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# Quality Steel Service Center



## ANNUAL REPORT 2014

รายงานประจำปี 2557

บริษัท ซีเอสพี สตีลเซ็นเตอร์ จำกัด (มหาชน)

CSP STEEL CENTER PUBLIC CO., LTD.





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**CSP Steel Center Public Co.,Ltd.**

**บริษัท ซีเอสพี สตีลเซ็นเตอร์ จำกัด (มหาชน)**

**AVAILABLE IN SHEET & COIL**

- HOT ROLLED STEEL SHEET
- HOT ROLLED STEEL SHEET, PICKLED & OILED
- COLD ROLLED STEEL SHEET
- ELECTRO GALVANIZED STEEL SHEET
- HOT DIP AL ZN ALLOY COATED STEEL SHEET
- ERW TUBES & PIPES
- ALL STRUCTURES STEEL
- STAINLESS STEEL SHEET
- GALVANNEALED STEEL SHEET
- HOT DIP GALVANIZED STEEL SHEET

475 ถนนพระราม 3 แขวงบางโคล่ เขตบางคอแหลม กรุงเทพฯ

Tel. 0-2291-6314-21 Fax : 0-2291-3828 E-mail : [info@cspsteel.com](mailto:info@cspsteel.com)

[www.cspsteel.com](http://www.cspsteel.com)



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## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



In 2014, because Thailand's economy was hugely impacted from political factor, the economic growth rate probably was less than 1%, exporting growth rate was a bit deficit and inflation rate was around 2.0-2.3%. Apparently, another negative factor was instability of economic world growth which decreased price of agriculture and commodity industry but increased household debt into higher level.

Considering financial statements in the year 2014 of CSP Steel Center Public Company Limited, Our total revenue was approximate THB 3,866 million which had been decreased by 2.88% due to reducing of sales in quantity around 5.38%. This decreasing number was affected by economic recession in the second half-year of 2014. However, during fluctuated economy, the company still gained net profit of THB 140.45 million, increasing by 82.27% and rate of net profit around 3.65%, increasing by 88.14% which showed better ability to create profit. Interestingly, in the year 2014, the company still focused on market of automotive industry and expanded sales into other new prosperous target markets. Additionally, the management team was more cautious about currency exchange rate of USD:THB; therefore, the company gained profit in currency exchange rate in amount of THB 13.57 million for the fiscal year 2014.

As a Chairman of CSP Steel Center Public Company Limited, I'm proud of and satisfied with our performance in the fiscal year 2014, even we faced to the negative impacts from both domestic and global factors. Also, I'm proud of our ability to keep paying dividend to all shareholders with the higher rate than average dividend payout rate of other companies in the SET. However, I still caution that the emergent situation still may arise in the future and I will maintain a strong commitment to lead our company to grow up with stability of good performance and sustainable achievement along with the good corporate governance practices for contributing the maximum benefit to the company and shareholders, including maintaining high dividend payout. Finally, I would like to thank all dear customers and business partners who continuously support our business, the management team and all staffs for contributing their efforts to the growth of the company: to "Keep Growing Together".

**Mr. Supachai Chiasupat**

**Chairman**



## THE BOARD OF EXECUTIVES

### List of the Board of Executives

(Ordered from left to right)

- |                            |   |
|----------------------------|---|
| 1) Mr. Weerasak Chaisupat  | Managing Director   |
| 2) Ms. Ongon Srihasaiyasit | Accounting Manager /<br>Corporate Secretary   |
| 3) Mrs. Piyarat Sawatdee   | Executive Vice President in<br>Sales and Marketing  |
| 4) Mr. Supachai Chaisupat  | President / CEO   |
| 5) Mrs. Suwimon Chaisupat  | Executive Vice President in<br>Finance and Account /<br>Executive Vice President in<br>Human Resources (Deputy) |
| 6) Mr. Kristsada Chaisupat | Director and Executive Vice<br>President in General<br>Management   |



Remark : For more information of each executive's resume, please consider in the part : "Resume of Directors and Management" which located at the end of the Annual Report.



The Audit Committee of CSP Steel Center Public Company Limited is comprised of 3 independent directors who have performed their duties by pursuing the regulations which set by the Stock Exchange of Thailand.

For the fiscal year 2014, the audit committee held 4 meetings to review the company's financial statement for every quarter-end 2014, including evaluate accounting policies and procedures relative to the accounting policies, perform the internal control assessment, conform to the Code of Business Conduct and The Principles of Good Corporate Governance of the company, and finally, provide all assessments and recommendations to the board of directors. Regarding, the related parties' transactions between companies and person in management team during the year 2014, the value of some transactions had been very slightly increased when comparing with the year 2013. However, those all transactions show normal practices of business transaction which could be compared with other parties. Moreover, the independent internal auditing company has audited all working papers and systems. All the internal auditing report must usually be presented to the Audit Committee. Considering the report showed that the company has the proper internal control system and it's up to date to the real business world. Last but not least, after the board of directors kept overseeing all practices of everyone in the company according to the Code of Business Conduct and The Principles of Good Corporate Governance of the company, the board found that they can precisely conform to the both of them in general.

As the audit committee's comment, the company has an intention to reach a business success along with performing the good governance. Also, both independent internal auditor and the approval auditor have audited the internal system and the financial statement by pursuing the laws and regulations of public company. Besides, all disclosed information has been presented to the shareholders and the public within the right time. With overall mentions, the internal system, the fiscal reports and good governance of the company have been accepted and accurate by laws and regulations of the Stock Exchange of Thailand.



**(Mr. Charus Khanchanakhajit)**

**Chairman of the Independent  
Director / Audit Committee**

## **CORPORATE PROFILE**

### **History and Background**

CSP Steel Center Plc was established on February 17, 1992 with initial capital of 5 million baht under the name of CSP Trading Co. Ltd. At the beginning state, CSP was just a trading company for buying and selling steel coils, after we have started to invest in one cutting machine that was the first step of development. Every step with confidence, we have developed to be quality steel service center by investing a sufficiency machine. We are not only providing a cold rolled steel sheet in coil, hot rolled steel sheet in coil and coated steel sheet in coil, but also cutting all types of steel coil into a various size according to customers' order which are used as raw materials of their production in automotive industry, electric appliance industry, steel furniture industry, general industry etc.

In 2005, CSP has developed into other step by starting to invest steel piping machine for automotive industry and other industries. Due to the growth of automotive industry in Thailand, we see a great opportunity to expand our business line for producing steel pipe. Therefore CSP has imported a sufficiency piping machine for producing cold rolled steel pipe. In October 2005, CSP has operated a steel piping machine and sold a new cold rolled steel pipes into market. And in 2014, CSP expanded its pipe product line which was the hot rolled steel pipes in order to serve more demand of automotive industry.

History and major developing state of CSP as the following:

- |                        |  |
|------------------------|--|
| <b>February, 1992</b>  | - Established CSP Trading co., ltd. With initial capital of Baht 5 million.                                      |
| <b>July, 1995</b>      | - Increased register capital to Baht 50 million for buying land and expanding factory.                           |
| <b>June, 2000</b>      | - Increased register from Baht 50 million to Baht 200 million for purchasing new machines and expanding factory. |
| <b>December, 2000</b>  | - Received TIS 528-2540 license for import and cutting hot rolled steel by Thai Industrial Standard Institution. |
| <b>September, 2002</b> | - Received ISO 9001:2000 certificate by Bureau Veritas Quality International.                                    |



- 
- December, 2004** - Increased register capital from Baht 200 million to Baht 400 million by issuing common stock 2 million stock at par value Baht 100 per share to Chaisupat Company for payment of purchasing inventories and machines. Due to Chaisupat Company stopped for doing steel business and sold all machines to CSP at appraised price (59.58 million baht) of Thai property appraisal lynn Phillips co., ltd. Our production capacity have increased from 99,600 to 163,800 mt per year.
- July, 2005** - Changed par value of common stock from Baht 100 to Baht 1 per share and increased register capital from Baht 400 million to Baht 500 million, therefore our common stock have increased 400 million share to 500 million share in August, 2005. CSP Trading Co., Ltd. has been changed to CSP Steel Center Public Co., Ltd.
- August, 2005** - Installing the first cold rolled steel piping machine with a capacity of 10,000 mt./year.
- December 22, 2005** - Listed in Stock Exchange of Thailand.
- May, 2006** - Installing a square shear machine, the total cutting capacity would be increased which are 167,400 mt./year.
- July, 2006** - Completing any three cold rolled steel piping machines which the total capacity of piping machines are 30,000 mt./year.
- September, 2006** - Issuing 125 units of warrants which could be changed to be the 125 new common shares in the future and the new register capital are Baht 625 million.
- July, 2008** - Completing Leveler Shearing Line No. 3 for cutting Hot Rolled Steel Sheet with total capacity of 20,000 mt./year.
- August, 2009** - Completing 1 Cutting Machine (STC3) with total capacity of 15,000 Mt./year. and 1 Shearing Cutting Machine (HS8) with total capacity of 3,600 Mt./year.
- Completing 1 Auto piping machine which the total capacity of 1,440 Mt./year.
- Purchasing land 7,500 m2 for expand and development the 4 factories.
-

- 2010** - Installing 1 Slitting Machine with capacity of 14,400 Mt./year and 5 Shearing Machines with total capacity of 6,000 Mt./year
- 2011** - Installing 1 Cutting Machine with capacity of 1,800 Mt./year and 3 Shearing Machine with total capacity of 3,200 Mt./year
- Expanding the factory's area around 7,500 sq.m. to support increasing capacity and sale.
- 2012** - Installing 1 End-Facing Machine for improving the quality of pipes.
- Complete installing machines and equipments into the new factory's area around 7,500 sq.m.
- Installing 1 Cutting Machine with capacity of 30,000 Mt./year
- Purchasing 1 steel piping machine and currently, in process of installing such machine which expected to be complete during year 2014
- 2013** - The Company has decreased its registered and paid-up capital from THB 500,000,000.00 to THB 496,166,300.00 by writing off the outstanding 3,833,700 shares of the treasury stocks of THB 1 par value each, totaling THB 3,833,700 which is 0.7667 percentage of paid-up capital before writing off. Relevant registration was made at the Ministry of Commerce on February 6, 2013.
- Installing 1 Shearing Machine with capacity of 3,600 Mt./year, in process of installing such machine which expected to complete around March 2014.
- Purchasing 10,668 sq.m. of new land near existing factory to support future growth of the company.
- Expanding about 8,000 sq.m. of the factory's building which expected to be complete at the end of 2015.
- The Company has increased its registered and paid-up capital from THB 496,166,300.00 to THB 496,168,826.00 by increasing paid-up shares capital 2,526 shares of THB 1 par value each, totaling THB 2,526 as the numbers of exercised warrants: 2,526 units on the final exercise date of warrant : CSP-W1, 29 November 2013. Relevant registration was made at the Ministry of Commerce on December 12, 2013.



**2014**

- The Company imported the piping machine for producing hot rolled steel pipes with capacity of 6,000 Mt./year and successfully installed within the end of 2014
- Installing 1 Shearing Machine with capacity of 3,600 Mt./year as the plan.
- Installing 1 CNC Plasma Cutting Machine for thickness of 3.0 – 25.0 mm. with capacity of 90 Mt./month, in process of installing such machine which expected to be complete around the beginning of 2015.
- Improving the heating system of piping machine to save the energy and reduce waste.
- Expanding about 8,000 sq.m. of the factory's building which expected to be complete at the end of 2015.
- Planning to buy approximate 9 new trucks to replace the old ones within 2014.

**Vision and Mission**

**Vision:** “We aim to be the one-stop service of high quality steel service center that satisfies the customer's needs of various industries and to be a significant source who provides high quality steel material to such customers in order to enhance their competitive advantages regarding competition as domestic level, ASEAN level and global level. All these contributions are conducted to achieve the main purpose of sustainable growth together among the company, customers, trading partners and the nation.”

**Mission:** “We concentrate on operating as a professional steel service center that satisfies our customers with high quality steel products and services, punctual delivery and always keep improving and developing such quality with strategically focusing on Value-Added Products and Services to meet the customer's needs of various industries.

**Business Objectives:** “We have a strong commitment to be the ultimate one-stop service of high quality steel service center with precise high technological machine and efficient standard of service management to completely satisfy the customer's needs of various industries in all requirements of providing steel sheet in coils, cutting/shearing/slitting sheets and piping into customers' required sizes, providing and delivering all kinds of steel as customers' needs and last but not least, providing the rapid professional after-sale service.”

Moreover, we have a plan to modify existing materials or products to be other kinds of finished steel products for completing specified needs of automotive industry and other potential industries. The main purposes are to cover more various segments of existing market and reach new potential markets.

### **Name and Address of Company Office**

<b>Name</b>	CSP Steel Center Public Co., Ltd.
<b>Stock Code</b>	CSP
<b>Type of Business</b>	Steel Service Center by providing and cutting cold rolled steel, hot rolled steel and coated steel in both plate and coil types. Also, producing cold / hot rolled steel pipe.
<b>Head Office Address</b>	No. 475 Rama 3 Road, Bangklo, Bangkulaem, Bangkok 10120
<b>Factory Address</b>	No. 227 Soi Suksawad 78, Suksawad Road, Nai Klong Bangprakod, Phra Samut Jedi, Samut Prakarn 10290
<b>Register No.</b>	0107574800544
<b>Home Page</b>	<a href="http://www.cspsteel.com">www.cspsteel.com</a>
<b>Email</b>	<a href="mailto:info@cspsteel.com">info@cspsteel.com</a>
<b>Head Office</b>	Tel. 0-2291-6314-21, 0-2689-0801-3 Fax 0-2291-3828, 0-2291-3828
<b>Factory</b>	Tel. 0-2817-7727-8 Fax 0-2817-7729
<b>Registered Capital</b>	in amount of THB 621,168,826 with THB 1 par value each.
<b>Issued and Paid-Up Capital</b>	in amount of THB 496,168,826 with THB 1 par value each.
<b>Investor Relations</b>	Mrs. Supapatcha Raksom 02-291-6318 ext. 501 or E-mail : <a href="mailto:info@cspsteel.com">info@cspsteel.com</a>
<b>Independent/ Audit Committee</b>	02-689-0801
<b>Corporate Secretary</b>	Ms. Ongon Srihasaiyasit 02-291-6314-21 ext. 203 or E-mail : <a href="mailto:ongon@cspsteel.com">ongon@cspsteel.com</a>



**Referred Parties****Share Register**

Thailand Securities Depository (Thailand) Co., Ltd.  
62, 7 Flr. The Stock Exchange of Thailand Building,  
Ratchadapisek Road, Klongtoey, Bangkok 10110  
Tel. 0-2229-2876  
Call Center 0-2229-2888

**Auditor (2014)**

- |    |              |               |              |
|----|--------------|---------------|--------------|
| 1. | Mr. Somyot   | Wiwatapinai   | CPA No. 5476 |
| 2. | Mr. Suchart  | Panitcharoean | CPA No. 4475 |
| 3. | Ms. Susan    | Eiamvanicha   | CPA No. 4306 |
| 4. | Ms. Cheurnta | Chommern      | CPA No. 7570 |

**SP AUDIT Co., Ltd.**

503/21 12<sup>th</sup> Floor, K.S.L. Tower, Sriyudhya Road, Ratchatewi District,  
Bangkok 10400  
Tel. 0-2642-6172-4  
Fax. 0-2642-6253

Remark: More interesting information of the CSP Stock is available in Annual Statements (Form 56-1) which is downloadable from [www.sec.or.th](http://www.sec.or.th) or website of the company [www.cspsteel.com](http://www.cspsteel.com)

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## FINANCIAL HIGHLIGHTS

### Financial Ratio of CSP Steel Center Public Company Limited

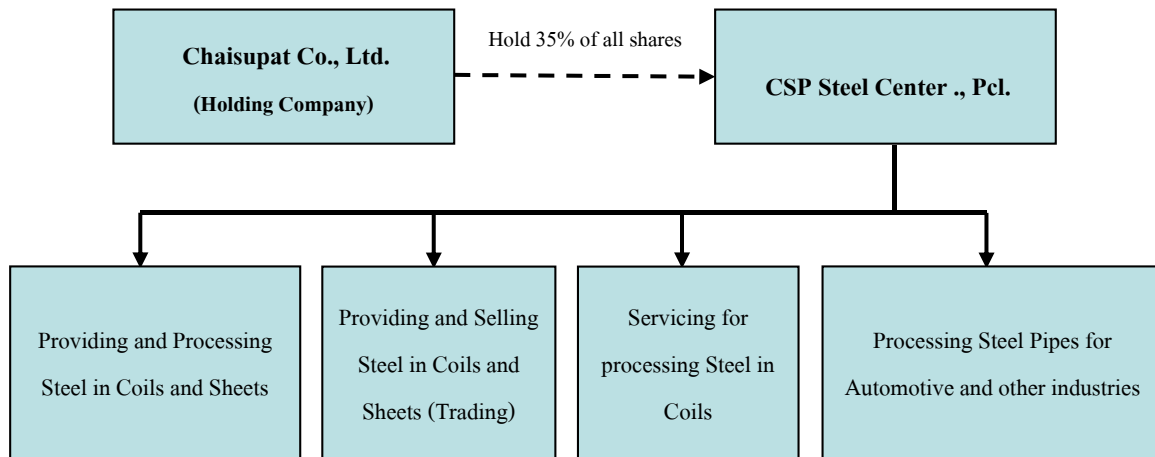
Financial Ratio of the Company	2014	2013	2012	2011	2010
<b>LIQUIDITY RATIO</b>					
Current Ratio (Times)	1.25	1.23	1.27	1.20	1.21
Quick Ratio (Times)	0.46	0.46	0.56	0.47	0.49
Operating Cash Flow to Average Current Liabilities (Times)	-0.03	0.17	0.20	-0.07	-0.16
Receivable Turnover (Times)	5.41	5.20	5.17	4.49	3.90
Average Collection Period (Days)	67	70	71	81	94
Inventory Turnover Ratio (Times)	2.96	3.17	3.31	2.52	2.94
Average Sales Period (Days)	123	115	110	145	124
Account Payable Turnover (Times)	23.44	23.00	28.33	18.21	26.48
Average Payment Period (Days)	16	16	13	20	14
Cash Cycle (Days)	174	169	168	206	204
<b>PROFITABILITY RATIO</b>					
Gross Profit Margin Ratio (%)	7.97	7.17	4.97	9.36	8.99
Earning before Interest Expense and Tax Ratio (%)	5.63	3.79	4.33	6.02	6.76
Net Profit Margin (%)	3.65	1.94	2.37	2.73	4.01
Return on Equity (%)	16.16	9.72	12.77	12.33	14.55
<b>EFFICIENCY RATIO</b>					
Return on Assets (%)	5.62	3.20	4.28	3.50	4.79
Return on Fixed Assets (%)	34.17	22.38	35.15	32.10	34.20
Assets Turnover (Times)	1.57	1.67	1.74	1.38	1.31
<b>FINANCIAL RATIO</b>					
Debt to Equity Ratio (Times)	1.88	2.04	1.99	2.52	2.03
Times Interest Earned (Times)	5.78	3.38	3.46	3.57	-4.93
Times Payment Obligation (Times)	-0.29	1.02	0.94	-0.74	-1.58
Dividend Pay-out (%)	57.14	81.25	75.00	66.66	76.19
<b>OTHER RATIO</b>					
Basic Earnings Per Share (Baht)**	0.28	0.16	0.20	0.18	0.21
Book Value Per Share (Baht)	1.75	1.60	1.59	1.48	1.48

Note : \*\*Basic earnings per share and book value per share calculate by par value of ordinary shares 1 Baht for comparison.

## BUSINESS OPERATIONS OF THE COMPANY

### Type of Business

CSP Steel Center ., Pcl. has “Chaisupat Co., Ltd.” as a major shareholder with approximate 35% of all shareholders. CSP Steel Center ., Pcl. is the high quality steel service center, providing steel coil and processing steel coil into customers’ size which are used as raw materials by many industrials. CSP has been approved TIS 528-2548, TIS 1479-2541, TIS 1735-2542 and TIS 2012-2543 licenses for import and cutting hot rolled steel by Thai Industrial Standard Institution and has also been certified ISO 9001 by Bureau Veritas Quality International. In 2006, CSP expanded business line by producing cold rolled steel pipes and in 2014, expanded line to hot rolled steel pipes for supporting booming of automotive industry.



The company has a head quarter at 475 Rama3 Road, Bangklo, Bangkolaem, Bangkok 10120 and has own factory at No. 227 Soi Suksawad 78, Suksawad Road, Nai KlongBangprakod, Phra Samut Jedi, Samut Prakarn 10290. In year 2014, the factory has total steel sheets processing capacity of 217,800 Mt./year and total capacity of cold/hot rolled steel pipes is 24,000 Mt./year which the utilization of such capacity is around 73 percent.



## Structure of Revenue

The revenue of the company for latest 5 years at the end of December 31, 2010-2014 are as follows:

Revenue	2010		2011		2012		2013		2014	
	Mill. Bht	%	Mill. Bht	%	Mill. Bht	%	Mill. Bht	%	Mill. Bht	%
• Providing and Processing Steel Coils	2,057.69	77.27	2,319.96	69.81	2,394.45	55.53	2,117.88	53.20	2,337.20	60.45
• Providing and Selling Steel Coils (Trading)	378.27	14.20	750.93	22.60	1,587.05	36.81	1,677.14	42.13	1,359.83	35.17
• Steel Pipes	214.29	8.05	248.98	7.49	274.56	6.37	184.76	4.64	140.58	3.64
• Structural Steel	-	-	-	-	-	-	-	-	14.61	0.38
• Servicing of Processing Steel Coils	0.15	0.01	0.06	0.00	0.11	0.00	0.11	0.00	0.19	0.00
• Others*	12.64	0.47	3.32	0.10	55.53	1.29	1.06	0.03	13.92	0.36
Total Revenue	2,663.04	100.0	3,323.25	100.0	4,311.70	100.0	3,980.95	100.00	3,866.33	100.00
Changes of Revenue / Percent	529.24	24.80	660.21	24.79	998.45	29.74	-330.75	-7.67	-114.62	-2.88

\* Other Revenues: sale of steel scrap, interest revenue and profit of foreign currency exchange rate.

## Types of Product

The company's product and service types are classified into two categories

### 1) Steel Service Center

CSP provide all types of steel sheet with various sizes for customers by selling steel sheet as master coil, cutting sheet, slitting coil and tolling for processing steel, can be divided into 3 categories as the following:

1.1 Processing steel sheet for sales steel sheet cutting service by using computerize shearing machines, to provide customers with a reliable and efficient steel cutting service. The company has 29 steel sheet cutting machines as 3 slitting machines, 8 cutting machines

from coil, 18 shearing machines with total production capacity of 217,800 tons per year. The company divided the product into two groups as follows:-

#### [Slitting to order](#)

Steel coil cutting using slitting machine which enabling to cut steel coil vertically to customer's specification (Width) and recoil it back again.

#### [Cutting to order](#)

Steel coil cutting using cutting machine which enabling to cut steel coil for customer's order and specification before passing it on to steel shearing machine (If small size is required)

### 1.2 Trading of steel coil

Trading of all types of steel coil both local and imported provide to Thai manufacturers' need, by keeping in stock and delivery on customer schedule.

### 1.3 Providing cutting services

Cutting steel sheet, slitting steel coil and shearing steel sheet follow customer's specifications for tolling services. Customer is responsible for providing steel coil.

The steel sheet in coils is raw materials which are used for processing and selling, can be divided into 3 types as following:

#### [1. Cold rolled steel sheet in coil](#)

By using a hot rolled steel coil, is pickled for cleaning a surface and passed to cold rolled mill for reducing a thickness. Annealing furnace is used to make a soft cold rolled steel which are suitable for forming and drawing. The company is able to cut a cold rolled steel processing with thickness 0.2-3.2 mm.

#### [2. Hot rolled steel sheet in coil](#)

From the steelmaking process come out a slab which is reheated and rolled to reduce a thickness, that are the hot rolling process to be a hot rolled steel. The normal hot rolled steel and hot rolled pickled and oiled steel can be processed with a thickness of 1.0-12 mm. by our machines.

### 3. Coated steel sheet in coil

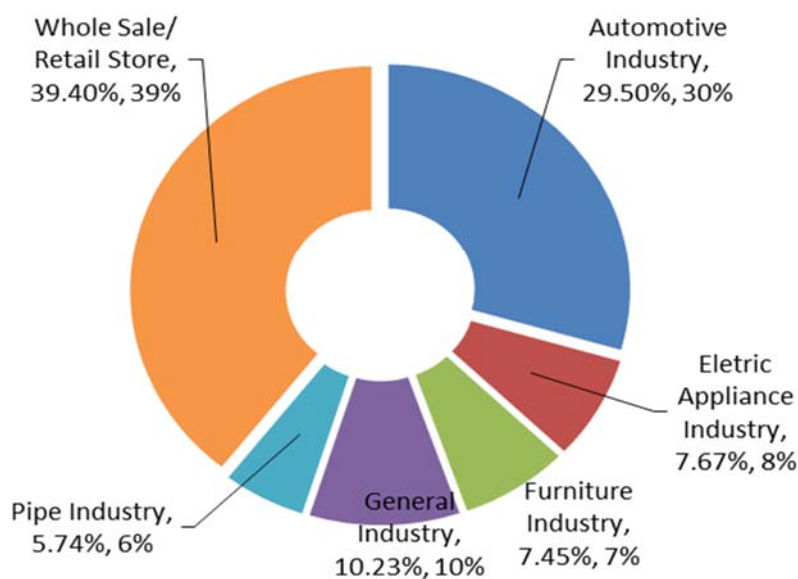
The cold rolled steel is used for coating into 2 difference types of coating system which become the Electro galvanized steel and the Hot dipped galvanized steel with a thickness of 0.3-2.3 mm.

## 2) Cold rolled steel pipe and Hot rolled steel pipe

CSP began the production of cold rolled steel pipe in 2005 and hot rolled steel pipe in 2014, main customers are manufacturers in wide arrays of industry including automobile, furniture and other related industries. The cold / hot steel pipe has a diameter of 0.375 – 3.50 inches with a thickness of 0.5 - 4.0 mm and the maximum length is 8 meters, focuses on made-to-order steel pipes. The total capacity in year 2014 is 24,000 Mt./year with 5 machines.

In 2014, all sales revenue derived from domestic customers and all of the steel coils, steel sheets and steel pipes are not only sold to a steel wholesale and retail store, but also used as a raw material in many industries such as automotive industry, steel furniture industry, home and electric appliance industry, packaging industry etc. The company's revenue from each industry is not more than 35% of total revenue, so the company would not be too much depending on any industry.

**Chart : Percentage of Sales from each industry in Year 2014**



## **RISK FACTORS AND RISKS MANAGEMENT**

### **1. Risk Factors and Business Risks Management**

#### **1.1 Risk of Steel Price**

Approximate 96% of cost of sales is the steel's prices, which is changed by supply and demand of domestic and import steel, following the international's steel prices. The demand of using steel is depended on the growth of Thai economy and world economy, because a hot rolled steel and cold rolled steel are used as raw material for production in automotive industry, steel furniture industry, electric appliance industry, construction industry etc. The supply of steel is depended on a domestic production and import steel. Out of demand and supply factors, the government's laws and regulations are an import duty and extra duty (anti- dumping price) for some countries, which effect to steel's prices in the market. The company might have risk for getting loss, if the selling prices could not be increased to cover the buying prices.

However, the company is using a steel cost adding margin and expense for controlling a profit margin. Using source of information such as a domestic's demand and supply, international's steel prices are very important to be used for making buying and selling decisions.

#### **1.2 Risk of Limited Suppliers**

##### **Cold Rolled Steel Sheet**

There are three major cold rolled steel producers in Thailand, Thai Cold Rolled Steel Sheet Plc.(TCRSS), The Siam United Steel (1995) Co., Ltd.(SUS) and Starcore Co., Ltd. It might have some chance of shortage the cold rolled steel if those three mills could not deliver on time. Therefore the company has the policy for stocking at least two months safety and also imports the cold rolled steel from other countries such as South Korea and India, etc. In 2014, the company has imported 4.16% of total steel purchasing value.

##### **Hot Rolled Steel Sheet**

The company mostly purchases the hot rolled steel from three domestic producers which are Sahaviriya Steel Industries Plc.(SSI), G J Steel Plc.(GJS) and G Steel Plc. (GSTEEL). However, G Steel Plc.(GSTEEL) and G J Steel Plc.(GJS) has stopped their production line since around the 3<sup>rd</sup> quarter of the year 2012 but have been able to produce again since 2014. As a result, it would a bit decrease a risk of material shortage for the company in case of those 3 factories cannot deliver adequate hot rolled steel to the company. However, the company still realizes such risk and relieve it by importing materials from various



countries and having more stocking. In 2014, the company has imported 33.05% of total steel purchasing value.

### **Coated Steel Sheet**

The coated steel sheet is only 3.17% of the total steel purchasing value in 2014. The company purchases the electro galvanized steel from Thai Coated Steel Sheet Co., Ltd. which is the only one electro galvanized steel producer in Thailand. Therefore it might be a shortage chance which could be imported to protect shortage risk.

However, the company has realized that the shortage steel's risk could be a major effect to the cost of goods sold. Therefore, the two months sales contract in advance and considering import steel with similar quality are used to minimize the shortage risk. All domestic and international steel information have been brought for making a purchasing decision.

## **1.3 Risk of Law and Regulation**

- In the past, the domestic steel mills have been suffered from the cheap imported steel, therefore the Department of Commerce has set up an extra import duty (Anti-Dumping) for hot rolled and non-rolled steel which has been imported from 16 countries: Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak, Romania, Malaysia and China. This regulation was announced to add up import duty 0 – 128.11 percentage of CIF. Due to those anti-dumping, the domestic steel have been increasingly used, at the same time the imported steel have been reduced too. On the other hand, it might cause some shortage of hot rolled steel if the domestic's mill could not deliver on schedule.

- The Department of Commerce has set up an extra import duty (Anti-Dumping) for a hot rolled and non-rolled steel with added-Boron from China. This regulation was officially announced since December 24, 2012 and valid for 5 years. This regulation was announced to add up import duty 14.28 – 19.47 percentage of CIF.

- The Department of Commerce has set up an extra import duty (Safeguard) for hot rolled and non-rolled steel. This regulation was officially announced since February 15, 2013 and valid for 3 years. This regulation was announced to add up import duty 44.20, 43.57, 42.95 percentage of CIF in the year 2013, 2014 and 2015 consecutively, excepting for 4 industries: (1) Imported for cold rolled manufacturer industry, (2) imported for automotive industry, (3) imported for hardened steel industry, (4) special specified steel.

- The Department of Commerce is considering an extra import duty (Safeguard) for hot rolled and non-rolled steel without other added substances, but pronounced the temporary measure to charge import duty 31.01 percentage since June 7, 2014 for a period of 200 days.

However, because the company has a big group of automotive customers, this could relieve about Safeguard for hot rolled and non-rolled steel due to exception of imported for automotive industry. Besides, during a fluctuating of steel's prices or a shortage of steel within Thailand. The company consider importing steel from other countries outside the anti-dumping countries and could be maintain a competitive in the market.

Moreover, all import steel has to be examined and approved by Thai Industrial Standards Institute (TISI) before selling to the customers. Its complicate processes and documentation could be an obstacle to the company to comfortably import both hot rolled and cold rolled steel from other countries. However, the company has set up the specific officer to take charge of this related duty to work with the company's QC department and TISI officer. Since this TISI's regulation was issued, the company has been worked well in documentation and communication with TISI without any significant problems.

#### **1.4 Risk of Foreign Currency Exchange Rate**

The company will import steel from other countries if we could not purchase in domestic. On the other hand, the imported steel prices add with import duty and other expenses that are cheaper than domestic steel, the company will consider importing steel. U.S. dollar currency is used to conclude in imported contract and is mostly fixed by forward contract for minimizing exchange loss. In 2014, the company gained profit of currency exchange rate around THB 13.57 million.

#### **1.5 Risk of Natural Disasters**

Natural disaster is a new important risk of the business world. The great proof is the flooding disaster in Bangkok and surrounding provinces in the year 2011. This disaster has caused the most severe destruction of all businesses in such area. Although the assets of the Company were not affected in any direct damage, the company received the indirect impact from damage of customers who faced with the flooding and the impact of the overall economic slowdown in Thailand. However, even the natural disasters are difficult to forecast or prevent them to occur, the company would prepare itself to protect the building, storage of raw materials / products, documents and other important assets for the next coming years in order to get minimal damages. Additionally, the company would prepare the financial support for in case of fixing

assets and for the financial working capital in case of late payment of some customers. These preparations are what executives really realize to maintain the operations of the company and continue growing in business even the company has to face with any unpredictable natural disasters in the future.

### **1.6 Risk of economic crisis and economic recession in many countries**

In 2014, recession of economic in the United States was improved, but in EU has still struggled with the political confliction problems in Ukraine and Middle East area. The expected growth rate of EU was 0.8% decreasing from 2.1%, the expected growth rate of the United States was 2.1% decreasing from 2.6% and Japan's was 0.9% decreasing from 1.2% as well. In addition, economic growth rate of the whole world was expected as only 3.4%. As a result, all price of commodity materials are continuously lower: oil price, ores price, coal price and agriculture price.

However, the management team of the company has kept track of the changing scenario of global economic crisis closely, especially, situations in the countries who have a great impact on world steel price; for example, the United States, EU, China and Japan. Updating strategic planning, purchasing time planning and material stocks management are activities that the management concerns to achieve the lowest cost of goods sold because as a profit structure of the company, cost of material is the most influential factor.

### **1.7 Risk of political crisis in Thailand**

Due to a severe political confliction in Thailand around the end of year 2013, a new government under military management has shown up in the year 2014. Although this government can relieve instability of Thai political from such confliction, Thailand is still in process of transformation in many aspects and still not ready for mega – projects investment while the company and customers are waiting for benefits from such investment. However, the management of the company believes that mega – projects will be planned and rapidly occur during the year of 2015. To be ready for the upcoming huge investment of such projects, the company has started to develop production capacity, prepare adequate materials stock and expand the factory area since the middle – end of year 2014 and still continue to year 2015.

## **2. Risks of Management and Operation**

### **2.1 The major shareholders hold more than 50% of total common stock.**

On February 23, 2015, Chaisupat group have held approximate 84.80% of Baht 496,168,826 register capital that could control a major vote to pass all subject in the shareholder meeting; therefore, minority shareholder could be difficult for balancing power with major shareholder's vote.

However, the board of director structure is comprised of 3 types of committee: Board of Directors, Independent Director /Audit Committee and Nomination and Remuneration Committee which have definite authorities and responsibilities. Importantly, there is Independent Director /Audit Committee who are qualified and professional in analysis of financial statements, accounting and business laws / regulations. Due to such qualifications, the Independent Directors / Audit Committees are able to efficiently inspect the operations and performance of the company with accuracy and transparency. Including, they determine, control and evaluate the company to comply with the good corporate governance as well. Additionally, all related parties transactions will be inspected by them before present to the board of directors of the company with no voting of such related parties. Meanwhile, the Chaisupat Group always made decisions and run the business with responsibilities to overall shareholders and best results for the company. There are not any situation of Conflict of Interest because they have never managed or operated in any other business relating to the steel industry and never personally influenced in destructive way to the company's benefits.

### **2.2 Risk of Allowing Credit Term for Customers**

Giving a credit term for selling to customer is an important risk which has been carefully controlled. In case of customer could not make payment or postpones, that might affect with the company's cash flow. The company has seriously considered for giving a credit line, by checking a payment record and financial statement of customer. Selling to many customers is an efficiency strategy to minimize the risk. However, the allowance for doubtful debt is also set up for reservation.



## CAPITAL STRUCTURE

**Registered Capital** in amount of THB 621,168,826

**Issued and Paid-Up Capital** in amount of THB 496,168,826

**Common Stocks**

**Par Value** is THB 1 per share

## MAJOR SHAREHOLDERS

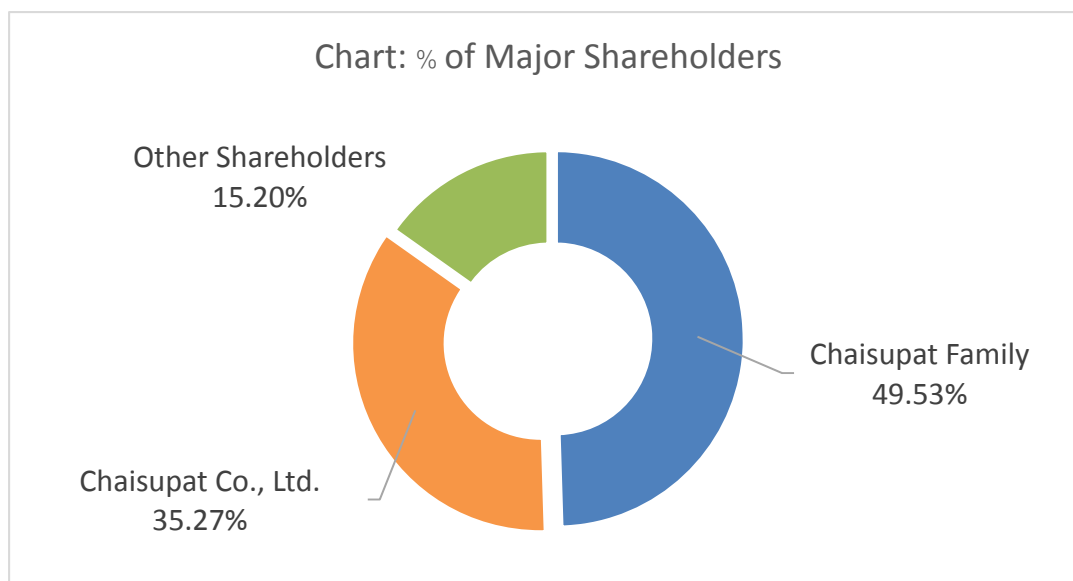
As the company's registered in SET, the company issued and paid-up capital for THB 496,168,826 which 10 major shareholders on February 23, 2015 (Par Value = THB 1 per share) are as follows,

Ranking	Shareholder	Number of shares	Percentage
1.	Chaisupat Family**	420,678,600	84.80
2.	Mr. Chaowalit Poonpermsuwan	12,568,000	2.53
3.	Mr. Pornlert Pornsawat	10,022,450	2.02
4.	Mr. Vichien Srimuninnimit	8,931,000	1.80
5.	Mrs. Vimornrat Burejittinun	7,380,000	1.49
6.	Mr. Palawad Sattayatom	5,579,200	1.12
7.	Mrs. Waranya Kittiakarasatien	1,409,000	0.28
8.	Mr. Surajit Patipong	1,277,000	0.26
9.	Mr. Nattapat Rangsarn	1,200,000	0.24
10.	Mr. Kongsak Wongsakwanich	889,100	0.18
Total Major Shareholders		469,934,350	94.71
Other Shareholders		26,234,476	5.29
Total Shareholders		496,168,826	100.00

Remark : \*\*Chaisupat family including Chaisupat Co., Ltd. with registered capital of THB 50 million, owned by Chaisupat family as the following member

Ranking	Shareholders	Number of shares	Percentage
1.	Chaisupat Co., Ltd.	175,000,000	35.27
2.	Mr. Phongsawad Chaisupat	46,193,100	9.31
3.	Mr. Supachai Chaisupat	42,000,000	8.47
4.	Mrs. Orasa Chaisupat	42,000,000	8.47
5.	Ms. Jutamas Chaisupat	41,135,400	8.29
6.	Mr. Weerasak Chaisupat	30,350,000	6.12
7.	Mr. Kritsada Chaisupat	30,000,000	6.05
8.	Mrs. Panthipa Chewthanasoontorn	10,000,000	2.01
9.	Mr. Kasin Chewthanasoontorn	4,000,100	0.81
Total		420,678,600	84.80

Remark: For the details of business operation between such shareholders and the company, please consider at the topic “Related Parties



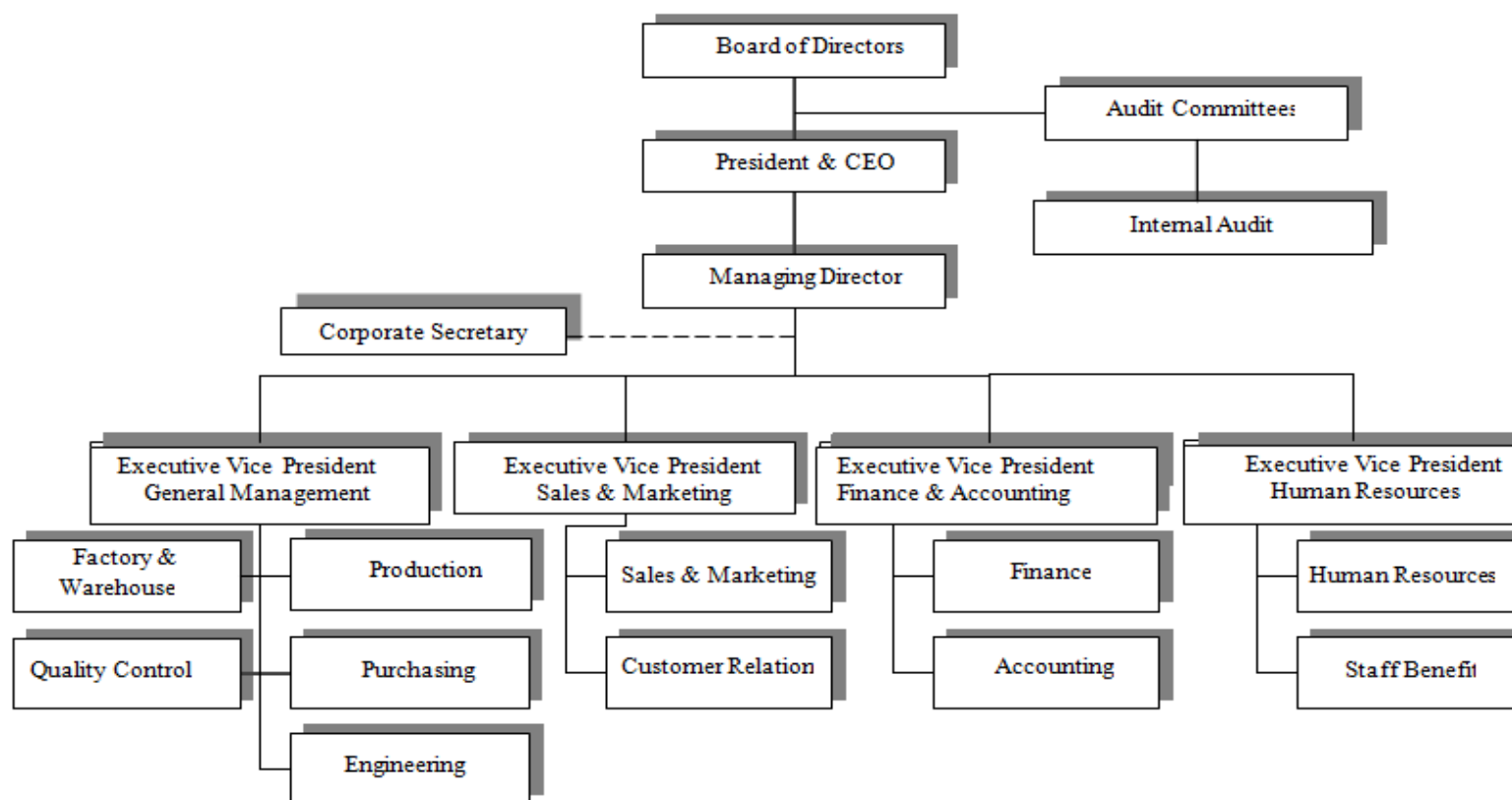
However, Chaisupat Co., Ltd. is a holding company and does not operate any related steel business now or in the near future, excepting CSP steel center ., Pcl. rent its building to run the head office. (For the details, please consider at the topic “Related Parties Transactions”) Thus, there is no any point of Conflict of Interest between them.

## Dividend Policy

Dividend policy of the company is at least 50% of Net Profit after Tax. However, it could be less than 50% of Net Profit after Tax if the company strongly need to spend such net profit to invest or develop the business. History of the company's dividend are as follows:

Dividend from financial statements of the year...	Interim Dividend (THB / share)	Annual Dividend (THB / share)	Total Dividend (THB / share)	Dividend Payout Ratio (%)
2013	-	0.13	0.13	81.25
2012	-	0.15	0.15	75
2011	-	0.12	0.12	66.67
2010	-	0.16	0.16	76.19

## MANAGEMENT STRUCTURE (As of Dec. 31, 2014)



\* Remark: The company has a policy to allow internal audit from non-related party to inspect the internal system of the company. From May 2005 to August 2005, the company hired Thammaniti Audit. Since September 2005 until now, the company has hired I.N.J. Audit. (as the detail in section of Internal Audit)



## **BOARD OF DIRECTORS STRUCTURE**

Board of Directors Structure is comprised of 3 types of committee: Board of Directors, Independent Director /Audit Committee and committee: Nomination and Remuneration Committee. Moreover, there are Top Management and Corporate Secretary who work in administrative department to support Board of directors.

### **Board of Directors**

As December 31, 2014, 8 members of the Board of Director comprise:

<b>Name</b>		<b>Position</b>
1. Mr. Supachai	Chaisupat	Chairman of the Board
2. Mr. Weerasak	Chaisupat	Director
3. Mr. Kritsada	Chaisupat	Director
4. Mrs. Panthipa	Chewthanasoontorn	Director
5. Mr. Bunjerd	Somsem	Director/ Nomination and Remuneration Committee
6. Mr. Charus	Khanchanakhajit	Chairman of Independent Director/Audit Committee/ Nomination and Remuneration Committee
7. Mr. Janram	Atthakrisna	Independent Director/Audit Committee/ Nomination and Remuneration Committee
8. Mr. Surachat	Pongpattarrine	Independent Director/Audit Committee/ Nomination and Remuneration Committee

### **Authorized Directors on behalf of the Company**

The signatures of Mr. Supachai Chaisupat or Mr. Weerasak Chaisupat or Mr. Kritsada Chaisupat are two of these three directors with the Company seal are considered valid authorization for approval.

### **Authorities and responsibilities of the Board of Directors**

According to the 9<sup>th</sup> /2005 Board of Director's meeting on June 1, 2005, there is a setting of authorities and responsibilities of the Board of Directors.

The authorities and responsibilities are as following

1. Assign the company policy especially in management, financial, and also manage all company's risks.
2. Investment consideration, authorize the budget and any investment project for the company. Also manage all projects to follow the company's plan and policy.
3. Oversee the management of the company to reach the highest target. And also plan the way to solve any problems that may occur during doing any projects.
4. Arrange the general data report and the Company's financial report to the shareholder, the beneficent or general investor correctly with update and legally data.
5. Acknowledge all important reports from Audit committee, internal auditor, auditor and company's counselor. And also leads the way to improve when meet the wrong matter.
6. Ensure that the company has an adequate and appropriate internal audit and risk management.
7. Issuing the succession plan for top management level.
8. Assigning Audit committee and approve the duties of Audit committee.
9. Assigning management committee or authorize one or more committees, or other person to be an authorized person. Therefore, the authorized person must be the one who cannot approve anything for any committee who will be the beneficent in any project. Except that project pass the shareholder's meeting. However, the committee who possibly is the beneficent for the company or subsidiary will be the one who cannot vote about these matters.
  - Legal matter that must pass the shareholder's meeting
  - Making some transaction by the beneficent committee that might already appears in rules and regulation of the stock market that must pass the shareholder's meeting.
  - Therefore, these following matters must agree by the shareholder's meeting and Board of Director's meeting with the lowest of  $\frac{3}{4}$  of all shareholders' vote.
    - Sale or transfer all management of the company or some essential part of it to other person.
    - Accept the purchasing or transferring of other public company, private company to be their company.
    - Doing, improving or canceling any contracts involve with the management renting of the whole company or some essential part of it. Assigning other person to control the company or merging with other person on purpose of profit sharing.
    - Issuing new stock for paying to the creditor according to the changing debt to investment project.

- Decreasing the registered capital of the company by decreasing the value of stock and the amount of stock.
- Increasing capital, decreasing capital, issuing bond, merging or closing the company.
- Other matters according to laws.

### The Meeting of the Board of Directors

The Board of Directors and the Audit Committee convened the meeting regularly not only in every 3 months for considering quarterly financial report, but also in total numbers of meeting at least 6 meetings per year. They will be informed with all necessary documents at least 5 days in advance before the meeting day for allowing them to consider all information thoroughly. Moreover, the company assigns a corporate secretary to cooperate and take responsibility of Board's activities, record all Board's meeting minutes, including filing all information in a proper way. According to meeting record of the company in 2014, there are 5 Board's meetings which can show the numbers of attending the meeting as follows:

Name		Attending Meeting / Total Meeting (times per year)
1. Mr. Supachai	Chaisupat	5 / 5
2. Mr. Weerasak	Chaisupat	5 / 5
3. Mr. Kritsada	Chaisupat	5 / 5
4. Mrs. Panthipa	Chewthanasoontorn	5 / 5
5. Mr. Bunjerd	Somsem	5 / 5
6. Mr. Charus	Khanchanakhajit	5 / 5
7. Mr. Janram	Atthakrisna	5 / 5
8. Mr. Surachat	Pongpattarrine	5 / 5

## Independent Director/Audit Committee

December 31, 2014, Independent Director /Audit committee consists of these following people:

Name		Position
1. Mr. Charus	Khanchanakhajit	Chairman of Independent Director /Audit committee
2. Mr. Janram	Atthakrisna	Independent Director /Audit committee
3. Mr. Surachat	Pongpattarrine	Independent Director /Audit committee

## Authorities and responsibilities of Independent Director/Audit Committee

According to the 2<sup>th</sup> /2009 Board of Director's meeting on April 28, 2009, there is a setting of authorities and responsibilities of the Audit Committees.

1. To review financial reports against the accounting standard and ensure adequate disclosure.
2. To review the internal control and internal audits to ensure suitability and effectiveness; consider independency of the Internal Audit Unit.
3. To review the Company's performance against the law on securities and stock exchange, Stock Exchange's requirements, or applicable laws.
4. To review related-party transactions or any actions with potential conflicts of interests against applicable rules and ordinances.
5. To review the suitability and adequacy of risk management of the Company.
6. To consider, select, nominate, appoint and propose Company auditor emolument; determine auditor independency; hold a meeting with auditors at least once a year without management participation.
7. To concur with appointment, transfer and laurels of the Chief of Internal Control Unit; consider concurring with plans, budgets and manpower of the Unit.
8. To furnish a corporate governance report of the Audit Committee inside the Company's annual report, signed by the Chairman of Audit Committee.
9. In performing its duties, the Audit Committee is empowered to invite the management or pertaining staff of the Company to give opinions, join a meeting, or submit documents deemed relevant or necessary.
10. Have power to hire a consultant or third parties to provide opinions or consultancy in case of necessity, the expenses borne by the Company.
11. To perform any acts designated by the Board of Directors.



12. To acknowledge a copy of report of Company directors and executives regarding their or other related persons' conflicts of interests in relation to the business management of the Company or its subsidiaries, subject to the criteria, conditions and methods stipulated under the Capital Market Commission's notification.

#### **Qualifications of Independent Director/Audit Committee**

1. Hold not over 5% of register capital of the company, subsidiary or involving company, therefore, count all the stock that hold by all involving people.
2. Not involve in management, not being an employee, officer or advisor who receive the company salary.
3. Not being the one in family or the one who involve in business.
4. Not being a beneficent of the company or any subsidiary in any ways.
5. Adequate experience in reviewing the financial statement and other matters.

All the above Independent Directors / Audit Committees are qualified as the above criteria, have no any business relationship with the company and do not provide professional services. For the resume and detail of each Independent Director/ Audit Committee, the investor can consider at the part of “Resume of Directors and Management” at the end of this report. Due to such qualifications, the Independent Directors / Audit Committees are able to efficiently inspect the operations and performance of the company with accuracy and transparency. Including, they determine, control and evaluate the company to comply with the good corporate governance as well

#### **Selection of Independent Director / Audit Committee**

In part of Audit Committee selection, the company's shareholders are the one who assign. However, Nomination Committee still allow directors and shareholders to nominate the candidates of Audit Committee by informing to the corporate secretary. Audit Committee determined to consist of 3 persons in the 3 year period. One of them must have an adequate experience in accounting and financial for ensuring all financial matters.

As consider at the part of “Resume of Directors and Management” at the end of this report, Mr. Janram Atthakrisna is a person who has adequate knowledge and experience in accounting and financial, so his inspection of the company's operations and performance is accurate and reliable. Including, Mr. Charus Khanchanakhajit who has a good reputation in knowledge of Thai law and

regulations is enabling to scrutinize, criticize and recommend the company in points of relating to government or laws and regulations.

Since the company listed in the SET, all audit committees of the company have never had business relationship with the company or service as professional to the company more than determined regulation.\*

\*As the regulation announcement of The Office of the Securities and Exchange Commission: permission for Initial Public Offering.

According to meeting record of the company in 2014, there are 4 Independent Director/Audit committee's meetings which can show the numbers of attending the meeting as follows:

Name	Position	Attending Meeting / Total Meeting (times per year)
1. Mr. Charus Khanchanakhajit	Chairman of Independent Director/ Audit Committee	4 / 4
2. Mr. Janram Atthakrisna	Independent Director/Audit Committee	4 / 4
3. Mr. Surachat Pongpattarrine	Independent Director/Audit Committee	4 / 4

## Nomination and Remuneration Committee

Nomination and Remuneration Committee was approved by shareholders in the Annual General Meeting in March 28, 2014. The 4 nominations of Nomination and Remuneration Committee are as follows:

Name	Position
1. Mr. Charus Khanchanakhajit	Chairman of Nomination and Remuneration committee
2. Mr. Janram Atthakrisna	Nomination and Remuneration committee
3. Mr. Surachat Pongpattarrine	Nomination and Remuneration committee
4. Mr. Bunjerd Somsem	Nomination and Remuneration committee

**Authorities and responsibilities of Nomination and Remuneration Committee**

1. Considering and determining policies and regulations of remuneration of the company and designing process of committees and sub-committee nomination.
2. Reviewing existing remuneration of committees and Top management/Executives by comparing the company's remuneration with average remuneration cost of other companies in the same section of industry, including considering points of experiences, authorities, responsibilities, duties and reasonable remuneration along with current performance of the company.
3. Presenting remuneration of committees and Top Management/Executives of the company in both financial compensation and non-financial compensation. Presenting overall such remuneration in total numbers as a budget to the Board of Directors to consider and present to ask for approval of shareholders in the Annual General Meeting of the company.
4. Recruiting, considering and presenting qualified persons to replace the expired committees/sub-committees or any other vacant relevant positions or as determination by new law with reasonable consideration and conforming the determining policies and regulations of remuneration of the company. Then, presenting the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting.

**Qualifications of Nomination and Remuneration Committee**

1. At least two-third of Nomination and Remuneration Committee members should be Independent Directors and the remaining should be Non-Executive Directors.
2. The chairman of Nomination and Remuneration Committee has to be an Independent Director.
3. The Chairman of the Board of Directors should not be either a chairman or a member of any committee, to ensure independence of the committees.

According to meeting record of the company in 2014, there are 2 Nomination and Remuneration Committee's meetings which can show the numbers of attending the meeting as follows:

Name	Position	Attending Meeting/ Total Meeting (times per year)
1. Mr. Charus Khanchanakhajit	Chairman of Nomination and Remuneration committee	2 / 2
2. Mr. Janram Atthakrisna	Nomination and Remuneration committee	2 / 2
3. Mr. Surachat Pongpattarrine	Nomination and Remuneration committee	2 / 2
4. Mr. Bunjerd Somsem	Nomination and Remuneration committee	2 / 2

## Top Management

December 31, 2014 all 6 executives consist of following:

Name	Position
1. Mr. Supachai Chaisupat	President & CEO
2. Mr. Weerasak Chaisupat	Managing Director
3. Mr. Kritsada Chaisupat	Executive Vice President in General Management
4. Mrs. Piyarat Sawatdee	Executive Vice President in Sales & Marketing
5. Mrs. Suwimon Chaisupat	Executive Vice President in Finance and Account Executive Vice President in Human resources (Deputy)
6. Ms. Ongon Srihasaiyasit	Accounting Manager

(Details of Board of Directors and Top Management/Executives in each person shown in the last section of this Annual Report: “Resume of Directors and Management 2014”)

## Authorities and responsibilities of President and Managing Director

- Oversee all managerial matters.
- Ensure that all company plans and managements reach the company’s policy and the approved budget.
- Approve all company’s expenses which has ladder as following:

- 3.1) President can approve the regular sale and purchase transactions not over 400 million baht. Purchasing other assets not over 500 million baht. If it over, can propose to the Board of Directors meeting.
- 3.2) Managing Director can approve the regular sale and purchase transactions not over 200 million baht. Other asset not over 30 million baht. If it over, must propose to the president.
4. Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
5. Can be the company representative to other person that can be benefit to the company.
6. Assign and approve all counselors for the company.
7. Be the authorized person who in charge of managing the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of the President and Managing Director or other authorized person, are excluded the approval of the matter that will be benefit or conflict to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved.

## Corporate Secretary

Name	Position	E-mail Address
Ms. Ongon Srihasaiyasit	Corporate Secretary	ongon@cspsteel.com

## Authorities and responsibilities of Corporate Secretary

The Board of Directors assigns a Corporate Secretary to take responsibilities of learning and gathering all relevant legal information, regulations, rules that the company has to notified and conform as The Stock Exchange of Thailand, The Securities and Exchange Commission or other relevant organization has announced. In addition, the Corporate Secretary is a person who record minutes of Board of Directors' meeting, the Annual General Meeting and the Annual Report. Gathering recommendation, opinions or complaints of stakeholders for reporting to the Board of Directors with reasonable comments, managing all activities of the Board of Directors, communicating and overseeing all departments of the company to conform the Board of Directors' approval, rules, regulations and

policies of The Stock Exchange of Thailand and The Securities and Exchange Commission are the duties of Corporate Secretary as well.

### **Selection of Committees and the Management**

For accuracy, transparency and fairness of selection of committees and management team, shareholders approved to set 4 Nomination and Remuneration Committees during the Annual General Meeting of the year 2014. (March 28, 2014). Their authorities and responsibilities are recruiting, considering and presenting qualified persons to replace the expired committees/sub-committees or any other vacant relevant positions or as determination by new law with reasonable consideration and conforming the determining policies and regulations of remuneration of the company. Then, they will present the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting. However, Nomination Committee still allow directors and shareholders to nominate the candidates of vacant positions of committee by informing to the corporate secretary to present to the Nomination and Remuneration Committees later.

Additionally, in every year before the Annual General Meeting, the company allows shareholders to be capable of nominating the candidates of committees in a period of 30 days before closing of proposing Annual General Meeting's agenda if such shareholders hold at least 5% of Issued and Paid-Up Capital Common Stocks of the company or at least 25,000,000 shares with one shareholder / gathering many shareholders and must have held those shares for at least 1 year and still hold those shares at the day of such allowance.

### **Assigning the Board of Directors**

To assign the Board of Directors, all the candidates will be approved in the shareholder's meeting. Assigning the Board of Directors comes from the shareholder's vote in the following ways:

1. One shareholder has the vote equal to how many shares they have in hand.
2. One shareholder can split their votes for selection of many candidates.
3. The one who got the highest vote will be the Board of Director respectively. If there is an equal vote, the President will be the one who assign.

### **Directors from the Major Shareholders**

In current, 4 directors of the company are from the major shareholders: "Chaisupat Group" and 3 of them are executives in the management team. However, there are 4 directors who are not from such major



shareholders and are able to balance of the Board of Directors. Meanwhile, the Chaisupat Group always made decisions and run the business with responsibilities to overall shareholders and best results for the company. There are not any situation of Conflict of Interest because they have never managed or operated in any other business relating to the steel industry and never personally influenced in destructive way to the company's benefits.

### **Selection of the Management**

For accuracy, transparency and fairness of selection of committees and management team, shareholders approved to set 4 Nomination and Remuneration Committees during the Annual General Meeting of the year 2014. (March 28, 2014). Their authorities and responsibilities are recruiting, considering and presenting qualified persons to replace vacant executive positions and reviewing the performance of existing executives in the management team in points of capability, knowledge, experiences and business ethics to maximize the benefits of the company and all shareholders. Then, they will present the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting. However, Nomination Committee still allow directors and shareholders to nominate the candidates of vacant executive positions by informing to the corporate secretary to present to the Nomination and Remuneration Committees later.

### **Committees and Management Remuneration**

For accuracy, transparency and fairness of remuneration of committees and management team, shareholders approved to set 4 Nomination and Remuneration Committees during the Annual General Meeting of the year 2014. (March 28, 2014). Their authorities and responsibilities are to fairly determine and review remuneration of committees and Top management/Executives in both financial compensation and non-financial compensation, then, present overall such remuneration in total numbers as a budget to the Board of Directors to consider and present to ask for approval of shareholders in the Annual General Meeting of the company.

The 4 major factors of determining remuneration of committees and management are as follows:

1) Salary

Salary was monthly paid for Executive Directors which considered by comparing the company's remuneration with average remuneration cost of other companies in the same section of industry, including considering points of authorities, responsibilities, duties, abilities, experiences and each personal performance.

2) Bonus

Bonus was annually paid for both Executives and Non-Executive Directors. This kind of compensation depends on average remuneration cost of other companies in the same section of industry, annual financial performance of the company, duties, responsibilities, knowledge, abilities and experiences of each director.

3) Attendance Fee

This kind of compensation was paid for only directors who attend any Board of Directors' Meeting.

4) Incentive Fee and Welfare

It is a special compensation which paid by concerning value-added to shareholders; for example, sales commission, net profit of the company, dividend of shareholders or any other welfare such as social security expense , medical expense, etc.

Remuneration of committees and Top management/Executives in both financial compensation and non-financial compensation in year 2014 are as follows:

### Remuneration of Board Directors and Top Management/Executives (Financial Compensation)

Item	2013			2014		
	Salary/Bonus	Remuneration	Other*	Salary/Bonus	Remuneration	Other*
<b>Directors</b>						
1. Mr. Supachai Chaisupat	-	50,000	-	-	50,000	-
2. Mr. Weerasak Chaisupat	-	50,000	-	-	50,000	-
3. Mr. Kritsada Chaisupat	-	50,000	-	-	50,000	-
4. Mrs. Panthipa Chewthanasoontorn	40,000	120,000	-	30,000	125,000	-
5. Mr. Bunjerd Somsem	40,000	125,000	-	30,000	125,000	-
6. Mr. Charus Khanchanakhajit	50,000	150,000	-	40,000	150,000	-
7. Mr. Janram Atthakrisna	40,000	125,000	-	30,000	125,000	-
8. Mr. Surachat Pongpattarrine	40,000	125,000	-	30,000	125,000	-
<b><u>Directors with Management Team</u></b>						
3 persons	15,552,000	-	-	16,695,750	-	-
<b><u>Other Management Team</u></b>			680,021			
4 persons	5,536,420	-		4,622,290	-	690,349
<b>Total</b>	<b>21,298,420</b>	<b>795,000</b>	<b>680,021</b>	<b>21,478,040</b>	<b>800,000</b>	<b>690,349</b>

\*Remark: Other remuneration such as sales commission, social security expense , medical expense and others expenses.

Management Remuneration is the set of salary, remuneration, bonus and other revenues, excepting for salary and bonus of directors with management team. According to the shareholder's meeting on March 28, 2014 the total remuneration of committee must not exceed 2,000,000 baht. In the year 2014, the company paid such Management Remuneration in amount of 960,000 baht.

Moreover, other remuneration of the company is Provident Fund which established on July 28, 2005 in the rate of 2% or 3% of their salary, beginning on July 2005. One December 31, 2014 the company has paid Baht 399,786.40 to the Management/Executives for this Provident Fund.

### Remuneration of Board Directors and Top Management/Executives (Non- Financial Compensation)

- None -

## **GOOD CORPORATE GOVERNANCE REPORT**

CSP Steel Center realizes not only the significance of good management to achieve business goals but also the significance of good corporate governance principle in order to conduct the business with transparency, loyalty and responsibilities to society and all stakeholders. CSP Steel Center believes these will bring trustworthy and sustainable growth to the company. Regard to the good governance principle, the company sets our own principle by referring to The Principles of Good Corporate Governance for Listed Companies 2012 which the details are as follows;

### **Policy of Good Corporate Governance**

- 1.1 The principle of operating business must regard to benefits of stockholders and stakeholders.
- 1.2 Directors and management team must efficiently, carefully and thoroughly manage the company for the maximum benefit of the company and shareholders.
- 1.3 All operations can be clearly reported with transparency and on time.
- 1.4 Risk management must be controlled and minimize loss.
- 1.5 Business ethics are strictly conducted in every department.

The Principles of Good Corporate Governance of the company could be presented in 5 categories, namely:

- 1) Rights of shareholders
- 2) Equitable treatment of shareholders
- 3) Role of stakeholders
- 4) Disclosure and transparency
- 5) Responsibilities of the Board

For the details of each category are as follows:

### **1. Rights of Shareholders**

#### **- Shareholders' meeting**

- 1.1 In every shareholder meeting, the company conforms to the rule and regulations of Thai listed companies by delivering the notice of shareholders meeting along with meeting agenda and other supporting documents to every shareholder. Also, published such notice of the meeting in the public daily newspaper according to regulations of the company's Articles of Association and online in the company's website to let all shareholders to consider information prior to the meeting date.

- 1.2 The board of directors should publicly disclose policies to encourage all shareholders, including institutional ones, attending the company's shareholders meeting.

As the company conforms to this point, not only the company mails the notice of the Annual General Meeting to all shareholders, but also our IR staffs randomly invites in both personal and institutional shareholders by telephone call.

- 1.3 The board has the duty to ensure that the company provided shareholders, in advance of meetings, with the date, time, comfortable venue (with map attachment), copy of previous Annual General Meeting report, CD of annual report, summary of annual financial performance, resume of directors whose expiration of the term are on due and are nominated to serve a position again, related documents of financial statement auditor and its remuneration, resume of independent directors who are assigned to be proxies of unable-attended shareholders in Annual General Meeting, a proxy document (attachment), conditions rules and procedures of the meeting proxy and voting method, Articles of Association in sections of meeting and voting method, submitting questions of shareholders to the company prior to the meeting date, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the Annual General Meeting or extraordinary general meeting or circulars and/or the accompanying statement.

The company always conforms to this regulation in every year.

- 1.4 All meeting agenda comprise of important details that need to be casted the vote during the meeting, are clearly informed with the rationale or explanation for each agenda item to every shareholder before the meeting date.
- 1.5 The board allows shareholders to send their questions to the company prior to the meeting date. Investors should be clearly informed in advance of the determined criteria for accepting advance questions and the process for submitting them, including on the firm's website.

The company's already provided all determined criteria, process of submitting and channel of submitting for shareholders' question in both notice of shareholders meeting and website of the company.

- 1.6 To facilitate shareholders who are both able and unable to attend the meeting, the proxy form is provided along with notice of the meeting. Therefore, shareholders may authorize other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the company as their proxy. The company provided at least 2 qualified independent directors to be a proxy.

**- Procedures on the shareholders' meeting date**

1.7 The company provides the best effort to accommodate the most convenience for shareholders in points of the meeting place, registration desk, receptionists or company staffs who facilitate all attendants with documents and other compliments that secure fast precise and accurate technology for registration and presentation, such as presentation of each agenda displaying in big screen, wireless microphone for providing shareholders opportunities to question, recommend and express their opinion as deem appropriate. Those lead to the convenient and successful shareholders' meeting.

1.8 All directors are determined to attend shareholders meetings. Shareholders will be able to ask questions directly to the chairpersons of the committee responsible for any specific issue. However, if anyone of them has a serious reason that can't attend, they have to inform to the board of director at least 3 days prior to the meeting date.

1.9 The board should encourage the company appointing an independent party of scrutinizers/inspectors to count and/or validate votes at the Annual General Meeting at least 2 persons. These scrutinizers shall be disclosed at the meeting and recorded in the minute.

In every year, 2 inspectors from financial statement audit company always attend in the Annual General Meeting and were recorded in the minute every year.

1.10 In the meetings, there should be no bundling of several items into the same vote; for example, election of directors, and consideration of various types of remuneration.

1.11 For the sake of transparency and the future reference, the board should encourage the use of voting cards for important agenda items such as related party transactions or acquisitions or disposal of significant assets.

The staffs of the company will distribute a voting cards' set of every meeting agenda when shareholders register at the front of meeting room.

1.12 Equal opportunities provided to shareholders to express their opinions and ask questions to the Board of Directors in each agenda through whole duration of the meeting

In every Annual General Meeting, after voting of all agenda is finished, the board of directors will always share the rest of time to answer all questions of shareholders in detail with available presentation of well-prepared information. Moreover, the chairman of directors always informs the trend and update situations of the company and steel industry to the shareholders, even there is no such point in the agenda because the company truly respects



rights of shareholders and conforms the principles of good corporate governance of the company.

1.13 Board of Directors' remuneration is one of the agenda of shareholder's meeting.

**- Writing and releasing of the minutes of shareholders' meetings**

1.14 The minute of shareholders' meeting would be completed and published on the SET's information system and company's website within 14 days since the meeting date. The minutes of shareholders meetings are determined to include a description of the voting and vote tabulation procedures used, declaring both before the meetings proceeds by the host, voting results of each agenda item containing approving, dissenting, and abstaining votes, list of the board members who attended or missed the meetings, questions or raise issues of shareholders, and answers or resolutions of directors.

1.15 The company would make publicly available the result of voting during the Annual General Meetings or extraordinary general meetings for all resolutions by the next working day on the company's website.

1.16 The company's dividend payment policy is considered as the important right of shareholders which determined no less than 50 percent of net profit after tax. However, the dividend policy still has to depend on operating results of each year and other necessary development plans in the near future.

## **2. Equitable treatment of shareholders**

**- Release of information prior to the shareholders' meeting**

2.1 Every shareholder has the same right to receive the information of the company without any conditions such as the number of shares, types of shareholder or nationality.

2.2 The board of directors determines the company to release its Annual General Meeting notice, with detailed agenda and explanatory circulars, at least 28 days prior to the meeting date.

2.3 The board of directors determines the company to inform shareholders of meeting procedures and voting criteria, including the voting rights attached to each class of shares.

The company's already informed those criteria in the notice of AGM according to Articles of Association of the company in topic number 4: shareholders' meeting; for instance, in clause 39: in Annual General Meeting, both common stock shareholders and preferred stock shareholders have the same right for 1 vote and this content can found in notice of shareholders meeting which publicly announced in website of the company as well.

2.4 The company has a policy to fully translate notice of shareholders meeting into English and published at the same time as Thai version.

For the English version, the company has a plan to translate the notice of shareholders meeting for the meeting of the year 2016. In this year, 2015, the company has not had an English version yet, but the company already submitted the notice of AGM date and its agenda which approved by the board of directors on the SET publication system and on website of the company in both Thai and English version.

**- Protection of minor shareholders**

2.5 The company allows shareholders to propose the agenda of shareholder's meeting and directors' nomination 30 days in advance prior to the closing date agenda. The detailed criteria and conditions of such proposal have been posted at the company website along with proposal form for shareholder's convenience.

2.6 The process used in election of directors should allow shareholders to vote on individual nominees.

The company publishes "criteria and procedures for shareholders to propose agenda of shareholder's meeting and directors' nomination" which shown details of qualification, procedures, method of consideration, documents attachment, channels of submission and duration of proposal, including attached standard forms of the company in website of the company for 30 days in advance prior to the closing date agenda

2.7 The company has never added up the new agenda of the meeting without notification to shareholders.

**- Protection against abuse of inside information**

2.8 The Board of Directors has to recognize 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 discloses to the public.

- Educate all directors and executives to acknowledge their responsibility to report their shareholding and related persons' shareholding included their spouse and minor children to SEC and SET in accordance with Section 59 and the penal provision of Section 275 in the Securities and Exchange Acts B.E. 2535

- The company determines that all directors and executives have responsibility to report the changes in their own shareholding and securities holding to SEC and SET in accordance with Section 59 and the penal provision of Section 275 in the Securities and

Exchange Acts B.E. 2535 and have to submit the copy of report to the company in the same day as report to SEC and SET. The purpose is to precisely report to the board of directors and disclose in the annual report.

- The company sends the notification letters to warn all management if they receive the inside information which is significant and can impact on changes of securities' price, all management is forbidden to buy, sell or transfer the company's securities, also forbidden to disclosed such inside information to the public or other persons within 1 month before the financial statements or such inside information would be disclosed to the public.

However, if any directors, executives 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.

**- Conflicts of interest by directors**

2.9 The Board of Directors has set that directors and executive directors are supposed to disclose their own interest or other related person's interest which related to the management of the company in accordance with Section 89/14 under the Securities and Exchange Act (No.4) B.E. 2551, In order that the Board of Directors can monitor such transactions that may create a conflict of interest and can determine for all benefits of the company and recorded this fact into the minute. As this consideration, directors and executive directors who may have conflict of interest with the company should not present and vote at the meeting to discuss or decide on any connected transaction as said.

2.10 In addition, the Board of Directors would consider and monitor such point in every quarter.

Currently, the company determines that the decisions that may cause a conflict of interest or advantage/disadvantage of some benefits, directors or the management team who are shareholders are determined to not have the right to vote on issued that they are involved for independence in decision-making and then disclosures to the public suddenly due to concerning transparency. Besides, the necessary information required to be disclosed in the annual report (Form 56-2) and annual registration statements (Form 56-1) on regular basis.

### **3. Role of stakeholders**

The company and the Board of Directors realize the rights and importance of overall stakeholders, including customers, employees, trading partners, shareholders or investors, creditors, competitors, community, environment and government sector. The company and the

Board of Directors believe that a good relationship between the company and those stakeholders is significant factors of the company's earning and financial stability. Also, it creates sustainable growth to both the company and those stakeholders. All details of this policy are as follows;

**3.1 Customers:** Regard to the company's mission, " We are fully committed, through the ownership of high quality steel service center, to continuously improve our quality for the highest satisfaction of our all customers", the company has kept conforming the policy through whole process of operation. Those are the phase of finding and purchasing international quality raw materials, Providing and selling high quality products with fair price regarding to market price in such period, Providing a professional consulting for customers about specification and adaptation of each product, Production of cutting shearing slitting or pipe milling to deliver high quality finished products as customers request, and finally delivering the finished products on time. In addition, the company has a policy to improve the quality of products, claim the products or paying compensation of unqualified products to ensure every transaction is fair to customers. The company has a specific team of staffs who manage and operate such policy.

**3.2 Employees:** The company realizes the importance of both machine/equipment power and human power as factors leading the company to reach business goals. The key point is machines and equipments cannot work well without controlling and maintenance of mechanic experts. Including, professional management team who creates the business strategies and overall operational workers of every department who work to support those strategies, all are important to the company since was founded. As a result, the company not only remunerates fair salary, wage, or bonus, but good welfare and security as well. The examples are as follows;

- The company has established the provident fund for employees, so they can save the money for life after leave, disability or retirement. The company's current policy is contribution in the same amount that employees pay into the fund each month.
- Safety in the workplace, workers are given a set of wearing apparel and safety equipment for working in a factory to protect them from accidents that may occur during operation. If the accident happens, employees will be received a medical care payment from the Social Security Fund. Moreover, according to the company's policy, employees will be received more

- assistance in special cases. If they have to take leave due to such accidents, the company would continue to pay wage / salary as usual.
- There's an annual health check activity. The company has a policy to contribute all employees to receive an annual health check every year in order that the company would aware of the physical health of workers to prevent accidents, including to show concern for the health of all employees and to encourage employees concerning about their own health care.
  - There is a policy to have annual travelling and annual banquet if the company's performance is satisfied in each year. The main purpose is to strengthen the relationship between all employees in the company also, to encourage all employees being committed to work effectively for the company's achievement.
  - Development of the company's employees, the company has a policy to develop every department's working skills in both operational and managerial aspects such as management team has opportunities to attend various academic seminars: business strategies, global economic and financial outlooks which those concepts and data used to support decision making in management, accounting and finance department are participants to follow and update the laws or regulations relating to tax and accounting, purchasing and manufacturing departments have opportunities to visit steel mills or factories in other countries to learn about production processes of raw material and utilize such experience to adapt or improve the operation of the company's factory, production and QC department are always set trainings to improve their abilities to produce qualified products and services by supervisors or other outside related professionals. Besides, the company encourages employees studying at a higher level which they may request a waiver of working time to match with their study schedule, etc.
  - The company has a new welfare about lending for education and/or personal life because the management realizes that education is important and financial burden is significant to improve standard of living of employees as well. The criteria of lending depend on each qualification, but payment period and interest are fair to every borrower.

**3.3 Trading partners:** The company has set a policy to well select and create good-relationship between the company and trading partners by fair treatment toward partners in accordance with business condition or mutual agreement for purpose of development and maintenance of sustainable relationship.

**3.4 Shareholders:** The company has focused on the rights of shareholders particularly, in rights of receiving the company's news, business performance and all important activities. Shareholders can track that information from the company's website, information system of SET and other public media. Also, shareholders can contact the company directly via Investor Relations Department, Mrs. Supapatcha Raksom at a headquarter office of the company, phone number: 02-291-6318. Ext. 501 Moreover the company emphasizes on other rights of shareholders which were discussed above, under the section. "Rights of shareholders". This includes the dividend payment policy that the company always complies with it.

**3.5 Creditors:** The company strictly follows the borrowing agreement and reports the company's financial data with accuracy and transparency as well as maintaining a good record of interest/loan payment on time.

**3.6 Competitors:** The company is committed to do business under the rules of decent and fair competition and do not unfairly discredit the reputation of competitors.

**3.7 Community and society:** The Company recognizes the importance of business development along with the development of good relationship with the community and society. With the strong policy, the company is not going to make any troubles to the surrounding community and society and usually be a part of contribution to develop the community and society for the better life together. The company also has plans to assist communities in many aspects, for example, helping to fund roadworks near the factory, granting scholarships and stationeries to neighboring schools in every Children's Day, donating money and property to temple and religious activities, etc. For more details, investors can consider at a section: "Corporate Social Responsibility Activities".

**3.8 Environment:** The company organizes the production process to care the environment according to the rules set out by the local district office. The company is often inspected by The Department of Industrial Works, Ministry of Industry of Thailand, to confirm that the company's production process and environment management are within the standard, never experienced the air pollution or toxic waste and do not cause any harm to the environment. Even though the business is a steel service center, so the noise of the production process may occur and steel scraps and oil waste may be left from the process, the Department of Labor Protection and Welfare, Ministry of Labor has checked and ensured that the noise are managed in the proper way and are not over the limit of the rules. For the steel scraps, the company has



gathered to sell to scrap dealers for delivering to recycle process. And for the oil waste from the machinery used, the company has properly stored in large containers for delivering to the company of waste water treatment. All these company's systematic efforts ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.

**3.9 Government sector:** The company strictly conducts its business complied with laws, rules and other regulations issued by government sector and never committed any severe illegal cases. Additionally, the company has strongly support anti-corruption or any fraud which might occur in both government and company sectors. If there is any corruption or fraud case in the company with precise evidences, the company would apply the maximum level of punishment, such as discharge with legal action, to encourage all management, directors and employees conforming to laws and regulations of the company and government sector.

The company always emphasizes that it is a duty of everyone, Board of Directors, Executive Directors, management team and all employees, to recognize and strictly conform the role of stakeholders.

Stakeholders also can request, criticize or give any advices to the Board of Directors via Corporate Secretary: Ms. Ongon Srihasaiyasit phone number: 02-291-6314 ext. 203 or E-mail: ongon@cspsteel.com who works as a direct coordinator of Board of Directors. Or stakeholders can direct contact to independent/audit committee at phone number: 02-689-0801.

- **Disclosure of policies**

All company's activities that has undertaken to implement the above policies were shown in annual report in topics of "Corporate Social Responsibility Activities" and "Investor Relations Activities"

## **4. Disclosure and Transparency**

The company realizes the importance of company's information disclosure in both financial and non-financial information to the public with accuracy, clarity, in time, easy to reach, equality and trusty, complied with the rules and regulations of SET and SEC.

**- Disclosure of information**

- 4.1 The company discloses transparency of company's financial information audited by the independent certified auditors complied with general accounting standard and non-financial information complied with the rules and regulations of SET and SEC.
- 4.2 The board presents its responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report.
- 4.3 The company explains a Management Discussion and Analysis (MD&A) for every year along with financial statements and for each quarterly financial statement in case of more than 20% change of financial status.
- 4.4 The audit and non-audit fees are disclosed in the annual report in the last part of topic: "Management Explanation and Analysis of Financial Statements"
- 4.5 The company discloses the roles and responsibilities of its committees, the number of meetings held, and attendance record of each director as shown in "Management Structure" in the annual report. Also, disclosure of committees/directors' resume, work experiences, professional education and training of its directors is in "Resume of Directors and Management" in the annual report as well.
- 4.6 Disclosure of remuneration policy, amounts of payment of each directors/committees/top-management are shown in "Management Structure" in the annual report.

**- Information disclosed on the company's website**

- 4.7 The company discloses the annual report and annual statements (Form 56-1) on the company's website for shareholders and investors to easily download them. Moreover, other important information of the company is available on the company's website as well such as vision and mission of the company, list of the board of directors and management, structure of major shareholders, resume of directors and management, notice/invitation of shareholders meetings, criteria/procedures and form for shareholders to propose agenda of shareholder's meeting and directors' nomination, Articles of Association of the company, capital structure, Good Corporate Governance Report of the company, Code of Business Conduct, risk management policy, contact points of Investor Relations and Corporate Secretary., etc. Including, updating interesting news or activities which relating to shareholders and investors are shown or available to download files on the company's website: [www.cspsteel.com](http://www.cspsteel.com).

### **- Exposing Information Policy of Insider**

The company set Information Policy to control all insiders of the company about exposing inside information before publication, including buying/selling security before publication as follows:

4.8 All directors and executives are responsible for reporting their own status of holding shareholders, including their spouse and underage children to the SEC. and Exchange Commission pursuant as the rule under Section 59 and punishments under Section 275 of the Securities Exchange Act of 1992

4.9 The company determined all directors and executives to report every change of their own status of holding shareholders to the SEC. and Exchange Commission pursuant as the rule under Section 59 of the Securities Exchange Act of 1992. Then, submitting every copy of report to the Board of Directors of the company at the same day and all reports have to be informed in the annual report.

4.9 The company will send a circular letter to confirm that executives who recognize the inside important information, which might affect to the change of security's price, have to be forbidden to buy or sell the company's security for at least 1 month before the financial statements and/or such inside important information will be published. Also, executives must not expose such inside important information to others.

The company set the punishments to any persons who expose the inside important information and impact on the company in the negative way. Those punishments are verbal caution, literal caution, probation, employment termination and discharge, depending on the degree of mistakes.

## **5. Responsibilities of the Board**

### **5.1 Board Structure**

- The board comprises of directors who have diversified skills, experiences, knowledge and those skills are valuable to the business of company.
- The board should have an appropriate number of its members and composed of at least 5 and no more than 12 directors.

Currently, the Board of the company comprises of:

- 3 Executive Directors
  - 2 Non-Executive Directors
  - 3 Independent / Audit Committees
- The board should have independent directors who comment on the performance of the management independently. The number of independent directors should meet or exceed SEC requirements. However, if the chairman of the board and the managing director /CEO of the company is the same person, or is not an independent director, or is a member of managing director/ CEO, or is a member of management, the independent directors should make up more than 50% of the board.

Currently, the independent/audit directors of the company comprise of 3 directors who are qualified in knowledge, skills, experiences and have abilities to rigorous review financial performance and non-financial performance. Although, there are only 3 independent directors represent 37.50% of total directors, the company plans to increase the numbers of independent directors in the future for showing good balance of power (more than 50% of the board). During the Annual General Meeting of the year 2014. (March 28, 2014) shareholders approved to set 4 Nomination and Remuneration Committees. The Nomination and Remuneration Committee is responsible to consider/review the remuneration of directors and management, select and present the list of qualified persons to the Board of Directors and/or shareholders in the Annual General Meeting.

- The independent/audit committees have served on the board not beyond 3 years and at least one of them has to be adequate specialized in accounting and finance in order to accurately and reliably review the company's financial statements. However, when the duration of holding the position of independent/audit committees is expired, they could be appointed to hold the position again as approval of the Annual General Meeting.
- According to the Articles of Association in topic number 3: Directors and Authorities of Directors, clause 18: in the Annual General Meeting, one-third of the Board of Directors shall retire by rotation, and if the number of directors cannot be divided exactly into three parts, closest to one-third of them shall be vacated and the first priority to retire is the director who has the longest period of holding the position. However, after they retire or vacated, they could be appointed to serve the position again as approval of the Annual General Meeting.

The period of holding the position of each director is shown in the annual report in topic of “Resume of Directors and Management”. Every Annual General Meeting would have an agenda of considering to voting for new directors to replace the expired directors as the above mentioned Articles of Association

- The board states the policies regarding board positions in other firms according to the Articles of Association in topic number 3, clause 29: “the company prohibits any directors to be a partner or director of private companies, public companies, or any other organizations who operate business in the same industry as the company’s and/or is a competitor of the company, except for acknowledging an approval from the board.
- The company has a Corporate Secretary who works as a recommender and informer the board about the points of law and regulations of SET, SEC, and any other related institutes, including oversee, follow up and coordinate all activities of the board.

Currently, the company has 1 Corporate Secretary. Her name, responsibilities and authorities in details can be considered in the annual report, in topic of “board of directors structure” and subtopic: “Corporate Secretary”. Her resume and experiences are disclosed in “Resume of Directors and Management” in the annual report

- The board not only has abilities to monitor and review the accuracy and reliability of financial statement and other information of the company as well as is responsible for good corporate governance by preparing and monitoring the performance of all sections of the company to adhere to the policy. Also, they often keep on meeting to update and enhance the policy of good corporate governance to be appropriate with the current situation.

The Board will always receive the approval of the Annual General Meeting of Shareholders to remain such a position. For more details such as the scope of authorities, qualifications of directors and committees can be considered as a topic: “Board of Directors Structure”

## 5.2 Committees

- During the Annual General Meeting of the year 2014. (March 28, 2014) shareholders approved to set 4 Nomination and Remuneration Committees.
- The majority of Nomination and Remuneration Committee of the company should be independent directors at least 2/3 of all committees. The rest of them should be non-executives director and the chairman of the Nomination and Remuneration Committee of the company must be an independent director.

- The chairman of the board of directors should not be either a chairman or a member of any committee, to ensure independence of the committees.
- The Nomination and Remuneration Committee should set its meetings at least 2 meetings in each year.
- The Nomination and Remuneration Committee has served on the board not beyond 3 years. However, when the duration of holding the position of independent/audit committees is expired, they could be appointed to serve the position again as approval of the Annual General Meeting.

For the responsibilities, authorities and other details can be considered in the annual report, in topic of “board of directors structure” and subtopic: “The Nomination and Remuneration Committee”.

### **5.3 Roles and Responsibilities of the board**

- The board’s duties and responsibilities should include reviewing and approving key business matters, such as the vision and mission of the company, strategy, financial targets, risks, major plans of action and budget, etc. Also, Monitoring and follow-up the compliance of management on approval policies and plans, internal control and risk management, governing long-term business operations, including employee development and succession plan.
- The board should set and approve a written corporate governance policy for the company and review the policy and compliance to the policy regularly, at least annually.
- The board encourages setting a written Code of Business Conduct for directors, management and all employees and it must be informed and communicated through overall sections of the company and everyone must conduct with transparency, honesty and morality. Also, compliance to the Code of Business Conduct should be closely monitored by the board.

At present, the company has the Code of Business Conduct for everyone in the company to conform and the board keeps monitoring the compliance to the Code of Business Conduct of everyone.

- The board should consider any conflict of interests thoroughly. Persons who have vested interests in a given transaction should not participate in decision-making process. The board should also monitor disclosure of transactions with conflict of interests to ensure accuracy and transparency.



- The board encourages the company setting a risks management policy to cover all risky activities/factors of the company, requests a report from management regularly to review and assess the effectiveness of risks management at least annually with the disclosure of risks management in the annual report.

At present, the company sets the policy of risk management. The risk management assesses the situation of the economic world and country outlook at least three months in advance for analyzing the risks that may arise and creating the prevention policies. Then, these policies will be communicated through all involving departments and the company should submit monthly reports to the Board for follow up and controlling the implementation of such policies. For more information, shareholders and investors could consider the topic: "Risk Factors and Risks Management" and "Internal Audit System".

- The board should ensure that internal control system and risks management is adequate efficiency and disclose in the annual report.

Currently, the company decided to use the outsource to do the evaluation, analysis, giving suggestion about internal system of the organization, financial audit, compliance audit, review the related transaction, doing the report and propose to the Audit committee and the Board of Director. The Internal Audit system has been audited by I.N.J. Audit, which is an independent party for observing and commenting the Internal Audit system to be an efficiency system.

The evaluation of the adequacy in Internal Audit System and risks management in details are shown in "Report of Independent / Audit Committee" and "Internal Audit System" in the annual report.

- The board is responsible to clearly show the way of contact to Independent / Audit Committee via E-mail and telephone in case stakeholders need to criticize or complain to the company.

#### **5.4 Board meetings**

- The number of board meetings should meet at least 6 times per year and the company set the quarterly meeting to monitor the accuracy of financial statements and performance of the company.
- The Board of Directors and the Audit Committee convened the meeting regularly at least every 3 months and they will be informed with all necessary documents at least 7 days in advance before the meeting day for allowing them to consider all information thoroughly.

In the year 2014, there are 5 Board's meetings which can show the numbers of attending the meeting as follows:

Name		Attending Meeting / Total Meeting (times per year)
1. Mr. Supachai	Chaisupat	5 / 5
2. Mr. Weerasak	Chaisupat	5 / 5
3. Mr. Kritsada	Chaisupat	5 / 5
4. Mrs. Panthipa	Chewthanasoontorn	5 / 5
5. Mr. Bunjerd	Somsem	5 / 5
6. Mr. Charus	Khanchanakhajit	5 / 5
7. Mr. Janram	Atthakrisna	5 / 5
8. Mr. Surachat	Pongpattarrine	5 / 5

- The chairman of the board and managing director should set the board meeting agenda together and ensure that all important issues are included. Each member of the board should be free to propose an issue for a meeting agenda.

- All directors should attend at least 75% of all the board meetings held during the year.

Since the company set the meetings of the board of directors, all directors always attend the meetings more than 75% of all meetings.

- The chairman should appropriately allocate the meeting time for complete management presentation and comprehensive discussion by the directors.
- The board encourages attending of top management to present and answer about related information to the board.

Since the company set the meetings of the board of directors, top management of the company always attends the meetings to provide managerial information in detail to the board.

- Non-executive directors/independent committee should be able to discuss among themselves without management team in order for them to freely debate their concerns.

According to meeting record of the company in 2014, there are 4 Independent Director/Audit committee's meetings, without attending of executives, which can show the numbers of attending the meeting as follows:

Name	Position	Attending Meeting / Total Meeting (times per year)
1. Mr. Charus Khanchanakhajit	Chairman of Independent Director/ Audit Committee	4 / 4
2. Mr. Janram Atthakrisna	Independent Director/Audit Committee	4 / 4
3. Mr. Surachat Pongpattarrine	Independent Director/Audit Committee	4 / 4

- There is a Corporate Secretary who has duties to oversee the activities of the Board, record minute, arrange all files for monitoring and coordinate the implementation of the resolution by the Board.

### 5.5 Board self-assessment

- The Board of Directors should assess their own performance annually to consider the consequences and problems for further improvement.
- Members of the board should assess the performance of the board as a whole and on an individual basis
- Disclosure of criteria and result of assessment in the annual report.

In the year 2014, the board still has not written self-assessment, but has discussion about performance and improvement from self-assessment. The Board of Directors is always willing to listen to feedback about their performance from Annual General Meeting of Shareholders and direct contact. Additionally, they accept a recommendation from the SEC and Thai Institute of Directors (IOD) to improve better performance as well. However, in the year 2015, the board of directors plans to have written self-assessment and disclose it in the annual report as The Principles of Good Corporate Governance of the company.

- Regarding the evaluation of the performance of the CEO and other executives, the board of directors and shareholders consider the financial performance of the year as a main factor then consider in terms of good corporate governance whether executives can follow the policies and controls to ensure all employees follow policies that are defined or not.

### **5.6 Remuneration**

- Remuneration of Executive and Non-Executive Director should be in accordance with performance of the company, roles, responsibilities, skills, experiences and the board policy.
- Annual remuneration of the board and top management should not higher than average remuneration cost of other companies in SET and average remuneration cost of other companies in the same section of industry. The remuneration should be considered to the maximum benefit of shareholders.
- The annual remuneration of the board and top management must be approved by the Annual General Meeting.
- The annual remuneration of managing director and top management must be complied with the approval of by the Annual General Meeting.

According to the shareholder's meeting on March 28, 2014 the total remuneration of committee must not exceed 2,000,000 baht. Management Remuneration is the set of salary, remuneration, bonus and other revenues, excepting for salary and bonus of directors with management team. In the year 2014, the company paid such Management Remuneration in amount of 960,000 baht; as a result, its number is complied with the approval of the Annual General Meeting which its detail is shown following:

Item	2013			2014		
	Salary/Bonus	Remuneration	Other	Salary/Bonus	Remuneration	Other
<b>Directors</b>						
1. Mr. Supachai Chaisupat	-	50,000	-	-	50,000	-
2. Mr. Weerasak Chaisupat	-	50,000	-	-	50,000	-
3. Mr. Kritsada Chaisupat	-	50,000	-	-	50,000	-
4. Mrs. Panthipa Chewthanasoontorn	40,000	120,000	-	30,000	125,000	-
5. Mr. Bunjerd Somsem	40,000	125,000	-	30,000	125,000	-
6. Mr. Charus Khanchanakhajit	50,000	150,000	-	40,000	150,000	-
7. Mr. Janram Atthakrisna						
8. Mr. Surachat Pongpattarrine	40,000	125,000	-	30,000	125,000	-
	40,000	125,000	-	30,000	125,000	-
<b>Directors with Management Team</b>						
3 persons	15,552,000	-	-	16,695,750	-	-
<u>Other Management Team</u>			680,021			
4 persons	5,536,420	-		4,622,290	-	690,349
Total	21,298,420	795,000	680,021	21,478,040	800,000	690,349

\*Remark: Other remuneration such as sales commission, social security expense , medical expense and others expenses

- The Nomination and Remuneration Committee has responsibilities to fairly determine and review remuneration of committees and Top management/Executives in both financial compensation and non-financial compensation, then, present overall such remuneration in total numbers as a budget to the Board of Directors to consider, present to ask for approval of shareholders in the Annual General Meeting of the company, and communicate the approval of remuneration to managing director to improve performance.
- Audit Fee

All fees of audit in 2014 are comprised of THB 370,000 of audit fee, THB 110,000 of inspection of financial statements in each quarter and non-audit fees: THB 50,000 of transportation fee. All auditors, staffs and business of SP Audit Co., Ltd. Are not related to the company at all.

In Addition, there are not any agreement of prepaid fees from pending audit services in 2014.

### 5.7 Board and management training

- The board should encourage and facilitate training for all internal parties related to corporate governance such as directors, members of audit committee, executives, company secretary, etc. Training will enable them to continuously improve their performance.
- The company encourages related parties of Good Governance of the company training or attending seminar of SET and other related institutes.

In the year 2014, directors, top management and corporate secretary have attended many training programs such as A Seminar of Implementation of CSR Report by SET, Young CFO Course by Federation of Accounting Professions, CG Forum: Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight by SET, New Inspection Process for Issuing TIS License by TISI., Updating Money Market and Securities Market of The Second Half Year by Kasikorn Bank, Trend of Steel Industry and Trend of Currency Exchange Market by Kasikorn Bank, TMB Hedging Simulation Seminar by TMB Bank, Updating Thai Economy by Bangkok Bank, New Microsoft Office Training and Microsoft Excel 2013 Training by Microsoft Co., Ltd, etc.

- New directors should be provided with all documents and information that are useful to perform their duties, including an introduction to the nature of the business and the operations of the company.
- The board should establish a succession plan for executives. The managing director should report to the board about the plan.

Currently, the top management of the company is members of Chaisupat family who are eligible, knowledgeable and have experiences in working with the company and in the steel business for long. In addition, the current president always transfers his knowledge and experiences to other top management who are members of the family till most of them can perform instead of each others. Also, managing director annually reports the succession plan to the board and encourages successors training both in-house and in other professional institutions. However, the Board still considers and searches for eligible executives who have knowledge and experiences in the steel business to become a part of top management team for further developing growth of the company.

Except for 5 categories of this Principles of Good Corporate Governance of the company, there are another 2 points that the board also concerns:

**- The clear separation of responsibilities between the Board and management**

The company has set the responsibilities between the Board and the management of the company clearly. The management team, including Chief Executive Officer and President has the primary responsibility to manage the operations of the company according to policy, Plan and budget that approved by the Board, also work as assignee of the Company to manage all business affairs of the company to comply with the rules, regulations and reaching the mission of the organization. On the other hand, the board has a main duty to determine the policy of the Company, approve the investment projects, assign the Board of Executive Directors and Audit Committee, inspect the adequacy of internal control and management in other sections, etc. For more information could consider the topic: "Board of Directors".

**- The Aggregation or Segregation**

The Board of Directors, the Executive Committee and Management shall have the freedom of choice and clear separation of power and authority. The Managing Director and CEO shall not be the same person. But both of them may represent a group of major shareholders in the same group, so that important decisions need to be approved by committee of every group. In particular, the independent committee will need to play a big role in recommendation as a result of the balance of administration scrutinizing.



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## **CORPORATE SOCIAL RESPONSIBILITY**

More than 20 years that CSP Steel Center., Pcl. realizes not only the significance of good management to achieve business goals but also the significance of business ethics and good corporate governance as the vision: “We aim to be the one-stop service of high quality steel service center that satisfies the customer’s needs of various industries and to be a significant source who provides high quality steel material to such customers in order to enhance their competitive advantages regarding competition as domestic level, ASEAN level and global level. All these contributions are conducted to achieve the main purpose of sustainable growth together among the company, customers, trading partners and the nation.”

### **Policy of Corporate Social Responsibility**

The company realizes to take responsibilities to overall stakeholders and care of society, community and environment along with the company’s business operation: Corporate Social Responsibilities: CSR. Significantly, the company determines **“Role of Stakeholders Policy”**, customers, employees, suppliers, trading partners, shareholders, accounts payable, competitors, governmental sections, communities and environment, then communicates and encourages everyone to conform. Last but not least, there are an inspection of feedback of conformation and often review the policy to improve it for implementation in the next year. The purpose is that the company would grow up and receive benefits along with all stakeholders’ benefits as defined in the company’s vision: “Keep Growing Together”

However, the company’s Policy of CSR could be divided into 2 parts:

- CSR In Process
- CSR After Process

The company follows CSR guidelines of SET which are can be defined into 8 principles as follows:

1. Business Ethics
2. Anti - Corruption
3. Respect for Human Rights
4. Fair Treat to Employees
5. Responsibility to Consumers
6. Environment Policy

7. Community Development
8. Innovation and Distribution of Innovation to Community

### **1) Business Ethics**

The company and the Board of Directors realize the rights and importance of overall stakeholders, including customers, employees, trading partners, suppliers, shareholders or investors, creditors, competitors, community, environment and government sector. The company and the Board of Directors believe that a good relationship between the company and those stakeholders is significant factors of the company's earning and financial stability. Also, it creates sustainable growth to both the company and those stakeholders. (For more details, please consider as title: "Good Corporate Governance Report", sub-title: "Role of Stakeholders" in the Annual Report)

Additionally, the company has a good relationship policy with every sectors; for example, attending a member of "Metal Tube and Cold-Forming Steel Association" which shows that the company well cooperate with trading partners and even competitors to share business information and commerce for sustainable growth of the domestic steel industry.

### **2) Anti – Corruption**

The company not only seriously conform the rules and regulations of the government sectors, but also anti – corruption that might occur within organization or between government sectors. The punishment could be highest to discharge and properly take legal action for motivating all employees to respect and conform the rules of the company and government sectors. Also, there is "Code of Business Conduct" of the company for employees to learn and implement.

Internal operations of the company were designed to ensure about power balance among employees and departments in almost every step which could prevent corruption within the company or among other organizations. Also, the company hires I.N.J. Audit to be internal audit, inspect, review operation systems, and report to Independent/Audit Committee. However, the Board of Directors and Independent/Audit Committee allow all insiders and outsiders of the company to complain, inform, or sending clues to them via Corporate Secretary, or via direct phone number: (66)2-689-0801

### **3) Respect for Human Rights**

The company respects about Human Rights by fair conduct and opportunity from every lower – position employees to executives or even new job applicators. The company does not support all types of discrimination: religion, races, genders, and ages if applicators are qualified for a job position as job description defined. The board of Directors also inspect all process and employees' behavior, regarding Human Rights.

The company always encourages all employees to concern about Human rights by communication of Human Resources department. However, if there is any confliction of Human rights, employees can inform to the Human Resources department or to Corporate Secretary, or direct phone number: (66)2-689-0801 to Independent/Audit Committees.

### **4) Fair Treat to Employees**

The company treat to domestic and international labors equally. There are no any discrimination (refer to “Respect for Human Rights”), no labor force, respect to rights and freedom as Labors Law, fair hiring conditions, providing adequate / safe equipment, motivating welfare, developing quality of labors' life, professional training and fair job promotion. Besides, the company supports hiring in the fragile employees group such as disable labor (for some positions), elderly labor (the company allows retired employees who still want to work, continue working with the company by signing annual hiring agreement), etc.

Because of continuous conforming the above policy, the company has never faced to severe confliction about labors. The company always concerns that not only efficient power of machine to develop the company, but also professional labors, proficient employees and strategic executives to maintain and grow up the company sustainably.

However, the company allows employees can inform complaint to the Human Resources department or to Corporate Secretary, or direct phone number: (66)2-689-0801 to Independent/Audit Committees, or submitting case to Department of Labor.

(For more details, please consider as title: “Good Corporate Governance Report”, sub-title: “Role of Stakeholders-3.2 Employees” in the Annual Report and Part 2 number 9: “Good Corporate Governance” title: “Rights and Role of Stakeholders Policy” - 3.2 “Employees” in Disclosure report: Form 56-1 )

## **5) Responsibility to Consumers**

Although the products of the company are not consumer product, the company still concerns about responsibility to consumers due to industrial customers use the company’s products as their materials. The company has a strong commitment to provide safe and high quality products and services to customers for producing the best finished goods to end-users. Consequently, the company’s responsibility to consumers is related to policy of responsibility to customers which could be described as follows:

- Fair and proper Pricing. It is not only fair to customers, but also help to maintain balance of market price mechanism. Because steel is a commodity product, over-below fair price could impact on total steel price market and it will affect to business of trading partners, competitors, customers and finally consumers.
- Truly, fairly and accurately information to customers. Because if customers misunderstand about specification of steel material, they might produce the under - standard products which would harm consumers or end-users.
- Materials of the company in both hot rolled steel and cold rolled steel products are approved by TISI related to compulsory for steel product. Also, the company always has a good relationship with TISI.
- The company concerns about private information of customers. The company keeps customers’ information as confidential information; for example, pricing, specification of steel by order. Those information will not be exposed except for allowance form customers.
- Guarantee and After Sale Service. If the company’s product is not qualified as ordered, the company’s QC staffs will go to inspect and fix the problems or the products would be claimed by paying fair money back or changing a new proper ones.

- Policy of continuous development of products and services. The company concerns about developing products and services to achieve higher and safer standard. Including, keep providing more various types of materials to satisfy all customers and consumers' needs in the future.
- To fairly maximize benefits to consumers, the company usually cooperate with customers in many both business activity and general activities.

(For more details, please consider as title: "Good Corporate Governance Report", sub-title: "Role of Stakeholders-3.1 Customers" in the Annual Report and Part 2 number 9: "Good Corporate Governance" title: "Rights and Role of Stakeholders Policy" - 3.1 "Customers" in Disclosure report: Form 56-1 )

## **6) Environment Policy**

Environment policy of the company related to the regulations of district office which defined principals as follows:

### **6.1 Prevention of Pollution**

- Steel Service Center could create loud noise from cutting machine. However, the production of the company attempts to control the degree of such noise within safety limit as Department of Labor Protection and Welfare defined.
- The company set the rules for all employees who work in the factory to wear safety equipment for preventing from pollution and accident that could occur from a job. Also, supervisors has to usually inspect and follow up their conduct.
- Policy of reducing pollution from production process. The company encourage employees concern about cleanness and environment such as 5S campaign for maintaining cleanness of job area. Also, factory supervisors and QCM Supervisors have to usually inspect and follow up their conduct.
- The company has a policy to cooperate with community about environment by donating in labor, equipment or fund, depending on different situation.

## **6.2 Sustainable Resource Use**

- The company's factory supports recycling of waste, leftover from production; for example, steel scrap from production would be gathered for selling to steel scrap traders to recycle system, engine oil from machine would be kept in proper closed containers for selling to entrepreneur relating waste treatment, steel straps or wood crates, that used for banding or planking steel, would be gathering for proper selling as well.
- To be organization culture, the company always educates and supports employees about knowledge of environmental management by creating many relating activities.

## **6.3 Climate Change Mitigation and Adaptation**

- The company is only Steel Service Center, not upstream steel producer or milling, and the company's production is only about cutting and piping which having cooling system; therefore, there is no any hot pollution from production which is one factor of Climate Change. However, the company still usually inspects about status of production and risks that might impact on Climate Change. Also, the company keeps maintaining and improving all machines such as improving cooling system of piping machine to reduce waste and enhance safer the energy, etc.
- Executives of the company support to planting big trees all around factory area to reduce, mitigate Climate Change and create better environment for job area.

## **6.4 Protection of the Environment, Biodiversity, and Restoration of Natural Habitats**

- Before expanding production plan, the company would evaluate location, surrounding and environment whether it will harm or impact on a negative way more than Ministry of Industry determined.
- More than 20 years that the company always realizes the environment concern along with development of production because environment seems like one of stakeholders which can help the company to sustainably grow up.
- Related staffs of the company are allowed to train about Protection of the Environment, Biodiversity and Restoration of Natural Habitats to develop and improve factory's environment.

- The company motivates Protection of the Environment to be an organization culture by rewarding and punishment as different situation.

As the above conducts and principles, the company usually inspected by Department of Industrial Works, Ministry of Industry and all results are in limit as determined and never have problems about pollutions of noise, climate, poison or polluted water, also never faced to any other environmental confliction with community.

## **7) Communities Development**

The company always realizes to develop organization along with good relationship with society and community. The important policy about it is growth of the company must not harm or irritate society and community and cordially cooperate with them to develop our community. Moreover, the company has a policy to grant assistance, receive complaint and exchange attitude to develop near society and community together. The examples of such activities are donating scholarships to students and schools, attending local cultural and traditional activities, supporting religious activities, donating and helping victims of natural disasters, supporting hiring local labors to distribute revenue within near community, attending “White Factory” (Anti – Narcotic in factory) Campaign to support non-harm society and community, supporting providing or availability of foods and other significant products for low-revenue people in community, including alliance with government sectors and other private associations to develop society and community with the company’s knowledge, resource, and skill.

(For more details, please consider as title: “Good Corporate Governance Report”, sub-title: “Role of Stakeholders-3.7 Community and Society” and Pictures in Part 2: “CSR after Process Activities” in the Annual Report)

## **8) Innovation and Distribution of Innovation to Community**

The company motivates all employees to create new innovation that could improve efficiency of production process, work-flow of operation, information management, documentation, or even management system. Those innovation not only enhances value to the business, but also should benefit to environment,



society, community and other stakeholders. Lastly, the company have a policy to protect confidential knowledge or patent of other people or organization, same as own assets as well.

## **Reporting Process**

The process of reporting started with thorough consideration of the Board of Directors about 9 stakeholders: customers, employees, trading partners, shareholders, accounts payable, competitors, society and community, environment and government sectors. The related policy and principals of the company are adapted from CSR Principles and guidelines of SET which currently determine 8 principles as describe above. However, the company would attempt to drill down into more details and cover other important aspects in the near future by applying “CSR Compass” of Securities and Exchange Commission and then, develop to “Global Reporting Initiative: GRI”.

For implementing those policy of CSR in Process, the company has already communicate principles and guidelines to all employees and assigned supervisors of each department to inspect and report to Executive Vice President in Human Resource and / or Corporate Secretary who will gather all information and report to the Board of Directors for improving better principles for the next level. Importantly, every part of business process: production, other supporting department and management team have to concern and conform to such principles strictly and fairly in order to confirm that the company fairly operate business, concern environment, anti – corruption and respect rights and roles of stakeholders. However, in the near future, the Board of Directors has a plan to assign “CG & CSR Committee” to directly take responsible of CSR principles and guidelines, improve such principles, inspection, controlling, evaluating and developing KPI to evaluate all over connecting parts of the company.

## **Impact about CSR from Business Operation**

In current, the company’s business operation and process have never breached the regulation about CSR as determined by SET (above 8 principles) and all implementation is still along with such 8 principles with no any negative impact on society, community, environment or other stakeholders.

## CSR after Process Activities

The company always encourages business development along with CSR. The board of directors realizes that sustainable business existence and achievement are comprised of strong internal structure and society. Consequently, the board of directors impels to create many CSR after Process Activities; for instance, working environment, physical and mental health care of employees, working safety, environmental concern, community and social responsibilities. In year 2014, the company's CSR after Process Activities were as follows:



1. On November 22, 2014, CSP Steel Center PCL., had the activity of annual health check for all employees by Bangpakok 9 International Hospital. There were 174 employees attended in this activity.



2. On December 30, 2014, the Board of Directors of CSP Steel Center., PCL allowed the company to have an Annual New Year Party at the CSP factory. There were friendly sports matches between Rama3 Office and Suksawad Factory to gain reward from the Board, games activities, friendly lucky draws activity, banquet with concert and receiving many various lucky draws' prizes from the Board. The purpose of this party was to reward all employees and encourage their contribution to keep on efficient working.





3. On December 20, 2014, CSP Steel Center., PCL had the activity: “Training of Preventing and Initial Dousing Conflagration” at Suksawad Factory. The main purpose is to practice and learn how to prevent conflagration and dousing with an accurate method to be ready for expectable situation in order to reduce damage of the company and employees’ assets.



4. Deputies of CSP Steel Center., PCL attended to choose a winner for “CSP Firm Award” in the activity: “selection of video clip nomination about good practices campaign: 4<sup>th</sup> Dee-Kan-Na Project” on October 29, 2014, and attended to award the team winner who won the favor of CSP executives at activity day: “Dee-Jai-Na Day” on February 24, 2015. This project was created by Chulalongkorn University to support and motivate students and Thai people to realize importance of good and ethical practices for society and nation.



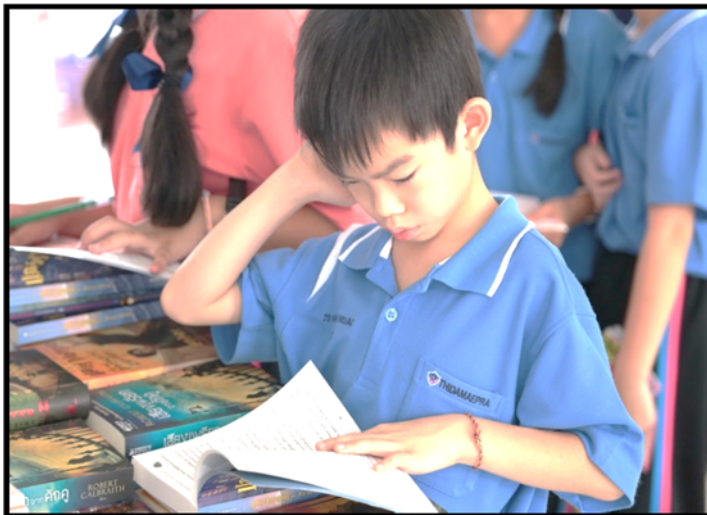


5. On July 24, 2014, a deputy of CSP Steel Center., PCL donated scholarships and lunch funds to low revenue students of Wat Ratchabophit School, Bangkok.



6. On January 11, 2014, as the National Children's Day, CSP Steel Center., PCL prepared the important stationeries and dolly bags to distribute to children in 6 schools/institutes where are located near CSP factory: Wat-Chommit School, Suksawad Kindergarten School, Klongnakluanoi School, Wat-Care School, Office of Women's Affairs and Family Development ,and Village Health Volunteer Moo. No. 6. and Subdistrict Administrative Organization (SAO) Moo. No. 6 around 4,500 students who received the packages in this year.





7. On July 30, 2014 Executives of CSP Steel Center., Pcl. cooperated with executives of Nanmee Books Co., Ltd. to donate fund for buying books boards and new high quality sets of books: “Reading Creates Genius”, “Reading Changes Life” and “Reading Creates Great Leaders” in a project: “Giving Books to 1,000 Schools is Giving the Future with Nanmee Books”. Those books boards were given to many schools in different provinces such as Surajthanee, Yasothorn, Nakornseethammaratch, Karnchanaburi and Narn.

### **Anti – Corruption Policy**

The company not only seriously conform the rules and regulations of the government sectors, but also anti – corruption that might occur within organization or between government sectors. The punishment could be highest to discharge and properly take legal action for motivating all employees to respect and conform the rules of the company and government sectors. Also, there is “Code of Business Conduct” of the company for employees to learn and implement.

Moreover, the Board of Directors and Independent/Audit Committees take responsibilities to control everyone in the company to conform “Bribing or Corruption Laws”, also annually inspect and review every risky process. Internal operations of the company were designed to ensure about power balance among employees and departments in almost every step which could prevent corruption within the company or among other organizations. Also, the company hires I.N.J. Audit to be internal audit, inspect, review operation systems, and report to Independent/Audit Committee. However, the Board of Directors and Independent/Audit Committee allow all insiders and outsiders of the company to complain, inform, or sending clues to them via Corporate Secretary, or via direct phone number: (66)2-689-0801

Although there is not any signed agreement of Anti-Corruption with any association in current, as the above policy and concerns of the Board of Directors, it proves that the company realizes about importance of this point and keep controlling all employees to conduct Anti – Corruption in both internal operation system and with other outside sectors, including government sectors.

## Investor Relations Activities

The company encourages practices of CGR, including transparency and disclosure of operation and information to the public as the practices of Corporate Governance Report of Thai Listed Companies (year 2012). According to concerning “Rights of Shareholders” and “Disclosure and Transparency”, the company strongly creates and supports activities of Investor Relations. In the year 2014, the company’s Investor Relations Activities were as follows:



1. On March 11, 2014, Mr. Chaiyaporn Nompitakcharoen, Executive Vice President, Individual Client research Group of Bualuang Securities and his research team visited President and Managing Director of CSP Steel Center., Pcl. to interview about updating financial performance, business strategy, trend and business plan in the near future of the company.



2. On March 26, 2014, Mr. Weerasak Chaisupat, Managing Director of the CSP Steel Center., Pcl. was interviewed in the roadshow program: “RoadShow@Bualuang” at BualuangInvestmentStation, 4<sup>th</sup> flr. of Zuellig House in the following points:

- Strategic planning to be an ultimate Steel Service Center
- How instability of domestic politics and none of new mega-projects impact on business

This interview and discussion are attended by Mr. Wikij Tirawannarat, First Vice President, Individual Client research Group, Bualuang Securities and hosted by Mr. Pawawit Klinpratoom, financial investment advisor, Bualuang Securities. This roadshow program was live via system of Live Meeting to branches in order that investors could watch via Bualuang iChannel at website: <http://itrading.bualuang.co.th/BualuangiChannel> Also, at link shown at the company’s website.



## INTERNAL AUDIT SYSTEM

3th Annual Board of Director's Meeting on August 6, 2014 which 3 of Audit Committees were in the meeting. They evaluated the adequacy in Internal Audit System evaluation of CSP Steel Center PLC. Also suggested that at present time the company has the appropriate Internal Audit System Evaluation according to SEC. Especially in related parties transaction with major shareholder and committee, management or involving people, the company already has the best way to control it. For the Internal Audit system for other department, the committee suggested that at present time, the company has sufficient Internal Audit system. The company decided to use the outsource to do the evaluation, analysis, giving suggestion about internal system of the organization, financial audit, compliance audit, review the related transaction, doing the report and propose to the Audit committee and the Board of Director. The Internal Audit system has been audited by I.N.J. Audit, which is an independent party for observing and commenting the Internal Audit system to be an efficiency system. Regarding their comments on June 20, 2014, Attachment of the serial no. in fixed assets and the sum insured of asset were lower than a value of asset. Now, all comments are in process of adjusting. Besides, other I.N.J.'s comments were also adjusted, as follows:

### 1. Organization and environment

The company has a clear statement of the organization chart and all rules and responsibilities of the management. Setting the meeting for all employees to acknowledge about the company's objective. The company has set the annual objective by using the updated data for improving for the next year. Moreover, the company set the Code of Conduct as practices for all directors, executives and employees comfortably conform. After the board of directors oversaw how they conformed, the result was in the well satisfactory level, even there were some employees breached the Code of Conduct, such employees had already been punished as suitable method.

### 2. Risk Management

The management will evaluate the country risk assessment 3 months in advance for analyzing the risk that might occurs and find the way to reduce or destroy it. Moreover, the Board of Director shall receive the monthly report for analyze and control all the risks.

### 3. Controlling the management performance

The company assigned the clear statement of rules and responsibilities of all level of management. In addition, the company has the reviewing between each department. Present, the company has the effective rules of doing the related parties transaction of the major shareholder, committee, management and other involving person. All past related parties transactions were approved by the Board of Committee. However, after the becoming the public company, the company has assigned the committee to look after all related parties transactions. In the future, the committee who can approve the transaction must not be the beneficent one and must approve from the committee of the Security and Exchange market of Thailand.

### 4. Information System

In the past, the company has only an ineffective Board of Director's meeting system. However, after becoming the public company, the company follows the law by launching the meeting invitation letter with other important document to the committee 7 days in advance. For financial auditor, the company hires S.P. Audit Co., Ltd would be an officially financial auditor.

Moreover, in year 2014, there are many IS and IT project development; for instance, installing Firewall system for preventing information hacker and controlling in-out of information in the company's network, Tracking and logging information of every users that communicate within organization, developing efficient Back-up system to sub-system of many departments., etc. Additionally, the company still keeps improving and updating policy of IT, IS and networking of the company for communicating and controlling users within organization.

### 5. Follow Up System

The company has the comparison of the business performance and the company target by inform about the different. If there is the different or mistake, it must be reported to the management for improving. There is no mistake for the company.

The selection of Internal Auditor, the company had considered the wide range of performance and report, so they use the Outsource and propose their name to the Board of Director to assign annually. Beginning in 2006, for the evaluation, the Board of Director secretary will be the middleman between the auditor and the Audit committee.

## **REPORT OF INDEPENDENT DIRECTOR / AUDIT COMMITTEE**

(For the details, please consider as the next title of the Annual Report)

### **AUDITOR OF INTERNAL SYSTEM**

The company hires Outsource as auditor of internal system. They have to take responsibilities to analyze, evaluate and comment about internal system management, including Financial Audit, Operational Audit, Compliance Audit, audit of Related Parties Transactions and Report such auditing to Independent/Audit Committees.

Currently, the company's auditor of internal system is I.N.J. Audit by Mr. Nivet Jintanawichai as a manager who has duties on auditing, commenting about plan for the company development and reporting to Independent/Audit Committees.

Independent/Audit Committees agree that Mr. Nivet Jintanawichai of I.N.J. Audit has enough academic knowledge, experiences, training and qualified to take responsibilities of internal system audit of the company. I.N.J. Audit has become the company's auditor of internal system since September in 2005. However, Independent/Audit Committees always consider about qualifications of outsource who works as the company's auditor of internal system and determine that every change, assignation or demote of the company's auditor of internal system have to been approved by them.



## RELATED PARTIES TRANSACTIONS

Name of persons	Relationship	Type of transaction	2013	2014	Conditions/ Reason of Transaction
Chaisupat Co., Ltd.	Chaisupat Co., Ltd. is a Major shareholder which has been the authorized power by Mr. Supachai Chaisupat and Mr. Weerasak Chaisupat	1. Office & Warehouse Rental 2. Leasehold contract guarantee for office 3. Accrued Expenses 4. Prepaid Expense	4.32  2.80 0.38 0.25	4.52  2.80 - 0.25	- The office & warehouse rental could be Compared with other companies which were Baht 200 per square meter. - The deposit should be received within 30 days After a contract was end.
C.C.P. Metal Co., Ltd.	All shareholders of C.C.P. Metal Co., Ltd. relate with Mrs. Orasa Chaisupat who is a sister of Mr. Sangchai Cherapeesirisuk as director.	1. Selling goods 2. Receivable cheque 3. Account Receivable 4. Buying goods 5. Account Payable	37.29 0.96 2.32 - -	16.44 0.23 4.05 - -	- Regarding buying and selling transactions, the Shortage of some sizes might be occurred, However the buying and selling prices are Normal prices which could be compared with Other customers.

## MANAGEMENT EXPLANATION AND ANALYSIS OF FINANCIAL STATUS AND PERFORMANCE

### SUMMARY SCHEDULE OF THE COMPANY'S FINANCIAL STATEMENTS

	2010 (Million Baht)	2011 (Million Baht)	2012 (Million Baht)	2013 (Million Baht)	2014 (Million Baht)
<b>FINANCIAL POSITION</b>					
Cash and Cash Equivalent Items	71.88	55.31	32.93	38.90	3.89
Accounts and Others Receivable - Net	656.75	819.97	830.91	704.00	742.36
Inventories	1,051.20	1,333.73	1,109.33	1,223.70	1,272.94
Property, Plant and Equipment - Net	367.40	369.23	366.17	432.49	467.74
Other Assets	77.20	28.22	20.14	12.60	14.38
<b>Total Assets</b>	<b>2,225.13</b>	<b>2,606.46</b>	<b>2,359.48</b>	<b>2,411.69</b>	<b>2,501.31</b>
Bank Overdrafts and Short - Term Loan from Financial Institute	1,350.54	1,625.81	1,397.23	1,349.51	1,504.86
Accounts and Others Payable	127.90	202.75	133.96	247.91	100.85
Long - term Loans	13.14	14.49	20.22	1.65	5.73
<b>Total Liabilities</b>	<b>1,491.85</b>	<b>1,857.51</b>	<b>1,569.13</b>	<b>1,618.69</b>	<b>1,632.37</b>
Issued and Paid-up Share Capital	500.00	500.00	500.00	496.17	496.17
Premium On Share Capital	100.08	100.08	100.08	100.09	100.09
Legal Reserve	14.75	19.35	25.35	20.55	28.55
Retained Earnings	127.26	138.32	173.72	176.19	244.13
Treasury shares	(8.80)	(8.80)	(8.80)	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>733.28</b>	<b>748.95</b>	<b>790.35</b>	<b>793.00</b>	<b>868.94</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,225.13</b>	<b>2,606.46</b>	<b>2,359.48</b>	<b>2,411.69</b>	<b>2,501.31</b>

## Management's discussion and analysis

	2010	2011	2012	2013	2014
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<b>OPERATING RESULTS</b>					
Revenue from Sales	2,650.41	3,319.94	4,256.18	3,979.89	3,852.41
Total Revenue	2,663.05	3,323.25	4,311.70	3,980.95	3,866.33
Cost of Goods Sold	2,417.17	3,009.32	4,043.73	3,694.17	3,522.97
Loss for diminutions of inventories (Reversal)	(5.07)	(0.20)	0.84	0.25	22.59
Total cost of Goods Sold	2,412.10	3,009.12	4,044.57	3,694.42	3,545.56
Selling and Administrative Expense	71.66	114.43	82.65	135.80	104.05
INTEREST EXPENSES	36.36	55.96	53.34	44.53	37.47
CORPORATE INCOME TAX	36.27	53.02	30.57	29.14	38.80
<b>NET PROFIT</b>	<b>106.66</b>	<b>90.72</b>	<b>100.57</b>	<b>77.06</b>	<b>140.45</b>
<b>Gross Profit margin ratio (%)</b>	<b>8.99</b>	<b>9.36</b>	<b>4.97</b>	<b>7.17</b>	<b>7.97</b>
<b>Net Profit margin (%)</b>	<b>4.01</b>	<b>2.73</b>	<b>2.37</b>	<b>1.94</b>	<b>3.65</b>

CSP Steel Center Public Company Limited, the steel center provides all types steel sheet in coil and processing service by cutting a steel coil into steel sheet according to customer's size. Turnover of the Company's inventory is approximately 2-3 months for demand from the customer. In addition, The Company has planned to increase the capacity in cutting machine and piping line for conforms to the increasing of sale amount.

In the past, the Company's operating has fluctuated from economic steel's price from the external factors ex. Natural disaster, Political crisis etc.; the Company maintains margin rate at 4.97% – 9.36% and net profit rate at 1.94%-4.01%. The analyses of operating results were as follows:

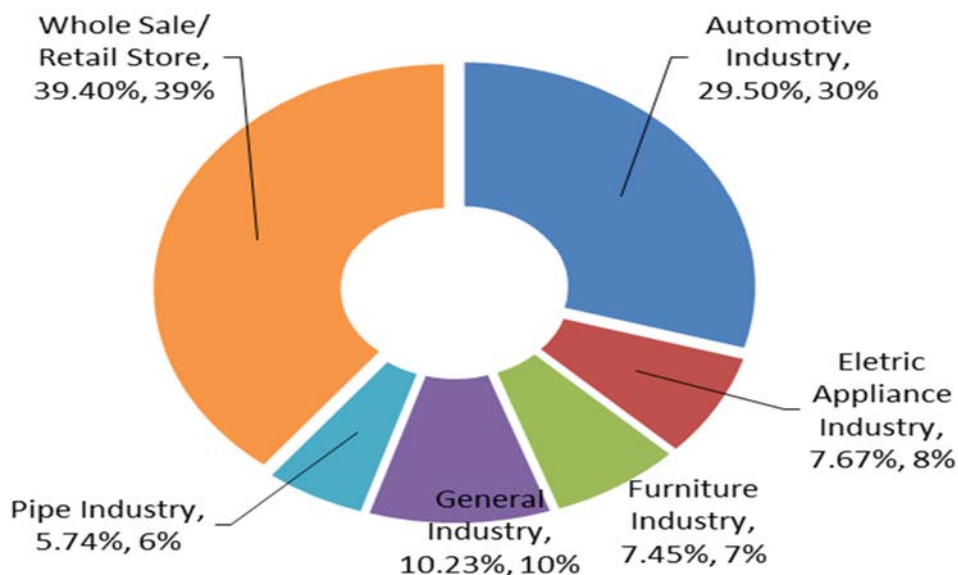
## SUMMARY OF FINANCIAL PERFORMANCE

### Summary of Revenue form sale and percentage's sale amount in business unit

In 2014, Revenue from sale decreasing from 2013, due to steel's price dropping from supply more than demand and effected from recession of Automotive Industry that affected to the Company's selling quantity from the other year in the past. The Company's quantity of sale in the year 2014 decreasing from 2013 and 2012 in approximately 5.38% and 4.53%, respectively, but increasing from 2011 and 2010 in approximately 35.48% and 57.65%, respectively, due to efficient searching for new customers. The main proportions of selling in the year 2014 were in Automotive and Whole sale/ Retail stores industry same the other year in the past. The proportion of selling in Automotive Industry in 2014, 2013, 2012, 2011 and 2010 were 29.50%, 33.03%, 24.48%, 25.70% and 30.00%, respectively. In 2013, the proportion of Automotive Industry's selling higher than the other year in the past due to the Government project.

The Company's revenue structure classified by Business group was as follow:

**Chart : Percentage of Sales from each industry in Year 2014**



The proportion of processing in 2014 was increasing by 2013 due to emphasizing mark-up margin in the finish goods. The proportion of processing goods in 2014 and 2013 were 60.45% and 53.20%, respectively. And the proportion of trading sales in 2014 and 2013 were 35.17% and 42.13%, respectively.

### **The Income Statement for the Year 2010**

In year 2010, the revenue from sales were Baht 2,650.41 million and the cost of goods sold were Baht 2,412.10 which were 90.58 percent of revenue from sales, comparing with the last year, the cost of goods sold was decreased around 3.7 percent from year 2009. The main reasons of these decreasing came from more efficient management of material costs, continuous increasing of steel price and increasing of sales volume (approximate increase 12%). Moreover, the company can manage interest expense more efficiently due to higher ability of negotiation with financial institutes. The average of interest expense rate which the company paid in year 2010 were 2.69%-3.45% which decreased from 3.20%-5.45% in the last year, so the total interest expenses in year 2010 were down in amount of Baht 6.83 million.

### **The Income Statement for the Year 2011**

In Year 2011, the revenue from sales were Baht 3,319.94 million and the cost of goods sold were Baht 3,009.12 million which were 90.64 percent of revenue from sales, comparing with the last year, The main reasons of these decreasing came from more efficient management of material costs. In 2011, The proportion of purchasing from foreign and domestic was 91.24 : 8.76, However, the Company had effected from fluctuated from exchange rate in amount of Baht 6.68 million or 0.20% of revenue from sale. Moreover, the company has recorded the Allowance for doubtful debt from customer that overdue more than 90 days because of flood event in amount of Baht 28.06 million or 0.20% of revenue from sale and has effected from fluctuated of interest expense. The average of interest expense rate which the company paid in year 2011 were 1.69%-4.65% which increased from 2.69%-3.45% in the last year, so the total interest expenses in year 2011 were higher more than 2010 53.89%.

### **The Income Statement for the Year 2012**

In Year 2012, the revenue from sales were Baht 4,256.18 million and the cost of goods sold were Baht 4,044.57 million which were 95.03 percent of revenue from sales, comparing with the last year, The main reasons of these decreasing came from more efficient management of material costs and the result

from the higher market competition that the Company cannot adjust selling price to capture with higher cost of sale, therefore the increasing of wages 10.23%. However, In 2012, the Company had affected gain from fluctuated from exchange rate in amount of Baht 55.02 million or whole amount from 2011. Moreover, the company can reduce Allowance for doubtful debt from 2011 in Baht 30.16 million

### **The Income Statement for the Year 2013**

In Year 2013, the revenue from sales were Baht 3,979.89 million and the cost of goods sold were Baht 3,694.42 million which were 92.83 percent of revenue from sales, comparing with the last year, The main reasons of these increasing gross profit margin came from more efficient management of material costs. However, The selling and administration expenses for the year 2013 increasing 13.08% compared to the same period last year due to the Company had affected loss from fluctuated from exchange rate in amount of Baht 46.38 million or whole amount from 2012. Moreover, the company had increasing in the employee's base salary and welfare that adjusting conform to the high cost of living.

### **The Income Statement for the Year 2014**

In Year 2014, the revenue from sales were Baht 3,852.41 million and the cost of goods sold were Baht 3,545.56 million which were 92.03 percent of revenue from sales, comparing with the last year, The main reasons of these increasing gross profit margin came from decreasing of quantity of sales from the market competition but increasing in average selling price 2.29%. However, the Company had affected gain from fluctuated from exchange rate in amount of Baht 13.57 million or 129.26% from 2013.

## **Financial Statement Summary**

### **1. Assets**

As at December 31, 2014 and December 31, 2013, the total assets were Baht 2,501.31 million and Baht 2,411.69 million, respectively, the total assets' Company increasing by Baht 89.62 Million or 3.72% compared to the same period last year. The main reasons of the changing of total assets were as follow:

Increasing in Trade and others receivable by Baht 38.90 Million or 5.53% compared to the same period last year, due to selling big lot in the end of the year. However, the Company's able to maintain the Account receivable turnover closely by the turnover last year.

Increasing in Inventory by Baht 49.24 Million or 4.02% compared to the same period last year, the main reasons due to raw material stock for conform to the Industry trending and the Company's selling opportunity in the future.

Increasing in Property, plant and equipment by Baht 35.25 Million or 8.15% compared to the same period last year, the main reason due to increasing in work-in-process of pipe machinery for support growth of the business in the future.

The main reason of changing in total assets of company in year 2014 compare with total assets in 2012, 2011 and 2010 is changing in stock for sale that conform to trending of Selling's price and quantity of Company.

## **2. Liabilities**

As at December 31, 2014, Liabilities' Company was accounted Baht 1,632.37 Million increasing by Baht 13.67 Million or 0.84% compared to the same period last year, due to increasing in liabilities of providing stock for sale that conform to the increasing of quantity of inventory's Company. The ratio's purchasing of stocking domestic: foreign were 59.62: 40.38.

Total liabilities in 2014 were higher than 2012, 2011 and 2010 due to increasing in short-term loan from banks which the company used for stocking inventory.

## **3. Shareholder's Equity**

As at December 31, 2014, Shareholder's Equities was accounted Baht 868.94 Million increasing by Baht 75.95 Million or 9.58% compared to the same period last year, due to increasing from the financial performance for the period Baht 140.50 million and decreasing from dividend's Company payment in year 2014 in amount of Baht 64.50 million.

Shareholder's equity in 2014 were changing from 2012, 2011 and 2010, the main reasons due to recognizing net profit and dividend paid for the year. However, in 2010, the others reason were changing in accounting policy about land, property and machinery by changing from the revaluation method to the cost method that described in the note to financial statement.

**Audit Fee**

SP AUDIT COMPANY LIMITED is an independent auditor whom doesn't have any relationship with the company. The annual audit fee is Baht 0.37 million per year and the financial review is Baht 110,000 per quarter (Excluding transportation fee) in 2014.



**REPORT OF DIRECTORS****RELATING TO RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

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

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

The Company’s financial statements also were audited by an independent certified public accountant from SP Audit Company Limited. The Board of Directors also provides document and information support so that the auditor can perform audits of the financial statements in accordance with generally accepted auditing standards to express his independent opinion on the true and fair of the financial positions and the results of the company’s operations as stated in the financial statements. Audit’s Report is also shown in this annual report.

The Board of Directors is of an opinion that the internal control system of the Company is satisfactory and can ensure the credibility of CSP Steel Center Public Company Limited’s financial report for the fiscal year ended 31<sup>st</sup> December 2014 in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



Suppachai Chaisupat  
President and CEO



Weerasak Chaisupat  
Managing Director

## REPORT OF INDEPENDENT DIRECTOR / AUDIT COMMITTEE RELATING TO RESPONSIBILITY FOR FINANCIAL

On December 31, 2014, CSP Steel Center., Pcl has Independent Director /Audit committee as following people:

Name		Position
1. Mr. Charus	Khanchanakhajit	Chairman of Independent Director /Audit committee
2. Mr. Janram	Atthakrisna	Independent Director /Audit committee
3. Mr. Surachat	Pongpattarrine	Independent Director /Audit committee

Independent Director / Audit Committee are assigned by the Board of Directors of the company to take responsibilities to inspect information about financial statements, internal audit system, operations of the company and report of Certified Public Accountant. Moreover, Independent Director / Audit Committee has a duty to motivate the company to operate in complying with good corporate governance and the regulations of SEC and SET. Including, giving recommendations about risks management and internal control to the management.

According to meeting record of the company in 2014, there are 4 meetings of Audit's committee which can show the numbers of attending the meeting as follows:

Name		Attending Meeting / Total Meeting (times per year)
1. Mr. Charus	Khanchanakhajit	4 / 4
2. Mr. Janram	Atthakrisna	4 / 4
3. Mr. Surachat	Pongpattarrine	4 / 4

In every meeting, the Independent Director / Audit Committee has independent meeting with the management and accounting audit of the company to review and certify the company's financial statement for every quarter-end 2014, including evaluate accounting policies and procedures relative to the

accounting policies, perform the internal control assessment and finally, provide all assessments and recommendations to the board of directors.

The Independent Director / Audit Committee had approved the important policies of transaction and reported some transactions that may relate to conflict of interests during the year 2014.

The Independent Director / Audit Committee gave significant recommendations as follows:

1. The financial statements of year 2014 are accurate, complete and reliable.
2. The related parties' transactions between companies and person in management team during the year 2014, showed proper practices of business transaction and along with the related parties transactions policy of the company.
3. The company has adequate internal system control and along with the evaluation criteria of internal audit system which set by SEC.
4. The company conducted in complying with rules, laws and regulations of SEC and SET.
5. Miss Susan Eiamvanicha, Certified Public Accountant (Thailand) of S.P. Audit Co., Ltd. Can perform his duty accurately and properly.
6. The transactions that may relate to conflict of interest within year 2014 were proper transactions and aimed to the maximum benefit to the company.
7. The Independent Director / Audit Committee operated their duties according to the policies and regulations that were approved by the Board of Directors of the company.



Mr. Charus Khanchanakhajit

Chairman of Independent Director /

Audit committee

February 26, 2015

**(TRANSLATION)****REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholders and Directors of **CSP STEEL CENTER PUBLIC COMPANY LIMITED.**

I have audited the accompanying financial statements of CSP Steel Center Public Company Limited, which comprise the statements of financial position as at December 31, 2014, and the related statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 positions of CSP Steel Center Public Company Limited as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### Other Matter

The financial statements of CSP Steel Center Public Company Limited for the year ended December 31, 2013 were audited by another auditor in the same firm who expressed an unqualified opinion on those statements, under his report dated February 27, 2014.

SP Audit Company Limited



(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok

February 26, 2015.

# STATEMENTS OF FINANCIAL POSITION

## CSP STEEL CENTER PUBLIC COMPANY LIMITED

As of December 31, 2014 and 2013

	<i>Note</i>	<i>(BAHT)</i>	
		2014	2013
<b>Current Assets</b>			
Cash and Cash Equivalent Items		3,889,955.70	38,903,538.51
Accounts and Others Receivable - Related Companies	4.1, 5	4,530,362.51	3,533,699.05
Accounts and Others Receivable - Other Companies, net	6	737,829,039.75	699,923,224.34
Short-term loans to employee		419,270.08	517,403.32
Inventories	7	1,272,935,898.33	1,223,697,633.08
<b>TOTAL CURRENT ASSETS</b>		<b>2,019,604,526.37</b>	<b>1,966,575,498.30</b>
<b>NON CURRENT ASSETS</b>			
Long-term loan to employees		50,979.54	31,119.23
Investments property	8	694,133.00	694,133.00
Property, Plant and Equipment	9	467,741,082.21	432,494,152.28
Intangible Assets	10	1,151,366.15	167,616.96
Leasehold Contract Guarantee	4.1, 11	2,800,000.00	2,800,000.00
Deferred tax assets	12	9,211,162.21	5,981,848.52
Other non - current assets		54,915.46	2,942,415.46
<b>TOTAL NON-CURRENT ASSETS</b>		<b>481,703,638.57</b>	<b>445,111,285.45</b>
<b>TOTAL ASSETS</b>		<b>2,501,308,164.94</b>	<b>2,411,686,783.75</b>

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF FINANCIAL POSITION

## CSP STEEL CENTER PUBLIC COMPANY LIMITED

As of December 31, 2014 and 2013

		(BAHT)	
	Note	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank Overdrafts and Short - Term Loan from Financial Institute	13	1,504,857,630.92	1,349,507,949.84
Accounts and Others Payable – Related companies	4.1	-	376,750.00
Accounts and Others Payable – Other companies	14	100,851,711.04	247,531,409.18
Current Portion of obligation under finance lease	15	1,893,982.38	1,619,334.68
Accrued income tax		5,731,277.30	1,652,884.61
TOTAL LIABILITIES		1,613,334,601.64	1,600,688,328.31
NON CURRENT LIABILITIES			
Obligation under finance lease	15	3,835,759.80	4,113,512.55
Employee benefit obligation	16	15,195,703.00	13,892,298.00
18,005,810.55		19,031,462.80	18,005,810.55
TOTAL LIABILITIES		1,632,366,064.44	1,618,694,138.86
SHAREHOLDERS' EQUITY			
Share Capital	17		
Authorized Share Capital:			
621,166,300 Ordinary Shares @ Baht 1.00		621,166,300.00	621,166,300.00
Issued and Paid-up Share Capital:			
496,168,826 Ordinary Shares @ Baht 1.00		496,168,826.00	496,168,826.00
Premium on Share Capital		100,086,821.57	100,086,821.57
Retained Earnings			
Appropriated : Legal Reserve	19	28,550,000.00	20,550,000.00
Unappropriated		244,136,452.93	176,186,997.32
TOTAL SHAREHOLDERS' EQUITY		868,942,100.50	792,992,644.89
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,501,308,164.94	2,411,686,783.75

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF COMPREHENSIVE INCOME

## CSP STEEL CENTER PUBLIC COMPANY LIMITED

As of December 31, 2014 and 2013

	Note	(BAHT)	
		2014	2013
Revenue From Sales		3,852,412,223.12	3,979,890,895.40
Cost of Sales		3,545,557,069.65	3,694,421,564.45
<b>Gross Margin</b>		306,855,153.47	285,469,330.95
Other Income from Operations		350,408.75	1,057,948.65
Selling Expenses		(18,217,706.39)	(18,023,612.91)
Gain (Loss) on exchange rate		13,569,321.59	(46,378,332.90)
Administrative Expenses		(58,993,840.17)	(50,339,856.72)
Management benefit expenses	4.3	(23,082,119.66)	(20,059,917.00)
Other Expenses		(3,754,619.90)	(1,003,703.17)
Finance Cost		(37,473,008.70)	(44,528,710.82)
<b>Net Profit before Income Tax</b>		179,253,588.99	106,193,146.08
Corporate Income Tax	20	(38,802,186.00)	(29,136,412.74)
<b>NET PROFIT</b>		140,451,402.99	100,940,770.67
<b>Other comprehensive income:</b>			
Available for sale financial assets		-	-
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		140,451,402.99	77,056,733.34
<b>BASIC EARNINGS PER SHARE</b>	21	0.28	0.16
<b>WEIGHTED ORDINARY SHARES (Unit: Shares)</b>		496,168,826	496,166,432

Notes to the financial statements are an integral part of these statements.



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## CSP STEEL CENTER PUBLIC COMPANY LIMITED

For the Year ended on December 31, 2014 and 2013

		Retained earnings						
		Issued and Paid up Share capital	Premium on Share capital	Treasury Shares reserve	Statutory reserve	Treasury Shares reserve	Unappropriated	Total
Notes								
Balance as at January 1,2013		500,000,000.00	100,079,496.17	(8,802,079.08)	16,550,000.00	8,802,079.08	173,721,508.98	790,351,005.15
Changes in equity for the year								
Increment of capital during the year	17	2,526.00	7,325.40	-	-	-	-	9,851.40
Decrease from treasury shares reserve	17	(3,833,700.00)	-	8,802,079.08	-	-	(4,968,379.08)	-
Reversal of treasury shares reserve	18	-	-	-	-	(8,802,079.08)	8,802,079.08	-
Legal reserve	19	-	-		4,000,000.00	-	(4,000,000.00)	-
Dividend paid	22	-	-	-	-	-	(74,424,945.00)	(74,424,945.00)
Total comprehensive income for The year		-	-	-	-	-	77,056,733.34	77,056,733.34
Balance as at December 31,2013		496,168,826.00	100,086,821.57	-	20,550,000.00	-	176,186,997.32	792,992,644.89
Changes in equity for the year								
Legal reserve	19	-	-		8,000,000.00	-	(8,000,000.00)	-
Dividend paid	22	-	-	-	-	-	(64,501,947.38)	(64,501,947.38)
Total comprehensive income for The year		-	-	-	-	-	140,451,402.99	140,451,402.99
Balance as at December 31,2014		496,168,826.00	100,086,821.57	-	28,550,000.00	-	244,136,452.93	868,942,100.50

Notes to the financial statements are an integral part of these statements.

## STATEMENTS OF CASHFLOWS

### CSP STEEL CENTER PUBLIC COMPANY LIMITED

For the Year ended on December 31, 2014 and 2013

		(BAHT)	
	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Income Tax expenses		179,253,588.99	106,193,146.08
Adjustments to Reconcile Profit before income tax expenses for cash received (used) from operations :-			
Bad debts and Doubtful debts (reversal)		6,059,528.95	(801,852.70)
Loss for diminutions of inventories		22,589,721.02	245,808.36
Depreciation and amortization		13,350,899.86	12,302,149.77
Gain from disposal of assets		(29,999.00)	(899,942.82)
Unrealized loss on exchange rate		2,143,863.89	23,470,988.37
Employee benefit obligations		2,269,849.00	1,761,337.00
Interest income		(64,867.88)	(35,715.85)
Interest expenses		37,473,008.70	44,528,710.82
Net Profit before change in operating assets and liabilities		263,045,593.53	186,764,629.03
(Increase) decrease in trade and others receivable - related companies		(996,663.46)	2,439,263.35
(Increase)decrease in trade and others receivable - other companies		(41,393,321.43)	125,269,758.85
(Increase)decrease in Inventories		(71,827,986.27)	(114,616,821.29)
Increase(decrease) in trade and others payable – related companies		(376,750.00)	(720,089.30)
Increase(decrease) in trade and others payable - other companies		152,603,852.91	112,325,728.55
Cash generated from operation		(4,152,980.54)	311,462,462.19
Cash received from interest income		64,867.88	35,715.85
Cash paid for employee benefit		(966,444.00)	(326,000.00)
Cash paid for income tax		(37,953,107.00)	(39,986,363.28)
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES		(43,007,663.66)	271,185,821.76

Notes to the financial statements are an integral part of these statements.

## STATEMENTS OF CASHFLOW

### CSP STEEL CENTER PUBLIC COMPANY LIMITED

For the Year ended on December 31, 2012 and 2011

	Notes	(BAHT)	
		2014	2013
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash Paid for Purchase of Fixed Assets		(44,726,086.35)	(74,481,040.75)
Proceed from disposal of fixed assets		30,000.00	934,579.44
Cash Paid for Purchase of Intangible assets		(1,044,800.00)	(184,500.00)
Cash refunded from intangible assets		393,750.00	-
<b>NET CASH USED FROM INVESTING ACTIVITIES</b>		<b>(45,347,136.35)</b>	<b>(73,730,961.31)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase(decrease) in bank overdrafts and short-term loans from financial institutes		153,898,893.24	(69,921,755.44)
Repayment of obligation under finance lease		(1,842,705.05)	(1,371,347.03)
Repayment of interest-obligation under finance lease		(449,680.44)	(428,443.42)
Cash received from increment of capital		-	9,851.40
Dividend Paid		(64,491,125.66)	(74,367,853.37)
Cash paid for interest expenses		(33,774,164.89)	(45,405,226.03)
<b>NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES</b>		<b>53,341,217.20</b>	<b>(191,484,773.89)</b>
<b>Net increase(decrease) in cash and cash equivalent</b>		<b>(35,013,582.81)</b>	<b>5,970,086.56</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>38,903,538.51</b>	<b>32,933,451.95</b>
<b>Cash and cash equivalent at the end of the year</b>	23.1	<b>3,889,955.70</b>	<b>38,903,538.51</b>

Notes to the financial statements are an integral part of these statements.

## NOTES TO FINANCIAL STATEMENTS

### CSP STEEL CENTER PUBLIC COMPANY LIMITED

December 31, 2014 and 2013

#### 1. General information

CSP Steel Center Public Company Limited (“the Company”) is a public limited company and incorporated in Thailand. The Company is listed on the Stock Exchange of Thailand. The address of the Company’s registered office is 475 Rama 3 Road, Bangklo, Bangkulaem, Bangkok.

The principal activities of the Company involve the manufacture and sheet steel finished goods and rolled steel pipe.

#### 2. Basis of preparation of financial statements

The financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (or 1992).

The financial statements have been prepared under the historical cost convention except some type of transaction using the basis as per explained in the related accounting policy.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates.

For the convenience of readers, an English language translation of the financial statements has been prepared from the Thai language interim financial statements which are issued for domestic reporting purposes.

The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2014.

TFRS No. 2 Share-based Payment (revised 2012)

TFRS No. 3 Business Combinations (revised 2012)

TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2012)

TFRS No. 8 Operating Segments (revised 2012)

TAS No. 1 Presentation of Financial Statements (revised 2012)

TAS No. 7 Statement of Cash Flows (revised 2012)

TAS No. 12 Income Taxes (revised 2012)

TAS No. 17 Leases (revised 2012)

TAS No. 18 Revenue (revised 2012)

TAS No. 19 Employee Benefits (revised 2012)

TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2012)

TAS No. 24 Related Party Disclosures (revised 2012)

TAS No. 28 Investments in Associates (revised 2012)

TAS No. 31 Interests in Joint Ventures (revised 2012)

TAS No. 34 Interim Financial Reporting (revised 2012)

TAS No. 36 Impairment of Assets (revised 2012)

TAS No. 38 Intangible Assets (revised 2012)

TFRI No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities

TFRI No. 4 Determining whether an Arrangement contains a Lease

TFRI No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental

Rehabilitation Funds

TFRI No. 7 Applying the Restatement Approach under TAS No. 29 Financial Reporting in

Hyperinflationary Economies

TFRI No. 10 Interim Financial Reporting and Impairment

TFRI No. 12 Service Concession Arrangements

TFRI No. 13 Customer Loyalty Programmes

TFRI No. 17 Distributions of Non-cash Assets to Owners

TFRI No. 18 Transfers of Assets from Customers

TSI No. 15 Operating Leases-Incentives

TSI No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

TSI No. 29 Service Concession Arrangements : Disclosures

TSI No. 32 Intangible Assets-Web Site Costs

The Company has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
The Conceptual Framework for Financial Reporting (revised 2014)	January 1, 2015
TFRS No. 2 Share-based Payment (revised 2014)	January 1, 2015
TFRS No. 3 Business Combinations (revised 2014)	January 1, 2015
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2014)	January 1, 2015
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2014)	January 1, 2015
TFRS No. 8 Operating Segments (revised 2014)	January 1, 2015
TFRS No. 10 Consolidated Financial Statements	January 1, 2015
TFRS No. 11 Joint Arrangements	January 1, 2015
TFRS No. 12 Disclosure of Interests in Other Entities	January 1, 2015
TFRS No. 13 Fair Value Measurement	January 1, 2015
TAS No. 1 Presentation of Financial Statements (revised 2014)	January 1, 2015
TAS No. 2 Inventories (revised 2014)	January 1, 2015
TAS No. 7 Statement of Cash Flows (revised 2014)	January 1, 2015
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2014)	January 1, 2015
TAS No. 10 Events after the Reporting Period (revised 2014)	January 1, 2015
TAS No. 11 Construction Contracts (revised 2014)	January 1, 2015
TAS No. 12 Income Taxes (revised 2014)	January 1, 2015



	<u>Effective date</u>
TAS No. 16 Property, Plant and Equipment (revised 2014)	January 1, 2015
TAS No. 17 Leases (revised 2014)	January 1, 2015
TAS No. 18 Revenue (revised 2014)	January 1, 2015
TAS No. 19 Employee Benefits (revised 2014)	January 1, 2015
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2014)	January 1, 2015
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2014)	January 1, 2015
TAS No. 23 Borrowing Costs (revised 2014)	January 1, 2015
TAS No. 24 Related Party Disclosures (revised 2014)	January 1, 2015
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2014)	January 1, 2015
TAS No. 27 Separate Financial Statements (revised 2014)	January 1, 2015
TAS No. 28 Investments in Associates and Joint Ventures (revised 2014)	January 1, 2015
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2014)	January 1, 2015
TAS No. 33 Earnings per Share (revised 2014)	January 1, 2015
TAS No. 34 Interim Financial Reporting (revised 2014)	January 1, 2015
TAS No. 36 Impairment of Assets (revised 2014)	January 1, 2015
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2014)	January 1, 2015

	<u>Effective date</u>
TAS No. 38 Intangible Assets (revised 2014)	January 1, 2015
TAS No. 40 Investment Property (revised 2014)	January 1, 2015
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2014)	January 1, 2015
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2014)	January 1, 2015
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2014)	January 1, 2015
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	January 1, 2015
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2014)	January 1, 2015
TFRIC No. 12 Service Concession Arrangements (revised 2014)	January 1, 2015
TFRIC No. 13 Customer Loyalty Programmes (revised 2014)	January 1, 2015
TFRIC No. 14 TAS 19 (revised 2014) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	January 1, 2015
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2014)	January 1, 2015
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2014)	January 1, 2015
TFRIC No. 18 Transfers of Assets from Customers (revised 2014)	January 1, 2015
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine	January 1, 2015

	<u>Effective date</u>
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2014)	January 1, 2015
TSIC No. 15 Operating Leases - Incentives (revised 2014)	January 1, 2015
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2014)	January 1, 2015
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2014)	January 1, 2015
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2014)	January 1, 2015
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2014)	January 1, 2015
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2014)	January 1, 2015
TFRS No. 4 Insurance Contracts (revised 2014)	January 1, 2016

The Company has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management believes that they will not have any impact on the financial statements for the period in which they are initially adopted.

### 3. Accounting policies

#### 3.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

#### 3.2 Trade receivable

Trade receivable are carried in the statement of financial position at the amount expected to be collectible. For the allowance for doubtful debt considers from those receivable which are likely to be uncollectible. 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.

#### 3.3 Inventory

Raw material and finish goods are valued at cost under moving average method or net realizable value whichever is lower. 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 charge, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

#### 3.4 Investment property

Investment property, which is property held to earn rentals or for capital appreciation is measured initially at its costs, including transaction cost. Subsequent to initial recognition, investment property is measured at the cost method net from the allowance for impairment (if any).

### 3.5 Property, plant and equipment

The Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Company's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows :

Building and building improvement	35 years
Machinery	6 - 25 years
Tool and equipment	5 years
Office equipment	5 years
Motor vehicles	5 - 20 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### 3.6 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortization and impairment losses (if any). Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives 10 years.

### 3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### 3.8 Accounting for leases

Where the Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in 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 assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset.

However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

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

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

### 3.9 Impairment of assets

The carrying amounts of the Company's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Company will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

### 3.10 Provisions

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



### 3.11 Treasury share

Treasury share are stated at cost and presented as a deduction from equity. Gains on disposal of treasury share are determined by reference to the carrying amount and are presented on treasury share. Losses on disposal of treasury shares are determine by reference to the carrying amount and presented as charged to retained earnings.

### 3.12 Revenue recognition

Sales are recognized on the delivery of goods or on customer acceptance. Sales are shown net of sales taxes and discounts.

Interest revenue is recognized on an accrual basis.

### 3.13 Employee benefits

#### Defined contribution plan

The Company operates a provident fund which is funded by payments from employees and by the Company. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

#### Defined benefit plan

The Company has the employee benefit obligation in case of retirement or termination under the labor law. The Company hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost. All actuarial gains and losses are recognized immediately in profit or loss.

### 3.14 Foreign currency transactions

The Company translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### 3.15 Income tax

The Company recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for such period, the excess will be recognized as an asset in the statement of financial position.

The Company recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Company measures the current tax liabilities and assets for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Company recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other

comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

### 3.16 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

### 3.17 The important accounting estimation, supposition and judgment application

The estimation, supposition and judgment application have been continuously reviewed and assessed and they are on the background of the history experience and other factors that include the expectation of the event in the future which believe that there are reasons in that situation.

#### Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been sold or abandoned.

## 4. 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.

Chaisupat family is a major shareholder, holding 82.01% (2013 : 81.28%) of the share capital of the Company. Transactions related to companies in which the Chaisupat family is the principal shareholders or directors are recognized as related parties to the Company.

The transactions with related parties for the years ended December 31, 2014 and 2013 and as follows:

#### 4.1 Inter-assets and liabilities

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Trade receivable		
C.C.P. Metal Company Limited	4,052,752.12	2,319,515.41
Post date cheque receivable		
C.C.P. Metal Company Limited	227,110.39	963,683.64
Advance payment		
Chaisupat Company Limited	250,500.00	250,500.00
Total trade and other receivable	4,530,362.51	3,533,699.05
Leasehold guarantee-office		
Chaisupat Company Limited	2,800,000.00	2,800,000.00
Accrued expense		
Chaisupat Company Limited	-	376,750.00
Total trade and other payable	-	376,750.00

#### 4.2 Inter-revenue and expenses

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Revenue from sales		
C.C.P. Metal Company Limited	16,435,821.20	37,290,665.50
Rental fees of office and warehouse		
Chaisupat Company Limited	4,521,000.00	4,315,500.00

#### 4.3 Management benefit expense

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Short-term employee benefits	22,149,094.66	19,133,141.00
Post-employment benefits	919,625.00	930,164.00
Other long-term employee benefits	13,400.00	12,430.00
Actuarial gain	-	(15,818.00)
Total	23,082,119.66	20,059,917.00

#### 4.4 Pricing policies

<u>Trading transactions</u>	<u>Policy of pricing</u>
Revenue from sales	Prices of sales approximate to charged to third parties.
Purchase of goods	Prices of purchase approximate to charged to third parties.
Rental expenses	Rate rental approximate to charged compared nearly area.
Management benefit expenses	Unanimously of the minute of shareholder meeting.

#### 4.5 Nature of relationship

<u>Company</u>	<u>Relationship</u>
Chaisupat Company Limited	Parent company by shareholding and mutual management.
C.C.P. Metal Company Limited	Related company by management as related persons.

#### 4.6 Commitments with related parties

The Company constitutes lease contract of building, equipment and warehouse from the parent company for three years since July 1, 2013 to June 30, 2016. As at December 31, 2014, the Company had obligation to repay end of the lease as follows :

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Maturities of payment		
- Not later than 1 year	4,521,000.00	4,521,000.00
- Later than 1 year and not later than 5 years	2,260,500.00	6,781,500.00
Total	6,781,500.00	11,302,500.00

#### 5. **Trade and other accounts receivable - related company**

Consisted of:-

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Trade receivable	4,052,752.12	2,319,515.41
Notes receivable	227,110.39	963,683.64
Total	4,279,862.51	3,283,199.05
Other receivables	250,500.00	250,500.00
Total trade and other receivable	4,530,362.51	3,533,699.05

Outstanding trade and notes receivable - related company can be aged as follow : -

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Within credit term	4,279,862.51	3,283,199.05
Overdue 1 - 30 days	-	-
Overdue 30 - 60 days	-	-
Overdue 60 - 90 days	-	-
Overdue over 90 days	-	-
Total	4,279,862.51	3,283,199.05

## 6. Trade and other accounts receivable-other companies

Consisted of:-

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Trade receivable	489,825,406.08	543,323,728.86
Notes receivable	231,334,757.53	157,133,311.70
Returned cheques	56,461,735.60	53,159,281.40
Total	777,621,899.21	753,616,321.96
<u>Less</u> Allowance for doubtful debt	(59,200,891.63)	(55,635,112.68)
Total trade and notes receivable	718,421,007.58	697,981,209.28
Deposits payment	42,000.00	29,000.00
Prepaid expenses	224,996.26	1,419,395.88
Revenue Department receivable	19,124,301.87	-
Other receivables	16,734.04	493,619.18
Total trade and other receivable	737,829,039.75	699,923,224.34



Outstanding trade and notes receivable - third parties can be aged is as follow:-

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Within credit term	649,339,724.24	629,595,779.91
Overdue 1 - 30 days	63,900,717.44	68,530,561.11
Overdue 30 - 60 days	4,871,630.84	1,272,151.80
Overdue 60 - 90 days	603,378.35	198,055.09
Overdue over 90 days	58,906,448.34	54,019,774.05
Total	777,621,899.21	753,616,321.96
<u>Less</u> Allowance for doubtful debt	(59,200,891.63)	(55,635,112.68)
Trade and notes receivable	718,421,007.58	697,981,209.28

The movement allowance for doubtful debts - trade and notes receivable for the years ended December 31, 2014 and 2013 are as follow :-

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Beginning balance	(55,635,112.68)	(56,436,965.38)
Additions	(4,909,873.31)	(644,165.27)
Collect during the year	1,344,094.36	1,446,017.97
Amortized bad debt during the year	-	-
Ending balance	(59,200,891.63)	(55,635,112.68)

## 7. Inventories

Consisted of:-

(Unit: Baht)

	2014			2013		
	Cost	Allowance for diminutions of inventories	Net	Cost	Allowance for diminutions of inventories	Net
Finished goods	148,969,002.61	(2,529,386.09)	146,439,616.52	124,323,424.62	(620,552.96)	123,702,871.66
Raw materials in transit	7,292,579.64	-	7,292,579.64	121,540,758.87	-	121,540,758.87
Raw materials	140,468,426.09	(21,264,723.92)	119,203,702.17	979,037,838.58	(583,836.03)	978,454,002.55
Total	296,730,008.34	(23,794,110.01)	272,935,898.33	224,902,022.07	(1,204,388.99)	223,697,633.08

The movement of allowance for declining in value of inventories for the years ended December 31, 2014 and 2013 are as follow:-

(Unit: Baht)

	<u>2014</u>	<u>2013</u>
Beginning balance	(1,204,388.99)	(958,580.63)
Allowance increased during the year	(22,621,103.56)	(247,431.46)
Reversal during the year	31,382.54	1,623.10
Ending balance	(23,794,110.01)	(1,204,388.99)

For the year ended December 31, 2014, the costs of inventories recognized as expenses are Baht 3,523.05 million. (2013 : Baht 3,694.17 million)

For the year ended December 31, 2014, the Company reversed allowance for declining in value of inventories in amount of Baht 31,382.54 (2013 : Baht 1,623.10) since the Company disposed such amount

As at December 31, 2014, some inventories with the carrying amount of Baht 2.02 million (2013 : Baht 2.09 million) are expected to be sold more than twelve months after the reporting period.

## 8. Investment property

Consisted of:-

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Cost		
As at January 1,	694,133.00	694,133.00
Increase (decrease)	-	-
As at December 31,	694,133.00	694,133.00
Accumulated depreciation		
As at January 1,	-	-
Increase (decrease)	-	-
As at December 31,	-	-
Net book value		
As at December 31,	694,133.00	694,133.00

Land not used for operation with total area of 81 square wah, derived from the transfer of property to pay off debt from the debtor in the past.

For the year 2014, the independent appraiser (United Valuers and Consultant Co., Ltd.) appraises the value of land by the market approach, and it appears that the value of land is equal to Baht 1.05 million. (2013 : Baht 1.05 million)

## 9. Property, plant and equipment, net

Consisted of:

	(Unit : Baht)								
	Land and land improvement	Building construction and improvement	Machinery and equipment	Tool and equipment	Furniture and fixture	Vehicles	Building in process	Machinery in process	Total
Cost									
As at January 1, 2014	170,895,946.43	158,322,621.50	241,228,372.97	6,155,560.31	7,418,646.14	56,656,698.94	-	37,966,678.21	678,644,524.50
Purchase	1,375,493.63	-	32,639,187.65	-	1,483,943.19	3,601,485.98	164,976.18	9,271,693.35	48,536,779.98
Transfer in	-	-	37,966,678.21	-	-	-	-	-	37,966,678.21
Disposal	-	-	-	-	(59,370.00)	-	-	-	(59,370.00)
Transfer out	-	-	-	-	-	-	-	(37,966,678.21)	(37,966,678.21)
As at December 31, 2014	172,271,440.06	158,322,621.50	311,834,238.83	6,155,560.31	8,843,219.33	60,258,184.92	164,976.18	9,271,693.35	727,121,934.48
Accumulated depreciation									
As at January 1, 2014	-	(38,424,749.07)	(166,348,545.01)	(3,538,285.01)	(5,410,900.46)	(28,220,268.21)	-	-	(241,942,747.76)
Depreciation for the year	-	(4,369,144.83)	(5,101,876.21)	(598,067.20)	(874,286.17)	(2,346,474.64)	-	-	(13,289,849.05)
Disposal	-	-	-	-	59,369.00	-	-	-	59,369.00
As at December 31, 2014	-	(42,793,893.90)	(171,450,421.22)	(4,136,352.21)	(6,225,817.63)	(30,566,742.85)	-	-	(255,173,227.81)
Allowance for Impairment									
As at January 1, 2014	-	(2,107,451.14)	(2,100,173.32)	-	-	-	-	-	(4,207,624.46)
(Increase)/Decrease	-	-	-	-	-	-	-	-	-
As at December 31, 2014	-	(2,107,451.14)	(2,100,173.32)	-	-	-	-	-	(4,207,624.46)
Net book value									
As at December 31, 2014	172,271,440.06	113,421,276.46	138,283,644.29	2,019,208.10	2,617,401.70	29,691,442.07	164,976.18	9,271,693.35	467,741,082.21

Depreciation in statement of comprehensive income for the year ended December 31, 2014

13,289,849.05

	(Unit : Baht)							
	Land and land improvement	Building construction and improvement	Machinery and equipment	Tool and equipment	Furniture and fixture	Vehicles	Machinery in process	Total
Cost								
As at January 1, 2013	120,646,761.43	158,322,621.50	241,128,372.97	6,149,150.31	6,171,194.18	45,771,698.94	23,078,336.67	601,268,136.00
Purchase	50,249,185.00	-	100,000.00	6,410.00	1,247,451.96	12,150,000.00	14,888,341.54	78,641,388.50
Transfer in	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(1,265,000.00)	-	(1,265,000.00)
Transfer out	-	-	-	-	-	-	-	-
As at December 31, 2013	170,895,946.43	158,322,621.50	241,228,372.97	6,155,560.31	7,418,646.14	56,656,698.94	37,966,678.21	678,644,524.50
Accumulated depreciation								
As at January 1, 2013	-	(34,055,604.23)	(161,530,872.93)	(2,923,013.34)	(4,745,434.32)	(27,632,919.59)	-	(230,887,844.41)
Depreciation for the year	-	(4,369,144.84)	(4,817,672.08)	(615,271.67)	(665,466.14)	(1,817,712.00)	-	(12,285,266.73)
Disposal	-	-	-	-	-	1,230,363.38	-	1,230,363.38
As at December 31, 2013	-	(38,424,749.07)	(166,348,545.01)	(3,538,285.01)	(5,410,900.46)	(28,220,268.21)	-	(241,942,747.76)
Allowance for Impairment								
As at January 1, 2013	-	(2,107,451.14)	(2,100,173.32)	-	-	-	-	(4,207,624.46)
(Increase)/Decrease	-	-	-	-	-	-	-	-
As at December 31, 2013	-	(2,107,451.14)	(2,100,173.32)	-	-	-	-	(4,207,624.46)
Net book value								
As at December 31, 2013	170,895,946.43	117,790,421.29	72,779,654.64	2,617,275.30	2,007,745.68	28,436,430.73	37,966,678.21	432,494,152.28
Depreciation in statement of comprehensive income for the year ended December 31, 2013								12,285,266.73

As at December 31, 2014, certain plant and equipment item of the Company has been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 117.50 million. (2013 : Baht 116.29 million)

As at December 31, 2014, land plus property and machinery book value in amount of Baht 186.65 million. (2013 : Baht 190.46 million) The Company has pledged as collateral against credit facility which received from a financial institution in accordance with Note no.28. In addition, the beneficiary from insurance in the amount according to the insurance contract in amount of Baht 126.00 million (2013 : Baht 126.00 million) is granted to such financial institution.

Vehicle under finance leases, where the Company is lessee with net book value as at December 31, 2014 of Baht 19.08 million. (2013 : Baht 17.24 million)

In accordance with the Board of Directors meeting 5/2013 held on July 8, 2013, it is resolved to purchase land for plant expansion, which area of land is 6 Rai 2 Nang 67 Square wah in total amount of Baht 45.00 million which not excluded transferal fee.

## 10. Intangible assets

	(Unit : Baht)	
	Computer software	
	<u>2014</u>	<u>2013</u>
Cost :		
As at January 1,	184,500.00	-
Purchase	1,044,800.00	184,500.00
Transfer out	-	-
As at December 31,	1,229,300.00	184,500.00

	<u>2014</u>	<u>2013</u>
Accumulated amortisation :		
As at January 1,	(16,883.04)	-
Amortisation for the year	(61,050.81)	(16,883.04)
Transfer out	-	-
As at December 31,	(77,933.85)	(16,883.04)
Net book value :		
As at December 31,	1,151,366.15	167,616.96
Amortisation in statement of comprehensive income	61,050.81	16,883.04

## 11 Leasehold contract guarantee

As at December 31, 2014 and 2013, leasehold contract guarantee-building in amount of Baht 2.80 million is guarantee repayable to the related parties so as for collateral against the damage any lose in accordance with area rental contract of the office plus equipment warehouse. The contract life for three years while the return is received within 30 days commenced from the date the Company handovers leased place to the related parties.

## 12. Deferred tax assets

The movements of deferred tax assets for the year ended December 31, 2014 and 2013, were as follow:-



(Unit : Baht)

Statements of financial position					
	January 1, <u>2013</u>	Recognized in <u>profit or loss</u>	December 31, <u>2013</u>	Recognized in <u>profit or loss</u>	December 31, <u>2014</u>
Trade receivables	11,287,393.08	(8,044,716.71)	3,242,676.37	-	3,242,676.37
Inventories	191,716.13	49,161.67	240,877.80	4,517,944.20	4,758,822.00
Property, plants and equipment	841,524.89	-	841,524.89	-	841,524.89
Obligation under finance lease	(1,112,777.65)	(8,912.49)	(1,121,690.14)	(1,549,311.51)	(2,671,001.65)
Employee benefits obligation	2,491,392.20	287,067.40	2,778,459.60	260,681.00	3,039,140.60
Total deferred tax assets	13,699,248.65	(7,717,400.13)	5,981,848.52	3,229,313.69	9,211,162.21

### 13. Bank overdrafts and short-term loans from financial institution

Consisted of:-

(Unit: Baht)

	<u>2014</u>	<u>2013</u>
Bank overdrafts	27,060,995.84	12,926,435.62
Trust receipts payable	1,477,796,635.08	1,336,581,514.22
Total	1,504,857,630.92	1,349,507,949.84

As at December 31, 2014, trust receipt payable is loan due to several commercial banks, carried interest rate of MOR, MLR-1% and MRR-2% per annum. (2013 : MOR, MLR-1% and MRR-2% per annum) Ownership of merchandise purchased from trust receipt contract performance is still belonged to a commercial bank until there is repayment of trust receipt payables to such commercial bank.

#### 14. Trade accounts and other accounts payable – other companies

Consisted of:-

	(Unit: Baht)	
	<u>2014</u>	<u>2013</u>
Trade payable	80,717,601.57	221,829,680.17
Accrued expenses	14,325,409.33	11,743,722.89
Accrued dividend	107,281.90	96,460.18
Advances received for goods	230,964.14	-
Payable to Revenue Department	-	7,561,936.85
Other payables	1,461,383.92	3,816,858.40
Payable for purchase of assets	4,009,070.18	2,482,750.69
Total trade and other payables	100,851,711.04	247,531,409.18

#### 15. Obligation under finance lease

Obligation under finance lease - minimum lease payments:

	2014			2013		
	Obligation	Deferred		Obligation	Deferred	
	under <u>finance</u>	<u>finance lease</u>	<u>Net</u>	under <u>finance</u>	<u>finance lease</u>	<u>Net</u>
	<u>lease</u>	<u>charges</u>		<u>lease</u>	<u>charges</u>	
Not later than 1 year	2,248,073.74	(354,091.36)	1,893,982.38	1,995,339.25	(376,004.57)	1,619,334.68
Later than 1 year but not						
later than 6 years	4,294,083.75	(458,323.95)	3,835,759.80	4,681,336.35	(567,823.80)	4,113,512.55
Total	6,542,157.49	(812,415.31)	5,729,742.18	6,676,675.60	(943,828.37)	5,732,847.23

As at December 31, 2014, the Company performs the contract of long term financial leased with leasing company so as to lease motor vehicle by number of 4 contracts.(2013 : 4 contracts) The leased contracts determine leased fee repayment as monthly installment from Baht 36,000.00 and 58,478.00 per month. (2013 : Baht 36,000.00 and 58,478.00 per month) The leased period is carried 4 - 6 years. (2013 : carried 4 - 6 years)

## 16. Employee benefit obligation

As at December 31, 2014 and 2013, the Company has the employee benefit obligation in case of retirement or termination under the labor law and other long-term employee benefit. The Company hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost.

As at December 31, 2014, the Company recognizes the employee benefit obligation in case of retirement or termination under the labor law in amount of Baht 14.37 million (2013 : Baht 13.15 million) and the other long-term employee benefit in amount of Baht 0.82 million (2013 : Baht 0.74 million) in statement of financial position.

Changes in the present value of the employee benefit obligation for the year ended December 31, 2014 and 2013 are as follows :-

	(Unit : Baht)		
	2014		
	Retirement	Other long-term	
	<u>employee benefit</u>	<u>employee benefit</u>	<u>Total</u>
Employee benefit obligation as at January 1, 2014	13,152,901.00	739,397.00	13,892,298.00
Current service cost	1,582,344.00	197,473.00	1,779,817.00
Interest cost	464,316.00	25,716.00	490,032.00
Benefit paid	(826,364.00)	(140,080.00)	(966,444.00)
Employee benefit obligation as at December 31, 2014	14,373,197.00	822,506.00	15,195,703.00

(Unit : Baht)

	2013		
	Retirement	Other long-term	
	<u>employee benefit</u>	<u>employee benefit</u>	<u>Total</u>
Employee benefit obligation as at January 1, 2013	11,507,364.00	949,597.00	12,456,961.00
Current service cost	1,359,669.00	182,276.00	1,541,945.00
Interest cost	407,472.00	24,384.00	431,856.00
Actuarial (gain) loss	35,396.00	(247,860.00)	(212,464.00)
Benefit paid	(157,000.00)	(169,000.00)	(326,000.00)
Employee benefit obligation as at December 31, 2013	13,152,901.00	739,397.00	13,892,298.00

Principal actuarial assumptions as at December 31, 2014 and 2013 are as follows :

	<u>2014</u>	<u>2013</u>
Discount rate at end of period	3.5303%	3.5303%
Future salary increase	7.00%	7.00%
Proportion of employees opting for early retirement	0% - 47%	0% - 47%

## 17. Share capital

	Number of	
	ordinary shares	Amount
	<u>(Unit : Share)</u>	<u>(Unit : Baht)</u>
Registered share capital (Baht 1 per share)		
As at January 1, 2013	625,000,000	625,000,000.00
Reduction of capital during the year (Note 18)	(3,833,700)	(3,833,700.00)
As at December 31, 2013	621,166,300	621,166,300.00
Increment of capital during the year	-	-
As at December 31, 2014	621,166,300	621,166,300.00

	Number of ordinary shares (Unit : Share)	Amount (Unit : Baht)
Issued and paid-up share capital (Baht 1 per share)		
As at January 1, 2013	500,000,000	500,000,000.00
Reduction of capital during the year (Note 18)	(3,833,700)	(3,833,700.00)
Increment of capital during the year	2,526	2,526.00
As at December 31, 2013	496,168,826	496,168,826.00
Increment of capital during the year	-	-
As at December 31, 2014	496,168,826	496,168,826.00

At the Extra-Ordinary Shareholders Meeting held on September 18, 2006, it is unanimously resolved that the Company's registered capital is increased by amount of Baht 125.00 million combining to registered capital of Baht 625.00 million, divided into ordinary shares of 625 million shares, par value of Baht 1.00 per share. So as to reserve for the right exercise in accordance with warrants to purchase ordinary shares. The Company has already registered the registration at the Ministry of Commerce since September 22, 2006.

#### Warrant (CSP-W1)

In December 2006, the Company disposed warrants of 124,999,992 units (CSP-W1) at Baht nil per unit so as to purchase ordinary shares offered to the former shareholders at the ratio of 1 warrant to 4 ordinary shares. The above warrants (CSP-W1) offered to purchase to ordinary shares comprise the detail by summation as follows :-

- It is the kind of specifying the names of holders and the holders can be changed.
- The warrants as registered securities in the Securities Exchange of Thailand.
- The age of warrant is 7 years.
- The date the warrants are issued on December 29, 2006.

- The warrants can be exercise is every final business day of May and November. The right is primarily exercised as of the final business day of May, 2008. Moreover, the right is finally exercised on November 29, 2013.
- The rate of warrants right exercise is one unit over one ordinary share. (par value is Baht 1 per share)
- The exercised price is Baht 3.90 per share.

During the year ended December 31, 2013, the Company registered the increment of paid-up shares capital for Baht 2,526.00 as follows :-

- The warrants holders exercised the right to purchase the common shares on November 29, 2013 by Baht 2,526.00 and the Company has registered the capital increment from such exercise with the Ministry of Commerce on December 12, 2013.

As at November 29, 2013, the remaining warrants (CSP-W1) not yet exercised are 124,997,466 units.

From November 30, 2013, the warrants (CSP-W1) at the amount of 124,997,466 units were delisted on the Stock Exchange of Thailand.

#### The capital management

The Company constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Company will maintain capital in the level with the least risk.

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 obligations.

## 18. Treasury shares

At the meeting of board of director with held on December 24, 2008, it is unanimously resolved the share repurchase plan for finance management. The details are as follows:-

- The maximum budget for the share repurchase plan is Baht 90.00 millions.
- The number of shares to be repurchased is not to exceed 40,000,000 shares at par value of Baht 1.00 per share, equal to 8% of paid-up share capital.
- The period for the share repurchase is January 12, 2009 to July 11, 2009.
- The period for the resale of shares is January 13, 2010 to January 12, 2013.

As at January 12, 2013, the Company has repurchased a total of 3,833,700 of its shares (equal to 0.77% of paid-up share capital of the Company) aggregating to the total repurchased value of Baht 8.80 million.

In accordance with the resolution of the board of directors' meeting held on January 23, 2013, it has approved the reduction of the registered share capital and the paid-up share capital by writing off 3,833,700 units of treasury stock which has not yet been sold. Since the Company's share price trading in the Stock Market of Thailand is lower than the purchase price; therefore, after the share reduction process, the Company has 496,166,300 Baht of registered share capital and the paid-up share capital, which consist of 496,166,300 shares at the value of Baht 1.00 per share. On February 6, 2013, the Company has registered the said change with the Ministry of Commerce.

## 19. Statutory reserve

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

For the year ended December 31, 2014 the Company has appropriated net income amounting to Baht 8.00 Million. (2013 : Baht 4.00 million)

## 20. Income tax expense

The income tax expenses recognized in profit or loss for the year ended December 31, 2014 and 2013 were as follow :-

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Current tax expense	42,031,499.69	21,419,012.61
Deferred tax expenses relating to the origination and reversal of temporary difference	(3,229,313.69)	7,717,400.13
Income tax expense	<u>38,802,186.00</u>	<u>29,136,412.74</u>

The relationship between tax expense and accounting profit for the year ended December 31, 2014 and 2013 were as follow :-

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Accounting profit	<u>179,253,588.99</u>	<u>106,193,146.08</u>
Tax rate used	20%	20%
Tax at the applicable tax rate	35,850,717.80	21,238,629.22
Effect of expenses that are not deductible in determining taxation profit	2,238,312.41	13,437.35
Temporary difference not recognized as a deferred tax assets	<u>713,155.79</u>	<u>7,884,346.17</u>
Income tax expense	<u>38,802,186.00</u>	<u>29,136,412.74</u>



## 21. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year by adjusted by the number of repurchased shares.

	<u>2014</u>	<u>2013</u>
Net profit attributable to shareholders ('000 Baht)	140,451	77,057
Weighted average number of paid-up ordinary		
share issue during the year ('000 shares)	496,169	496,166
Basic earnings per share (Baht)	0.28	0.16

Diluted earnings per share is calculated by the sum of the weighted average number of ordinary shares in issue during the period and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. By supposition that if taking money received from right exercise from such warrants to purchase ordinary shares back in the market price of diluted equivalent ordinary shares; for example, warrants to purchase ordinary shares in the case that prices according to the rights of warrants constitute value lower than market price.

For the year ended December 31, 2014 and 2013, the Company did not include ordinary shares derived from warrants to purchase ordinary shares as diluted equivalent ordinary shares in the computation of diluted earnings per share since the right to purchase ordinary share had already expired since November 30, 2013.

## 22. Dividend Repayment

In accordance with the minute of the ordinary shareholders meeting for the year 2014 held on March 28, 2014, the shareholders approved the payment of annual dividend for the year 2013 of Baht 0.13 per share in total amount of Baht 64.50 million. The Company paid such dividend in April 2014. (2013 : Baht 74.42 million)

## 23 Supplemental disclosures of cash flow information

### 23.1 Cash and cash equivalents consisted of :-

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Cash	468,447.50	155,027.75
Cheque on hand	2,523,989.19	12,615,767.76
Cash deposits - Saving accounts	299.15	299.15
Cash deposits - Current accounts	576,626.49	25,976,378.50
Short-term investment not exceeding 3 months	320,593.37	156,065.35
Total	3,889,955.70	38,903,538.51

### 23.2 Non - cash items :-

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Purchase of assets but not yet paid	1,971,093.63	2,320,327.75
Acquired assets by finance lease	1,839,600.00	1,840,020.00
Accrued dividend	107,281.90	96,460.18

## 24 Employee benefits

### 24.1 Provident fund

For the year ended December 31, 2014 the Company recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 0.79 million. (2013 : Baht 0.75 million)

### 24.2 Retirement employee benefit and the other long - term employee benefits

For the year ended December 31, 2014 and 2013, the Company recognizes the employee benefit expense in case of retirement or termination under the labor law and the other long-term employee benefit, as follows :-

(Unit : Baht)

	2014		
	Retirement	Other long-term	
	<u>employee benefit</u>	<u>employee benefit</u>	<u>Total</u>
Current service cost	1,582,344.00	197,473.00	1,779,817.00
Interest cost	464,316.00	25,716.00	490,032.00
Total	2,046,660.00	223,189.00	2,269,849.00

(Unit : Baht)

	2013		
	Retirement	Other long-term	
	<u>employee benefit</u>	<u>employee benefit</u>	<u>Total</u>
Current service cost	1,359,669.00	182,276.00	1,541,945.00
Interest cost	407,472.00	24,384.00	431,856.00
Actuarial (gain) loss	35,396.00	(247,860.00)	(212,464.00)
Total	1,802,537.00	(41,200.00)	1,761,337.00

An item of the employee benefit expense in case of retirement or termination under the labor law and the other long-term for the year ended December 31, 2014 and 2013 is inclusively presented in the line items, as follows :-

(Unit : Baht)

	2014		
	Retirement	Other long-term	<u>Total</u>
	<u>employee benefit</u>	<u>employee benefit</u>	
Cost of sales	686,607.00	164,746.00	851,353.00
Selling expenses	211,808.00	12,642.00	224,450.00
Administrative expenses	228,620.00	32,401.00	261,021.00
Management compensation	919,625.00	13,400.00	933,025.00
Total	2,046,660.00	223,189.00	2,269,849.00

(Unit : Baht)

	2013		
	Retirement	Other long-term	<u>Total</u>
	<u>employee benefit</u>	<u>employee benefit</u>	
Cost of sales	468,890.00	(89,937.00)	378,953.00
Selling expenses	175,631.00	10,480.00	186,111.00
Administrative expenses	227,852.00	41,645.00	269,497.00
Management compensation	930,164.00	(3,388.00)	926,776.00
Total	1,802,537.00	(41,200.00)	1,761,337.00

## 25. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended December 31, 2014 and 2013 :

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Change in finished goods	(24,645,577.99)	(18,015,030.49)
Raw material and supplied used	3,314,325,683.40	3,613,162,328.80
Bad debts and doubtful debts (Reversal)	3,565,778.95	(801,852.70)
Employee benefit expenses	61,272,837.03	58,466,855.81
Depreciation and amortization	13,350,899.86	12,302,149.77
Loss from declining in value of inventories	22,589,721.02	245,808.36

## 26. Operating segments

The Company identified the operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall disclose the amount reported for each operating segment item to be the measure reported to the Company's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance. However, the Company has a single reportable segment which is the business of distribution of steel product and its operation is in one geographical area that is Thailand. Moreover, the Company measures the profit for the reportable segment from the gross profit. Thus all revenue, profit and assets as shown on the financial statements were related to the reportable segment and geographical area as already said.

## Information about major customers

For the year ended December 31, 2014 and 2013, the Company didn't earn the revenues from sale of goods with each customer to 10% or more of the Company's revenues.

## 27. Financial Instruments

### 27.1 Risk Management

The Company has no policy to deal in financial instruments for speculation or trade.

### 27.2 Risks from Interest Rates

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, credit facilities owing to the commercial bank and financial institutions and long-term loans from financial institutions. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Company anticipates of non material risk from interest rates.

	Amount (Unit : Million Baht )		Interest rate per annum (%)	
	2014	2013	2014	2013
Bank overdrafts	27.06	12.93	MOR	MOR
Trust receipts payable	1,477.80	1,336.58	MLR-1,MRR-2	MLR-1,MRR-2

### 27.3 Credit Risk

The Company faces risk from extending credit to customers who default on payment, however the Company evaluate each clients' ability to pay before giving credit and make a sufficient provision for doubtful debts in accordance with accounting policy. Moreover, the Company has no significant concentrations of credit risks.

#### 27.4 Foreign Currency Risk

The Company constitutes material risk from exchange rates in oversea currencies which has been trade accounts receivable and payable those are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract or buying foreign exchange option dependent on each case.

As at December 31, 2014 and 2013, the Company has foreign currency assets and liabilities were as follows:-

	Foreign Currency Assets		Foreign Currency Liabilities	
	December 31,2014	December 31,2013	December 31,2014	December 31,2013
US Dollar	9.20	9.18	4,965,542.75	25,778,714.18

#### 27.5 Fair value

The carrying amounts of cash and cash equivalent, trade receivable and payable, other receivable and payable to related parties and short-term loan from financial institutions close to their fair value due to these financial assets and liabilities are short term. Obligations under finance lease carry interest at rate close to current market rate so that the carrying value of such obligations under finance lease close to their fair value.

### 28. Credit Facility from the Financial Institute

As at December 31, 2014 The Company received credit limit of bank overdraft account, long term loan, letter of credit and trust receipt, foreign currency trading, letter of guarantee against the use of electricity from several finance institutes and commercial bank. The total credit limit in amount of Baht 3,454.79 million, (2013 : Baht 3,704.79 million) while there is land, factory building and machineries of the Company, land and building of the Parent Company as guarantors.

## 29. Obligation and contingent liabilities

29.1 Apart from the various liabilities presented in the financial statements, the Company has the obligations as at December 31, 2014 and 2013 are as follow:-

	(Unit : Million)	
	<u>2014</u>	<u>2013</u>
Letter of Credit		
US Dollar	6.81	10.66
Baht	-	25.36
Letter of Guarantee		
US Dollar	-	1.71
Baht	1.79	1.44

29.2 The Company entered into machinery manufacturing agreement in 4 contracts with the third parties which has the value in amount is Baht 0.62 million and EUR 0.14 million (2013 : Baht 11.93 million). As at December 31, 2014, the Company had outstanding commitments being amount of Baht 0.44 million and EUR 0.07 million (2013 : Baht 4.35 million).

## 30. Events after the reporting period



In accordance with Board of Directors meeting 1/2015 held on February 26, 2015, to pay the annual dividend from operation result of the Company for the year 2014 of Baht 0.16 per share amounting to Baht 79.39 million. The Company will pay such dividend in April, 2015.



## 31. Approval of financial statements



The financial statements were authorized for issue by the Company's board of directors on February 26, 2015.







## Resume of Directors and Management of CSP Steel Center Public Company Limited


Name Age / Title	Education	Relationship with Other management	*Percentage of Total Voting Right	Experience	
<p>Mr. Supachai Chaisupat</p> <p>Age : 67</p> <p>President &amp; CEO</p> 	<p>High School</p> <p>Director Accreditation Program (DAP) 31</p>	<p>Father of Mr. Weerasak Chaisupat and Mr. Kritsada Chaisupat</p>	<p>8.47 %</p>	<p>1992 - Present</p> <p>1987 - Present</p>	<p>- President CSP Steel Center., Pcl.</p> <p>- Director Chaisupat Co., Ltd.</p>
<p>Mr. Weerasak Chaisupat</p> <p>Age : 42</p> <p>Managing Director</p> 	<p>Bachelor of Marketing JOHNSON&amp;WALES UNIVERSITY,U.S.A</p> <p>Master of International Business JOHNSON&amp;WALES UNIVERSITY,U.S.A</p> <p>Director Accreditation Program (DAP) 31</p>	<p>Son of Mr. Supachai Chaisupat and husband of Mrs. Suwimon Chaisupat</p>	<p>6.12%</p>	<p>2005 - Present</p> <p>1999 - 2006</p> <p>1997 - 1999</p>	<p>- Managing Director CSP Steel Center., Pcl.</p> <p>- Director United Steel Service Center Co., Ltd.</p> <p>- Director Chaisupat Co., Ltd.</p>

Name Age / Title	Education	Relationship with Other management	*Percentage of Total Voting Right	Experience	
Mr. Kritsada Chaisupat Age : 40 Director & Executive Vice President in General Management 	Bachelor of Business Managementปริญญาตรี Thai Chamber of Commerce University Master of Business Management JOHNSON&WALES UNIVERSITY,U.S.A Director Accreditation Program (DAP) 31	Son of Mr. Supachai Chaisupat	6.05%	1998 - Present	- Director & Executive Vice President in General Management CSP Steel Center., Pcl.
Mr. Bunjerd Somsem Age : 55 Director/ Nomination and Remuneration Committee 	Bachelor of Marketing Thammasat University Director Accreditation Program (DAP) 31	None	0.006%	2005 - Present  1985 - Present	- Director CSP Steel Center., Pcl. - Assistant Vice President Bangkok Bank., Pcl.

Name Age / Title	Education	Relationship with Other management	*Percentage of Total Voting Right	Experience	
Mrs. Panthipa Chewthanasoontorn Age : 61 Director 	Bachelor of Business Management Rachamongkol Institute of Technology Director Accreditation Program (DAP) 31	Sister of Mr. Supachai Chaisupat	2.01%	2005 - Present  1978 – 2013  Present	- Director CSP Steel Center., Pcl. - Senior Service Officer Bangkok Bank., Pcl. - Retirement
Mr. Charus Khanchanakhajit Age : 78 Chairman of Audit Committee/Nomination and Remuneration Committee 	Law Institution Bachelor of Law Science Ramkhamhaeng University Director Accreditation Program (DAP) 31	None	None	2005 - Present  1996 - Present	- Audit Committee CSP Steel Center., Pcl. - Professor National Institute of Development Administration (NIDA)

Name Age / Title	Education	Relationship with Other management	*Percentage of Total Voting Right	Experience	
Mr. Janram Atthakrisna Age : 58 Audit Committee/ Nomination and Remuneration Committee 	Master of Public Administration National Institute of Development Administration (NIDA) Bachelor of Law Science Ramkhamhaeng University Accounting for Management Program 2004 Chulalongkorn University Internal Audit Program 2005 Chulalongkorn University Director Accreditation Program (DAP) 31	None	None	2005 – Present  1988 – Present	- Audit Committee CSP Steel Center., Pcl. - Assistant Chief Officer of Internal Audit Government Housing Bank
Mr. Surachat Pongpattarrine Age : 68 Audit Committee/ Nomination and Remuneration Committee 	Diploma Degree of M.B.A Montgomery College, U.S.A Director Accreditation Program (DAP) 18	None	None	2007 – Present  2004 – Present  1997 - 2004	- Audit Committee CSP Steel Center., Pcl. - Executive Vice President General Administration UBIS (Asia) Public Co., Ltd. - Executive Officer UBIS (Asia) Public Co., Ltd.

Name Age / Title	Education	Relationship with Other management	*Percentage of Total Voting Right	Experience	
Mrs. Suwimon Chaisupat Age : 41 Executive Vice President in Finance & Accounting Executive Vice President in Human Resource (Deputy) 	Bachelor of Marketing JOHNSON&WALES UNIVERSITY,U.S.A Master of International Business JOHNSON&WALES UNIVERSITY,U.S.A	Spouse of Mr. Weerasak Chaisupat	None	2005 - Present  2002 - 2004  1999 - 2000	- Executive Vice President Finance & Accounting CSP Steel Center., Pcl. - Finance & Accounting Manager United Steel Service Center Co., Ltd. - Assistant Manager BAKER HUGHES INTEQ
Mrs. Piyarat Sawatdee Age : 59 Executive Vice President Sales & Marketing 	Associate Degree Siam University	None	0.00002%	2014 – Present  2005 – 2014  1988 - 2004	- Executive Vice President Sales & Marketing CSP Steel Center., Pcl. - Sales & Marketing Senior Manager CSP Steel Center., Pcl. - Sales & Marketing Manager Chaisupat Co., Ltd.

Name Age / Title	Education	Relationship with Other management	*Percentage of Total Voting Right	Experience	
Ms. Ongon Srihasaiyasit Age : 34 Accounting Manager 	Master of Accounting Chulalongkorn University  Bachelor of Accounting Kasetsart University Register CPA	None	None	2009 – Present  Present  2007 – 2009  2004 – 2007  2002 - 2004	- Accounting Manager CSP Steel Center., Pcl.  - Corporate Secretary CSP Steel Center., Pcl.  - Accounting Manager Hardware House International  - Assistant Auditor K.P.M.G. Phoomchai Audit Co., Ltd.  - Assistant Auditor AMC Auditing Co., Ltd.

Remark \* including share of related person under section 258 of SET Law.

### Authority Details of Directors and Management

Name		CSP Steel Center Pcl.	Chaisupat Co., Ltd.
1. Mr. Supachai	Chaisupat	X V	/
2. Mr. Weerasak	Chaisupat	/// V	
3. Mr. Kritsada	Chaisupat	/ V	
4. Mrs. Panthipa	Chewthanasoontorn	/	
5. Mr. Bunjerd	Somsem	/	
6. Mr. Charus	Khanchanakhajit	N	
7. Mr. Janram	Atthakrisna	//	
8. Mr. Surachat	Pongpattarrine	//	
9. Mrs. Piyarat	Sawatdee	V	
10. Mrs. Suwimon	Chaisupat	V	
11. Ms. Ongon	Srihasaiyasit	V	

#### Remark:

X = President

N = Chairman of Independent / Audit Committee

/ = Director

// = Audit Committee

/// = Managing Director

V = Management