

Journey of **RELIABILITY** excellence

Annual Report 2014
รายงานประจำปี 2557



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

Contents

สารบัญ

02	Financial Highlights
03	Message from the Board of Directors
04	Corporate Profile
05	Policy and Business Overview
07	Nature of Business
11	Shareholders Structure / Dividend Policy
12	Management Structure
21	Board of Directors and Executives
26	Report on Good Corporate Governance
37	Corporate Social Responsibility
41	Risk Factors
44	Internal Control and Risk Management
45	Report of the Audit Committee
47	Connected Transactions
50	Management Discussion and Analysis
52	Report of Directors Relating to Responsibility for Financial Statements
53	Auditor's Report and Financial Statements
85	Audit Fee



Financial Highlights

As at 31 December 2014

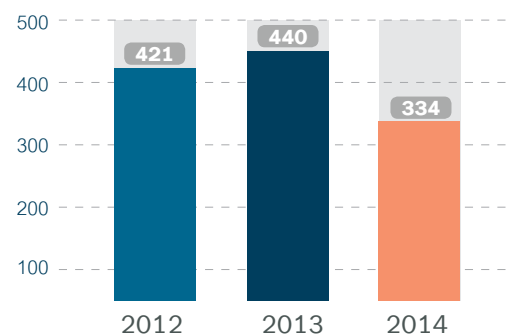
(Baht:Million)

Summary	2014	2013	2012
Sales Revenue	12,251	13,055	10,315
Gross Profit	869	1,072	917
Net Profit	334	440	421
Total Assets	5,245	5,979	5,168
Total Liabilities	3,076	3,795	3,105
Shareholder's Equity	2,169	2,183	2,063
Paid-up Capital	435	435	429

Financial Ratio	2014	2013	2012
Gross Profit Margin	7.09%	8.21%	8.89%
Net Profit Margin	2.73%	3.37%	4.08%
Return on Assets	6.38%	7.36%	8.15%
Return on Equity	15.41%	20.17%	20.40%
Current Ratio	1.20	1.17	1.21
Debt to Equity Ratio	1.42	1.74	1.50

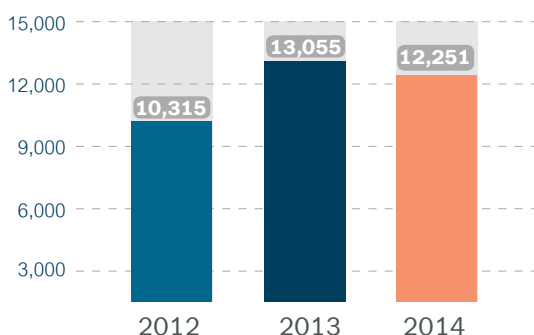
Net Profit

Baht:Million



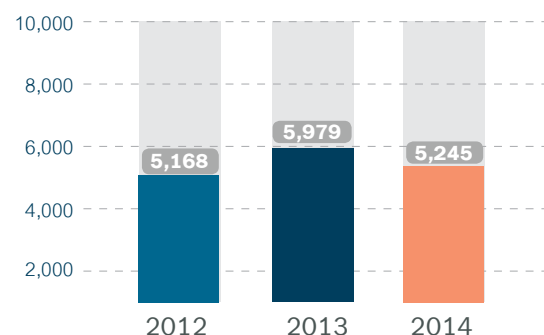
Sales Revenue

Baht:Million



Total Assets

Baht:Million



Message from the Board of Directors

In 2014 the Company's performances were affected by several factors. Those were political problems that caused considerably low investment of both public and private sectors, the continuing high level of household debts which constrained the consumer spending, slumping price of major agricultural products and declining exports figures led by weak global economy. Consequently, these factors have minimized consumers' purchasing ability, distorted many new investment decisions and slowed economic activities in many areas. Apparently, it was reflected in low Thailand GDP in 2014.

These consequences have reduced demand for steel in Thailand to some extent. On the contrary, additional supply of steel products has been being imported consistently into the market despite of many intensive measures launched by the government in order to slow down the imported quantity of steel products. Accordingly, the prices have dropped as competition intensified. The company has tried its best in attempt to manage this situation efficiently by providing the customers TMT best quality and valuable services to maintain our best results.

With the comprehensive company's strategies in term of providing full ranges of steel products and valuable services, we also aim to offer our cored value-added functions, such as the provision of inventory management, product handlings, quality assurance and reliable logistics services. Nevertheless, the company still has shown a slightly decline in revenue of 2014. The profit has also been affected by low demand, softening prices in both the domestic and global steel markets, and intense competition.

In 2015, the outlook for the economy is more optimistic than last year, driven by the government's prior policy to stimulate the lag economy to move forward such as approving additional massive infrastructure projects, accelerating disbursement of the government budget and rapid approving procedures of many state owned enterprise's projects which are already in the pipe lines. It is hoped that this would rapidly drive the economy in the year ahead. Recently, the Board of the company has already approved a new investment of a medium size pipe making line in preparation for the recovery in the construction sector. This should be operational by the third quarter of 2015. Plus, the previous expansion of new warehouses has been accomplished and will enable the company to increase their capacity and productivity. Recently, TMT laboratory has been awarded a certification TIS17025 by TIS to ensure our high standard of qualification in steel inspection methodology.

The company also intends to promote and cultivate the core values of TMT at all level of the organization in order to strengthen our performances with being aware of corporate social responsibility. The success of the CSR-DIW Award 2014, organized by the Ministry of Industry is a proven evidence to ensure that all TMT staffs have a right understanding and awareness of their responsibilities toward all stakeholders.

The Board of Directors hopes that, in the year ahead, the company will create more value for all stakeholders in a sustainable way. We sincerely would like to thank all our shareholders, business partners and staffs for all their continuing support, confidence and trust.



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 22nd 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 2888 Fax : 02 654 5642
Auditor	: PricewaterhouseCoopers ABAS Company Limited 179, 15th 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 public company and listed company on the Stock Exchange of Thailand since February 18, 2005. 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 2014 as follows:

- Warehouse expansion (phase 6) project, totally 5,544 square meters, was completed in 2014 providing additional inventory space for 12,500 tons which will enhance efficiency of internal supply chain management.
- Approved and started a new investment in factory and warehouse expansion (phase 7) project, totally 4,920 square meters, together with a new mid-size pipe production line. The pipe production capacity will be increased approximately 48,000 tons per annual with additional inventory space for 8,000 tons.
- Developed new software for supply chain system further from Barcode and GPS implementation by deploying a “Warehouse Management Systems” application to monitor the inventory movements in warehouse for efficiency improvement.
- Implementing the “Hot water making from solar cell for C-Channel painting process” project which is one of CSR project targeting environmental care and energy saving. This project will reduce electric use for hot water making in C-Channel painting process approximately 120 Kw per hour or about Baht 500,000 per annual.
- Renovated and built a new Supply Chain Center office, totally 576 square meters, to be a center of all relevant units in supply chain to collaborate in one place starting from order management, material and product planning, production planning through inventory and logistics management which these integrations will enhances effective efficiency than ever.
- Changed a  Corporate Brand Communication plan by reducing TV medias and increasing below the line medias broadly through Magazines and Highway Billboards to promote brand TMT’s products and services awareness directly to consumer.
- TMT was awarded the “CSR-DIW AWARD 2014” in honor of Standard for Corporate Social Responsibility and certificate of the “Green Industry Level 3 Award (Green System)” from Department of Industrial Work on October 21, 2014

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 2014 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 has factory and warehouse totally 13 buildings has the existing machines improvement and enhancing with supporting tool and equipment as well as process improvement. In the year 2014, the Company has the total capacity to 756,000 tons per annual at the utilization rate of the Company's production at 59.41%.

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 50.26% and the import sourcing was 6.54% of total purchasing amount in 2014.

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 26.24% of the 2014 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 8.05% of the total purchase in 2014.
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 6.26% 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 2.66% of the total purchase in 2014.

Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31 December 2012 to 2014 is as follows:

Product Category	2014		2013		2555	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	25,315	0.21	18,985	0.14	228,386	2.19
2. Hot Formed Shape Steel	3,016,625	24.46	3,445,739	26.23	2,039,161	19.54
3. Steel Pipe and C-Channel	968,140	7.85	771,373	5.87	555,578	5.32
4. Sheet and Plate Steel	835,808	6.78	715,918	5.45	628,091	6.02
5. Others*	192,016	1.56	224,512	1.71	197,955	1.90
Total	5,037,903	40.85	5,176,527	39.41	3,649,172	34.96
Processing						
1. Steel Sheet (Cutting)	2,344,398	19.01	2,805,584	21.36	2,446,296	23.44
2. Steel Sheet (Shearing and Pressing)	2,431,268	19.71	2,584,734	19.68	2,470,681	23.67
3. Slit Coil	300,239	2.43	297,380	2.26	284,766	2.73
Cold Formed Steel Processing						
4. Steel Pipe	1,072,078	8.69	907,419	6.91	607,667	5.82
5. C-Channel	1,101,514	8.93	1,318,730	10.04	888,093	8.51
Total	7,249,496	58.78	7,913,846	60.25	6,697,503	64.16
Other Income**	45,823	0.35	44,589	0.34	91,502	0.88
Total Revenue	12,333,222	100.00	13,134,963	100.00	10,438,176	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 7, 2014*

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	162,350,000	37.29
2	Mr. Chamnan Tarasansombat	36,556,000	8.40
3	Mrs. Penjit Pipattanasakul	35,416,400	8.13
4	Mr. Komsan Tarasansombat	33,046,675	7.59
5	Mrs. Pornjit Tarasansombat	32,000,000	7.35
6	Mrs. Panlapa Tarasansombat	18,790,400	4.32
7	Mr. Paisal Tarasansombat	17,000,000	3.90
8	METAL ONE CORPORATION	7,250,000	1.67
9	Mr. Tanawut Sriboonruang	5,100,000	1.17
10	Mr. Monchai kittipankul	4,300,400	0.99
11	Other Shareholders	83,569,142	19.19
รวม		435,379,017	100.00

Source : Thailand Securities Depository Company Limited

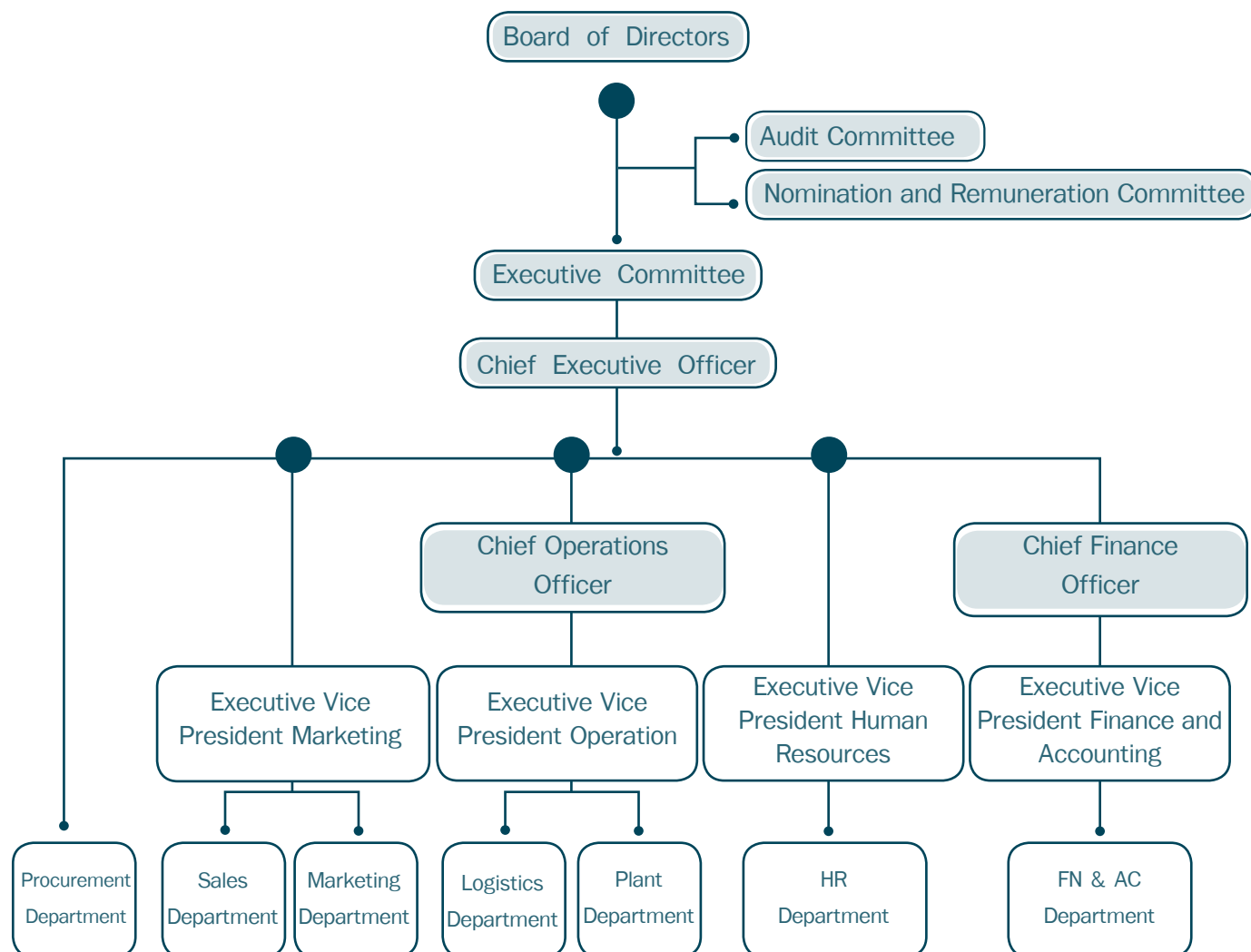
* Closing date for the rights to attend the Annual General Meeting of Shareholders for the year 2014

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 31, 2014



▲ Board of Directors

As of December 31, 2014, the Board of Directors consisted of seven members as follows:

ชื่อ – นามสกุล	ตำแหน่ง
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 and management of executive committee to ensure that they perform in compliance with such policies, except the following matters which must be approved by the meeting of shareholders before conducting : the issue that required by laws to obtain the majority votes of shareholders' meeting such as capital increasing, capital reduction, debenture issuance, the sale or transfer of business of the Company in whole or in essential part to other persons or the purchase or acceptance of transfer of business of other companies, and the amendment of the Company's memorandum of association. Furthermore, the Board of directors has its duty to conduct the Company to perform in compliance with the Securities and Exchange laws and rules issued by SET such as connected transaction and the acquisition or disposal of assets according to the regulations issued by SET, or relevant legislation with the Company's business;
6. To consider the management structure, and to appoint the Executive Committee, Chief Executive Officer, and other 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 2014, 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 31, 2014, 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 Tretarnthip	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 31, 2014, the Audit Committee consisted of three knowledgeable members as follows:

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

Scope, Duties, and Responsibilities of Audit Committee

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

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine independency of internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of internal audit;
3. To review compliance with the Securities and Exchange Act, regulation of the Stock Exchange of Thailand and any other relevant regulations or laws which related to the Company's business;
4. To consider, select, and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an Audit Committee' report which must be signed by the Chairman of Audit Committee and consist of at least the following information:
 - 6.1 an opinion on the accuracy, completeness and reliability of the Company's financial report,
 - 6.2 an opinion on the adequacy of the Company's internal control system,
 - 6.3 an opinion on the compliance with the law on the Securities and Exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - 6.4 an opinion on the suitability of an auditor,
 - 6.5 an opinion on the transactions that may lead to conflicts of interests,
 - 6.6 the number of audit committee' s meeting, and the attendance of such meetings by each committee member,
 - 6.7 an opinion or overview comment acknowledged by the audit committee from its performance of duties in accordance with the charter , and

6.8 other transactions which, according to the audit committee's opinion, should be disclosed to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board.

7. To report the Audit Committee's operation to the Board at least once every quarter;

8. To perform any duties as designated by the Board with the consent of the Audit Committee.

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

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

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

Audit Committee's Meeting: In year 2014, 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	4 / 4
3. Mr. Anake Pinvanichkul	Audit Committee	3 / 4

Nomination and Remuneration Committee

As of December 31, 2014, the Nomination and Remuneration Committee consisted of four members as follows :

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

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

1. To set the policy, criteria, and method of remuneration payment and nomination process for the Board of directors, Sub-Committee and Chief Executive Officer;
2. To nominate, determine, and propose the suitable directorial candidates as the setting criteria, in order to replace the retired directors of the Board or Sub-Committee, or Chief Executive Officer, or when those positions are vacant as well as the new position set by the Board of directors or set by laws, and then propose to the Board and / or the shareholder's meeting to approve;

3. To draw up guideline for remuneration criteria and fix the remuneration for the Board of directors, Sub- Committee and Chief Executive Officer, either cash or non cash and propose to the Board of directors for approval. 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 2014, Nomination and Remuneration Committee's meeting held a total of one meeting with the committee's attendance as detailed below:

Name	Position	จำนวนครั้งที่เข้าร่วมประชุม / การประชุมทั้งหมด (ครั้ง)
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 31, 2014, the management of the Company consisted of six members as follows:

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

Scope, Duties, and Responsibilities of Chief Executive Officer

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

1. To control and supervise the operation and/or manage day-to-day business of the Company;
2. To operate or carry out the business in respect of execution of policies, business plan, and budgets approved by the Board of Directors and/or the Executive Committee;

3. To act as the attorney of the Company in management to comply with objectives, Articles of Association, policies, guidelines, regulations, orders, resolutions of shareholder's meeting and/or resolutions of the Board of Directors or the Executive Committee.

However, the authorities of Chief Executive Officer are not included the approval of any transactions in respect of 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 31, 2014

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 April 3, 2014 approved the directors' remuneration for Baht 5,000,000 per annum which is the same rate as year 2013 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 Board of directors' 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 2013 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

Remark : The Board and Sub-committee as above mentioned do not receive other benefits except the aforementioned.

2. The Executive Committee and Management Remuneration

In year 2014, the Company paid out the remuneration for 3 executive committees and 7 managements in term of salary, pension fund and bonus, totaling Baht 37,200,000

Board of Directors and Executives

Mr. Soon Tarasansombat

Chairman of the Board

Age : 73 years

Education :

- Mattayom 6

Training for Director course of IOD :

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

Family Relationship between directors and management :

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

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

- 194,350,000 shares or 44.64%⁽¹⁾

Experience (5 years past) :

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

Illegal record in the past 10 years :

- None

Mr. Paisal Tarasansombat

Director, Chief Executive Officer and Authorized Director

Age : 49 years

Education :

- Diploma , Assumption Commercial College
- Diploma in Business Study, Eastbourne College of Art & Technology, United Kingdom
- Mini IE , Chulalongkorn University
- Top Executive Program : Class 10/2010, Capital Market Academy

Training for Director course of IOD :

- Director Accreditation Program (DAP) Class 21/2004
- Director Certification Program (DCP) Class 197/2014

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) :

- 35,790,400 shares or 8.22%⁽²⁾

Experience (5 years past) :

- Mar. 11 - Present Director and Chief Executive Officer / Thai Metal Trade Plc. / Steel Service Center
- Jun. 14 – Present Audit Committee and Independent Director / Master Ad Plc. / Outdoor Advertising
- 2004 - Present Director / CONNEX Business Online Co.,Ltd. / Software Solution
- 1986 - Present Director / Soon Huat Steel Co.,Ltd. / Property Lessor
- Mar. 08 - Feb. 11 Director, Chief of Executive Board and President / Thai Metal Trade Plc. / Steel Service Center
- 2004 - Feb. 08 Directors and Chief of Executive Board / Thai Metal Trade Plc. / Steel Service Center

Illegal record in the past 10 years :

- None

Mr. Komsan Tarasansombat

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

Age : 46 years

Education :

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

Training for Director course of IOD :

- Director Accreditation Program (DAP) Class 19/2004

Training for Director course of TLCA :

- Executive Development Program (EDP) Class 14/2014

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) :

- 34,546,675 shares or 7.93%⁽³⁾

Experience (5 years past) :

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

Illegal record in the past 10 years :

- None

Mr. Somjate Tretarnthip

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

Age : 50 years

Education :

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

Training for Director course of IOD :

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

Family Relationship between directors and management :

- None

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

- 3,300,000 shares or 0.76%

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

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

Age : 60 years

Education :

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

Training for Director course of IOD :

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

Family Relationship between directors and management :

- None

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

- 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

Audit Committee, Nomination and Remuneration Committee and Independent director

Age : 50 years

Education :

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

Training for Director course of IOD :

- Director Accreditation Program (DAP) Class 21/2004

Family Relationship between directors and management :

- None

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

- 272,000 shares or 0.06 %

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

Audit Committee, Nomination and Remuneration Committee and Independent director

Age : 50 years

Education :

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

Training for Director course of IOD :

- Director Accreditation Program (DAP) Class 23/2004

Family Relationship between directors and management :

- None

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

- 272,000 shares or 0.06 %

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

Chief Operations Officer

Age : 56 years

Education :

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

Training for Director course of IOD :

- Director Accreditation Program (DAP) Class 12/2004

Family Relationship between directors and management :

- None

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

- None

Experience (5 years past) :

- Mar. 11 - Present Chief Operations Officer / Thai Metal Trade Plc. / Steel Service Center
- 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

Executive Vice President – Human Resources

Age : 47 years

Education :

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

Training for Director course of IOD :

- None

Family Relationship between directors and management :

- Spouse of Mr. Paisal Tarasansombat

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

- 35,790,400 shares or 8.22%⁽⁴⁾

Experience (5 years past) :

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

Illegal record in the past 10 years :

- None

Ms. Petrung Maesincee

Executive Vice President – Marketing

Age : 49 years

Education :

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

Training for Director course of IOD :

- None

Family Relationship between directors and management :

- None

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

- None

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

Remark :

⁽¹⁾ Mr. Soon Tarasansombat holds the Company's share of total 162,350,000 shares, which equivalent to 37.29 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold of total 32,000,000 shares, which equivalent to 7.35 percent of its total issued and paid up shares.

⁽²⁾ Mr. Paisal Tarasansombat holds the Company's share of total 17,000,000 shares, which equivalent to 3.90 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 18,790,400 shares, which equivalent to 4.32 percent of its total issued and paid up shares.

⁽³⁾ Mr. Komsan Tarasansombat holds the Company's share of total 33,046,675 shares, which equivalent to 7.59 percent of its total issued and paid up shares, and Mrs. Wimol Tarasansombat, his spouse, hold of total 1,500,000 shares, which equivalent to 0.34 percent of its total issued and paid up shares.

⁽⁴⁾ Mrs. Panlapa Tarasansombat holds the Company's share of total 18,790,400 shares, which equivalent to 4.32 percent of its total issued and paid up shares, and Mr. Paisal Tarasansombat, her spouse, holds of total 17,000,000 shares, which equivalent to 3.90 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 7, 2014, 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 2014, no shareholder nominated candidate as said.

In the 2014 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 2014 shareholder's meeting which indicated date, time, place, agenda, opinion of the Board, and supporting documents to all shareholders at least 21 days prior to the meeting date, and also such all relevant information will be posted on the Company's website at www.thaimetaltrade.com at least 30 days prior to the meeting date 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 not less than 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 April 3, 2014, 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 2014 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2013 operating results at the rate of Baht 0.80 (Eighty satang) or 79.10% 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 2014, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2014. 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 2014, 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 2014, 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 130 courses, the number of employee joined the training, 719 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 (No. 2), TMT Singing Contest, Takraw and Aerobics Sport , TMT Sharing, TMT News, Touch Point and TMT Day 2014 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 has an employee benefits policy for short term and long term. The short term benefits are considered according to the employment conditions, competency and job responsibility comparing fairly and properly with the operating result and other companies in the same industry. By the way, the provident fund is provided as a long term benefits. The other employee's welfares are joint considered with the employee 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 “Safety Week” and “Safety Fan Quiz”. 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 environmental care and strictly following the environmental laws and regulations. Therefore, the Company has set a Corporate Social Responsibility policy and Environmental policy which all the employees are communicated and acknowledged as the guideline for their general practices. The both policies are also published on the company's website and introduced in the employee orientation course.
- 8.2 The company has supported and promoted the employee to take part in natural resource's preservation and energy saving, including avoiding any action that may cause environmental pollution both in work time and daily life. In 2014 the Company has implemented the project "Hot water making from solar cell for C-Channel painting process". This project will save energy from hot water making in production process.
- 8.3 The company has collaborated and promoted the activities with governmental sector, sub-district administration organization or other non profit organizations as proper.

In 2014, the Company received the "2014 CSR-DIW AWARD" and the "Green Industry Level 3 Award" from Department of Industrial Work on October 21, 2014

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 Whistle Blowing 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 2014, 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 Pricewaterhouse Coopers 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.
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

Changes in the Shareholding of the Board and Executive

In 2014, the Board of Directors and Executives has changes in the Shareholding as follows;

	Name	Position	Share as of		Changes increase/ (decrease)
			1 Jan. 14	31 Dec. 14	
1	Mr. Soon Tarasansombat	Chairman of the Board	162,350,000	162,350,000	-
2	Mr. Paisal Tarasansombat	Director and Chief Executive Officer	17,388,000	17,000,000	(388,000)
3	Mr. Komsan Tarasansombat	Director, Executive Director and Executive Vice President - Operations	33,046,675	33,046,675	-
4	Mr. Somjate Tretarnthip	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	3,300,000	3,300,000	-
5	Mr. Chai Jroongtanapibarn	Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent director	522,750	522,750	-
6	Mrs. Ratanavalee Gorsanan	Audit Committee, Nomination and Remuneration Committee and Independent director	272,000	272,000	-
7	Mr. Anake Pinvanichkul	Audit Committee, Nomination and Remuneration Committee and Independent director	272,000	272,000	-
8	Mr. Prawas Sontawakul	Chief Operations Officer	-	-	-
9	Ms. Petrung Measincee	Executive Vice President - Marketing	-	-	-
10	Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources	17,290,400	18,790,400	1,500,000

▲ Chapter 5 : The Board's responsibilities

1. The Board's structure

1.1 The Board of Director

- At the end of year 2014, 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 2014, 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 possess 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 2014, 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 2014, 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 obtain any skill or knowledge enhancement courses. In 2014, Directors have attended the Seminar or Training as follows;

Name	Position	Course	Institute
Mr. Paisal Tarasansombat	Director and Chief Executive Officer	Director Certification Program (DCP) Class 197/2557	Thai Institute of Directors (IOD)
Mr. Komsan Tarasansombat	Director, Executive Director and Executive Vice President - Operations	Executive Development Program (EDP) ; Class 14/2014	Thai Listed Companies Association(TLCA)

7. Leadership and Vision

The Board of Directors 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. In 2014, the Board of Directors has reviewed the vision, policy and strategy to set target for the year 2015 and also communicated to the management and staff for their acknowledgement in order to set their KPI together.

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. In 2014, the Company has provided the Code of Conduct guideline and practices training to staff and also included as an employee orientation course.

10. Conflicts of Interest

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

11. System of Control and Internal Audit

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

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

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

Corporate Social Responsibility

Corporate Social Responsibility Policy :

The Company has committed to conduct its business on the basis of morality and business ethics with responsibility to impacts or benefits of all stake holders as well as human rights respect. The Company strives to produce and deliver the best quality and safety to customers along with environmental and social responsibility and laws and regulations compliance. The Company also realizes that continuity of improvement and development will establish the sustainability of business and social responsibility.

In 2014, the Company has received the “2014 CSR-DIW AWARD” in honor of Standard for Corporate Social Responsibility and certificate of the “Green Industry Level 3 (Green System) Award” from Department of Industrial Work on October 21, 2014

Corporate Social Responsibility Operations :

The Company has deployed the guideline of corporate social responsibility policy into all business operations as per the guideline recommendation by the Stock Exchange of Thailand as the following;

1. Fair and good governance conduct

The Company commits to conduct its business in compliance with principles of good corporate governance based on responsibility, transparency and honesty according to the Company’s business code of conduct which is the guideline for Directors, Executives and all staff to treat all parties such as customers, staff, business alliances and competitors, community, society and environment safely and fairly. This policy and code of conduct have been delivered and communicated to all staffs for their daily operation compliance. The Company also always emphasizes on the development and improvement of its operations to deliver the best value of products and services to customers to sustain the reliability to all stake holders as well.

2. Anti – Corruption

All the Company’s staff including Directors and Managements has to perform their duties and responsibility in accordance to good corporate governance conduct and strictly comply with the relevant laws and regulations. All staff must not participate or involve in any fraud or corrupted transaction directly or indirectly and also will not provide or accept any benefits or offers that value much more than the good moral traditional practice.

3. Human Rights Respect

The human rights respect is a part in business code of conduct which promotes the Company to concern and respect the human rights of all employees as well as avoiding any actions that may cause human rights violation such as illegal employment, non-permitted alien workers and child labor, or any supports that may cause the illegal or immoral action.

4. Fair Employment and Treatment

The Company provides fair employment and remuneration policy both short term and long term for employee. The short term employee benefits are considered according to job responsibility, competency and employment conditions comparing in line with the operating results and the same industry practice. The Company also provides provident fund for all staff as the long term benefit. The other employee's welfares are joint-considered through the welfare committee.

5. Responsibility to Customers

The Company delivers its products and services to customers with reliable responsibility that it must meet the customer's expected value and quality. Meanwhile, the information for customer's decision should be provided correctly and properly as well as the business conditions and commitment must be fulfilled and maintained. Therefore, the Company always emphasizes on quality control and verifies its products and services that should be handled through the most reliable production process and complied with agreed standards.

6. Environmental Responsibility

The environmental responsibility is a part of business conduct that must be taking care along with the business operations. The Company promotes and educates its employees this responsibility should be a part of daily operation and life, avoiding any actions that may cause the pollution or inefficiency in energy usage and must be strictly complied with environmental laws and regulations.

7. Community and Social Development

The Company prioritizes the social responsibility as a major role which must be conducted along with its normal business functions. Any activities which benefits and values to the nearby community will be supported and also be encouraged to the employee to share and participate in order to create and establish the mutual sustainability of well-being society.

8. Innovation and its sharing from the operation of social responsibility

Innovation is one of major key successes in business sustainability which will create and improve the ability of competition. With this belief, the Company promotes and encourages all staff to challenge its innovative ideas which values and create efficiency in job operation with or without tools through the project "IDEA WE CAN". This competition project continues its activities annually and delivers many ideas which has been implemented in existing process and also submitted to the 2014 Thailand Kaizen Award.

▲ Operations for Social and Environmental Responsibility (In process) :

Idea We Can (May.-Oct.14) 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.

Hot water making from solar cell for C-Channel painting process (In year 2014) The Company has been awarded an investment support from the Department of Alternative Energy to install the solar hot water system. This project which is one of CSR project targeting environmental care and energy saving by reducing electric power usage for hot water making in C-Channel painting process.

▲ 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.14) The Company celebrated 2014 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.

Training Opportunities for students (Feb.14) 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.

TMT Takraw 2014 (Apr.-Jul.14) 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.

Knowledge sharing to our customer (Jun.14) TMT assigned the Technical Service Team, QA Department and Sales Department as an external instructor to share knowledge in steel including any relevant information which values and benefits to our customers.

Drinking water for communities (Jul.14) TMT supported and helped Moo 5 community at Tambon Lam Sai, Ayutthaya to renovate the kiosk for Drinking water which provides clean drinking distribution to nearby community.

Safe Drive (Jul., Sep.14) TMT and team of professional trainers from outside provided its employees who use motorcycle or car in work, a knowledge and understanding of safe driving and safety awareness in daily life and work as well as the safety in equipment usage.

Annual Health Check-Up (Nov.14) 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.14) Held to encourage and support employees for awareness of work and life safety to secure them from any accidents or unexpected risks.

The “No Drugs” Program In the year 2014, 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.

“Safety Fan Quiz” in the year 2014, TMT has activities to promote safety conscious by a quiz competition for employees to remind awareness of risks and danger from surrounding things and learn how to prevent or avoid from those risks.

“Chak Rongrian Soo Rong Lhek” (From School to Steel) in the year 2014, Professor and Students from Chulachomklao Royal Military Academy, Ayuthaya Technical College, Prince of Songkla University, Udon Thani Rajabhat University, Rangsit University and Medical faculty of Bhumibol Hospital 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 2014, the Company purchased hot-rolled coil from domestic and foreign manufacturers. Mainly, domestic purchase was from Sahaviriya Panich International Co., Ltd., G Steel Plc. and GJ Steel Plc., which accounted for a combined 25.83% of its total purchase, comparing with 26.44% in 2013. The import in year 2014 and 2013 were 6.50% and 12.28% of the total purchase respectively. Furthermore, in year 2014, the Company also purchased structural steel products from Siam Yamato Steel Co., Ltd., the largest structural steel producer in Thailand, accounting for 15.80% of the total purchase compared with 15.46% in 2013.

As there are only three domestic hot-rolled steel coil producers 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 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) from such countries, 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 2014 and 2013, the Company's main revenue stemmed from trading and processing HRC, accounted for 66.52% and 66.56% of total revenue respectively. The Company's total purchase of HRC from domestic producers was 88.49% and 80.92% of its total HRC purchased in 2014 and in 2013 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 2014, the Company had accounts receivable in the amount of Baht 2,038.61 million representing 16.64% of total sales, the average collection period was 67 days, while accounts receivable which aged less than 3 months was Baht 2,037.51 million representing 99.95% 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 2014, the Company's liabilities were short-term loans from financial institutions totaling Baht 2,738.49 million representing 89.04% 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 2014 was equaled to 0.65% of total sales revenue while in year 2013 was 0.76%. The interest coverage ratio was 6.29 times in year 2014 while in year 2013 was 6.56 times when compared with earning before interest and tax.

6. Risk associated with exchange rate risk

For the fiscal year 2014 and 2013, the Company's total imports in US dollar terms accounted for 6.50% and 12.28% 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 emphasizes the adequacy and efficiency of internal control and risk management by designating Audit Committee to review and assess the 5 components of COSO frame works which are the control environment, risk assessment, control activities, IT and communication system and monitoring activities consistently. The Board of Directors expresses its opinion that the internal control is in good and proper conduct. The Management also effectively provides and utilizes sufficient resources and people to operate its best control practices to ensure both the Company's assets are safeguarded and any fraud or corrupt transactions will not be occurred. The related transactions with any conflict of interest parties will be verified and complied in accordance with related regulations and laws strictly.

The Audit Committee provides its opinion that the internal control system and risk management are good and efficient to ensure rationally that the business operations and practices are well performed with good governance conduct and sound risk management as well as compliance with related regulations and laws and generally accepted with Thai accounting principles and standards.

The Audit Committee has appointed KPMG Phoomchai Business Advisory Ltd. to be responsible for internal audit planning and review according to approved audit plan by the Audit Committee. The reputation and qualification of this internal auditor both its firm and people are well experienced and verified in relevant business and industry and also can be confident that the auditing process will be conducted fairly and independently.

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 2014, 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 2014.

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 2014 were rational and made for the optimal benefits of the Company

6. In 2014, 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	4/4
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 2015. 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 2 April 2015.



Chai Jroongtanapibarn
Chairman of the Audit Committee
13 February 2015

Connected Transactions

In Year 2014, 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 37.29, 7.35, 3.90, 7.59, and 8.40 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 7.59 percent of its total issued and paid up shares, and Mr. Chamnan Tarasansombat is another one of the top ten shareholders by holding 8.40 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 3.90 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 : 295,962,631 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 Tretarntip, 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 8.40 percent of its issued and paid up shares.

General Characteristics of the transaction :

This transaction was a maintenance fee for Warehouse Management System from July 24, 2014 to July 23, 2015 and weighing machine system from July 1, 2014 to June 30, 2015.

Total Value of transaction : 478,832 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 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 7, 2014 (the lasted book closing date for the rights to attend the Annual General Meeting of Shareholders for year 2014).

▲ Management Discussion and Analysis

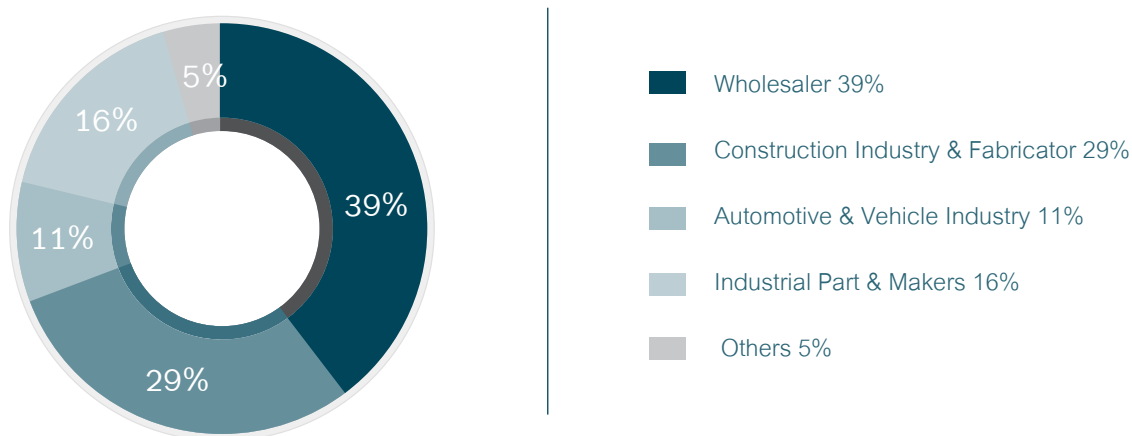
▲ Performance

The Company earned net profit of Baht 334 million which decreased 24.06% compared with 2013 net profit, whilst the gross profit margin was 7.09% compared with 8.21% in 2013. The average selling price in 2014 was quite closed to the average in 2013. The movement of domestic steel price still fluctuated since the market was worried about the impact from safeguard measure which affected to the price moving up in the first half of 2014. Anyhow, the weak demand and slow consumption in most of real sectors pushed the price in down trend in the 2nd half of 2014. The slowdown in domestic economy was effected by political instability which led low investment of both in public and private sectors and affected to low steel demand resulting the decreasing of the Company's sales finally.

▲ Sales revenue

The company generated revenue from sales of Baht 12,251 million or decreased by 6.16% when compared with 2013. The quantity of sales was 499,375 MT in 2014 or decreased by 6.14% when compared with 2013. The average selling price for the year 2014 was 24.61 Baht per kg, closed to the average of 2013.

In 2014, The Company's revenue structure classified by business group was as follows:



The proportion of processing and trading sales was 59:41 compared to 60:40 in 2013.

Selling and Administration expense

The Company's Selling expense and Administrative expense was Baht 147 million and Baht 269 million, decreased by 21.90% and 2.59% respectively compared with last year. The selling expense mostly decreased from advertising expense and transportation expense according to the decreasing of shipments as the lower sales quantity. The administrative expense decreased from staff expense which was bonus as the decreasing of operating result.

Financial position

The Company's assets totaled Baht 5,245 million which decreased by 12.27% from 2013. Current assets decreased by Baht 757 million or 17.16% as a result of decreasing in inventory amount Baht 495 million and trade account receivable amount Baht 398 million as the decline in sales revenue. The inventory turnover period and collection period of year 2014 was 49 days and 67 day respectively. The Company's liquidity, current ratio, maintained approximately same level, 1.20 times in 2014 and 1.17 times in 2013.

The Company's Non-current assets increased Baht 24 million or increased by 1.55% mostly increasing in construction in progress, machinery under installation and other as set acquisition totaling of Baht 167 million, asset disposal of Baht 6 million and depreciation of Baht 135 million. Additionally, the Land which was not utilized in normal business currently was reclassified from PPE into the investment property as the same amount of Baht 34 million.

Total Liabilities stood at Baht 3,076 million or decreased by Baht 720 million. Most of decreasing came from short-term loan from financial institution and trade account payable, resulting from decline of the inventory which directly related to sales revenue. For current liability policy, the Company used less trade credit from suppliers because of its higher cost comparing with the cost of short-term borrowing from financial institutions. Additionally, suppliers prefer cash purchase and provided cash term for their sales. 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 decreased from 1.74 times in 2013 to 1.42 times in 2014.

Report of Directors Relating to Responsibility for Financial Statements

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

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

The Board of Directors also appointed the Audit Committee to review 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 31 December 2014 is in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



(Mr. Soon Tarasansombat)
Chairman of the Board



(Mr. Somjate Tretarnthip)
Director

Auditor's Report

To the Shareholders of Thai Metal Trade Public Company Limited

I have audited the accompanying financial statements of Thai Metal Trade Public Company Limited, which comprise the statement of financial position as at 31 December 2014, and the related 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 2014, 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 2015

Statement of Financial Position

Thai Metal Trade Public Company Limited
As at 31 December 2014

	Notes	2014 Baht	2013 Baht
Assets			
Current assets			
Cash and cash equivalents	6	262,198,508	192,345,196
Trade accounts receivable, net	7	2,038,613,076	2,436,626,220
Inventories, net	8	1,281,881,378	1,777,226,083
Advance payments for purchases of inventories		64,854,945	11,401
Other receivables		11,784,693	10,896,172
Total current assets		3,659,332,600	4,417,105,072
Non-current assets			
Investment property	9	55,729,000	21,029,000
Property, plant and equipment, net	10	1,513,220,891	1,523,130,729
Intangible assets, net	11	9,914,223	10,138,254
Deferred income tax assets	12	2,996,014	2,287,308
Other assets		3,860,518	4,989,306
Total non-current assets		1,585,720,646	1,561,574,597
Total assets		5,245,053,246	5,978,679,669

The notes to the financial statements on pages 60 to 84 form an integral part of these financial statements.

Statement of Financial Position

Thai Metal Trade Public Company Limited
As at 31 December 2014

	Notes	2014 Baht	2013 Baht
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	13	2,738,488,138	3,229,514,640
Trade accounts payable		177,411,664	345,300,115
Income tax payable		31,059,386	34,166,230
Advance receipts from customers for goods		9,537,666	43,557,712
Current portion of finance lease liabilities	14	2,404,863	2,219,849
Other payables	15	89,408,386	116,964,086
Total current liabilities		3,048,310,103	3,771,722,632
Non-current liabilities			
Finance lease liabilities, net	14	8,640,125	8,739,007
Employee benefit obligations	16	18,726,314	14,927,802
Total non-current liabilities		27,366,439	23,666,809
Total liabilities		3,075,676,542	3,795,389,441
Shareholders' equity			
Share capital	17		
Authorised share capital			
436,000,000 ordinary shares of par Baht 1 each		436,000,000	436,000,000
Issued and paid-up share capital			
435,379,017 ordinary shares of paid-up Baht 1 each		435,379,017	435,379,017
Premium on share capital	17	427,323,198	427,323,198
Retained earnings			
Appropriated - legal reserve	23	43,600,000	43,600,000
Unappropriated		1,263,074,489	1,276,988,013
Total shareholders' equity		2,169,376,704	2,183,290,228
Total liabilities and shareholders' equity		5,245,053,246	5,978,679,669

The notes to the financial statements on pages 60 to 84 form an integral part of these financial statements.

Statement of Comprehensive Income

Thai Metal Trade Public Company Limited
For the year ended 31 December 2014

	Notes	2014 Baht	2013 Baht
Sales		12,250,727,236	13,055,084,665
Costs of sales	26	(11,382,157,914)	(11,983,126,571)
Gross profit		868,569,322	1,071,958,094
Other income	18	45,823,099	44,589,142
Selling expenses		(147,226,815)	(188,503,048)
Administrative expenses	26	(268,783,471)	(275,942,982)
Finance costs - interest expenses		(79,285,010)	(99,393,257)
Profit before income tax	19	419,097,125	552,707,949
Income tax	20	(84,717,035)	(112,393,536)
Profit for the year		334,380,090	440,314,413
Other comprehensive income		-	-
Total comprehensive income for the year		334,380,090	440,314,413
Earnings per share	21		
Basic earnings per share		0.77	1.02

The notes to the financial statements on pages 60 to 84 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 2014

	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 2013		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
Opening balances as at 1 January 2014		435,379,017	427,323,198	43,600,000	1,276,988,013	2,183,290,228
Dividends paid	22	-	-	-	(348,293,614)	(348,293,614)
Total comprehensive income for the year		-	-	-	334,380,090	334,380,090
Closing balances as at 31 December 2014		435,379,017	427,323,198	43,600,000	1,263,074,489	2,169,376,704

The notes to the financial statements on pages 60 to 84 form an integral part of these financial statements.

Statement of Cash Flows

Thai Metal Trade Public Company Limited
For the year ended 31 December 2014

	Notes	2014 Baht	2013 Baht
Cash flows from operating activities			
Profit before income tax		419,097,125	552,707,949
Adjustments for :			
Depreciation and amortisation	10, 11	142,334,517	120,235,349
Doubtful accounts (reversal)		(3,593,912)	511,038
Loss on declining in value of inventories	8	4,739,313	8,244,497
Loss (Gains) on disposals of equipment		867,566	(3,702,795)
Employee benefit expenses	16	3,798,512	7,396,689
Interest expenses		79,285,010	99,393,257
Cash flows before changes in working capital		646,528,131	784,785,984
Changes in working capital:			
Trade accounts receivable		401,607,056	(476,965,682)
Inventories		490,605,392	(231,173,607)
Advance payments for purchases of inventories		(64,843,544)	3,322,936
Other receivables		(888,521)	5,536,494
Other assets		1,128,788	307,771
Trade accounts payable		(167,888,451)	123,491,610
Advance receipts from customers for goods		(34,020,046)	(12,686,221)
Other payables		(23,883,501)	(18,217,358)
Cash flows received from operating activities before interest and income tax paid		1,248,345,304	178,401,927
Interest paid		(79,702,179)	(98,563,638)
Income tax paid		(88,532,585)	(150,738,702)
Net cash receipts from (used in) operating activities		1,080,110,540	(70,900,413)
Cash flows from investing activities			
Purchases of property, plant and equipment		(168,797,705)	(259,615,636)
Purchases of intangible assets		(4,391,765)	(3,947,862)
Proceeds from disposals of equipment		5,537,850	6,459,270
Net cash used in investing activities		(167,651,620)	(257,104,228)

The notes to the financial statements on pages 60 to 84 form an integral part of these financial statements.

Statement of Cash Flows

Thai Metal Trade Public Company Limited
For the year ended 31 December 2014

	Notes	2014 Baht	2013 Baht
Cash flows from financing activities			
Short-term loans from financial institutions, net		(491,026,502)	637,615,295
Payments for interest on finance lease liabilities		(851,063)	(784,034)
Payments for finance lease liabilities		(2,434,429)	(2,075,458)
Proceeds from exercised warrants	17	-	22,421,421
Dividends paid	22	(348,293,614)	(342,894,862)
Net cash (used in) receipts from financing activities		(842,605,608)	314,282,362
Net increase (decrease) in cash and cash equivalents		69,853,312	(13,722,279)
Opening balance		192,345,196	206,067,475
Closing balance		262,198,508	192,345,196
Cash and cash equivalents are made up as follows:			
- Cash on hand		117,869	76,187
- Deposits at financial institutions		262,080,639	192,269,009
		262,198,508	192,345,196
Non-cash transactions			
Significant non-cash transactions for the years ended 31 December 2014 and 2013 are as follows:			
Increase in property, plant and equipment by other payables		946,224	5,715,191
Increase in intangible assets by other payables		2,550,000	185,000
Increase in property, plant and equipment by finance lease liabilities		2,520,561	5,367,000
Transfer land from property, plant and equipment to investment property		34,700,000	-

The notes to the financial statements on pages 60 to 84 form an integral part of these financial statements.

Notes to the Financial Statements

1 General information

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

- 131 Rama III Road, 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 2015.

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 financial reporting standards and revised financial reporting standards

- 1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Company:

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 34 (revised 2012)	Interim financial reporting
TAS 36 (revised 2012)	Impairment of assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based payment
TFRS 8 (revised 2012)	Operating segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 10	Interim financial reporting and impairment
FRIC 13	Customer loyalty programmes
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 32	Intangible assets - Web site costs

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 difference 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 34 (revised 2012) emphasises 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 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Company.

TAS 38 (revised 2012) clarifies about intangible assets acquired in a business combination that is separable. Intangible assets should be recognised separately from goodwill. Complementary assets may only be recognised as a single asset if they 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 company situation. This standard has no impact to the Company.

TFRS 8 (revised 2012) 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.

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. This interpretation has no impact to the Company.

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 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.

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". This guidance explains examples that individually demonstrate that an arrangement may not, in substance, involve a lease under TAS 17. The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Company.

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.

- 2) New financial reporting standards and revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Company and are not early adopted:

- a) Financial reporting standards with major change are as follows:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 34 (revised 2014)	Interim financial reporting
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in OCI.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

The Company is yet to assess the impact of the amendments.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. The Company is yet to assess the impact of the amendments.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. This standard has no impact to the Company.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The Company is yet to assess the impact of the amendments.

- b) Financial reporting standards with minor changes and do not have impact to the Company are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Cash flow statements
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue

TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payments
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 8 (revised 2014)	Operating segments
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 13 (revised 2014)	Customer loyalty programmes

3) New financial reporting standard which is effective on 1 January 2016:

TFRS 4 (revised 2014) Insurance contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 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 2014 and 2013, 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 are 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

	2014	2013
	Bath	Bat
Cash on hand	117,869	76,187
Current accounts	82,297,173	45,414,876
Saving accounts	179,783,466	146,854,133
Total	<u>262,198,508</u>	<u>192,345,196</u>

As at 31 December 2014, the interest rates of saving accounts were 0.50% to 1.25% per annum (2013: 0.25% to 0.70% per annum).

7 Trade accounts receivable, net

	2014	2013
	Bath	Bat
Trade accounts receivable	2,040,607,346	2,442,214,402
Less Allowance for doubtful accounts	(1,994,270)	(5,588,182)
Trade accounts receivable, net	<u>2,038,613,076</u>	<u>2,436,626,220</u>

Outstanding trade accounts receivable can be aged as follows:

	2014	2013
	Bath	Bath
Current balance	1,738,764,656	1,584,854,161
Overdue: less than 1 month	243,717,400	632,017,606
Over 1 month to 3 months	55,030,119	187,214,064
Over 3 months to 6 months	160,810	33,246,150
Over 6 months to 12 months	462,092	1,298,283
Over 12 months	2,472,269	3,584,138
	<u>2,040,607,346</u>	<u>2,442,214,402</u>
Less Allowance for doubtful accounts	(1,994,270)	(5,588,182)
Trade accounts receivable, net	<u>2,038,613,076</u>	<u>2,436,626,220</u>

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

8 Inventories, net

	2014	2013
	Bath	Bath
Raw materials	136,205,487	191,156,337
Finished goods	1,150,415,204	1,594,314,243
Total inventories	1,286,620,691	1,785,470,580
Less: Allowance for net realisable value		
- for raw materials	(1,014,696)	(44,345)
- for finished goods	(3,724,617)	(8,200,152)
Inventories, net	<u>1,281,881,378</u>	<u>1,777,226,083</u>

The Company has provided allowance for net realisable value amounting to Baht 4.74 million to inventories of which was included in costs of sales for the year ended 31 December 2014 (2013: Baht 8.24 million).

9 Investment property

		Land
At 31 December	2014	2013
	Bath	Bath
Cost		
Opening net book value	21,029,000	21,029,000
Transfer from property, plant and equipment (Note 10)	34,700,000	-
Closing net book value	<u>55,729,000</u>	<u>21,029,000</u>
Fair value	112,560,000	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 2013								
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
Less 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>
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
Less Accumulated depreciation	(33,399,346)	(224,236,216)	(413,415,449)	(63,607,827)	(51,021,115)	-	-	(785,679,953)
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>

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 2014								
Opening net book value	276,386,197	737,361,152	337,632,651	20,129,737	64,599,939	62,066,052	24,955,001	1,523,130,729
Additions	-	-	10,544,729	7,076,614	17,970,664	72,651,726	58,305,566	166,549,299
Transfers	-	75,491,369	26,845,455	9,740,000	-	(85,086,469)	(26,990,355)	-
Disposals, net	-	-	(24,614)	(12,592)	(6,368,210)	-	-	(6,405,416)
Transfer from property, plant and equipment (Note 9)	(34,700,000)	-	-	-	-	-	-	(34,700,000)
Depreciation (Note 19)	(3,754,377)	(51,027,327)	(62,561,912)	(10,739,585)	(7,270,520)	-	-	(135,353,721)
Closing net book value	<u>237,931,820</u>	<u>761,825,194</u>	<u>312,436,309</u>	<u>26,194,174</u>	<u>68,931,873</u>	<u>49,631,309</u>	<u>56,270,212</u>	<u>1,513,220,891</u>
At 31 December 2014								
Cost	275,085,543	1,037,088,737	786,635,733	99,352,749	118,525,513	49,631,309	56,270,212	2,422,589,796
Less Accumulated depreciation	(37,153,723)	(275,263,543)	(474,199,424)	(73,158,575)	(49,593,640)	-	-	(909,368,905)
Net book value	<u>237,931,820</u>	<u>761,825,194</u>	<u>312,436,309</u>	<u>26,194,174</u>	<u>68,931,873</u>	<u>49,631,309</u>	<u>56,270,212</u>	<u>1,513,220,891</u>

Depreciation expenses of Baht 105,705,891 (2013: Baht 85,701,657) and Baht 29,647,830 (2013: Baht 28,181,922) were charged in costs of sales and administrative expenses, respectively.

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

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

	2014 Baht	2013 Baht
Cost - capitalised finance lease	19,188,561	16,668,000
Less Accumulated depreciation	(5,358,753)	(3,165,730)
Net book value	<u>13,829,808</u>	<u>13,502,270</u>

11 Intangible assets, net

	Computer software Baht	Computer software during installation Baht	Total Baht
At 1 January 2013			
Cost	29,598,471	-	29,598,471
Less Accumulated amortisation	(17,241,309)	-	(17,241,309)
Net book value	<u>12,357,162</u>	<u>-</u>	<u>12,357,162</u>
For the year ended 31 December 2013			
Opening net book value	12,357,162	-	12,357,162
Additions	4,132,862	-	4,132,862
Amortisation charge (Note 19)	(6,351,770)	-	(6,351,770)
Closing net book value	<u>10,138,254</u>	<u>-</u>	<u>10,138,254</u>
At 31 December 2013			
Cost	33,731,333	-	33,731,333
Less Accumulated amortisation	(23,593,079)	-	(23,593,079)
Net book value	<u>10,138,254</u>	<u>-</u>	<u>10,138,254</u>
For the year ended 31 December 2014			
Opening net book value	10,138,254	-	10,138,254
Additions	2,744,265	4,012,500	6,756,765
Transfers	2,552,500	(2,552,500)	-
Amortisation charge (Note 19)	(6,980,796)	-	(6,980,796)
Closing net book value	<u>8,454,223</u>	<u>1,460,000</u>	<u>9,914,223</u>
At 31 December 2014			
Cost	39,028,098	1,460,000	40,488,098
Less Accumulated amortisation	(30,573,875)	-	(30,573,875)
Net book value	<u>8,454,223</u>	<u>1,460,000</u>	<u>9,914,223</u>

12 Deferred income taxes

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

	2014 Baht	2013 Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	947,863	1,648,900
Deferred tax assets to be recovered after more than 12 months	3,745,263	2,985,560
Total deferred tax assets	4,693,126	4,634,460
Deferred tax liabilities:		
Deferred tax liabilities to be settled after more than 12 months	(1,697,112)	(2,347,152)
Total deferred tax liabilities	(1,697,112)	(2,347,152)
Deferred income taxes, net	2,996,014	2,287,308

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 20% (2013 : 20%).

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

	2014 Baht	2013 Baht
As 1 January	2,287,308	1,152,575
(Charged)/Credited to profit and loss (Note 20)	708,706	1,134,733
At 31 December	2,996,014	2,287,308

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

	Allowance for net realisable value Baht	Employee benefits obligations Baht	Total Baht
Deferred tax assets:			
At 1 January 2013	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
(Charged)/Credited to profit and loss	(701,037)	759,703	58,666
At 31 December 2014	947,863	3,745,263	4,693,126

	Temporary difference for depreciation Baht
Deferred tax liabilities:	
At 1 January 2013	(2,115,334)
(Charged)/Credited to profit and loss	(231,818)
At 31 December 2013	(2,347,152)
(Charged)/Credited to profit and loss	650,040
At 31 December 2014	(1,697,112)

13 Short-term loans from financial institutions

	2014 Baht	2013 Bat
Short-terms loans from financial institutions	2,513,800,877	2,980,648,417
Trust receipts	224,687,261	248,866,223
Total	<u>2,738,488,138</u>	<u>3,229,514,640</u>

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

	2014	2013
Short-term loans from financial institutions	2.27% - 2.70%	2.70% - 3.14%
Trust receipts	2.60%	2.66% - 3.50%

As at 31 December 2014, the short-term loans from financial institutions were unsecured loans and due within January to April 2015 (2013: within January to March 2014). The Company has provided the Negative Pledge to the financial institutions.

14 Finance lease liabilities, net

	2014 Baht	2013 Bat
Liabilities due :		
Not later than 1 year	3,115,652	2,936,292
Later than 1 year but not later than 5 years	9,281,711	9,623,763
	12,397,363	12,560,055
<u>Less</u> Future finance charges on finance leases	(1,352,375)	(1,601,199)
Present value of finance lease liabilities	<u>11,044,988</u>	<u>10,958,856</u>

The present value of financial lease liabilities is as follows:

	2014 Bath	2013 Bat
Not later than 1 year	2,404,863	2,219,849
Later than 1 year but not later than 5 years	8,640,125	8,739,007
Present value of financial lease liabilities	<u>11,044,988</u>	<u>10,958,856</u>

15 Other payables

	2014 Bath	2013 Bat
Accrued expenses and other payables	82,470,168	99,826,893
Retention	1,263,355	2,541,945
Withholding tax payable	1,487,242	9,139,395
Accrued interest expenses	<u>4,187,621</u>	<u>5,455,853</u>
Total	<u>89,408,386</u>	<u>116,964,086</u>

16 Employee benefit obligations

	2014 Bath	2013 Bat
Statement of financial position		
- Retirement benefits	18,726,314	14,927,802
Profit or loss		
- Retirement benefits	3,798,512	7,396,689

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

	2014 Bath	2013 Bat
Opening balance	14,927,802	7,531,113
Current service cost	3,213,004	2,671,618
Interest cost	585,508	462,560
Actuarial loss	-	4,262,511
Benefits paid	-	-
Closing balance	<u>18,726,314</u>	<u>14,927,802</u>

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

	2014 Baht	2013 Baht
Current service cost	3,213,004	2,671,618
Interest cost	585,508	462,560
Actuarial loss	-	4,262,511
Total included in staff costs	<u>3,798,512</u>	<u>7,396,689</u>

Of the total charge, Baht 671,449 (2013: Baht 830,785) and Baht 3,127,063 (2013: Baht 6,565,904) were included in costs of sales and administrative expenses, respectively.

The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	3.9% per annum	3.9% per annum
Future salary increase	3% per annum	3% per annum
Employee turnover rate	0% - 44% per annum	0% - 44% 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 2013	434,500,000	428,625,577	411,655,217	840,280,794
Issue of ordinary shares	<u>1,500,000</u>	<u>6,753,440</u>	<u>15,667,981</u>	<u>22,421,421</u>
At 31 December 2013	436,000,000	435,379,017	427,323,198	862,702,215
Issue of ordinary shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>436,000,000</u>	<u>435,379,017</u>	<u>427,323,198</u>	<u>862,702,215</u>

As at 31 December 2014, the total number of authorised ordinary shares were 436,000,000 shares with a par value of Baht 1 per share (2013: 436,000,000 shares with a par value of Baht 1 per share). The shares of 435,379,017 shares (2013: 435,379,017 shares) were issued and fully paid-up.

At the Annual General Meeting of Shareholders held on 28 March 2013, the shareholders approved 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.

18 Other income

	2014	2013
	Bath	Bat
Service income	41,207,094	37,253,113
Interest income	1,659,345	1,255,902
Gains of disposals of equipment	-	3,702,795
Others	2,956,660	2,377,332
Total	45,823,099	44,589,142

19 Expenses by nature

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

	2014	2013
	Bath	Bat
Staff costs	268,846,383	275,106,584
Depreciation on property, plant and equipment (Note 10)	135,353,721	113,883,579
Amortisation of intangible assets (Note 11)	6,980,796	6,351,770
Selling and marketing expenses	147,226,815	188,503,048
Professional and consultant fees	3,914,041	2,737,802
Rental expenses	13,364,160	12,367,680

20 Income tax expense

	2014	2013
	Bath	Bat
Current tax	85,425,741	113,528,269
Deferred tax (Note 12)	(708,706)	(1,134,733)
Total income tax expense	84,717,035	112,393,536

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:

	2014	2013
	Bath	Bat
Profit before income tax	419,097,125	552,707,949
Tax calculated at a tax rate of 20% (2013: 20%)	83,819,425	110,541,590
Tax effect of:		
Expenses not deductible for tax purpose	979,630	1,991,862
Expenses deductible at a greater amount	(82,020)	(139,916)
Tax charge	84,717,035	112,393,536

21 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.

	<u>2014</u>	<u>2013</u>
Profit attributable to shareholders (Baht)	334,380,090	440,314,413
Weighted average number of ordinary shares in issue during the year (Shares)	<u>435,379,017</u>	<u>433,103,200</u>
Basic earnings per share (Baht)	<u>0.77</u>	<u>1.02</u>

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013.

22 Dividends

At the Annual General Shareholders' Meeting held on 3 April 2014, the shareholders approved for the payment of dividends in respect of year 2013 of Baht 0.80 per share for 435,379,017 shares, totalling Baht 348.30 million. The dividends were paid to the shareholders on 11 April 2014. However, dividends of Baht 9,599 were not paid to certain shareholders due to disqualification.

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.

23 Legal reserve

	<u>2014</u> <u>Baht</u>	<u>2013</u> <u>Baht</u>
Beginning balance	43,600,000	43,450,000
Appropriation during the year	-	150,000
Ending balance	<u>43,600,000</u>	<u>43,600,000</u>

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 2014, the Company had outstanding letters of guarantee of Baht 10.36 million (2013: Baht 43.96 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 2014, the Company had outstanding letters of credits amounting to Baht 77.21 million in relation to purchases of goods (2013: Baht 185.31 million and US Dollars 6.57 million).

25 Commitments

Operating leases

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

	2014 Baht	2013 Baht
Due within 1 year	17,126,540	13,049,840
Due over 1 year but less than 5 years	5,324,210	16,241,850
Total	22,450,750	29,291,690

Sales commitments

As at 31 December 2014, the Company had outstanding commitments relating to the sales of goods with a fixed selling price totalling Baht 0.98 million (2013: Baht 77.28 million).

Purchase commitments

As at 31 December 2014, the Company had outstanding commitments relating to the purchases of goods with a fixed buying price totalling Baht 29.40 million and US Dollars 0.86 million (2013: Baht 185.31 million and US Dollars 6.57 million).

Capital commitments

As at 31 December 2014, the Company had capital expenditure contracted but not yet recognised of Baht 33.71 million and US Dollars 2.37 million (2013: Baht 5.78 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

	2014	2013
	Baht	Baht
Purchases of raw materials	295,962,631	536,650,895
Computer system service expenses	478,832	445,000
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 2016.

As at 31 December 2014 and 2013, 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	2014	2013
	Baht	Baht
Short-term benefits	45,490,000	44,361,200
Post-employee benefits	1,754,504	3,982,713
	<u>47,244,504</u>	<u>48,343,913</u>

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 2014, there are no open forward contracts (2013: the settlement dates on open forward contracts were in February 2014). The amounts to be received and contractual exchange rates of the outstanding contracts are:

	2014 Baht	2013 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 2015, it passed a resolution to propose the dividends payment in respect of results of operations for the year 2014 of Baht 0.65 per share for 435,379,017 shares, totalling Baht 283.00 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2015.

Audit Fee

The Company paid the fee to audit firm for year 2012-2014 as the following:

Year	Audit fee (Baht)	Non-Audit fee (Baht)
2014	1,500,000	18,650
2013	1,470,000	15,410
2012	1,400,000	15,040

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

Name	C.P.A. No.	Audit Year	Total
Mr. Prasit Yuengsrikul	4174	2012 - 2014	3 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 (Form 56-1) at www.sec.or.th or company's website at www.thaimetaltrade.com



บริษัท ค้าเหล็กไทย จำกัด (มหาชน)
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