meeting of Shareholders for the year 2013

Dividend Policy

The Company dividend payout policy is to pay not less than 50 percent of its net profit after legal reserved deduction, depending on the company's financial position, operating results and future business plans.

Management Structure

Organization Chart as of December 31st, 2013



Board of Directors

As of December 31st, 2013, 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:

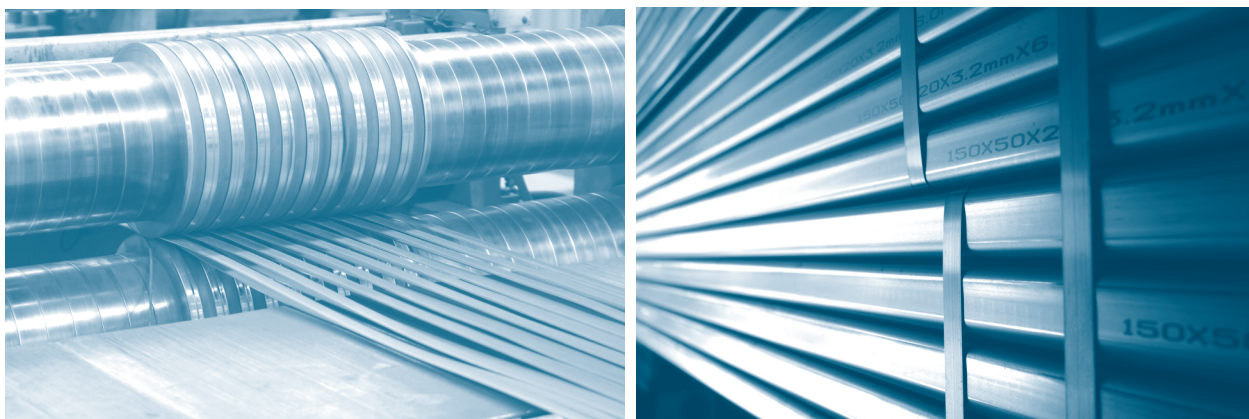
1. Mr. Paisal Tarasansombat
2. Mr. Komsan Tarasansombat
3. Mr. Somjate Tretarnthip

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

Scope, Duties, and Responsibilities of the Board

The Board of directors has its duties and responsibilities to perform in compliance with the laws, objectives, and the Company's Articles of Association as well as resolutions of shareholders' meeting with honesty and due care of the Company's benefits, except the transactions that must be approved by shareholders' meeting before conducting such as transactions that required by laws to obtain the majority votes of shareholders' meeting, the connected transaction and the acquisition or disposal of assets in accordance with the regulations specified by SET or any issues defined by government agencies etc. In this regards, the Board of directors may assign any one director or other person to act on behalf of the Board of directors. The Scope, Duties, and Responsibilities of the Board of directors are 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 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 Committees 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 2013, The Board's meeting held a total of four meetings with directors' attendance as detailed below:

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

Executive Committee

As of December 31st, 2013, 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, 2013, 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 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 2013, 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, 2013, 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 Tretarntip	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 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. The remuneration for the Board of directors will be proposed 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 2013, Nomination and Remuneration Committee's meeting held a total of one meeting 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, 2013, the management of the Company consisted of seven 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
7. Mr. Theppasak Noppakornvisate	Vice President - Finance and Accounting

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 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 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, 2013

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 the remuneration of directors and executive committee by comparing with the others in the same industry and conforming to the Company's operating results, including the accountabilities and responsibilities of those directors and executive committee. The allocation of remuneration is detailed as below;

1. The Board and Other Sub-committee Remuneration

The annual general meeting of shareholders on March 28, 2013 approved the directors' remuneration for Baht 5,000,000 per annum and bonus for the Board Baht 3,300,000. This remuneration and bonus were allocated to 7 directors separated by Baht 4,720,000 for directors' allowance and Baht 280,000 for meeting allowance which were allocated to Chairman : Audit Committee : Director at the ratio 1.48 : 1.23 : 1.00 and Baht 10,000 for each meeting attendance. Meanwhile, the bonus was allocated to Chairman : Director at the ratio 1.25 : 1.00. The allocation of remuneration is detailed as below:

Name	Position	Directors allowance (Baht)	Meeting allowance (Baht)	Bonus from 2012 operating results (Baht)	Total (Baht)
1. Mr. Soon Tarasansombat	Chairman of the Board	830,000	40,000	550,000	1,420,000
2. Mr. Paisal Tarasansombat	Director	560,000	40,000	440,000	1,040,000
3. Mr. Komsan Tarasansombat	Director	560,000	40,000	440,000	1,040,000
4. Mr. Somjate Tretarnthip	Director and Nomination and Remuneration Committee	560,000	40,000	440,000	1,040,000
5. Mr. Chai Jroongtanapibarn	Director, Chairman of the Audit Committee, and Chairman of Nomination and Remuneration Committee	830,000	40,000	550,000	1,420,000
6. Mrs. Ratanavalee Gorsanan	Director, Audit Committee and Nomination and Remuneration Committee	690,000	40,000	440,000	1,170,000
7. Mr. Anake Pinvanichkul	Director, Audit Committee and Nomination and Remuneration Committee	690,000	30,000	440,000	1,160,000
Total		4,720,000	270,000	3,300,000	8,290,000

2. The Executive Committee and Management Remuneration

In year 2013, the Company paid out the executive committee and management's remuneration for 3 committees and 7 managements in term of salary, pension fund and bonus, totaling Baht 43,216,000.

Board of Directors and Executives

Mr. Soon Tarasansombat (72 years)

Chairman of the Board

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) :

- 192,350,000 shares or 44.88%⁽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 (48 years)

Director, Chief Executive Officer and
Authorized Director

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) :

- 33,653,100 shares or 7.85%⁽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 (45 years)

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

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) :

- 32,379,875 shares or 7.55%

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 (49 years)

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

Education :

- Bachelor of Business Administration, Ramkamhaeng 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 0.63%

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

Mr. Chai Jroongtanapibarn (59 years)

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

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) :

- 522,750 shares or 0.12%

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 (49 years)

Audit Committee, Nomination and Remuneration Committee and Independent director

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
Feb. 12 - Present	Finance Director / Central Watson Co., Ltd. / Retailer of health and beauty products
2010 – Feb. 12	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 (49 years)

Audit Committee, Nomination and Remuneration Committee and Independent director

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
Mar. 13 - Present	Director / Nadmon Business and Consultant Co., Ltd. / Restaurant Business
2002 - May. 13	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

Illegal record in the past 10 years :

- None

Mr. Prawas Sontawakul (55 years)

Chief Operations Officer

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
Nov. 13 - Present	Director / Eco Living Co.,Ltd. / Home Building
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

Mrs. Panlapa Tarasansombat (46 years)

Executive Vice President - Human Resources

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) :

- 33,653,100 shares or 7.85%⁽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 (48 years)

Executive Vice President - Marketing

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) :

- 1,358,900 shares or 0.32%

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

Illegal record in the past 10 years :

- None

Mr. Theppasak Noppakornvisate (46 years)

Vice President - Finance and Accounting

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) :

- None

Experience (5 years past) :

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

Illegal record in the past 10 years :

- None

Remarks :

- (1) Mr. Soon Tarasansombat holds the Company's share of total 162,350,000 shares, which equivalent to 37.88 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 7.00 percent of its total issued and paid up shares.
- (2) Mr. Paisal Tarasansombat holds the Company's share of total 16,531,500 shares, which equivalent to 3.86 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 17,121,600 shares, which equivalent to 3.99 percent of its total issued and paid up shares.
- (3) Mrs. Panlapa Tarasansombat holds the Company's share of total 17,121,600 shares, which equivalent to 3.99 percent of its total issued and paid up shares, and Mr. Paisal Tarasansombat, her spouse, holds of total 16,531,500 shares, which equivalent to 3.88 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 March 6, 2013, the latest book closing date.

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 2013, no shareholder nominated candidate as said.

In the 2013 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 2013 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 21 days prior to the meeting date to support all shareholders, including institutional investors, to attend the meeting and shareholders will have adequate time to study on each agenda thoroughly. In this regards, the meeting agenda and supporting documents as said were provided based on transparent and sufficient information for shareholders to make their best 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 Company invited an independent legal advisor to attend the meeting in order to observe and verify the voting procedure on each agenda.
- 2.7 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.
- 2.8 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.
- 2.9 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 2013 Annual General Meeting of Shareholders dated March 28th, 2013, 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 2013 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2012 operating results at the rate of Baht 0.80 (Eighty satang) or 76.72% 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 2013, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2013. 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 2013, 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 2013, the Company achieved more in-house training courses than last year at TMT Knowledge center. The Company also allocated the sufficient budget for external training, In summary, both in-house training and public training courses total for 94 courses, the number of employee joined the training, 779 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 Idea We Can, TMT Futsal Cup 2013, TMT News, Touch Point and TMT Day 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. and 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 “Driving Fork Lift professionals”, “Exercise before work” and “Safety Week”. 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. Independent auditors

The Company strongly supports the independent auditors to perform their duties with independence, transparency and compliance with the requirements of the Securities and Exchange Commission and also provides best cooperation without any conflicts or disagreements as well as direct data or relevant document access and operator interview as the auditors' requirement. The Company also arranges an independent meeting for the Auditors and Audit Committee to meet without the management's attendance.

7. 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.

8. Community, Society, and Environment

- 8.1 The company has operated its business by mainly emphasizing on community, social and environment and strictly following the environmental laws and regulations.
- 8.2 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.
- 8.3 The company has collaborated and promoted the activities with governmental sector, sub-district administration organization or other non profit organizations as proper.

9. Government Sector

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

Actions on the good governance guideline

The Company issued a Code of Conduct for Directors, Managements and all employees to be a guideline for all operation to be based on right and equitable treatment with all stakeholders in term of integrity and law. Every employee must not perform any duties for self-benefit or look for its benefit from its operations. By the way, the responsibility to community, society and environment shall be everyone's concern. Furthermore, the Company has set a Blowing Whistle Process to prevent and catch up with any risks or abnormal practices that may arise from the internal process or risks that can cause a damage to any assets, life or reputation and also any complaints, Illegal actions or clues which may lead to fraud or corruption within the organizations. In this regard, the Company has established the channels for all stakeholders to submit such information or complaints about the Company's operation directly to Independent Directors at E-mail: ind_dir@thaimetaltrade.com and Facsimile : 02 670 9093

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 2013, the analyst meeting is convened regularly at the Company's head office on a quarterly basis to announce the Company's operating results and financial status on the day after disclosure of financial statement to SET.

3. The Company's financial statement is audited and reviewed 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 Audit Committee was reported by such auditor that they were independent, no difficulties and no disagreements with management while they were conducting a review or audit. The Company has disclosed the audit and other fee in the annual report. Furthermore, the Audit Committee also appointed KPMG Phoomchai Business Advisory Ltd to plan and audit the internal control to ensure that the Company has a proper conduct and control as well as risk management in terms of adequacy and efficiency.

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 report in Internal control and Risk management.

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. 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 2013, 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 2013, 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 2013, 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 2013, 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. Director and Management Nomination

The Nomination and Remuneration Committee shall fix the nomination process and determine to propose the suitable directorial candidates in order to replace the retired directors or management when those positions are vacant or any new appointment set by the Board of directors or set by laws, and then propose to the Board and / or the shareholder's meeting to approve;

6. 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.

7. 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.

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 provide its comment on internal control and risk management in the item of responsibilities for said matters and presented along with the auditor's report in the Company's Annual Report.

Corporate Social Responsibility

Policy on social responsibility

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 environmental responsibility by promoting CSR mind to all staff. Throughout 2013, the Company has continued and started various social activities as follows;

Operating for Social and Environmental Responsibility (In process):

Transportation management systems for energy savings (*Jan.13 - May.13*) The Company joined the project with Society of Automotive Engineers - Thailand (TSAE) to study the possibility to reduce fuel usage in transportation and products delivery which will benefit for the Company to apply for efficiency in energy saving plan.

Professional forklift driver (*Feb.13*) The project was set up to deliver a best practice to all operators to know how to control the forklift efficiently and aware of safety during their operation. Enhancing knowledge and understanding of safety regulation will protect all parties from accidents.

Enhancing efficiency in products delivery for truck shipment (*Jun.13*) The project was set up to enhance knowledge and skills in working effectively for the truck driver and understand of traffic regulation to protect all parties using on the roads from accidents.

Installing solar hot water system (*Oct.13*) The Company has awarded an investment support from the Department of Alternative Energy to install the solar hot water system which can produce hot water by solar system or combine with others waste heat to use in its production for reducing fuel or electricity consumption.

Mobile Cranes Operator (*Oct.13*) The project was set up to deliver a best practice to all operators to control the mobile cranes efficiently and aware of the safety while using for materials moving. Enhancing knowledge and understanding of the regulation will protect all parties from accidents and also acknowledge a proper maintenance.

Activities for society and environment (After process):



www.thaimetaltrade.com With intention to create the 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.

National Children's Day (Jan. 13) The Company celebrated 2013 National Children's Day by supporting any activities for children together with schools or local governmental authorities. This year, TMT joined with Tambon Lam Sai and Wichianklinsukon School.

Donating old calendar to the school for the blind (Jan.13) The company has gathered the old calendar with its employee for donating to the school for the blind to use as material for producing the medium of instruction cards (Bell character).

Donating steel to Poh Teck Tung Foundation (Jan.13) The company donated the steel (C Channel) of 30 pieces total weight of 400 Kg. for Building the Public Disaster Mitigation Radio Center, that was damaged by the flood.

Training Opportunities for students (Feb.13) TMT strives to be a learning center for the Educational Institution and other local communities and authorities. There are students from several institutions joined a training program with the Company, and expected that they will be able to deploy in their study and working effectively in the future.

Exercising before working (Jun.13 - Dec.13) To encourage employees to take care of their health by exercising before starting work on every day for reducing the symptoms of sickness from improper working posture and support for their good health.

Idea We Can (*Jul. 13 - Nov. 13*) To encourage our staff to create new ideas such as methods, patterns, steps, new tools or innovation by creating with or without tools from new or waste materials, or improving work procedure to reduce errors or usage time, save costs, reduce waste arising from processing, and enhancing work value.

TMT Futsal Cup 2013 (*Jul. 13 - Nov. 13*) Held to encourage employees to build their sportsmanship for good relationship among employees and to spend a useful free-time together with a good health in return.

Rice for The King (*Oct. 13*) The Company joined the project with Nation Broadcasting Corporation Plc., to support organic rice crop total value of 200,000 baht and donated to the NGOs and public charity.

Annual Health Check-Up (*Dec. 13*) The Company realizes that staff of the company is one of the most important key success. Therefore, the Company provides many welfares as well as annual health check-up for its employees together with health care guides from a doctor.

Safety Week (*Dec. 13*) Held to encourage and support employees for awareness of work and life safety to secure them from any accidents or unexpected risks.

Knowledge sharing to educational institutions (*Dec. 13*) TMT Executive as guest speakers to share knowledge for students of Faculty of Architecture, Chulalongkorn University, in course of Materials and Construction, manufacturing metal and steel for construction.

The “No Drugs” Program *In the year 2013*, TMT conducted itself with “White Factory” project guidelines to establish a Drugs Free workplace in order to promote employees a good health and happy workplace.

The “Safety Alert” *In the year 2013*, To provide an awareness of safety and environmental concern through all in-house communications such as e-mail and staff boards to share interesting information and guidelines to prevent themselves and avoid from all accidents or surrounding dangers.

“Chak Rongrian Soo Rong Lhek” (From School to Steel) *In the year 2013*, Professor and Students from Kasetsart University total of 46 persons, Thepsatri Rajabhat University total of 45 persons, Prince of Songkla University total of 21 persons, Walailak University total of 63 persons, Technical College and Phranakorn Sri Ayuthaya total of 156 persons and Medical faculty, Royal Thai Air Force Medical total of 51 persons visited TMT Knowledge Center and production plants. The objective is to understand the production process under TISI standard, international standard practice for testing procedure in laboratory and also environmental care management.

Risk Factors

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

1. Risk associated with the reliability on major steel producers

During 2013, the Company purchased hot-rolled coil from domestic and foreign manufacturers. Mainly, domestic purchase was from Sahaviriya Panich International Co., Ltd. and GJ Steel Plc., which accounted for a combined 26.44% of its total purchase, comparing with 20% in 2012. The import in year 2013 and 2012 were 12.28% and 32.61% of the total purchase respectively. Furthermore, in year 2013, the Company also purchased structural steel products from Siam Yamato Steel Co., Ltd., the largest structural steel producer in Thailand, accounting for 15.46% of the total purchase compared with 11.95% in 2012.

As there are only three domestic hot-rolled steel coil producers which G Steel Plc. (GSTEEL) has ceased its production since 2012 as well as an import restriction caused by the extending of an anti-dumping measure and the Department of Foreign Trade has imposed the Safeguard measure for imported Hot Rolled Alloyed Steel Products, there still 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 causes and if the Company is unable to provide substitute products or procure from alternative sources to fill its customers' orders.

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.

2. Risk associated with impacts from Anti-Dumping Measures

According to the Ministry of Commerce has extended the effectiveness of the anti-dumping duties on imports of hot-rolled steel from 14 countries, which started since May 21, 2009 and the Department of Foreign Trade has also imposed the safeguard measure on imported Hot Rolled Alloyed Steel Products, such measures led to a rise in the cost 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.

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

In 2013 and 2012, the Company's main revenue stemmed from trading and processing HRC, accounted for 66.56% and 73.13% of total revenue respectively. The Company's total purchase of HRC from domestic producers was 80.92% and 51.95% of its total HRC purchased in 2013 and in 2012 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.

4. Risk associated with the Accounts Receivable

As at 31 December 2013, the Company had accounts receivable in the amount of Baht 2,436.62 million representing 18.66% of total sales, the average collection period was 61 days, while accounts receivable which aged less than 3 months was Baht 2,404.09 million representing 98.66% 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.

5. Risk associated with interest rates

As at 31 December 2013, the Company's liabilities were short-term loans from financial institutions totaling Baht 3,229.51 million representing 85.09% 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 the Company's interest expense and net profit. However, the interest expense in 2013 was equaled to 0.76% of total sales revenue while in year 2012 was 0.78%. The interest coverage ratio was 6.56 times in year 2013 while in year 2012 was 7.78 times when compared with earning before interest and tax.

6. Risk associated with exchange rate risk

For the fiscal year 2013 and 2012, the Company's total imports in US dollar terms accounted for 12.28% and 32.61% 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.

7. Risk associated with natural disaster

A natural disaster is an event that may occur cannot be predicted in advance. As the flood situation in 2011, the Company had been affected to its manufacturing operations and transportation of Wangnoi plant which made the operation halted for a month. The Company has insured all risks including risks from flood which effected to inventory, buildings and machines with the limited coverage of the flood disaster. However, the Company has completely 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.

Internal Control and Risk Management

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 accounting policies, accuracy and sufficiency of the company's financial reports to ensure adequacy and efficiency of the internal control systems in compliance with good conduct and best practice as well as IT audit, and risk management system review. The Audit Committee appointed KPMG Phoomchai Business Advisory Ltd. to be internal control auditor to plan and conduct the internal audit as approved plans by the committee. Opinion of the Audit Committee is shown in Audit Committee's Report published in this annual report.

The Company's financial statements are also audited by an independent certified public accountant from PricewaterhouseCoopers ABAS Company Limited. The Board of Directors also support the management to prepare and provide documents and information so that the auditor can perform its audit independently in accordance with generally accepted auditing standards and 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. There is no any disagreement or different opinion among auditor, management and audit committee. Auditor's Report is also shown in this annual report.

The Board of Directors is of the opinion that the internal control and risk management system of the Company are in good and efficient conduct and can ensure rationally that the operations are compliance with best practice and proper risk management as well as the Company's financial report for the fiscal year ended 31st December 2013 is in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.

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 2013, 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 practices 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 2013.

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. Prasit Yuengsrikul of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services.
5. The related transactions arising in 2013 were rational and made for the optimal benefits of the Company.

6. In 2013, 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
Mrs. Ratanavalee Gorsanan	Member of the Audit Committee	3/4
Mr. Anake Pinvanichkul	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, be re-appointed as the Company's auditor for the fiscal year ending 31 December 2014. The re-appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on 3 April 2014.



Chai Jroongtanapibarn
Chairman of the Audit Committee
13 February 2014

Connected Transactions

In Year 2013, 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. Pornjit, Mr. Paisal, Mr. Komsan, and Mr. Chamnan which each shareholding are 37.88, 7.00, 3.86, 7.55, and 8.18 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 1, 2013 to March 31, 2016, 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 15, 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. 1/2013, held on February 15, 2013, 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 7.55 percent of its total issued and paid up shares, and Mr. Chamnan Tarasansombat is another one of the top ten shareholders by holding 8.18 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 1, 2013 to December 31, 2015 with rental rate of Baht 250,000 per month (Same rate) which its payment date due on December 31 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 15, 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. 5/2012, held on November 13, 2012, resolved to approve the Company to enter into a renewal of such transaction for 3 years tenor ended December 31, 2015 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 3.86 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 31, 2016, 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 benefits the Company's operation. The Board of Director's meeting no. 4/2013, held on November 8, 2013, 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 of 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 : 536,650,894.51 Baht

Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction :

The transaction is based on normal business transaction which was 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.

5. Connex Business Online Co., Ltd.

Relationship :

Mr. Paisal Tarasansombat, the Company's authorized director and Chief of Executive Officer, and Mr. Somjate Tretarnthip, the Company's authorized director and Chief Finance Officer each person is director and holding 4 percent of its total issued and paid up shares in aforesaid the company, Mr. Komsan Tarasansombat, the Company's authorized director and Executive Vice President - Operations, brother of Mr. Chamnan Tarasansombat authorized director and major shareholders of aforesaid the company as well as one of the top ten shareholders of Company by holding 8.18 percent of its issued and paid up shares.

General Characteristics of the transaction :

This transaction was a computer application for Warehouse Management System and maintenance fee for TMS system.

Total Value of transaction : 445,000 Baht

Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction :

The transaction is based on normal practice according to the annual maintenance of TMS system which was implemented by CONNEX. The service rate is not higher than the market price which the Company may purchase from other suppliers. CONNEX knows TMT's nature of business very well, so its design can be implemented practically and this will bring the highest benefit to the Company.

-
- 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 6th, 2013 (the lasted book closing date for the rights to attend the Annual General Meeting of Shareholders for year 2013).

Management Discussion and Analysis

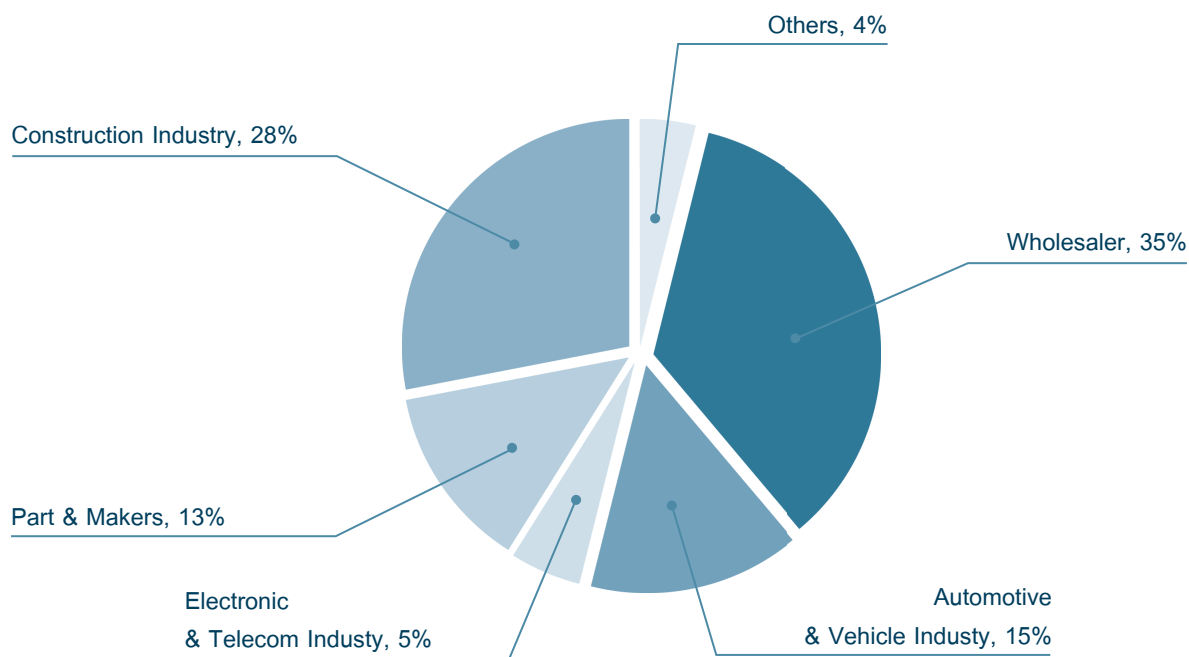
Performance

The Company has earned net profit of Baht 440 million which increased 4.59% compared with 2012 net profit, whilst the gross profit margin was 8.21% compared with 8.89% in 2012. The average selling price in year 2013 compared to 2012 has decreased 4.61%, moving in the same direction with world market steel prices which has been affected by the economic conditions in Europe and the United States of America. However, steel domestic demand continues to rise from the government policy investing in infrastructure making an increase in Company sale volume from expanding customer base and gaining more market share.

Sales revenue

The company generated revenue from sales of Baht 13,055 million, which was 26.57% higher than net sales in 2012. The quantity of sales has increased to 532,015 MT in 2013 which was 32.67% higher than quantity sale in 2012. The average selling price in the year 2013 declined in second quarter and was stable until the end of the year. The average selling price for the year 2013 was 24.61 Baht per kg, down 4.61% from the year 2012.

In 2013, The Company's revenue structure classified by business group was as follows:



The proportion of processing and trading sales was 60:40 compared to 65:35 in 2012.

Selling and Administration expense

The Company's Selling expense and Administrative expense was Baht 189 million and Baht 276 million, increased by 50.41% and 7.75% respectively compared with last year, resulted from the increasing in transportation expenses as growth of sales quantity and increasing in the advertising expenses. Administrative expenses increased from staff, maintenance and depreciation expenses.

Financial position

The Company's assets totaled Baht 5,979 million which increased by 15.69% from 2012. Current assets increased by Baht 677 million or 18.09% as a result of increasing in inventory amount Baht 223 million and trade account receivable amount Baht 476 million as the rise in sales revenue. The inventory turnover period and collection period of year 2013 was 51 days and 61 days respectively. The Company's liquidity, current ratio, maintained approximately same level, 1.17 times in 2013 and 1.21 time in 2012.

Additionally, the Company's Non-current assets increase Baht 134 million or increased by 9.38% mostly by increasing in property, plant and equipment in an amount of Baht 135 million, comprise of the asset acquisition of Baht 252 million, asset disposal of Baht 3 million and depreciation and amortization of Baht 114 million.

Total liabilities stood at Baht 3,795 million or increased by Baht 691 million. Most of increasing came from short-term loan from financial institution as the result of need in working capital for building up the inventory and trade account receivable which directly relate to sale. For current liability policy, the Company used a few of trade credit from suppliers because of its 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 1.50 times in 2012 to 1.74 times in 2013.

Auditor's Report

To the Shareholders of Thai Metal Trade Public Company Limited

I have audited the accompanying financial statements of Thai Metal Trade Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Metal Trade Public Company Limited as at 31 December 2013, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Prasit Yuengsrikul
Certified Public Accountant (Thailand) No. 4174
PricewaterhouseCoopers ABAS Ltd.

Bangkok
13 February 2014

Statement of Financial Position

Thai Metal Trade Public Company Limited
 As at 31 December 2013

		31 December 2013 Baht	Restated 31 December 2012 Baht	Restated 1 January 2012 Baht
	Notes			
Assets				
Current assets				
Cash and cash equivalents	6	192,345,196	206,067,475	77,183,069
Trade accounts receivable, net	7	2,436,626,220	1,960,171,576	1,117,746,454
Inventories, net	8	1,777,226,083	1,554,296,973	1,221,277,720
Advance payments for purchases of inventories		11,401	3,334,337	1,375,570
Other receivables		10,896,172	16,432,666	9,773,189
Total current assets		4,417,105,072	3,740,303,027	2,427,356,002
Non-current assets				
Investment property	9	21,029,000	21,029,000	23,029,000
Property, plant and equipment, net	10	1,523,130,729	1,387,868,695	1,155,964,197
Intangible assets, net	11	10,138,254	12,357,162	16,892,269
Deferred income tax assets	12	2,287,308	1,152,575	27,119,803
Other assets		4,989,306	5,297,077	2,840,996
Total non-current assets		1,561,574,597	1,427,704,509	1,225,846,265
Total assets		5,978,679,669	5,168,007,536	3,653,202,267

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Statement of Financial Position

Thai Metal Trade Public Company Limited

As at 31 December 2013

		31 December 2013 Baht	Restated 31 December 2012 Baht	Restated 1 January 2012 Baht
	Notes			
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	13	3,229,514,640	2,591,899,345	1,512,468,464
Trade accounts payable		345,300,115	221,808,505	258,319,310
Income tax payable		34,166,230	71,376,663	21,998,872
Advance receipts from customers for goods		43,557,712	56,243,933	108,835,670
Current portion of finance lease liabilities	14	2,219,849	1,564,351	674,887
Other payables	15	116,964,086	148,031,407	48,331,237
Total current liabilities		3,771,722,632	3,090,924,204	1,950,628,440
Non-current liabilities				
Finance lease liabilities, net	14	8,739,007	6,102,963	2,923,664
Employee benefit obligations	16	14,927,802	7,531,113	5,999,652
Total non-current liabilities		23,666,809	13,634,076	8,923,316
Total liabilities		3,795,389,441	3,104,558,280	1,959,551,756

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Statement of Financial Position

Thai Metal Trade Public Company Limited
 As at 31 December 2013

		31 December 2013 Baht	Restated 31 December 2012 Baht	Restated 1 January 2012 Baht
	Notes			
Shareholders' equity				
Share capital	17			
Authorised share capital				
436,000,000 ordinary shares				
of par Baht 1 each				
(2012: 434,500,000 ordinary shares)		436,000,000	434,500,000	434,500,000
Issued and paid-up share capital				
435,379,017 ordinary shares				
of paid-up Baht 1 each				
(2012: 428,625,577 ordinary shares)		435,379,017	428,625,577	425,000,000
Premium on share capital	17	427,323,198	411,655,217	402,736,298
Retained earnings				
Appropriated - legal reserve	23	43,600,000	43,450,000	43,450,000
Unappropriated		1,276,988,013	1,179,718,462	822,464,213
Total shareholders' equity		2,183,290,228	2,063,449,256	1,693,650,511
Total liabilities and shareholders' equity		5,978,679,669	5,168,007,536	3,653,202,267

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Statement of Comprehensive Income

Thai Metal Trade Public Company Limited

For the year ended 31 December 2013

	Notes	2013 Baht	Restated 2012 Baht
Sales		13,055,084,665	10,314,610,365
Costs of sales	26	(11,983,126,571)	(9,397,904,320)
Gross profit		1,071,958,094	916,706,045
Other income	18	44,589,142	91,501,524
Selling expenses		(188,503,048)	(125,323,470)
Administrative expenses	26	(275,942,982)	(256,096,669)
Finance costs - interest expenses		(99,393,257)	(80,586,719)
Profit before income tax	19	552,707,949	546,200,711
Income tax	20	(112,393,536)	(125,196,762)
Profit for the year		440,314,413	421,003,949
Other comprehensive income		-	-
Total comprehensive income for the year		440,314,413	421,003,949
Earnings per share	21		
Basic earnings per share		1.02	0.99
Diluted earnings per share		1.02	0.98

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

Thai Metal Trade Public Company Limited
For the year ended 31 December 2013

	Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Legal reserve Baht	Unappropriated Baht	
Opening balances as at 1 January 2012						
- as previously reported		425,000,000	402,736,298	43,450,000	795,344,410	1,666,530,708
Retrospective adjustment from the adoption of new accounting policy						
- Deferred income tax assets	2.2	-	-	-	27,119,803	27,119,803
Balance after adjustment		425,000,000	402,736,298	43,450,000	822,464,213	1,693,650,511
Increase in share capital from warrant conversion	17	3,625,577	8,918,919	-	-	12,544,496
Dividends paid	22	-	-	-	(63,749,700)	(63,749,700)
Total comprehensive income for the year		-	-	-	421,003,949	421,003,949
Closing balances as at 31 December 2012		428,625,577	411,655,217	43,450,000	1,179,718,462	2,063,449,256
Opening balances as at 1 January 2013						
- as previously reported		428,625,577	411,655,217	43,450,000	1,178,565,887	2,062,296,681
Retrospective adjustment from the adoption of new accounting policy						
- Deferred income tax assets	2.2	-	-	-	1,152,575	1,152,575
Balance after adjustment		428,625,577	411,655,217	43,450,000	1,179,718,462	2,063,449,256
Increase in share capital from warrant conversion	17	6,753,440	15,667,981	-	-	22,421,421
Legal reserve	23	-	-	150,000	(150,000)	-
Dividends paid	22	-	-	-	(342,894,862)	(342,894,862)
Total comprehensive income for the year		-	-	-	440,314,413	440,314,413
Closing balances as at 31 December 2013		435,379,017	427,323,198	43,600,000	1,276,988,013	2,183,290,228

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Statement of Cash Flows

Thai Metal Trade Public Company Limited

For the year ended 31 December 2013

	Notes	2013 Baht	Restated 2012 Baht
Cash flows from operating activities			
Profit before income tax		552,707,949	546,200,711
Adjustments for :			
Depreciation and amortisation	10, 11	120,235,349	99,565,264
Doubtful accounts		511,038	51,516
Loss on declining in value of inventories	8	8,244,497	8,808,433
Loss on disposal of investment property		-	300,000
Gains on disposals of equipment		(3,702,795)	(2,853,933)
Employee benefit expenses	15	7,396,689	1,531,461
Interest expenses		99,393,257	80,586,719
Cash flows before changes in working capital		784,785,984	734,190,171
Changes in working capital:			
Trade accounts receivable		(476,965,682)	(842,476,638)
Inventories		(231,173,607)	(341,827,686)
Advance payments for purchases of inventories		3,322,936	(1,958,767)
Other receivables		5,536,494	(6,659,477)
Other assets		307,771	(2,456,081)
Trade accounts payable		123,491,610	(36,510,805)
Advance receipts from customers for goods		(12,686,221)	(52,591,737)
Other payables		(18,217,358)	80,368,593
Cash flows received from (used in) operating activities before interest and income tax paid		178,401,927	(469,922,427)
Interest paid		(98,563,638)	(77,067,785)
Income tax paid		(150,738,702)	(49,851,743)
Net cash used in operating activities		(70,900,413)	(596,841,955)

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Statement of Cash Flows

Thai Metal Trade Public Company Limited

For the year ended 31 December 2013

		2013 Baht	Restated 2012 Baht
Cash flows from investing activities			
Proceeds from disposals of investment property		-	1,700,000
Purchases of property, plant and equipment		(259,615,636)	(308,402,256)
Purchases of intangible assets		(3,947,862)	(1,308,600)
Proceeds from disposals of equipment		6,459,270	6,972,125
Net cash used in investing activities		(257,104,228)	(301,038,731)
Cash flows from financing activities			
Short-term loans from financial institutions, net		637,615,295	1,079,430,881
Payments for interest on finance lease liabilities		(784,034)	(382,348)
Payments for finance lease liabilities		(2,075,458)	(1,078,237)
Proceeds from exercised warrants	17	22,421,421	12,544,496
Dividends paid	22	(342,894,862)	(63,749,700)
Net cash received from financing activities		314,282,362	1,026,765,092
Net (decrease) increase in cash and cash equivalents		(13,722,279)	128,884,406
Opening balance		206,067,475	77,183,069
Closing balance		192,345,196	206,067,475
Cash and cash equivalents are made up as follows:			
- Cash on hand		76,187	239,461
- Deposits at financial institutions		192,269,009	205,828,014
		192,345,196	206,067,475
Non-cash transactions			
Significant non-cash transactions for the years ended			
31 December 2013 and 2012 are as follows:			
Increase in property, plant and equipment by other payables		5,715,191	18,795,739
Increase in intangible assets by other payables		185,000	-
Increase in property, plant and equipment by finance lease liabilities		5,367,000	5,147,000

The notes to the financial statements on pages 156 to 184 form an integral part of these financial statements.

Notes to the Financial Statements

Thai Metal Trade Public Company Limited
For the year ended 31 December 2013

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; and
- 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 authorised for issue by the Board of Directors on 13 February 2014.

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 interpretations, and amendments to accounting standards

- a) New accounting standards, new financial reporting standards and amendment to accounting standard effective on 1 January 2013 and relevant to the Company

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The effects of changes in foreign exchange rates
TFRS 8	Operating segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes is provided in Note 2.12. The Company applied this standard retrospectively. This results in the recognition of deferred income tax assets and income tax expenses in the financial statements being presented. The impact is as follows;

	Baht million
Statement of financial position as at 31 December 2012	
Deferred income tax assets as at 1 January 2012 - increase	27.12
Deferred income tax assets as at 31 December 2012 - increase	1.15
Retained earnings as at 1 January 2012 - increase	27.12
Retained earnings as at 31 December 2012 - increase	1.15
Statement of comprehensive income for the year ended 31 December 2012	
Income tax expense - increase	25.97
Basic earnings per share - decrease (Baht)	(0.06)
Diluted earnings per share - decrease (Baht)	(0.06)

TAS 21 (Revised 2009) requires the Company to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Company assessed and concluded that Thai Baht is the Company's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.3.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.16. The impact in applying TFRS 8 is only on a disclosure.

b) Revised accounting standards and financial reporting standards effective on 1 January 2014

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interest in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 38 (Revised 2012)	Intangible Assets
TFRS 2 (Revised 2012)	Share-based Payment

TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Company.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Company.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated into TAS 12 (revised 2012). This standard has no impact to the Company.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Company.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Company.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Company.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2014. This standard has no impact to the Company.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Company.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2014. This standard has no impact to the Company.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2014. This standard has no impact to the Company.

TAS 34 (revised 2012) emphasis the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Company.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Company.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Company.

TFRS 3 (revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. This standard has no impact to the Company.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Company.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Company.

c) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) effective on 1 January 2014

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under IAS 29, financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible assets - Web Site Costs

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Company.

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

TFRIC 5 provide guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. TFRIC 5 is not relevant to the Company's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. TFRIC 7 is not relevant to the Company's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Company.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC 12 is not relevant to the Company's operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. This interpretation has no impact to the Company.

TFRIC 17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. TFRIC 17 has no impact to the Company.

TFRIC 18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. TFRIC 18 has no impact to the Company.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Company.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS 17 "Leases". The accounting shall reflect the substance of the arrangement. The management is currently assessing the impact of TSIC 27.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Company's operations.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets". This interpretation has no impact to the Company.

- d) New financial reporting standard which is on 1 January 2016

IFRS 4 Insurance Contracts

IFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. IFRS 4 is not relevant to the Company's operations.

2.3 Foreign currency translation

- (a) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the company's functional and presentation currency.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and 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. It 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 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. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 using the straight-line method 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 improvement 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 the 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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount 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. Non-financial 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 where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding lease obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

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

2.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.13 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. 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 the estimated future cash outflows using yields on government bonds which have terms to maturity approximating to the terms of the related liability. The estimated future cash outflows 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.

2.14 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.

2.15 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.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The principal financial risks faced by the Company are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The risk management policies of these particular risks are as follows:

3.1.1 Foreign exchange 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.

3.1.2 Interest rate 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.

3.1.3 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 2013 and 2012, 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.

3.1.4 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.

3.2 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.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 28.

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

	2013 Baht	2012 Baht
Cash on hand	76,187	239,461
Current accounts	45,414,876	68,036,243
Saving accounts	146,854,133	137,791,771
Total	192,345,196	206,067,475

As at 31 December 2013, the interest rates of saving accounts were 0.25% to 0.70% per annum (2012: 0.50% to 0.75% per annum).

7 Trade accounts receivable, net

	2013 Baht	2012 Baht
Trade accounts receivable	2,442,214,402	1,965,248,720
<u>Less</u> Allowance for doubtful accounts	(5,588,182)	(5,077,144)
Trade accounts receivable, net	2,436,626,220	1,960,171,576

Outstanding trade accounts receivable can be aged as follows:

	2013 Baht	2012 Baht
Current balance	1,584,854,161	1,436,371,705
Overdue: less than 1 month	632,017,606	451,829,331
Over 1 month to 3 months	187,214,064	65,460,721
Over 3 months to 6 months	33,246,150	6,673,863
Over 6 months to 12 months	1,298,283	287,998
Over 12 months	3,584,138	4,625,102
	2,442,214,402	1,965,248,720
<u>Less</u> Allowance for doubtful accounts	(5,588,182)	(5,077,144)
Trade accounts receivable, net	2,436,626,220	1,960,171,576

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

	2013 Baht	2012 Baht
Raw materials	191,156,337	123,026,619
Finished goods	1,594,314,243	1,440,078,787
Total inventories	1,785,470,580	1,563,105,406
<u>Less</u> Allowance for net realisable value		
- for raw materials	(44,345)	(946,102)
- for finished goods	(8,200,152)	(7,862,331)
Inventories, net	1,777,226,083	1,554,296,973

9 Investment property

		Land
At 31 December	2013 Baht	2012 Baht
<u>Cost</u>		
Opening net book value	21,029,000	23,029,000
Disposal	-	(2,000,000)
Closing net book value	21,029,000	21,029,000
Fair value	35,230,000	35,230,000

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 1 January 2012								
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
<u>Less</u> Accumulated depreciation	(27,068,573)	(146,045,189)	(335,214,897)	(48,300,847)	(54,687,626)	-	-	(611,317,132)
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>
For the year ended								
31 December 2012								
Opening net book value	262,462,692	557,920,892	230,995,657	30,416,742	38,652,587	20,774,845	14,740,782	1,155,964,197
Additions	-	8,841,722	3,398,043	3,778,438	13,626,342	220,211,198	79,888,504	329,744,247
Transfers	-	-	23,570,765	-	-	-	(23,570,765)	-
Disposals, net	-	-	(159,312)	(9,955)	(3,948,925)	-	-	(4,118,192)
Depreciation (Note 19)	(2,909,343)	(35,143,014)	(40,678,699)	(10,350,860)	(4,639,641)	-	-	(93,721,557)
Closing net book value	<u>259,553,349</u>	<u>531,619,600</u>	<u>217,126,454</u>	<u>23,834,365</u>	<u>43,690,363</u>	<u>240,986,043</u>	<u>71,058,521</u>	<u>1,387,868,695</u>
At 31 December 2012								
Cost	289,531,265	712,807,803	583,336,652	80,130,365	97,597,710	240,986,043	71,058,521	2,075,448,359
<u>Less</u> Accumulated depreciation	(29,977,916)	(181,188,203)	(366,210,198)	(56,296,000)	(53,907,347)	-	-	(687,579,664)
Net book value	<u>259,553,349</u>	<u>531,619,600</u>	<u>217,126,454</u>	<u>23,834,365</u>	<u>43,690,363</u>	<u>240,986,043</u>	<u>71,058,521</u>	<u>1,387,868,695</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 2013								
Opening net book value	259,553,349	531,619,600	217,126,454	23,834,365	43,690,363	240,986,043	71,058,521	1,387,868,695
Additions	-	294,977	18,154,487	5,417,110	29,973,075	100,804,720	97,257,719	251,902,088
Transfers	20,254,278	248,494,588	153,004,606	1,332,478	-	(279,724,711)	(143,361,239)	-
Disposals, net	-	-	(5,563)	(27,842)	(2,723,070)	-	-	(2,756,475)
Depreciation (Note 19)	(3,421,430)	(43,048,013)	(50,647,333)	(10,426,374)	(6,340,429)	-	-	(113,883,579)
Closing net book value	<u>276,386,197</u>	<u>737,361,152</u>	<u>337,632,651</u>	<u>20,129,737</u>	<u>64,599,939</u>	<u>62,066,052</u>	<u>24,955,001</u>	<u>1,523,130,729</u>
At 31 December 2013								
Cost	309,785,543	961,597,368	751,048,100	83,737,564	115,621,054	62,066,052	24,955,001	2,308,810,682
<u>Less</u> Accumulated depreciation	<u>(33,399,346)</u>	<u>(224,236,216)</u>	<u>(413,415,449)</u>	<u>(63,607,827)</u>	<u>(51,021,115)</u>	<u>-</u>	<u>-</u>	<u>(785,679,953)</u>
Net book value	<u>276,386,197</u>	<u>737,361,152</u>	<u>337,632,651</u>	<u>20,129,737</u>	<u>64,599,939</u>	<u>62,066,052</u>	<u>24,955,001</u>	<u>1,523,130,729</u>

As at 31 December 2013, the gross carrying amounts of fully depreciated fixed assets that is still be in use is amounting to Baht 283.37 million (2012: Baht 280.78 million).

Vehicles included the following amounts which the Company is a lessee under the finance lease:

	2013 Baht	2012 Baht
Cost - capitalised finance lease	16,668,000	11,301,000
<u>Less</u> Accumulated depreciation	(3,165,730)	(1,327,005)
Net book value	13,502,270	9,973,995

11 Intangible assets, net

	Computer software Baht
At 1 January 2012	
Cost	28,289,872
<u>Less</u> Accumulated amortisation	(11,397,603)
Net book value	16,892,269
For the year ended 31 December 2012	
Opening net book value	16,892,269
Additions	1,308,600
Amortisation charge (Note 19)	(5,843,707)
Closing net book value	12,357,162
At 31 December 2012	
Cost	29,598,471
<u>Less</u> Accumulated amortisation	(17,241,309)
Net book value	12,357,162
For the year ended 31 December 2013	
Opening net book value	12,357,162
Additions	4,132,862
Amortisation charge (Note 19)	(6,351,770)
Closing net book value	10,138,254
At 31 December 2013	
Cost	33,731,333
<u>Less</u> Accumulated amortisation	(23,593,079)
Net book value	10,138,254

12 Deferred income taxes

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	2013 Baht	2012 Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	1,648,900	1,761,687
Deferred tax assets to be recovered after more than 12 months	2,985,560	1,506,222
Total deferred tax assets	4,634,460	3,267,909
Deferred tax liabilities:		
Deferred tax liabilities to be settled after more than 12 months	(2,347,152)	(2,115,334)
Total deferred tax liabilities	(2,347,152)	(2,115,334)
Deferred income taxes, net	2,287,308	1,152,575

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 20% (2012 : 23% and 20%).

The gross movement in the deferred income tax account is as follows:

	2013 Baht	2012 Baht
As 1 January	1,152,575	27,119,803
(Charged)/Credited to profit and loss (Note 20)	1,134,733	(25,967,228)
At 31 December	2,287,308	1,152,575

The movement in deferred tax assets and liabilities during the year is as follows:

	Allowance for net realisable value Baht	Provision for employee benefits Baht	Total Baht
Deferred tax assets:			
At 1 January 2012	26,981,604	1,199,930	28,181,534
(Charged)/Credited to profit and loss	(25,219,917)	306,292	(24,913,625)
At 31 December 2012	1,761,687	1,506,222	3,267,909
(Charged)/Credited to profit and loss	(112,787)	1,479,338	1,366,551
At 31 December 2013	1,648,900	2,985,560	4,634,460

	Temporary difference for depreciation Baht
Deferred tax liabilities:	
At 1 January 2012	(1,061,731)
(Charged)/Credited to profit and loss	(1,053,603)
At 31 December 2012	(2,115,334)
(Charged)/Credited to profit and loss	(231,818)
At 31 December 2013	(2,347,152)

13 Short-term loans from financial institutions

	2013 Baht	2012 Baht
Short-terms loans from financial institutions	2,980,648,417	1,584,071,055
Trust receipts	248,866,223	1,007,828,290
Total	3,229,514,640	2,591,899,345

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

	2013	2012
Short-term loans from financial institutions	2.70% - 3.14%	3.05% - 3.85%
Trust receipts	2.66% - 3.50%	3.05% - 3.51%

As at 31 December 2013, the short-term loans from financial institutions were unsecured loans and due within January to March 2014 (2012: within January to March 2013). The Company has provided the Negative Pledge to the financial institutions.

14 Finance lease liabilities, net

	2013 Baht	2012 Baht
Liabilities due :		
Not later than 1 year	2,936,292	2,089,092
Later than 1 year but not later than 5 years	9,623,763	6,876,215
	12,560,055	8,965,307
<u>Less</u> Future finance charges on finance leases	(1,601,199)	(1,297,993)
Present value of finance lease liabilities	10,958,856	7,667,314

The present value of financial lease liabilities is as follows:

	2013 Baht	2012 Baht
Not later than 1 year	2,219,849	1,564,351
Later than 1 year but not later than 5 years	8,739,007	6,102,963
Present value of financial lease liabilities	10,958,856	7,667,314

15 Other payables

	2013 Baht	2012 Baht
Accrued expenses and other payables	99,826,893	125,415,731
Retention	2,541,945	14,987,222
Withholding tax payable	9,139,395	2,218,186
Accrued interest expenses	5,455,853	5,410,268
Total	116,964,086	148,031,407

16 Employee benefit obligations

	2013 Baht	2012 Baht
Statement of financial position		
- Retirement benefits	14,927,802	7,531,113
Profit or loss		
- Retirement benefits	7,396,689	1,531,461

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

	2013 Baht	2012 Baht
Opening balance	7,531,113	5,999,652
Current service cost	2,671,618	1,278,072
Interest cost	462,560	253,389
Actuarial loss	4,262,511	-
Benefits paid	-	-
Closing balance	14,927,802	7,531,113

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

	2013 Baht	2012 Baht
Current service cost	2,671,618	1,278,072
Interest cost	462,560	253,389
Actuarial loss	4,262,511	-
Total included in staff costs	7,396,689	1,531,461

Of the total charge, Baht 830,785 (2012: Baht 290,202) and Baht 6,565,904 (2012: Baht 1,241,259) were included in costs of sales and administrative expenses, respectively.

The principal actuarial assumptions used were as follows:

	2013	2012
Discount rate	3.9% per annum	4.2% per annum
Future salary increase	3% per annum	3% per annum
Employee turnover rate	0% - 44% per annum	0% - 43% per annum

17 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 1 January 2012	434,500,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	-	3,625,577	8,918,919	12,544,496
At 31 December 2012	434,500,000	428,625,577	411,655,217	840,280,794
Issue of ordinary shares	1,500,000	6,753,440	15,667,981	22,421,421
At 31 December 2013	436,000,000	435,379,017	427,323,198	862,702,215

As at 31 December 2013, the total number of authorised ordinary shares were 436,000,000 shares with a par value of Baht 1 per share (2012: 434,500,000 shares with a par value of Baht 1 per share). The shares of 435,379,017 shares (2012: 428,625,577 shares) were issued and fully paid-up.

In September 2012, the number of issued and paid-up ordinary shares increased from 425,000,000 shares to 428,625,577 shares as a result of warrants exercised. Capital increased from this exercise was registered with Ministry of Commerce on 12 September 2012, thus issued and paid-up share capital increased from Baht 425,000,000 to Baht 428,625,577.

At the Annual General Meeting of Shareholders held on 28 March 2013, they were resolved to approve the increase in the authorised share capital from Baht 434,500,000 to Baht 436,000,000 by increasing 1,500,000 new authorised ordinary shares at a par value of Baht 1 per share to reserve for warrants exercise. The Company registered the increase of the authorised share capital with the Ministry of Commerce on 2 April 2013.

In April 2013, the number of issued and paid-up ordinary shares increased from 428,625,577 shares to 435,379,017 shares as a result of warrants exercised. Capital increased from this exercise was registered with the Ministry of Commerce on 3 May 2013, thus issued and paid-up share capital increased from Baht 428,625,577 to Baht 435,379,017.

Warrants

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.

Subsequently, at the Annual Ordinary Shareholders' Meetings, the shareholders approved for the payments of dividends. 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 and exercise ratio are as follows:

- At the Ordinary Shareholders' Meeting held on 27 March 2009, the Company adjusted the new exercise price at Baht 3.87 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.1 ordinary shares.
- At the Ordinary Shareholders' Meeting held on 26 March 2010, the Company adjusted the new exercise price at Baht 3.68 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.16 ordinary shares.

- At the Ordinary Shareholders' Meeting held on 29 March 2011, the Company adjusted the new exercise price at Baht 3.52 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.21 ordinary shares.
- At the Ordinary Shareholders' Meeting held on 27 March 2012, the Company adjusted the new exercise price at Baht 3.46 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.23 ordinary shares.
- At the Ordinary Shareholders' Meeting held on 28 March 2013, the Company adjusted the new exercise price at Baht 3.32 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.28 ordinary shares.

Movements of the warrants during the years were as follows:

	2013 Baht	2012 Baht
Opening balance	5,276,125	8,500,000
<u>Less</u> Exercised during the year	(5,276,125)	(2,947,625)
<u>Less</u> Expired	-	(276,250)
Closing balance	-	5,276,125

18 Other income

	2013 Baht	2012 Baht
Service income	37,253,113	36,958,143
Interest income	1,255,902	3,869,562
Gains of disposals of equipment	3,702,795	2,853,933
Income from insurance claims due to flood	-	41,903,611
Others	2,377,332	5,916,275
Total	44,589,142	91,501,524

19 Expenses by nature

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

	2013 Baht	2012 Baht
Staff costs	275,106,584	235,824,969
Depreciation on property, plant and equipment (Note 10)	113,883,579	93,721,557
Amortisation of intangible assets (Note 11)	6,351,770	5,843,707
Selling and marketing expenses	188,503,048	125,323,470
Professional and consultant fees	2,737,802	6,482,300
Rental expenses	12,367,680	12,294,720

20 Income tax expense

	2013 Baht	2012 Baht
Current tax	113,528,269	99,229,534
Deferred tax (Note 12)	(1,134,733)	25,967,228
Total income tax expense	112,393,536	125,196,762

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	2013 Baht	2012 Baht
Profit before income tax	552,707,949	546,200,711
Tax calculated at a tax rate of 20% (2012: 23%)	110,541,590	125,626,164
Tax effect of:		
Expenses not deductible for tax purpose	1,991,862	514,920
Expenses deductible at a greater amount	(139,916)	(1,096,479)
Impact of change in tax rate	-	152,157
Tax charge	112,393,536	125,196,762

21 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the 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:

	2013	Restated 2012
Profit attributable to shareholders (Baht)	440,314,413	421,003,949
Weighted average number of ordinary shares in issue during the year (Shares)	433,103,200	426,099,560
Basic earnings per share (Baht)	1.02	0.99

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:

	2013	Restated 2012
Profit attributable to shareholders (Baht)	440,314,413	421,003,949
Weighted average number of ordinary shares in issue (Basic)	433,103,200	426,099,560
Effect of conversion of warrants	-	3,845,763
Weighted average number of ordinary shares for diluted earnings per share (Shares)	433,103,200	429,945,323
Diluted earnings per share (Baht)	1.02	0.98

There is no effect of conversion of warrants for the year ended 31 December 2013 due to exercise of all remaining warrants during the year.

22 Dividends

At the Annual General Shareholders' Meeting held on 28 March 2013, the shareholders approved for the payment of dividends in respect of year 2012 of Baht 0.80 per share for 428,625,577 shares, totalling Baht 342.90 million. The dividends were paid to the shareholders on 10 April 2013. However, dividends of Baht 5,600 were not paid to certain shareholders due to disqualification.

At the Annual General Shareholders' Meeting held on 27 March 2012, the shareholders approved for the payment of dividends in respect of year 2011 of Baht 0.15 per share for 425,000,000 shares, totalling Baht 63.75 million. The dividends were paid to the shareholders on 10 April 2012.

23 Legal reserve

	2013 Baht	2012 Baht
Beginning balance	43,450,000	43,450,000
Appropriation during the year	150,000	-
Ending balance	43,600,000	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 share capital. The legal reserve is non distributable.

24 Contingent liabilities

Letters of guarantee

As at 31 December 2013, the Company had outstanding letters of guarantee of Baht 43.96 million (2012: Baht 28.26 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipate to be arisen.

Letters of credits

As at 31 December 2013, the Company had outstanding letters of credits amounting to Baht 185.31 million and US Dollars 6.57 million in relation to purchases of goods (2012: Baht 101.23 million and US Dollars 3.08 million).

25 Commitments

Operating leases

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

	2013 Baht	2012 Baht
Due within 1 year	13,049,840	6,700,840
Due over 1 year but less than 5 years	16,241,850	7,373,800
Total	29,291,690	14,074,640

Sales commitments

As at 31 December 2013, the Company had outstanding commitments relating to the sales of goods with a fixed selling price totalling Baht 77.28 million (2012: Baht 53.92 million).

Purchase commitments

As at 31 December 2013, the Company had outstanding commitments relating to the purchases of goods with a fixed buying price totalling Baht 185.31 million and US Dollars 6.57 million (2012: Baht 101.23 million and US Dollars 3.08 million).

Capital commitments

As at 31 December 2013, the Company had capital expenditure contracted but not yet recognised of Baht 5.78 million (2012: Baht 23.57 million and US Dollars 0.81 million).

26 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

	2013 Baht	2012 Baht
Purchases of raw materials	536,650,895	103,902,557
Computer system service expenses	445,000	48,150
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 2013 until 2015, at the price according to the rental agreement at Baht 5.4 million per year. 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 2013.

As at 31 December 2013 and 2012, 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	2013 Baht	2012 Baht
Short-term benefits	44,361,200	22,860,440
Post-employee benefits	3,982,713	688,849
	48,343,913	23,549,289

27 Segment information

The Company does not present segment information. 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 mainly sold in domestic.

28 Forward foreign exchange contracts

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on the purchase payments.

As at 31 December 2013, the settlement dates on open forward contracts are in February 2014 (2012: Nil). The amounts to be received and contractual exchange rates of the outstanding contracts are:

	2013 Baht	2012 Baht
The amounts to be received	12,810,000	-
USD 0.40 million		
(Baht 31.98 - 32.07 per Dollar)		

29 Post statement of financial position event

At the Board of Directors' Meeting on 13 February 2014, it passed a resolution to propose the dividends payment in respect of results of operations for the year 2013 of Baht 0.8 per share for 435,379,017 shares, totalling Baht 348.30 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2014.

Audit Fee

The Company paid the fee to audit firm for year 2011-2013 as the following:

Year	Audit fee (Baht)	Non-Audit fee (Baht)
2013	1,470,000	15,410
2012	1,400,000	15,040
2011	1,400,000	14,380

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

Name	C.P.A. No.	Audit Year	Total
Mr. Prasit Yuengsrikul	4174	2012 - 2013	2 years
Mr. Vichien Khingmontri	3977	2007 - 2011	5 years
Miss Nangnoi Charoenthaveesub	3044	2003 - 2006	4 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.

Investors can find more information from the Company's Annual Registration Statement (From 56-1) at www.sec.or.th or company's website at www.thaimetaltrade.com



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