บริษัท ไทยง้วนเมทัล จำกัด (มหาชน)
THAI YUAN METAL PUBLIC COMPANY LIMITED



ONE STOP METAL SERVICE

ANNUAL REPORT 2013

Message from the Chairman



World economies crisis in Europe for the whole year 2013 and unstable of Thai Politic since third quarter of 2013, and long outstanding of HBI scrap which the Company and subsidiary imported in 2012, resulting total reserves dropped from Baht 14,828 million in 2012 to Baht 11,574 million in 2013 and loss for this year.

However, Managements and all Directors, together with all staff were not surrendered, kept high intention to work hard and used past experience as information to improve all operations in order to get better efficiency and effectiveness, in addition, the Company had invested in new factory to manufacture premium pipe that will be supported future growth once economics is rebound. Which managements have confidence this will push the company to be survival and make profit in next year.

On behalf of the Board of Directors, we would like to express our appreciation for shareholders, customers, business partners, financial institutions, and private sectors concerned of their full support in the Company's operation. We also are very grateful to our executives and staff who have performed their duties with full responsibilities and commitment to improve the Company's potential for the steady and ongoing growth in the future.



Ms. Ratana Jirapongtrakul
Chairman

Financial Highlights

(Thousand Baht)

	2013	2012	2011
Data from consolidated financial Statements			
Revenue from sales	11,574,095	14,827,760	10,405,043
Gross Profit	(8,570)	258,414	339,750
Comprehensive Net Profit (Loss)	(556,704)	(45,400)	149,439
Total Assets	3,988,394	5,607,299	5,120,924
Total Liabilities	3,317,252	4,418,954	3,989,157
Shareholder's Equity	671,142	1,188,345	1,131,767
Financial Ratio			
Gross Profit Margin	(0.07)	1.52%	3.27%
Net Profit Margin	(4.80)	(0.38)%	1.43%
Return on Assets	(11.60)	(1.05)%	3.77%
Return on Equity	(59.88)	(4.91)%	13.84%
Current Ratio (times)	1.03	1.16	1.19
Debt to Equity Ratio (times)	4.94	3.81	3.52

Business Overview

The Company has been selling various kind of metal products, raw materials (not forming),such as, Hot Roll Coil and forming, such as, slitting, plate, and other hot formings and cold formings, steel channel bar, steel angle bar, rip c-channel and steel pipe.

The Company income structure composed of

1) Steel Trading

The Company has various kind of steel tradings Hot Roll Coil, Plate, H-Beams, I-Beams, wide flange, steel bar, steel channel bar, steel channel and steel flat bar, c-channel and steel pipe. The Company also provides other products, water pipe, zing, etc. Since end of 2011 through 2012 the Company also imported scraps for selling as raw materials for producing Hot Roll Coils and Billets.

2) Coil Center

The Company processes hot rolled coil into other forming products, such as, slitting coil, cutting sheet including c-channel and steel pipes and also provides service of cutting plate and slitting coil per customers' need.

The Company's income structure

The distribution value	2013		2012		2011	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Trading						
- Scrap	4,456.56	38.50	7,027.46	47.39	3,122.62	29.90
- Appearance iron	3,311.00	28.61	3,539.56	23.87	3,463.90	33.17
Processing	3,781.65	32.67	4,257.36	28.71	3,847.90	36.85
Grand Total	11,549.21	99.78	14,824.37	99.97	10,434.42	99.91
Other income	24.89	0.22	3.38	0.03	9.01	0.09
Total Revenues	11,574.10	100.00	14,827.76	100.00	10,443.43	100.00

Type of Business and Nature of Operation

The Company divides its operations into two categories, as follows:

1. Steel Trading and Warehousing

The company's products can be divided into 3 main products, as follows:

1.1 Hot Rolled Flat product

This product is passed the production process of the local manufactures. The feature of Hot Rolled Flat Product is sheet, which has different width, length and dept. There are two types. The first type is Hot-Rolled Coil with the depth from 1.0 millimeter to 13.0 millimeters. The second type is Hot-Rolled Plate with the dept from 8 millimeters to 100 millimeters. The company procures Hot-Rolled Coil and Hot-Rolled Plate from local manufactures and sells them to steel traders and steel manufactures. These customers use these products to produce other steel works. These products are widely used in several industries such as construction, machinery and ship building.

1.2 Long product

1) Hot Formed product

These products are passed the hot forming process, which are H-Beams, I-Beams, wide flange, steel bar, steel channel bar, steel channel and steel flat bar. The company procures these products and sells to trader and the customers in construction industry.

2) Cold Formed product

These products are reformed without heating process. This type of products includes steel channel bar, steel angle bar, rip c-channel and steel pipe. The steel pipe which company procures is suitable for construction industry. The company procures these products and sells to trader and the customers in construction industry.

1.3 Other steel products

The company purchases other steel products to accommodate the customers such as cold rolled sheet and stainless steel sheet.

2. **Coil Center**

The company processes hot rolled coil into other forming products, such as, slitting coil, cutting sheet various sizes, including c-channel and steel pipes. Currently, overall production capacity is around 110,000 Ton per year, with working 8 hours per day, and increasing 2-4 hours per day in peak period.

Marketing and Competitive Situation

1. **Marketing Strategies**

1) Since the Company has variety of products, customers can order from the company instead of order from many distributors. The company can serve customers' need well, especially, wholesaler and construction clients, which are major customers.
2) Metal products, both bought for trading and manufactured by the company received Thai Industrial standard Institute license from Ministry of Industrial, and the company has quality assurance system before deliver goods. Incase of damages, new goods will be resubmitted immediately.
3) The company has services to deliver products to customers either in Bangkok, outer ring of Bangkok or near by provinces.
4) The company can immediately serve customers' need due to variety of products, efficient inventory control system, and on time delivery.
5) The company separates marketing team by customer locations in order to closely take care customers and know their needs.
6) The company seriously focuses on creating value added to the firm, by developing and giving product knowledges to staff in order that they can give good advice and service to customers.

Distribution channel

The Company distributed all products locally in both 2012 and 2013, mainly to whole sellers, other industries and constructors, including HRC manufacturers.

2. **Competition**

Because the company operates as coil service center and steel manufacture, the company divides the competitive situation as follow:

2.1 The coil service center

There are many coil service centers in Thailand but most of them are small manufacturers. There are only two large manufacturers and six medium manufacturers in this market. The company is one of the medium manufacturers. Therefore, the level of competition for large and medium manufactures is moderate. Moreover, at the present the production is not sufficient for the customers' demand.

2.2 **The steel pipe and rip c-channel manufacture**

The competition in this market is in high level because there are approximately 50 steel pipe and rip c-channel manufactures in this market. The company divides the competition of steel pipe and rip c-channel into three groups according to their production capacity.

- The large steel pipe and rip c-channel manufactures have production capacity more than 100,000 tones per year. There are nine large manufacturers.
- The Medium steel pipe and rip c-channel manufactures have production capacity ranging from 50,000 tones per year to 100,000 tones per year. There are approximately 13 Medium manufacturers.
- The small steel pipe and rip c-channel manufactures have the capacity less than 50,000 tones per year. The rest of the manufacturers are small manufacturers. The steel pipe and rip c-channel manufacturing capacity of the company is 35,000 tones per year. Therefore, the company is small manufacturer.

Merchandise Suppliers

- **Production**

  At present the company has one factory and one subsidiary with the full production capacity of approximate 200,000 tones per year. The average utilization rate is 61 percent in 2013.

- **Raw material and product procurement**

  At present the company procures hot rolled coil with the standard size of thickness, width and length from the local manufacturers. G J Steel Public Company Limited who is one of the three major producers is the company's major supplier, and purchase other products from various supplies.

Environmental Impact

The environmental Impact of steel manufacturer is the noise pollution. However, the company controls the noise not to affect the environment by design the factories. Moreover, the company is examined by Department of industrial Works annually. The environment of the factory is according to the standard and is not affect the environment.

Moreover, the company has never been sued about the pollution and has never been warned or charged or charged by the government agent according to the environmental laws.

Risk factors

1) **The risk associated with the volatility of the price of raw material**

The company purchased all of hot rolled coil from the local manufacturers with the range 66.52% of all purchases in 2012 and 50.62% of all purchases in 2013. Therefore, the volatility of hot rolled coil price affects the company's cost and the company's selling price.

However, if the price of steel products tends to stable or increase, the company uses the cost plus policy to set the selling price of all products. The company uses the raw material cost, expenses and profit to set the selling prices. Therefore, the company can maintain the profit margin and the company can adjust the selling price according to the changing of raw material prices. When the selling prices tend to decrease, the company accelerates to sell all of products. If the customers wish to order the goods in advance, the company will collect the advance payment from them and will order the goods from the manufacturers. This can lower the risk associated with the volatility of hot rolled coli price.

Moreover, the company follows the changing of raw material prices closely to order the raw material and to manage the inventory properly. The company has the policy to decrease the inventory when the price of raw material tends to decrease and to increase the inventory when the price of raw material tends to increase. In the normal situation, the company has the policy to keep the inventory for 45 days. From these policies, the changing of the raw material price will not affect the company's operational performance significantly.

2) **Risk associated with the reliability on major steel producers**

At the present, there are only three hot rolled coil manufacturers in Thailand. Hence, there may be a risk if these major domestic steel producers are unable to deliver their products to the Company as scheduled and if the Company is unable to provide substitute products to fill its customer's orders.

However, the company has purchased hot rolled coil from these manufacturers for a long time and has never defaulted on payment. These make the company has close relationship with the manufacturers. Moreover, the company plans the production and informs the purchasing amount of raw material in advance. The company has never experienced a delivery problem with these suppliers, when the steel price situation is normal or the steel price tends to increase. Therefore, the company believes that the company will not be affected by this problem. If there is such problem, the company is able to import hot rolled coil from foreign. In the past, the company imported hot rolled coil from Russia, Africa, and China. The import of hot rolled coil takes a few weeks, which is longer than purchase them from local manufacturers.

3) **The risk associated with the changing law about the competition**

1) <u>The Anti- Dumping Measures</u>

The dumping on steel market in Thailand from 2001 to 2002 lowered the local hot rolled coil price and affected local steel manufacturers. This also leaded to more price competition of steel transformers. Thai government imposed anti-dumping duties on imports of hot-rolled steel from 14 countries, dated November 8, 2002, for a period of five years, and could be renewed for another 5 years. This measure will end in 2008. From this measure, the foreign hot rolled coil is more expensive than the local on. Moreover, it lowers the price competition of structural steel. Therefore, when this measure ends, the price of hot rolled coil may fluctuate because of the foreign dumping. This may lower the competitive of the company if the company is unable to find the cheaper raw material sources.

2) Free Trade Area

At the present, Thailand has Free Trade Area Agreement with ASEAN countries and Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for ASEAN Free Trade Area (AFTA). Hot rolled coil and steel pipe are on the normal track, which Thailand has to lower tariff on import goods to zero within 2010. The tariff rate of hot rolled coil from ASEAN countries is two to five percent depending on type and size. The tariff rate of steel pipe from ASEAN countries is five percent. Moreover, it is possible that Thailand will make Free Trade Area agreement with other countries in the future. So the imported hot rolled coil and steel pipe may be cheaper and there may be more foreign competitors. However, the import of hot rolled coil and steel pipe have disadvantage about the transportation duration and transportation cost. Moreover, if the import hot rolled coil and steel pipe is cheaper than local ones, the company is able to import them as in the past.

4) Risk of impact from natural hazards and uncertainty politic

Since end of 2011 natural hazards seemed increasing the violent and uncertainty. This has impact to seasonal trading, especially; there will be heavy rain and flooding in every third quarter and politic uncertainty which affect to property business and consequently metal trading are also slow down.

5) Shareholders' Investment Risk

Since the Company was registered in SET since 2007, the Company has been able to generate profit and growth from trading of forming products. Up to 2012 when the Company had invested in one subsidiary who imported scraps for sale. unfortunately, selling price dropped drastically, consequently, created huge loss in 2013, and caused no dividend paid in this year. However, management had more experience and more cautious in scraps business in future, which expected that risk from loss selling scraps will be exit.

General Information

INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARY

The Company

Name	:	Thai Yuan Metal Public Company Limited
Location	:	7/4,7/6 Moo 1 Ekkachai Road, Khae lai, Kratumban, Samutsakorn 74110
Homepage	:	http://www.thaiyuanmetal.com
Company Registration	:	0107549000106
Business Operation	:	The company runs business as a trader and supplier of a wide variety of steel products: raw materials such as hot rolled coil; transformed steel such as coil slitting, steel sheet , hot formed product, cold formed product ; and other steel products. The company also processes some types of steel such as steel sheet, coil slitting, steel flat bar, steel angle bar, steel channel bar, steel pipe, and steel Rip C channel.
Telephone	:	(662) 811-2506-8 /(662) 811-3561-3
Fax	:	(662) 814-9353
Registered capital	:	Baht 500,000,000
Common Shares	:	400,000,000 shares
Par Value	:	Baht 1.00
Paid Capital	:	Baht 400,000,000

Name (Company Registration)	Address	Type of Business	Registered (Baht)	Paid-up (Baht)	Percentage of Investment
1) Thai Yuan Metal PCL. (0107549000106)	7/4,7/6 Moo 1 Ekkachai Road, Khae lai, Kratumban, Samutsakorn 74110 Tel: 66 (0) 2811-2506-8 66 (0) 2811-3561-3 Fax: 66 (0) 2814-9353 E-mail: ty_info@ thaiyuanmetal.com Website: www.thaiyuanmetal.com	Manufacture and sale of steel	500,000,000	400,000,000	-
Its Subsidiary					
1) Thaiguan Logistic Co.,Ltd. (0745551000218)	7/4,7/6 Moo 1 Ekkachai Road, Khae lai, Kratumban, Samutsakorn 74110 Tel: 66 (0) 2811-2506-8 66 (0) 2811-3561-3 Fax: 66 (0) 2429-3959	To operate Logistic	10,000,000	10,000,000	80.00%
2) T.Y.K Industry Co., Ltd. (0745552002940)	196 Moo1, Khae lai, Kratumban, Samutsakorn 74110 Tel: 66 (0) 34-476-456 Fax: 66 (0) 34-476-756	Manufacture black pipe	50,000,000	50,000,000	70.00%
3) Precision Perfect Pipe Co., Ltd (0745555002266)	196/1 Moo1, Khae lai, Kratumban, Samutsakorn 74110 Tel: 66 (0) 34-476-456 Fax: 66 (0) 34-476-756	Manufacture and Sell pipe and Components of the Automotive Business	100,000,000	25,000,000	40.00%
4) Liberty Steel Siam Co., Ltd. (0105554023044)	320 Room No. 114, Bangbon 5 Rd., Bangbon, Bangkok 10150 Tel: 66 (0) 2811-2506-8 ต่อ 209 Fax: 66 (0) 2429-3957	Selling Steel-Round Bars, Hot Rolled Coils, and raw materials for manufacture other forming products	200,000,000	200,000,000	42.50%

Referrals and Their locations

Securities Register

Company	:	Thailand Securities Depository Co.,Ltd
Address	:	62 The Stock Exchange of Thailand Building,
		Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone	:	(662) 229-2800
Fax	:	(662) 265-5642

Auditor

Company Name	:	ANS Audit Company Limited
		100/31-32, 16th Floor, 100/2 Vongvanij B Building, Rama 9 Rd.,
		Huaykwang, Bangkok 10310, Thailand
Telephone	:	(662) 645 0109
Fax	:	(662) 645 0110
Auditor	:	Mr. Vichai Ruchitanont CPA.No. 4054 and/or
		Mr. Atipong Atiponsakul CPA.No. 3500 and/or
		Mr. Satien Wongsanan CPA.No. 3495 and/or
		Ms. Kuntida Pasurakul CPA.No. 5946

Capital Structure

(1) Company's Securities

The Companies' registered capital was as follows:-

Registered capital	500,000,000	Baht
Paid-up capital	400,000,000	Baht
Ordinary Shares	500,000,000	Shares
Par value	1.00	Baht

The Annual General Meeting of Shareholders for 2012 of Thai Yuan Metal Public company held on April 23, 2012 Approved to changing par value from previously Baht 0.10 per share to Baht 1.00 per share

Warrants : The Companies' Warrant details to purchase ordinary shares of Thai Yuan Metal Public Company Limited No.1 (TYM-W1) as at December 31, 2012 were as follows :-

Type of Warrant	The warrant to purchase ordinary shares of Thai Yuan Metal Public Company Limited No.1 which will be allocated to the existing shareholders.
Symbol for trading	TYM-W1
Category of Warrant	Named and transferable Warrant to purchase ordinary shares of Thai Yuan Metal Public Company Limited.
Number of Warrant	99,996,274 units
Underlying Share	99,996,274 shares
Offering Method	Allocation to existing shareholders as the ratio of 4 existing ordinary shares to 1 unit of Warrant (any fraction will be discarded as to be decided on by the Board of Directors or person assigned thereby). The record date for the names of shareholders entitled to be allocated Warrants is set to be May 27, 2011 and the names of entitled shareholders will be gathered pursuant to Section 225 of the Securities and Exchange Act by means of closing of the share register book on May 30, 2011.
Offering price per unit	Baht 0 (Zero) per unit
Terms of Warrant	3 years from the Issue and Offering Date
Issue and Offering Date	June 24, 2011
Exercise Ratio	1 unit of Warrant per 1 newly ordinary share (subsequently amendable in accordance with the conditions for right adjustment)
Exercise Price*	Baht 5.00 per share (subject to change in accordance with the conditions for right adjustment)

Exercise Period	The Warrant Holders can exercise the Warrant on the last Business Day of the first quarter and the third quarter or the last Business Day of March and September of each year throughout the Warrant term (**the Exercise Date**). The first exercise date shall fall on the last Business Day of March 2012 (the First Exercise Date) or on Friday 30th March 2012 and the last exercise date shall fall on the date of the third anniversary of the issue and offering date of Warrants which is on Monday 23rd June 2014. In case the last exercise date falls on the Company's holiday, such date shall be changed to the last Business Day prior to the last exercise date. The last exercise period shall not be less than 15 days from such exercise date.
End of Warrant term	June 23, 2014
Warrant Registrar	Thailand Securities Depository Company Limited
Secondary Market of Warrant	The Company will register the Warrants as listed securities on The Stock Exchange of Thailand.
Secondary Market of ordinary share derived from the exercise of Warrants	The Company will register the ordinary shares derived from exercise of Warrants under this issue and offering as listed securities on The Stock Exchange of Thailand.
Total Exercised Warrants	-non-
Total Warrants Remaining	99,996,274 Units
No. of Reserved Shares for Outstanding Exercise	99,996,274 shares

***Note** The exercise price mentioned above was new price, which was approved from 2012 AGM, dated April 23, 2012, approved changing number of shares and par value from Baht 0.10 per share to Baht 1.00 per share, consequently, the company had to change the regulation and condition in previous warrant, TYM-W1, (Exercise price changed from Baht 0.50 to Baht 5.00 per share)

(2) Shareholder

The 10 major shareholders as at the book closure date on December 31, 2013 are as follows:-

	Name	No. of Shares	%
1	Ms. Ratana Jirapongtralkul	120,000,000	30.00
2	Mr. Boonchai Jirapontrakul	53,000,000	13.25
3	Mr. Panu Jarupilun	30,000,000	7.50
4	Ms. Arisa Jirapongtrakul	30,000,000	7.50
5	Mr. Nirum Ngamchamnunrit	19,000,000	4.75
6	Mr. Booncherd Santudpanich	17,000,000	4.25
7	Mr. Boonchoke Santudpanich	17,000,000	4.25
8	Mr. Karu Kunavutiakul	16,000,000	4.00
9	Ms. Suwannee Jirapongtrakul	7,453,000	1.86
10	Mr. Kittipong Wongpattarakul	5,374,700	1.34

(3) Dividend Payment Policy

The Company's Dividend Payment Policy

The Company has the policy to pay dividend to shareholders at the rate not less than 50% of net profit after tax, unless the company has new investment project.

Subsidiaries' Dividend Payment Policy

For the other subsidiaries, the Company does not set the rate of subsidiaries' dividend payment, but the policy of subsidiaries' dividend payment to the Company has to be complied with subsidiaries' regulation on dividend payment which is resolved by the shareholders meeting. The subsidiaries' payment of dividend will be determined mainly by the performance of the company's earnings which depends on the performance of its operations and economy.

In addition, for the dividend payment, subsidiaries shall allocate not less than one of twentieth (1/20) from its net profit until this account reaches an amount not less than 10% of the registered authorized capital

Management Structure

The Management Structure of the Company consists of the Board of Directors and the 3 committees including the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee whose scope of responsibilities and functions could be summarized as follows:-

The Board of Directors

Name	Position	Meeting Attendance of the Directors in 2013	
		Meeting	Attendance
Ms.Ratana Jirapongtrakul	Chairman of directors	4	3
Mr.Panu Jarupilun	Director	4	2
Mr.Boonchai Jirapongtrakul	Director	4	4
Mr.Booncherd Santunpanich	Director	4	4
Ms.Proudpalin Vacharabenjapat	Director Nomination and Remuneration Committee	4	3
Mr.Prachuab Chaiyasan	Independent Director Chairman of the Audit Committee	4	4
Mrs.Seenual Tasanapat	Independent Director Audit Committee Chairman of the Nomination and Remuneration Committee	4	4
Mr.Teerapong Tanarukvudhikorn	Independent Director Audit Committee	4	4

Audit Committee:

On December 31, 2013 the Audit Committee comprised of 3 independent directors with 3 years term as follow:-

1. Mr. Prachuab Chaiyasan Chairman of the Audit Committee
2. Mrs. Seenual Tasanapant Audit Committee
3. Mr. Teerapong Thanarukvudhikorn Audit Committee

The Audit Committee number 2 had adequate expertise and experience to review creditability of the financial reports. (detail of Audit Committee's experiences is on Information of Directors and Managements of the Company)

Secretary of the audit committee: Ms. Thitima Nontavech

Executive Committee:

On December 31, 2013 the Executive committee comprised of 4 members as follows:-

1. Ms. Ratana Jirapongtrakul Chairman of the Executive Committee
2. Mr. Boonchai Jirapongtrakul Executive Director
3. Mr. Sila Wangphornphra Executive Director
4. Mr. Prasertsuk Nudthaisong Executive Director

Nomination and Remuneration Committee:

On December 31, 2013 the Nomination and Remuneration Committee comprised of 3 members as follows:-

1.	Mrs. Seenual	Tasanapant	Chairman of the Nomination and Remuneration Committee
2.	Mrs.Nartsine	Sarnvanichpitak	Nomination and Remuneration Committee
3.	Ms. Nathita	Jiradejdumrong	Nomination and Remuneration Committee

Secretary of the Nomination and Remuneration Committee: Ms. Thitima Nontavech

Executives:

On December 31, 2013 the executives(1) comprised of 5 members according to definition of the Securities and Exchange Commission (SEC) as follows:-

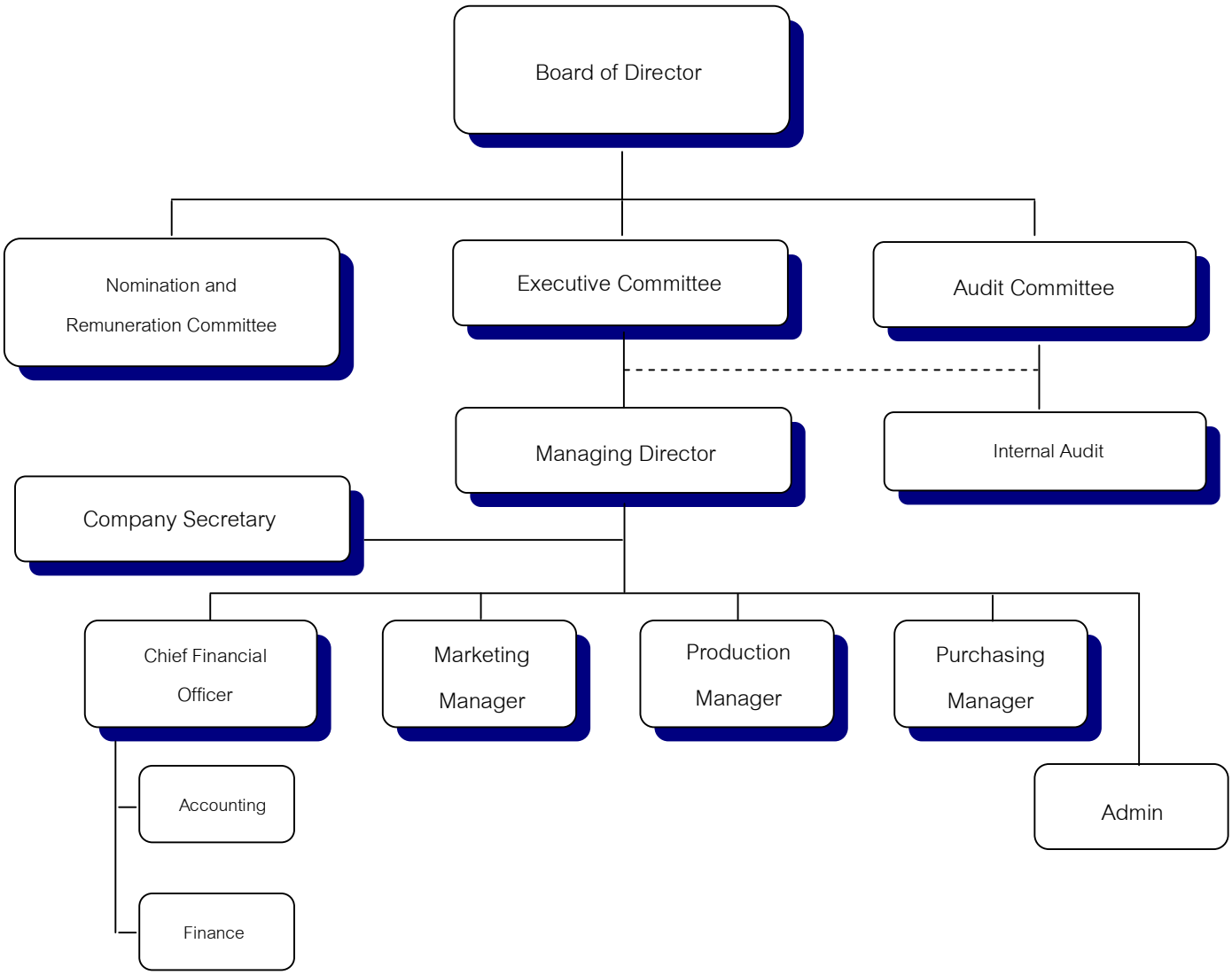
1.	Mr. Boonchai	Jirapongtrakul	Managing Director
2.	Mr. Pornthep	Pripaisalkij	Chief Financial Officer
3.	Mr. Sanguan	Chaichusorn	Marketing Manager
4.	Mr. Sila	Wangphornphra	Manufacturing Manager
5.	Mr. Prasertsuk	Nudthaisong	Purchasing Manager

Note:

(1) "Executives" mean directors, managers or those who hold the first four positions lower than the managers (who hold the highest position of the Company), those who hold the position equivalent to the four executives including those who hold management positions in accounting or finance division from division managers or equivalent onwards.

Organization Chart of Thai Yuan Metal Public Company Limited

(As at December 31, 2013)



Company Secretary:

Board of Director had appointed Ms.Thitima Nontavech handle Company Secretary since May 10,2013 with qualification presented in Attachment 1.

Remuneration of the Directors and Management Team

A. Remuneration in Cash for the Year Ending 31 December 2013

- **Directors' Remuneration** ; Meeting Allowance and Operating Bonus

Unit : Baht

Name	Meeting Allowance			Bonus	Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee		
1. Ms.Ratana Jirapongtrakul	90,000	-	-	-	90,000
2. Mr.Panu Jarupilun	40,000	-	-	-	40,000
3. Mr.Boonchai Jirapongtrakul	80,000	-	-	-	80,000
4. Mr.Booncherd Santudpanich	80,000	-	-	-	80,000
5. Mr.Prachuab Chaiyasan	80,000	120,000	-	-	200,000
6. Mrs.Seenual Tasanapant	80,000	80,000	10,000	-	170,000
7. Mr.Teerapong Thanarukvudhikorn	80,000	80,000	-	-	160,000
8. Ms.Proudpalin Vacharabenjapat	60,000	-	7,000	-	67,000
9. Mrs.Nartsine Sarnvanichpitak	-	-	7,000	-	7,000
				TOTAL	894,000

- **Management Remuneration**

Unit : Baht

Remuneration	Total (person)	Salary/Bonus/Other
Directors as management	2	6,760,000
Executives	4	5,044,000
	Total	11,804,000

B. Other remunerations

-None-

Labor dispute

(1) The total company employees as of December 31, 2013 were 216 persons (exclude executive). This consisted of the employee according to the work lines as follows.

Department		Numbers of Permanent Staff (Person)
		2013
1.	Office	100
2.	Factory	116
	Total	216

In a period of the past three years. The company did not have any conflicts about labor.

(2) Employee's compensation

The total compensations of the employee who were not the administrators of the company and sub-company (including coming in and going out of the employee during the year) in 2013 was Baht 45.93 million. This compensation was in the form of salary, bonus, wages, overtime wage, living expenses and provident fund.

Personnel development policy

Human Resource Department had set up policies as follow:-

1. The Company will manage human resources, to comply with and support companies' business goals and strategies.
2. The Company will deploy HR systems and processes with Clarity, Transparency, Justice and the same alignment in the company.
3. The Company adheres the merit system that considers knowledge, ability of employees as most important. Thus, advances in career path and motivations will be subjected to the quality and success of the work, Knowledge and competent and Attitudes and employees' potential which meet companies' requirements.
4. The Company will continuously encourage the development of human resources, in order to make staff have competency and efficiency in their duties.

Good Corporate Governance

The Board of Director has recognized the importance on following the best practices of good corporate governance. The Company has determined that its policies on the best practices of good corporate governance as stated by the Stock Exchange of Thailand and then brought principles mentioned as a guide of how to operate the company to get the most benefit of running the business and support clearness, efficiency of the management so that Shareholders, the investors, and all relating Investor Relation as follows.

The policy regarding corporate governance

1. All information must be clearly presented and on time.
2. Directors and management persons must be sufficiency managed.
3. The principle of operating business must be benefited to shareholders.
4. Risk management must to controlled and minimized loss.
5. Ethics must be used for operating a business.

Sub Committees

The Board of Directors has set up a series of key sub-committees which are composed of knowledgeable persons and those with appropriate expertise to help supervise and examine several issues and assignments to ensure their accuracy, transparency and completeness before submitting to the Board of Directors for approval or acknowledgement on case-by-case basis to support the Company's administration and management:

- The Audit Committee

  This committee consists of three independent and with one well-versed in such fields. The term of each committee is three years.
- The Nomination and Remuneration Committee

  This committee consists of three Directors, one member be from an outsiders and one member is officer include five members.
- The Executive Committee

  This committee consists of two executive directors and two executive include four members. Executive committee was authorized to administration.

Definition

- **Independent Directors:** mean outside directors who are not the Company's executives or employees, not executive directors or authorized signatory directors, and are independent from major shareholders, executives and stakeholders. Non-executive directors are able to equally protect the benefits of as shareholders, and prevent conflict of interest between the Company and involved persons and have qualifications and independence as required by the SET and SEC as follows:
  1. Does not hold more than 1% of the total number of voting shares in the parent Company, or of any of its subsidiaries or joint venture companies or in any entity likely to give rise to a conflict of interest, shares held by related persons to be included in the calculation in accordance with directive 258 of the Securities Act.
  2. Does not take part in administering the work, is not a contractor or an employee or consultant in receipt of a regular salary and is not in a position to exert control over the Company, its subsidiaries, joint ventures or fellow-subsidiaries or on any entity likely to give rise to a conflict of interest (at present, and in the two years prior to his appointment).
  3. Is not related by blood or marriage to (i.e. is not the father, mother, spouse, sibling or child of or the spouse of a child of an Administrator, major shareholder or other person in a position of authority or candidate as Administrator or person in a position of authority Company or any of its subsidiaries.

4. Does not have business dealing with the Company:
   4.1 Is not an auditor of the Company
   4.2 Does not provide other professional services to the Company such as legal or financial consultancy or appraisal worth more than Bt.2m per year.
   4.3 Does not have habitual related party transactions by way of rent or lease, whether as lesson or lessee, of real estate, or concerning assets/services or the receipt or provision of financial assistance with a value exceeding Bt.20m or 3% of NTA, whichever is the lower, including transactions carried out in the one year prior to the carrying out of and given transaction.

   He must not have business relations as defined in 4.1 to 4.3 above at present, nor in the two years prior to his appointment except where there is necessary and proper reason and in any case not continuously or constantly. An Independent Director or Audit Committee Member may have relations that go beyond those stipulated while performing his office, but only after obtaining the unanimous prior approval of the Company's Board of Directors and subject to the relationship being disclosed per Form 56-1, in the Annual Report and in the letter of invitation to the Shareholders' Meeting in the event that the Shareholders' Meeting is to be asked to renew the term of office of the Independent Director or Audit Committee Member concerned.
5. Has not been appointed to represent a Director or major shareholder or other shareholder that is a related party to a major shareholder.
6. Does not have any other characteristic limiting his independence.
7. An Independent Director having the characteristics set out in points 1 to 6 above may be given powers by the Board of Directors to decide on matters involving the Company, its subsidiaries, its joint ventures or fellow-subsidiaries or entities likely to have a conflict of interest on a collective decision basis.

Duties and Responsibilities of Board of Director:

1. The authority and function according to the Civil and Commercial Code, including other laws which specify to be the authority and function of the committee or the group of the committee in the public company.
2. The authority and function according to the company regulations that is defined to be for the committee group.
3. Consider approval long-term plan, budget plan, and the annual investment budget.
4. Run the company's business according to laws, objectives, and the regulations of the company as well as the resolution of the shareholder meeting
5. Plan the administration policy of the company all until the checking turn over of the company
6. Define other regulations of the company
7. Appoint board of directors or assign to one or more committees or any individual operate instead of the committee and in the limit responsibility that the board should have and has the right to cancel, ignore, edit, or change the mentioned authority.
8. Consider and approve the important activities that are related to the company or are appropriate to make benefit for the company

   Except for these following issues that can operate only when permission has been given by the shareholder meeting. The committee who may have gain or loss or conflict in other benefits with the company or the sub company cannot vote for those issues.

   - The topic that the law has defined must have the resolution from the shareholder meeting.
   - Making the list in which the committee has gain and loss and in the area of law or regulations of the stock market defined have to be authorized from the shareholder meeting.

- Other than that, the following criteria must get the consent from the board meeting and the shareholder meeting with the vote not less than 3 out of 4 of the attending shareholders who have the rights to vote:
  - selling or transferring the company's business all or just important parts
  - buying or receiving the transfer of the other companies or public companies as the company's property
  - making, editing, or canceling the contract regarding renting the company's business all or just important parts; assigning others to manage the company's business or adding the business with other individuals with the objective of sharing profits and loss with each other
  - editing the memorandum or the company's regulation
  - increasing or decreasing capital, issuing the debenture, combining or canceling the business
  - other issues according to the law

Duties and Responsibilities of Audit Committee :

1. to review the Company's financial reporting process to ensure that it is accurate and adequate;
2. to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. to review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend meeting with the auditor without the presence of the executive directors at least once a year;
5. to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. to prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
   A. an opinion on the accuracy, completeness and creditability of the Company's financial report,
   B. an opinion on the adequacy of the Company's internal control system,
   C. an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
   D. an opinion on the suitability of an auditor,
   E. an opinion on the transactions that may lead to conflicts of interests,
   F. the number of the audit committee meetings, and the attendance of such meetings by each committee member,
   G. an opinion or overview comment received by the audit committee from its performance of duties in accordance with this charter, and
   H. other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Duties and Responsibilities Executive Committee :

1. Empower of decide the significant operations by specified scope works, purpose, discipline, policy, type or size of duties within their authorities including govern general operation, production, customer's relation and must responsible to Board of Directors.
2. Consider all investments including purchasing ,selling company's fixed assets and propose to Broad of Directors.

3. Consider about the purchasing. Each time of buying raw ingredients should not more 20,000 tons.
4. Have the authority to act and be representative of the business to the third party in the related business and giving benefit to the business
5. Consider to collect the company funds for presenting to the company committee.
6. Approve the appointment of the company consultants in other issues that are necessary to the operations.
7. Run the business that relates to the general administration of the company.
8. Consider to approve the operation plans of each company department and to approve the requests from other departments that exceed the authority of such departments.
9. If the operation plans' budget of is over than the approved amount, it must be submitted to the Board of Directors for approval.

That is, the assignment of such authority, the managing director must act according to the rules and regulations that have been approved by the committee. They must not approve any issue that they or opposed individuals may gain or loss, or are opposed to the benefits in other ways with the company and sub-company. They must also reveal the following issues to the committee of the company for consideration.

Things other than what has been mentioned, Executive committee is not allowed to do unless it has been assigned from the committee meeting occasionally.

Duties and Responsibilities Nomination and Remuneration Committee :

1. Define the scope of work and method on the selection and recruitment of directors and sub-committee whose tenure have ended or unoccupied position for submission of the Board's consideration and/or further to shareholders' meetings for approval.
2. Define the method and practice of appropriate compensation for directors and sub-committee to the Board and/or further to Shareholders' meetings for approval.
3. Report to the Board of Director the results of Nomination and Remuneration Committee meetings or other matters that the Board of Directors should be informed.
4. Perform any tasks assigned by the Board of Directors.

Nomination of Directors and Management

Nomination of Directors:

Under the Company regulations, one-third of the directors must leave the Board at every annual general meeting. In the case that total number is not divisible by three, the number closest to one-third must used with the exit of the director who stays the longest with the Board of directors. The exit director maybe re-elected to the Board.

Recruitment of directors is under the responsibility of Nomination and Compensation Committee. The committee will screen candidates with qualifications predetermined in Company regulations and qualification in section 68 of the Public Company Limited Act B.E. 2535 (1992) and the related announcements of the Securities and Exchange Commission and tabled them to the Board for consideration before submission to shareholders' meetings to decide and appoint them under the following methods:

1. A shareholder has a score equal to one voice.
2. Committee election can be made through an individual or a group to be committee according to shareholder meeting. To vote, no matter individual or group who the shareholder vote will be the vice according to the number of stocks that the shareholder holds (follow previous step) in which the mentioned shareholder cannot divide their voices to any individual more or less than others.

3. The individuals who receive the majority of the votes (from greatest to least) will be those who win the election of they fulfill the number of required committees. In the case that the individual gets the same number of votes, but one gets more than the required number of the committee at that time, the chairman will be the one to decide who will win the tie.

Since October 1, 2013 – December 31, 2013, shareholders have been allowed to take part in the proposal of candidates for selection. The selection method and process are posted on www.thaiyuanmetal.com, and investors are informed of the information through SET's IT information channel (portal). However, no shareholder has proposed any name for consideration in 2013.

Nomination of Management:

- **Nomination of Managing Director:** The Executive Committee will conduct a preliminary screening of candidates with the required qualifications, knowledge, skills, and experience; then, table them to the Nomination and Compensation Committee for consideration and endorsement before submitting the final list to the Board of Director for consideration.
- **Nomination of Executives:** The Managing Director will select and appoint candidates with the qualifications, knowledge, skills, and experience suitable for each executive position. The recruitment will be done under the human resources department's regulations.

Control of subsidiaries and associated Company

The Company has policy to control operation in subsidiaries by budgeting system. Every subsidiary has to prepare budget and present to Directors. In addition, control of cash payment will be allowed subsidiaries' management counter sign cheques with parent companies' management.

Control and Prevention of the Use of Inside Information

Detail Control and Prevention of the Use of inside Information on section 2 : Equitable Treatment of Shareholders

Audit fee

Auditor from ANS Audit Co., Ltd was not related party to the company. Amount Baht 1,265,000 was paid as auditor fee for year 2013 for the auditing financial statements of the company. No other fee was paid.

Good Corporate Governance Compliance

In 2013, the company duly complied with the principles of good corporate governance for listed companies 2006 in these following five principles:

1. RIGHTS OF SHAREHOLDERS

The company values shareholders' rights by refraining from violating or infringing on such rights as follows:

1. **Fundamental legal rights:** The Company facilitated the exercising of the management of share transfers by reliable registrars.
2. **Right to receive significant information:** The Company disclosed up-to-date information through its website for shareholders to stay abreast of significant Company news, changes, and the information disclosed under regulations. As a rule after disclosure to the Stock Exchange of Thailand (SET), this is posted on the website.
3. **Right to attend meetings and vote:** The Company facilitated all shareholders' attendance at meetings and exercising of their votes. In the annual general meeting (AGM), it instituted a management system to promote and support such rights before the meeting date, during the meeting, and after the meeting date as detailed in AGM Checklist published by the Securities and Exchange Commission (SEC).

2 EQUITABLE TREATMENT OF SHAREHOLDERS

The Company values the equality of all shareholders. Its practical guidelines to promote genuine equality include the following:

1. **Fair exercising of shareholders' rights at Annual General Meetings (AGM)**

Before the meeting date:

- The Company allows each shareholder to propose agenda items for consideration at their meeting ahead of the actual meeting date and also to nominate candidates for directors and Shareholders are allowed to submit written questions about agenda items ahead of the meeting date through its website. In 2012, no shareholder proposed their own agenda and nominates candidates for the Company Directors.
- The Company has authorized Thailand Securities Depository Co., Ltd as the share registrar to deliver invitation letters enclosed with minutes of the previous meeting, annual report, documents to supplement decision making in each agenda, explanations and information of the independent directors, steps to attend the meeting, special regulations relating to the shareholder's meeting, the meeting venue and proxy form to all shareholders at least seven days before the meeting. Such information is also made available through the Company website at www.thaiyuanmetal.com and announced in the newspapers for three consecutive days before the meeting to inform the shareholders in advance.
- Through the meeting notice, the Company informs shareholders of meeting participation criteria, providing them with a list of independent directors on proxy forms designed by the Ministry of Commerce. This proxy forms also provide for shareholders' written opinions on balloting.

Shareholders' Meeting:

- The Company provides two hours before each meeting for registration and even after that, it allows shareholders who still want to attend the meeting to do so and register their attendance without losing their rights and they still have the voting right for the items remaining on the agenda. Souvenirs and food as well as refreshments are also offered to those attending.
- The Company Secretary informs the meeting about the meeting criteria and rules as the procedures for balloting and provides shareholders with the voting right, equivalent to the number of shares held. One share yields one vote.
- The Company encouraged the meeting to use voting ballots and encouraged shareholders to exercise the voting right in selecting director. Prepared ballots for individual director and distributed them to the shareholders during registration before the meeting began. Details of the voting scores were recorded in the Annual General Meeting of the Shareholders for the Year 2012. The Voting ballots key documentation are systematically compiled and may be inspected for subsequent reference.
- The Company allows shareholders to fully express their views and raise their questions. The Chairman of the Board of Directors, the Chairman of Audit Committee, the Managing Director and CEO attend all meetings to address questions clearly.

After the meeting date:

- The Company Secretary records all significant information at an AGM, such as the Directors in attendance; the clarifications of the Chairman of the Board of Directors, the Chairman of Audit Committee, the Managing Director. It includes questions raised and opinions expressed by shareholder; the method for voting and counting votes; the number of votes for, against or non-voting on an Issue; and any other relevant information.
- The Minutes of the Meeting are forwarded to the Stock Exchange of Thailand within 14 days of the Meeting and are also posted on the company's website. This allows shareholders to inspect the accuracy of resolutions and make suggestions for any other details to be recorded prior to proposing the approval of the said Minutes at the next Shareholders' Meeting.

2. Control and Prevention of the Use of Inside Information:

- The company sets to have the protection against bringing company information to be used by setting unit that know information and will not reveal it to other unrelated individuals or group.
- The Company administrator who receives the financial of the company will not use the benefit from the mentioned information before reveal to the public. The administrators cannot buy or sell the company's assets for a period of one month before the financial budget will be presented to the public.
- When the company assets register in the stock exchange in Thailand, the company has set that the committee and administrator have functioned in reporting asset holding in the company according to the Sections 59 so that it would be as announced of the National Election Committee Office 14/1997 about making and revealing the report of asset holding on May 12, 1997 and have set the penalty according to the Possession and Stock Exchange Act, 1992 and the regulations of Stock Exchange in Thailand. This includes setting the penalty for those searching for their own benefit from using the company's internal information for personal use reveal to others, thus damaging the company. There will be consideration concerning the punishment according to the situation such as verbal warning, written warning, suspension, including halt employment by firing or dislodge.
- In making connected transactions, the company strictly manages the approval procedure in its best interests. Transactions with possible conflicts of interest are raised for the Audit Committee's scrutiny before submitting to the Board and shareholders' meetings for consideration, if applicable. The Company discloses complete important information in compliance with the regulation.

3 ROLES OF STAKEHOLDERS

The Company gives the importance to the right to all group of individuals who gain or loss, no matter if they will gain or loss inside or outside. Because the company realizes the support from those who gain or loss, which will create abilities in competition and make profit for the company, it is considered to bring success to the company on the long-term. These are the important details;

Staffs	:	Equitable treatment and reasonable benefits to all staff.
Traders and Creditors	:	Fair treatment and follow terms and conditions stated in agreement.
Customer	:	Create a satisfaction to the customer, take care and be responsible for the customer by emphasizing the product quality, qualified service.
Competitors	:	Avoid unfair competition, and practice business ethics.
Community/Social	:	The Company considers the environment by being responsible of taking care of making sure there is no effect on the environment of the public and society

In addition, it has instituted a communication channel for requests, opinions and suggestions with the Board of Director to enable parties to make useful recommendations provided a box to receive comment at the front of the office or by website or email at ty_info@thaiyuanmetal.com, ty_audit@thaiyuanmetal.com. The Company's Secretary who receives and summarizes all topics, and to the Audit Committee, and Board of Directors. The Company gives importance to the secrecy of information received in order to build confidence to sender, and complaint will only be known to assigned and related persons.

4 DISCLOSURE OF INFORMATION AND TRANSPARENCY

The Company highly values the disclosure of financial and other information through various channels for shareholder, investors and stakeholders to equally reach the information as follows:-

- Disclose assorted significant information, including financial information, shareholding structure, good corporate governance and company information submitted to SET through its ELCID system, Annual Report, Form 56-1, notice to shareholders' meeting, minutes of shareholders' meetings in both Thai and English, is regularly updated at www. thaiyuanmetal.com

- On the investor relationship side, currently, the company is in the process of setting the specific unit, but has appointed to the Ms. Proudpalin Vacharabenjapat, communicate with the institutional investor, shareholders, including the analyzer and the related government agency.

5 RESPONSIBILITIES OF THE BOARD

The company has responsibility and leadership and vision from to be Good Corporate Governance as folbws:

1. **Composition of the Board:**
   - The Board consisted of 8 directors-three non-executives and two executive. Three were independent directors. Information about the terms of each director appears in the annual report, Form 56-1.
   - Chairman and Managing Director are individual but they are the relation. Their experience different are advantageous for each department. However, company had divided clearly the authority for each company committee and administration and 3 company's non administration committee for balancing and auditing of company administration.
   - The Board has not only defined a formal and transparent recruitment procedure for directors, to be executed by the Nominating and Remuneration Committee, bust has made it possible for shareholders to nominate suitable persons for selection.
   - **Terms of Directors:**

     As stated in company regulations, each director's term is three years, in line with that stated in the Public Company Limited Act. It is also stipulated that the Audit Committee can be in office for up to three consecutive terms.
   - **Company Secretary**

     Ms. Thitima Nontavech , has been assigned to serve as Company Secretary. This person is a regular employee. Who can be contacted by email at ty_info @thaiyuanmetal.com.

Meeting Attendance and Remuneration of the Directors in 2013

Name	Attendance/Meeting			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Term of Director Term
1.Ms.Ratana Jirapongtrakul	3/4			Apr 2013-2016
2.Mr.Panu Jarupilun	2/4			Apr 2012-2015
3.Mr.Boonchai Jirapongtrakul	4/4			Apr 2013-2016
4. Mr.Booncherd Santudpanich	4/4			Apr 2012-2015
5. Mr.Prachuab Chaiyasan	4/4	4/4		Apr 2012-2015
6. Mr.Teerapong Thanarukvudhikorn	4/4	4/4		Apr 2011-2014
7. Mrs.Seenual Tasanapant	4/4	4/4	1/1	Apr 2011-2014
8. Ms.Proudpalin Vacharabenjapat	3/4	-	1/1	Apr 2013-2016
9. Mrs.Nartsine Sarnvanichpitak	-	-	1/1	-

Note: - No 9 Nomination and Remuneration committee was assigned from outsider.

Corporate Social Responsibility (CSR)

The Company has given important to CSR with following policies:-

- The Company operates business with anti-cheating by stating as policy in company manual and inform all staff when start the work.
- The Company will sell only good quality products with reasonable prices.
- When there are opportunities, the Company will join social activities with close communities, such as, giving scholarship to schools, cleaning campaign to create nice communities, etc.

Internal Control and Risk Management

According to Thai Yuan Metal Public Company Limited Board of Director meeting No.1/2014 on February 28,2014, Board had appraised Company internal control system by asking informations from managements and concluded focus 5 topics of internal control system as follows:-

1. Internal Control within organization.
2. Risk appraisal.
3. Operation control.
4. Information system and communication.
5. Follow up system.

Board agreed that Company internal control system was enough and suitable. The Company had provided enough man-power to run the system efficiently and follow up system was provided to ensure all assets were protected from any mis-used by directors or managements who had no authority. Activities with related parties who may have conflict of interests were also controlled.

After appraised, Board of Director had opinion that the Company had adequate internal control system and other enough controls for the 5 topics. Internal Auditing was independence to follow up and control. The Company also had good custodian system of documents which facilitate directors, auditor, or Legal Officers to audit within reasonable time frame.

Head of Internal Audit

Regarding Audit Committee Meeting on November 14,2012, No.4/2012 had appointed Mr.Wisood Charoensilawat as Internal Auditor from November 16,2012 onwards due to his 8 years internal audit experiences. The approval of appointment, transferring, dismiss Internal Auditor has to be getting opinion from Audit Committee.

Related Party Transactions

Necessity and Reasonableness of Connected Transactions.

Connected party transactions with related companies or any persons who may have conflict of interest in the past year were the normal trading such as the merchandise purchasing, merchandise distributing. The company has the policy to let the audit committee consider and give the opinion to such listing. The audit committee will bring the market price of others to compare with the price of listing between each other to consider every details were disclosed in Note To Financial Statement No.4 in year 2013.

Policy or Trend of listing between each other

In the future, if the company has the need to do the list between each other with the person who may have the conflict with the company, the company has the policy to set the condition according to the nature of normal business and is the market price that can compare with the price occurred to the third party. The company will let the audit committee to check and give opinions regarding the appropriateness of the price and the logic of the listing

Listing between each other that may happen in the future must be practiced by the committee according to other regulations that is defined and the committee must not approve any listing that they or the persons who may have the conflict in any manner with the company and must open such list to the company committee to let them consider. The company must practice to the law regarding the possession and stock exchange and discipline, announce, order, or regulation of the stock exchange of Thailand, including the practice according to the regulation of opening information about doing the list that are related and receiving or distributing the assets of the company or sub-company.

If there is any listing between each other of Thai Yuan Public Company Limited and the sub-company that occurs with the person who make the conflict in benefit or has benefits and losses or has the conflict in benefit that is not the normal trading, the company will let the audit committee give opinions concerning the price, compensation rate, including the need and appropriateness of that list. In the case that the audit committee has no experience in considering the listing between each other that may occur, the company will let the independent evaluator or the expert as the one who give opinion regarding the listing between each other to make the decision of the audit committee, committee, or the shareholders according to each situation. The company will open the list between each other in the note to financial statements, the annual information list form (form 56-1) and the annual report of the company (form 56-2).

Audit Committee's Report 2013



The Audit Committee of Thai Yuan Metal Public Company Limited of Mr. Prachuab Chaiyasan, Chairman of the Audit Committee, Mrs. Seenual Tasanapant and Mr. Teerapong Thanarukvudhikorn, members of the Audit Committee. All Audit Committee member possess appropriate qualifications and one of the Directors has adequate experiences and capable to re creditability of the financial report. The Audit Committee reviews performance against its charter issued by the Board of Directors, which aligns with the regulations of the Stock Exchange of Thailand (SET).

In 2013, the Audit Committee convened 4 meetings. Each Audit Committee director attended every meeting with senior executives, external auditors and internal auditors with independence in reporting, expressing opinion and giving recommendations. Significant tasks were summarized as follows:

- **Reviewed company's quarterly and audited financial statements of 2013;**
  Reviewed a quarterly and audited financial statements of 2013 with executives and auditor to ensure that financial statements of both the Company and its subsidiaries were in accordance with generally accepted accounting principles and disclosures were adequate and timely to serve investors.
- **Reviewed the internal control system and the internal audit systems;**
  Reviewed audit operations, audit reports and gave advise on quarterly basis and viewed that internal control systems were adequate and internal audit systems were appropriate and efficient.
- **Compliance with Relevant Laws and Regulations;**
  The company has a clear policies to comply with all regulations and related governing laws, the Audit committee did not find any significant incompliance to the law. The company realizes the importance of information disclosure, including financial statements and other reports, and ensures that they are complete, accurate, reliable and timely.
- **Consider Appointing the External Auditors and audit fee for year 2014;**
  The Audit Committee has taken into consideration the independence, performance, and experience and an appropriate of audit fees. The Audit Committee has passed an unanimous resolution to propose to the Company's Board of Directors for consideration and propose to the shareholders' meeting to consider and approve the appointment of Ms. Wanraya Puttasatiean CPA.No. 4387 and/or Ms. Chantra Wongsriudomporn CPA.No. 4996 and/or Mr. Cherdsakul Onmongkol CPA.No. 7195 and/or Ms. Waraphorn Intaraprasit CPA.No. 7881, from ANS Audit Co., Ltd., to serve as the Company's external auditor for the year 2014, the audit fee will be within Baht 1,800,000 for the Company and subsidiaries.
- **Reviewed related parties transactions;** The Audit Committee has reviewed and given opinion towards related party transactions to ensure the company has complied to normal business conditions, reasonable and created high benefit to company.

In summary, Audit Committee had performed duties according to Charter approved from Board of Directors, and given recommendations to all parties to manage with good governance, legally and appropriate in order to achieve companies' goals.

Mr. Prachuab Chaiyasan
Chairman of the Audit Committee

Report of the Board of Director's Responsibility to the financial Report

The Board of Director of Responsibility information to Financial Report

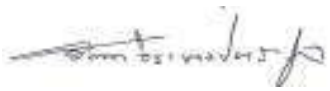
The Board of Director is responsible for financial statement of Thai Yuan Metal Public Co.,Ltd. which included all financial information as in our annual report. This financial statement has been made in applicable practice methods regularly as general accountancy standards. It has also revealed enough information as in its précised remark in order to be beneficial for our shareholders and investors thoroughly.

The Board of Director who has also made the efficient processes of risk management and internal control appropriately. These processes can be ensuring that our information protections in particular to preserve all company assets effectively, moreover to prevent fraud or any significant abnormal operations.

The Board of Director has appointed the Audit Committee to responsible for reviewing all accountancy policies and financial report accuracies. In charge of verification all internal controls, internal audit system together with risk operating processes as already mentioned in annual report.

The financial statement has been verified by auditor from ANS Audit Co., Ltd with good cooperation from Board of Director to provide all related information in order to support their audit and independent in expressing opinion. The auditor's opinion was already expressed in our financial report as part company annual report.

Thus, the board of director has concluded that our internal control systems are satisfactory. And the financial statement of Thai Yuan Metal Public Co., Ltd. for year ended December 31, 2013 can be reliable and conformed to laws and regulations.



Ms. Ratana Jirapongtrakul
(Chairman)



Mr.Boonchai Jirapongtrakul
(Managing Director)

Management Discussion and Analysis

Financial Ratio

		For Consolidated Financial Statement			For Separated Financial Statement		
		2013	2012	2011	2013	2012	2011
Liquidity Ratio							
Current ratio	(times)	1.03	1.16	1.19	1	1.2	1.2
Quick ratio	(times)	0.36	0.33	0.48	0.01	0.87	0.48
Cash flow liquidity ratio	(times)	0.4	-0.06	0.66	0.86	-0.05	-0.69
Receivables turnover	(times)	8.86	8.79	7.16	2.73	5.93	7.16
Collection period	(day)	40.64	40.95	50.26	132.09	60.73	50.25
Inventory period	(times)	4.56	5.64	7.4	7.21	11.11	7.39
Inventory Turnover period	(day)	78.87	63.8	48.64	49.96	32.42	48.73
Account payable turnover	(times)	41.83	60.91	56.21	26.9	76.87	55.99
Payment period	(day)	8.61	5.91	6.4	13.38	4.68	6.43
Cash Cycle	(times)	110.91	98.84	92.5	168.68	88.46	92.54
Profitability Ratio							
Gross profit margin	(%)	-0.07	1.52	3.27	3.58	1.95	3.36
Operating Profit Margin	(%)	-1.65	0.28	2.37	-2.07	0.96	2.33
Other Income Ratio	(%)	0.26	0.5	0.41	0.68	0.41	0.45
Cash to Profit Ratio	(%)	-775.09	-611.3	-750.45	-1988.17	-121.68	-771.9
Net profit margin	(%)	-4.8	-0.38	1.43	-3.24	0.35	1.46
Return on equity	(%)	-59.88	-4.91	13.84	-21.12	5.13	14.19
Efficiency Ratio							
Return on assets	(%)	-11.6	-1.05	3.77	-5.15	1.13	3.92
Return on fixed assets	(%)	-75.26	-0.84	42.32	-76.66	32.79	61.47
Assets turnover	(times)	2.42	2.79	2.64	1.59	3.19	2.68
Financial Ratio							
Debt to equity ratio	(times)	4.94	3.81	3.52	2.5	3.65	3.42
Interest coverage	(times)	13.12	-0.8	-22.04	28.38	-0.4	-23.16
Cash Basis	(times)	19.59	-2.03	-29.04	28.92	4.21	28.03
Dividend rate	(%)	-	1200.84	25.74	-	68.5	25.41
Net profit per share (Fully Diluted)	(baht)	-0.51	0.0083	0.3765	-0.55	0.146	0.3814
Book value per share*	(baht)	1.68	2.9	2.83	2.3	2.87	2.82
Growth Ratio							
Assets	(%)	-28.51	8.94	82.56	-39.59	6.76	79.5
Liabilities	(%)	-24.93	10.77	124.44	-44.86	8.26	119.48
Total revenue	(%)	-22.13	42.62	41.45	-58.79	57.89	40.78
Administrative expenses	(%)	-20.43	45.55	42.27	-57.64	60.2	42.34
Net profit (loss)	(%)	-889.02	-137.67	-0.03	-471.66	-61.73	-4.11

Management Discussion on Operations

The Company's operation results and financial status of year 2012 – 2013 were as follows:

Statement of Comprehensive Income

Total revenues of the Company and subsidiaries for the year ended December 31, 2013 equaled Baht 11,574.10 million compared with Baht 14,827.76 million of year 2012, decreasing Baht 3,253.66 million or 21.94%. Total revenues decreased mainly due to sale quantities reduced around 14%, and average selling price decreased around 11% due to price fluctuation for the whole year 2013 and lower than year 2012, especially, metal world price in 4th quarter drastically dropped and due to unstable of Thai politic.

Cost of goods sold for year 2013 presented Baht 11,582.66 million compared with Baht 14,569.35 million of 2012, decreased Baht 2,986.69 million or 20.50%, Eventhough cost of sale was reduced, but there were old stocks in subsidiary from previous year was sold loss due to drasticly dropped of selling price, while 2012 had gross profit Baht 258.41 million. Selling and administrative expenses of year 2013 equaled to Baht 181.90 million compared to Baht 115.17 million of year 2012, increased for Baht 66.73 million due to salary, welfare, transportation and others of 2 additional subsidiaries.

Finance cost of 2013 was Baht 124.95 million, reduced from 2012 for Baht 11.79 million due to less using short term loan for reserving stocks. Inaddition, there were extra-ordinally items of unrealized loss on changes in fair value of investments for Baht 102.52 million and loss from devaluation of inventories for Baht 134.80 million. After deducting all expenses and income tax, the Company reported net loss attribute to equity holders of Company for year 2013 Baht 204.24 million, compared to net profit of Baht 7.72 million of 2012, decreasing of net profit Baht 211.96 million or 2,745.60%

Statement of Financial Position

Total Assets of the Company as of December 31, 2013 equaled Baht 3,988.39 million compared with Baht 5,607.30 million of year 2012, assets decreased Baht 1,618.91 million due to accounts receivable and inventories, which were resulting from accelerating disposal of previous year stocks.

Total Liabilities decreased from Baht 4,418.95 million in 2012 to Baht 3,317.25 million in year 2013 due to less borrowing of short-term loan around Baht 1,300 million due to reducing stock reservation and accelerating disposal of previous year inventories, then repaid loans, resulting D/E ratio decreased from 4.01 as at December 31, 2012 to 3.77 as at December 31, 2013.

Factors or Situations May impact Future Operation

Since the Company could generated profit every year, until 2013 facing loss, which was impacted from investment in one subsidiary who imported scraps for selling, but selling prices dropped since 2012, which may create distrust from financial institutions, consequently, expanding business of the group in future may face difficulty or sustain until the Company can resolve loss in the subsidiary.

Auditor's Report

To the Shareholders and the Board of Directors of Thai Yuan Metal Public Company Limited:

I have audited the accompanying consolidated and separate financial statements of Thai Yuan Metal Public Company Limited and its subsidiaries, and of Thai Yuan Metal Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2013, the consolidated and separate statements of comprehensive income, of changes in sharehoders' equity and 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 consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position as at December 31, 2013 and the consolidated and separate financial performance and cash flows for the year then ended of Thai Yuan Metal Public Company Limited and its subsidiaries, and of Thai Yuan Metal Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

My opinion is not qualified in respect of these matters. I draw attention to the following Notes to the financial statements.

1. As discussed in Note 2 to the financial statements, during the year ended December 31, 2013, the Company and subsidiaries have adopted new and revised Thai Financial Reporting Standards, which are issued by the Federation of Accounting Professions and effective for the financial statements for the period beginning on or after January 1, 2013, for the preparation and presentation of these financial statements. The consolidated and separate financial statements for the year ended December 31, 2012 and the consolidated and separate statements of financial positions as at January 1, 2012, present for comparative information, have been restated for the effects of the adoption of new and revised Thai Financial Reporting Standards.
2. As discussed in Notes 4, Note 10 and Note 26.3 to the financial statements, as at December 31, 2013, the Company is the guarantor for liability of a subsidiary who is the Company's debtor in form of loan, advance payment and trade receivable in the total amount of Baht 1,153 million. The subsidiary has a registered capital of Baht 200 million and has the capital deficits in the amount of Baht 541 million. On February 21, 2014, the Extraordinary Shareholders' Meeting of such the subsidiary passed the unanimously resolutions to approve the increase in authorised share capital of Baht 500 million from the registered share capital of Baht 200 million to Baht 700 million by based on the existing holding proportion. The first called for 25% of share subscription to repay its liabilities and to be used as its working capital. In addition, the major shareholder who owns 49% equity investment has issued letter of intent to confirm that over the course of the next two years, at six monthly intervals, to increase the capital in this subsidiary (up to a maximum pro-rata amount in line with the investment held on the subsidiary at the time) of the increasing capital of Baht 500 million. As a guarantor, the Company's separate financial statements for the year 2013 reflected loss in the subsidiary's capital deficits according to its proportion of 42.5% of the subsidiary's registered capital and the Company's consolidated financial statements for the year 2013 also reflected loss in the subsidiary's capital deficits by the same holding proportion of 42.5%.

Vichai Ruchitanont
Certified Public Accountant
Registration Number 4054
ANS Audit Co., Ltd.
Bangkok, February 28, 2014

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012

Unit: Baht

	Notes	Consolidated financial statements			Separate financial statements		
		December 31, 2013	December 31, 2012 (RESTATED)	January 1, 2012 (RESTATED)	December 31, 2013	December 31, 2012 (RESTATED)	January 1, 2012 (RESTATED)
Assets							
Current Assets							
Cash and cash equivalents	5	30,941,703.91	47,363,613.68	42,148,578.97	13,629,689.73	28,023,498.55	39,210,609.25
Current investment - net	6	42,615,502.63	-	-	2,797,894.34	-	-
Trade and other receivables - net	4, 6, 7, 28	1,206,170,733.47	1,552,782,961.98	1,910,444,907.81	1,255,039,907.37	3,579,588,732.91	1,899,760,545.02
Inventories - net	8	1,779,942,275.55	3,295,241,976.49	1,880,325,195.23	786,708,985.24	1,019,740,765.43	1,880,325,195.23
Advance payment for purchase of inventories	6, 8	230,093,396.31	46,270,294.12	804,240,969.22	227,752,140.62	268,744,373.88	804,240,969.22
Total Current Assets		3,289,763,611.87	4,941,658,846.27	4,637,159,651.23	2,285,928,617.30	4,896,097,370.77	4,623,537,318.72
Non-Current Assets							
Fixed deposits pledged as collateral	9	10,060,000.00	-	-	-	-	-
Investments in subsidiaries - net	10	-	-	-	81,000,000.00	83,000,000.00	43,000,000.00
Long-term loans and accrued interest income to subsidiaries	4, 28	-	-	-	609,864,575.34	71,130,903.45	29,110,835.61
Property, plant and equipment - net	11	670,091,684.45	626,926,985.11	470,537,026.01	231,341,369.17	261,426,344.19	288,822,074.46
Intangible asset - net	12	2,734,820.93	468,747.12	509,976.34	404,547.70	432,101.82	459,731.44
Deferred tax assets	2, 23	15,736,161.18	28,559,263.57	17,670,901.02	15,436,748.98	14,971,091.49	14,125,464.81
Other non-current assets	13	8,000.00	9,684,907.96	12,717,502.53	8,000.00	9,684,907.96	11,617,502.53
Total Non-Current Assets		698,630,666.56	665,639,903.76	501,435,405.90	938,055,241.19	440,645,348.91	387,135,608.85
Total Assets		3,988,394,278.43	5,607,298,750.03	5,138,595,057.13	3,223,983,858.49	5,336,742,719.68	5,010,672,927.57

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012

Unit: Baht

		Consolidated financial statements			Separate financial statements		
	Notes	December 31, 2013	December 31, 2012 (RESTATED)	January 1, 2012 (RESTATED)	December 31, 2013	December 31, 2012 (RESTATED)	January 1, 2012 (RESTATED)
Liabilities and Shareholders' Equity							
Current Liabilities							
Bank overdrafts and short-term loans from financial institutions	14	2,704,724,469.16	4,003,642,114.87	3,526,510,608.06	1,900,000,000.00	4,003,642,114.87	3,525,719,659.13
Trade and other payables	4, 15	404,117,581.75	212,697,380.80	334,470,982.02	383,057,048.81	136,912,624.84	335,684,870.24
Advance receiced from inventories		17,261,999.58	-	-	-	-	-
Current portion of liabilities under financial leases agreements	16	1,614,835.00	1,271,334.98	3,313,384.15	-	-	-
Current portion of long-term loans	17	45,600,000.00	33,600,000.00	21,203,976.02	-	-	-
Income tax payable		10,261,877.99	26,568,190.81	65,255.68	10,261,877.99	26,568,190.81	-
Total Current Liabilities		3,183,580,763.48	4,277,779,021.46	3,885,564,205.93	2,293,318,926.80	4,167,122,930.52	3,861,404,529.37
Non-Current Liabilities							
Liabilities under financial leases agreements - net	16	458,824.11	2,724,308.72	3,202,140.49	-	-	-
Long-term loan from financial institutions - net	17	123,441,898.50	130,282,499.18	93,692,627.06	-	-	-
Employee benefit obligations	18	9,770,845.00	8,168,132.00	6,698,432.00	8,273,784.00	7,062,192.00	5,950,889.00
Total Non-Current Liabilities		133,671,567.61	141,174,939.90	103,593,199.55	8,273,784.00	7,062,192.00	5,950,889.00
Total Liabilities		3,317,252,331.09	4,418,953,961.36	3,989,157,405.48	2,301,592,710.80	4,174,185,122.52	3,867,355,418.37

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012

Unit: Baht

	Notes	Consolidated financial statements			Separate financial statements		
		December 31, 2013	December 31, 2012 (RESTATED)	January 1, 2012 (RESTATED)	December 31, 2013	December 31, 2012 (RESTATED)	January 1, 2012 (RESTATED)
Shareholders' equity							
Share capital	19						
Authorized share capital							
Common shares 500 million shares of Baht 1.0 per value		500,000,000.00	500,000,000.00	500,000,000.00	500,000,000.00	500,000,000.00	500,000,000.00
Issued and fully paid-up							
Common shares 400 million shares of Baht 1.0 per value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Premium on common shares		191,479,600.00	191,479,600.00	191,479,600.00	191,479,600.00	191,479,600.00	191,479,600.00
Retained earning							
Appropriated							
Legal reserve	20	33,420,000.00	33,420,000.00	30,420,000.00	33,420,000.00	33,420,000.00	30,420,000.00
Unappropriated	2, 21	254,001,833.23	478,242,509.53	513,517,951.28	297,491,547.69	537,657,997.16	521,417,909.20
Total equity attributable to equity holders of the Company		878,901,433.23	1,103,142,109.53	1,135,417,551.28	922,391,147.69	1,162,557,597.16	1,143,317,509.20
Non-controlling interests	2	(207,759,485.89)	85,202,679.14	14,020,100.37	-	-	-
Total Shareholders' Equity		671,141,947.34	1,188,344,788.67	1,149,437,651.65	922,391,147.69	1,162,557,597.16	1,143,317,509.20
Total Liabilities and Shareholders' Equity		3,988,394,278.43	5,607,298,750.03	5,138,595,057.13	3,223,983,858.49	5,336,742,719.68	5,010,672,927.57

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2013	2012 (RESTATED)	2013	2012 (RESTATED)
	32				
Revenues					
Sales	4	11,549,210,311.01	14,824,373,097.63	6,749,809,194.72	16,422,520,896.99
Service income	4	24,885,060.49	3,387,575.14	-	-
Total revenues		11,574,095,371.50	14,827,760,672.77	6,749,809,194.72	16,422,520,896.99
Cost of sales and services	4	(11,582,664,934.83)	(14,569,346,884.47)	(6,507,887,120.48)	(16,103,014,103.55)
Gross profit (loss)		(8,569,563.33)	258,413,788.30	241,922,074.24	319,506,793.44
Other income	4	22,531,238.75	6,663,122.49	34,806,052.58	4,729,396.77
Gain from exchange rate		7,806,337.76	62,198,326.84	11,381,023.93	62,198,326.84
Gain on bargain purchase	2	-	5,030,399.10	-	-
Unrealised loss on changes in fair value of current investments	6	(102,517,597.13)	-	(6,629,597.13)	-
Doubtful accounts	7	-	(67,921,982.07)	-	(4,561,982.07)
Loss from devaluation of inventories	8	(134,800,000.00)	(33,200,000.00)	-	-
Selling expenses		(81,840,796.67)	(47,754,986.35)	(51,200,005.61)	(50,206,640.86)
Administrative expenses		(100,059,252.16)	(67,416,145.68)	(46,969,865.86)	(52,781,353.04)
Provision loss on investment in subsidiary	10	-	-	(42,500,000.00)	(42,500,000.00)
Provision liabilities on investment in subsidiary	7	-	-	(241,147,536.26)	(12,490,375.05)
Finance cost - interest expense		(124,954,239.89)	(136,739,381.41)	(102,800,198.00)	(130,161,219.80)
Profit (loss) before income tax		(522,403,872.67)	(20,726,858.78)	(203,138,052.11)	93,732,946.23
Tax expense	23	(34,299,713.66)	(24,673,328.28)	(17,029,142.36)	(34,494,348.27)
Profit (loss) for the years		(556,703,586.33)	(45,400,187.06)	(220,167,194.47)	59,238,597.96
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the years		(556,703,586.33)	(45,400,187.06)	(220,167,194.47)	59,238,597.96
Attributable to profit(loss) /Total comprehensive income(loss) attributable to:					
Equity holders of the Company		(204,241,421.30)	7,723,068.25	(220,167,194.47)	59,238,597.96
Non-controlling interests		(352,462,165.03)	(53,123,255.31)	-	-
		(556,703,586.33)	(45,400,187.06)	(220,167,194.47)	59,238,597.96
Earnings (loss) per share					
Basic earnings (loss) per share (Baht)					
Profit (loss) attributable to equity holders of the Company		(0.5106)	0.0193	(0.5504)	0.1481
Diluted earnings (loss) per share	24.1	(0.5106)	0.0193	(0.5504)	0.1481
Weighted average number of ordinary shares (Share)	24.2	400,000,000	400,000,000	400,000,000	400,000,000

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Unit: Baht

		Consolidated financial statements						
		Equity attributable to equity holders of the Company						
		Share capital		Retained earnings		Total equity		Total
	Notes	issued and fully paid-up	Premium on common shares	Appropriated to legal reserve	Unappropriated	attributable to the Company's	Non-controlling interests	Shareholders' Equity
Balance as at January 1, 2013 before adjustment		400,000,000.00	191,479,600.00	33,420,000.00	457,234,947.64	1,082,134,547.64	77,650,977.46	1,159,785,525.10
Effects of changes in accounting policies								
Income tax	2	-	-	-	21,007,561.89	21,007,561.89	7,551,701.68	28,559,263.57
Balance as at January 1, 2013 after adjustment		400,000,000.00	191,479,600.00	33,420,000.00	478,242,509.53	1,103,142,109.53	85,202,679.14	1,188,344,788.67
Non-controlling interests of investment in subsidiaries	10	-	-	-	-	-	59,500,000.00	59,500,000.00
Changes in shareholders' equity for the year:								
Dividends paid	21	-	-	-	(19,999,255.00)	(19,999,255.00)	-	(19,999,255.00)
Total comprehensive loss for the year		-	-	-	(204,241,421.30)	(204,241,421.30)	(352,462,165.03)	(556,703,586.33)
Balance as at December 31, 2013		400,000,000.00	191,479,600.00	33,420,000.00	254,001,833.23	878,901,433.23	(207,759,485.89)	671,141,947.34
Balance as at January 1, 2012 before adjustment		400,000,000.00	191,479,600.00	30,420,000.00	496,902,589.40	1,118,802,189.40	12,964,561.23	1,131,766,750.63
Effects of changes in accounting policies								
Income tax	2	-	-	-	16,615,361.88	16,615,361.88	1,055,539.14	17,670,901.02
Balance as at January 1, 2012 after adjustment		400,000,000.00	191,479,600.00	30,420,000.00	513,517,951.28	1,135,417,551.28	14,020,100.37	1,149,437,651.65
Non-controlling interests of investment in subsidiaries	10	-	-	-	-	-	124,305,834.08	124,305,834.08
Changes in shareholders' equity for the year:								
Legal reserve	20	-	-	3,000,000.00	(3,000,000.00)	-	-	-
Dividends paid	21	-	-	-	(39,998,510.00)	(39,998,510.00)	-	(39,998,510.00)
Total comprehensive income (loss) for the year		-	-	-	7,723,068.25	7,723,068.25	(53,123,255.31)	(45,400,187.06)
Balance as at December 31, 2012		400,000,000.00	191,479,600.00	33,420,000.00	478,242,509.53	1,103,142,109.53	85,202,679.14	1,188,344,788.67

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

		Unit: Baht				
		Separate financial statements				
		Share capital		Retained earnings		Total
	Notes	issued and fully paid-up	Premium on common shares	Appropriated to legal reserve	Unappropriated	Shareholders' Equity
Balance as at January 1, 2013 before adjustment		400,000,000.00	191,479,600.00	33,420,000.00	522,686,905.67	1,147,586,505.67
Effects of changes in accounting policies						
Income tax	2	-	-	-	14,971,091.49	14,971,091.49
Balance as at January 1, 2013 after adjustment		400,000,000.00	191,479,600.00	33,420,000.00	537,657,997.16	1,162,557,597.16
Changes in shareholders' equity for the year:						
Dividends paid	21	-	-	-	(19,999,255.00)	(19,999,255.00)
Total comprehensive loss for the year		-	-	-	(220,167,194.47)	(220,167,194.47)
Balance as at December 31, 2013		400,000,000.00	191,479,600.00	33,420,000.00	297,491,547.69	922,391,147.69
Balance as at January 1, 2012 before adjustment		400,000,000.00	191,479,600.00	30,420,000.00	507,292,444.39	1,129,192,044.39
Effects of changes in accounting policies						
Income tax	2	-	-	-	14,125,464.81	14,125,464.81
Balance as at January 1, 2012 after adjustment		400,000,000.00	191,479,600.00	30,420,000.00	521,417,909.20	1,143,317,509.20
Changes in shareholders' equity for the year:						
Legal reserve	20	-	-	3,000,000.00	(3,000,000.00)	-
Dividends paid	21	-	-	-	(39,998,510.00)	(39,998,510.00)
Total comprehensive income for the year		-	-	-	59,238,597.96	59,238,597.96
Balance as at December 31, 2012		400,000,000.00	191,479,600.00	33,420,000.00	537,657,997.16	1,162,557,597.16

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash Flows from Operating Activities				
Profit (loss) before income tax expenses	(522,403,872.67)	(20,726,858.78)	(203,138,052.11)	93,732,946.23
Adjustments to reconcile net profit to net cash				
provided by (used in) operating activities:				
Depreciation and amortization	67,194,726.27	51,371,158.56	30,977,044.39	31,659,093.74
Unrealised loss on changes in fair value				
of current investments	102,517,597.13	-	6,629,597.13	-
Doubtful accounts	-	67,921,982.07	-	4,561,982.07
Provision loss on investment in subsidiary	-	-	42,500,000.00	42,500,000.00
Provision liabilities on investment in subsidiary	-	-	241,147,536.26	12,490,375.05
Loss from devaluation of inventories	134,800,000.00	33,200,000.00	-	-
Gain from sales of fixed assets	(366,425.84)	(4,869,753.30)	(106,219.12)	(1,700,461.94)
Employee benefit obligations	1,602,713.00	1,469,700.00	1,211,592.00	1,111,303.00
Gain on bargain purchase	-	(5,030,399.10)	-	-
Finance costs	124,954,239.89	136,739,381.41	102,800,198.00	130,161,219.80
Gain (loss) from operating activities before changes in				
operating assets and liabilities	(91,701,022.22)	260,075,210.86	222,021,696.55	314,516,457.95
Changes in operating assets - (Increase) Decrease				
Trade and other receivables - net	187,023,813.61	(2,018,607,405.49)	2,075,750,705.77	(1,694,654,145.01)
Inventories	1,380,499,700.94	(496,244,315.27)	233,031,780.19	860,584,429.80
Advance payment from purchase of inventories	(181,458,014.01)	535,496,595.34	40,992,233.26	535,496,595.34
Changes in operating liabilities - Increase (Decrease)				
Trade and other payables	202,336,490.67	1,471,833,646.78	243,364,032.88	(198,175,014.51)
Advance received from inventories	17,261,949.18	-	-	-
Cash provided by (used in) operating activities	1,513,962,918.17	(247,446,267.78)	2,815,160,448.65	(182,231,676.43)
Paid tax	(37,657,908.60)	(11,018,461.35)	(33,801,112.67)	(8,771,784.14)
Net cash provided by (used in) operating activities	1,476,305,009.57	(258,464,729.13)	2,781,359,335.98	(191,003,460.57)
Cash Flows from Investing Activities				
Increase in fixed deposits pledged as collateral	(10,060,000.00)	-	-	-
Cash received from from disposal of investment in subsidiary	2,000,000.00	-	2,000,000.00	-
Cash paid for investments in subsidiary	-	-	(42,500,000.00)	(82,500,000.00)
Cash received from non-controlling interests				
of investments in subsidiary	57,500,000.00	102,216,236.90	-	-
Purchase of fixed assets and intangible assets	(112,700,580.94)	(190,915,233.57)	(1,060,117.25)	(4,629,077.34)
Receipt of sale of fixed assets	1,149,388.97	4,196,293.00	301,821.12	-
Cash received from assets not used in operations	7,900,000.00	1,800,000.00	7,900,000.00	1,800,000.00
Net cash used in investing activities	(54,211,191.97)	(82,702,703.67)	(33,358,296.13)	(85,329,077.34)

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash Flows from Financing Activities				
Interest paid	(122,168,627.60)	(137,216,544.46)	(100,019,806.91)	(130,758,450.69)
Increase (Decrease) in bank overdrafts and short-term loans from financial institution	(1,298,917,645.71)	477,131,506.81	(2,103,642,114.87)	477,922,455.74
Proceeds from long-term loan from financial institution	55,000,000.00	65,000,000.00	-	-
Increase in short-term loans and accrued interest income to subsidiaries	-	-	(538,733,671.89)	(42,020,067.84)
Cash paid for long-term loan from financial institution	(49,785,095.11)	-	-	-
Payment of liabilities under financial leases agreements	(2,645,103.95)	(18,533,984.84)	-	-
Dividends paid	(19,999,255.00)	(39,998,510.00)	(19,999,255.00)	(39,998,510.00)
Net cash provided by (used in) financing activities	(1,438,515,727.37)	346,382,467.51	(2,762,394,848.67)	265,145,427.21
Net increase (decrease) in cash and cash equivalents	(16,421,909.77)	5,215,034.71	(14,393,808.82)	(11,187,110.70)
Cash and cash equivalents at the beginning of the years	47,363,613.68	42,148,578.97	28,023,498.55	39,210,609.25
Cash and cash equivalents at the end of the years	30,941,703.91	47,363,613.68	13,629,689.73	28,023,498.55

The accompanying notes are an integral part of these financial statements.

THAI YUAN METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. GENERAL INFORMATION

Thai Yuan Metal Public Company Limited become a public company limited on July 3, 2006 and listed on the Stock Exchange of Thailand on August 9, 2007.

The Company's office is located at 7/4, 7/6 Moo 1 Soi Bangborn 5, Eagachai Rd., Carerai District, Kratumban , Samutsakorn.

The principal business operations of the Company are selling and transforming hot rolled coils and sheets and structural steels.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

2.1 The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") in conformity with generally accepted accounting principles in Thailand and applicable rules and regulations of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards ("TFRS") requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

2.2 Basis for preparation of the consolidated financial statements

a) The consolidated financial statements include the financial statements of the Company and subsidiary companies (together referred to as "the Group") as the following:

Details of the Company's subsidiaries as at December 31, were as follows:

Name of the entity	Type of business	% Ownership interest	
		2013	2012
Thainguan Logistic Co., Ltd.	Logistic service	60.00	80.00
T.Y.K. Industry Co., Ltd.	Manufacturing and distributing pipe	70.00	70.00
Precision Perfect Pipe Co., Ltd.	Manufacture and sell pipe and Other Metal products	40.00	40.00
Liberty Steel Siam Ltd.	Selling and transforming hot rolled coils and structural steels.	42.50	42.50

b) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of Precision Perfect Pipe Company Limited and Liberty Steel Siam Company Limited are included in the consolidated financial statements because the Company attained significant management control over their financial and operating policies.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

The financial statements of Liberty Steel Siam Limited was included in the consolidated financial statements from July 1, 2012 due to the Company attained significant management control over its financial and operating policies since July 1, 2012.

Net book value amount of the net assets (The Management believed that there are equivalent to the fair value) acquired of Liberty Steel Siam Limited as at July 1, 2012 had been calculated from the financial statements prepared by the Company's management and not being reviewed by any auditor are as follows:

	Unit: Baht
	Book value
	As at July 1, 2012
Cash and cash equivalents	716,236.90
Trade and other receivables	200,201,287.50
Inventories	951,872,465.99
Advance payment for purchase of inventories	44,307,385.67
Trade and other payables	(910,912,814.26)
Advance receipt from sale of inventories	(264,348,328.62)
Net book value	21,836,233.18
Less Non-controlling interests	(12,555,834.08)
Net assets from acquisition of subsidiary company	9,280,399.10
Cash payment for investment in subsidiary	(4,250,000.00)
Gain on bargain purchase	5,030,399.10

2.3 The separate financial statements, which presented investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

Adoption of new and revised TFRS

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance that are effective for fiscal years beginning on or after January 1, 2013.

TAS/TFRS/TI/FAP's Announcement	**Topic**
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS 8	Operating Segments
TI 10	Government Assistance – No Specific Relation to Operating Activities

TAS/TFRS/TI/FAP's Announcement	Topic
TI 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
TI 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
No. 34/2012	Accounting Guidance for Transfer and Transferred of Financial Assets

In the year 2013, the Group has adopted new and revised TFRS which are effective for the financial statements for the period beginning on or after January 1, 2013. Such transition affected the Group's overall financial position and financial performance as follows:

Thai Accounting Standard (TAS) No. 12 – Income taxes

The main change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the Group's financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the assets or liabilities in the statement of financial position and the amount attributed to that assets or liabilities for tax purposes; and the carry forward of unused tax losses.

The Group adopted TAS 12 with effective from January 1, 2013. The effects of the change were recognized retrospectively in the financial statements and the statement of financial position as at December 31, 2012 and January 1, 2012 and the statement of comprehensive income for the year ended December 31, 2012 were adjusted accordingly. The management estimates that the impact on the financial statements as follows:

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012
The Statements of financial position						
Increase in deferred tax assets	15,736,161.18	28,559,263.57	17,670,901.02	15,436,748.98	14,971,091.49	14,125,464.81
Increase in retained earnings	15,736,161.18	28,559,263.57	17,670,901.02	15,436,748.98	14,971,091.49	14,125,464.81
Increase in shareholders' equity	15,657,476.62	21,007,561.89	16,615,361.88	15,436,748.98	14,971,091.49	14,125,464.81
Increase in non-controlling interest	78,684.56	7,551,701.68	1,055,539.14	-	-	-
Increase in total shareholders' equity	15,736,161.18	28,559,263.57	17,670,901.02	15,436,748.98	14,971,091.49	14,125,464.81

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
The statements of comprehensive income for the years ended December 31,				
Increase (Decrease) in income tax expenses	12,823,102.39	(10,888,362.55)	(465,657.49)	(845,626.68)
(Increase)Decrease in profit for the years	12,823,102.39	(10,888,362.55)	(465,657.49)	(845,626.68)
(Increase)Decrease in basic earnings per share (Baht per share)	0.0321	(0.0272)	(0.001)	(0.002)

Two subsidiaries have unutilized tax loss carried forward as at December 31, 2013 and 2012 of Baht 441.11 million and 32.83 million, respectively. Due to the uncertainty of the utilization, the management, therefore, considers not to recognize this deferred tax. As at December 31, 2013, a subsidiary has not recognized a deferred tax assets amounting to Baht 52.78 million for its temporary differences (Note 23).

New and revised Thai Financial Reporting Standards not yet effective

The Group has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

a) Thai Accounting Standards ("TAS"), Thai Financial Reporting Standards ("TFRS"), Thai Financial Reporting Interpretation ("TFRI") and Thai Interpretation ("TI") which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

TAS/TFRS/TFRI/TI	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment

TAS/TFRS/TFRI/TI	Topic
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determining whether an Arrangement contains a Lease
TFRI 5	Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes
TFRI 17	Distributions of Non-cash Assets to Owners
TFRI 18	Transfers of Assets from Customers
TI 15	Operating Leases-Incentives
TI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TI 29	Disclosure-Service Concession Arrangements
TI 32	Intangible Assets-Web Site Costs

The management of the Group is assessing the impacts of these standard, interpretations on the financial statements for the year in which they are initially applied.

a) Thai Financial Reporting Standard (TFRS) which is effective for the financial statements for the year beginning on or after January 1, 2016 as follows:

TFRS	Topic
TFRS 4	Insurance Contracts

The management of the Group is assessing the impacts of this standard on the financial statements for the year in which they are initially applied.

3. Significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.2 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

3.3 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.4 Investments in subsidiaries

Investments in subsidiaries are reported by using the cost method of accounting in the separate financial statements.

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

3.5 Assets not used in operations

Assets not used in operations included land and building are initially recorded at cost. Building is stated at historical cost less accumulated depreciation.

Depreciation of building is calculated on the straight line method to write off the cost of each asset (20 years), except for land which is considered to have an indefinite life.

3.6 **Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. Building and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings and structures	5 - 32 years
Machineries and equipment	5 - 10 years
Fixtures and office equipment	5 years
Motor vehicles	5 years

In the year 2012, a subsidiary had reviewed and changed accounting estimates of the useful life of machines from 5 years to 5 - 12 years. The Revenue Department approved the change in depreciation rate of the subsidiary's machines for the accounting period starting from January 1, 2012.

When assets are sold or retired, the Company will eliminated their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the statements of comprehensive income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

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

Construction in progress are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

3.7 **Intangible asset**

Intangible asset is computer software is stated at cost less accumulated amortization and amortized using the straight line method over its useful live (5 years).

3.8 **Impairment of assets**

Property, plant and equipment, assets not used in operations, intangible asset and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.9 **Employee benefits**

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

The Group provides for post-employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and years of service of the respective employees. The liability arising as a result of such regulation is recorded as the present value of estimated future cash outflows using interest rates which have terms to maturities approximating the terms of the related liabilities.

3.10 **Revenue recognition**

Revenue comprises the invoiced value for the sale of goods and services excluding output tax, rebates and discounts. Revenue from sales of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer.

Service income is recognized the service is performed.

Interest income is recognized on an accrual basis.

3.11 **Foreign currency translation**

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

3.12 **Financial instruments**

Financial assets carried on the balance sheet include cash and cash equivalents, trade accounts receivable and short-term loans to and accrued interest income related companies. Financial liabilities carried on the balance sheet include bank overdraft and loans from financial institutions, trade accounts payable and payable from acquisition of assets. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.13 **Related parties**

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.

3.14 **Provisions**

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

3.15 **Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

The Group record current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

The Group recognize deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3.16 **Basic earnings (loss) per share**

Basic earnings (loss) per share are calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares during the years.

3.17 **Diluted earnings (loss) per share**

Diluted earnings (loss) per share is calculated by dividing net profit (loss) for the year after adjusting the effects of all transactions relating to dilutive potential common shares by the weighted average number of common shares to be issued for conversion of all dilutive potential common shares into common shares.

4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

4.1 Relationship

	Relationship
Subsidiaries	
Thainguan Logistic Co., Ltd.	60% shareholding (80% shareholding in year 2012)
T.Y.K. Industry Co., Ltd.	70% shareholding
Precision Perfect Pipe Co., Ltd.	40% shareholding but the Company had the ability to control the company
Liberty Steel Siam Ltd.	42.5% shareholding but the Company had the ability to control the company
Related Companies	
Thaiethanol Power PCL.	Common shareholders
Taiping Ethanol Co., Ltd.	Common shareholders
Kim Yuan Enterprise Co., Ltd.	Common shareholders
Bearings Corporation Co., Ltd.	Common shareholders
Hidakayookoo Enterprises Ltd.	5% shareholding in Liberty Steel Siam Ltd.

	Relationship
Parthongkij Steel Industry Co., Ltd.	Shareholding and authorized director of the company hold 2% interest in Liberty Steel Siam Ltd.
Liberty Siam Holding Pte. Ltd.	49% shareholding in Liberty Steel Siam Ltd.
K.S. Metaltech Co., Ltd.	14.99% shareholding in Precision Perfect Pipe Co., Ltd.
Liberty Commodities Limited, Liberty Fe Trade DMCC, Liberty Commodities Asia Limited	Companies in the group of the company that holds 49% shareholding in Liberty Steel Siam Ltd.
Kim Heng Loha Co., Ltd.	Close relative of directors
Kim Chua Steel Co., Ltd.	Close relative of directors
Kim Seng Steel Co., Ltd.	Close relative of directors
Kim Chai Steel Co., Ltd.	Close relative of directors
Kim Hong Metal Co., Ltd.	Close relative of directors
V. P. Steel & Wire Mesh Co., Ltd.	Close relative of directors
Numthai Steel Co., Ltd.	Close relative of directors
Metal Inter Co., Ltd.	Close relative of directors
Mahachai Steel Center Co., Ltd.	Close relative of directors
Mahachai Steel Inter Co., Ltd.	Close relative of directors
K Steel Center Co., Ltd.	Close relative of directors

The pricing policies between the Company and related parties are as follows:

	Pricing Policy
Sales of goods	At normal business prices as same as other entities.
Revenue from transportation	Price which had been agreed upon.
Revenue from contract manufacturing	Price which had been agreed upon.
Other income	Price which had been agreed upon.
Interest income	At the interest rate 5% per year.
Purchase of raw materials and goods	At normal business prices closed to other entities.
Transportation expense	At normal business prices closed to other entities.
Service cost of manufacturing	At normal business prices closed to other entities.

4.2 Significant transactions between the Company and related parties reflected in the consolidated and separate financial statements for the years ended December 31, 2013 and 2012 were as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Sales				
Transactions with subsidiary before attaining control				
Liberty Steel Siam Ltd.	-	1,027,017,359.75	-	1,027,017,359.75
Transactions with subsidiaries				
Liberty Steel Siam Ltd.	-	-	21,288,865.70	2,248,842,909.06
Precision Perfect Pipe Co., Ltd.	-	-	10,882,900.66	-
Transactions with related companies				
Thaiethanol Power PCL.	5,281,389.34	1,531,300.10	5,281,389.34	1,531,300.10
Taiping Ethanol Co., Ltd.	484,214.73	1,155,474.43	484,214.73	1,155,474.43
Kim Yuan Enterprise Co., Ltd.	14,058.00	40,129.80	14,058.00	40,129.80
Kim Chai Steel Co., Ltd.	2,244,447.65	2,278,360.21	2,244,447.65	2,278,360.21
Kim Heng Loha Co., Ltd.	364,202,917.41	455,780,085.03	364,202,917.41	455,780,085.03
Kim Chua Steel Co., Ltd.	775,379.20	-	775,379.20	-
V. P. Steel & Wire Mesh Co., Ltd.	174,304,898.70	540,875,335.65	174,304,898.70	540,875,335.65
Numthai Steel Co., Ltd.	-	7,288,936.00	-	7,288,936.00
Mahachai Steel Center Co., Ltd.	75,030.00	975,612.00	75,030.00	975,612.00
K Steel Center Co., Ltd.	272,620,458.48	281,673,356.66	272,620,458.48	281,673,356.66
K.S. Metaltech Co., Ltd.	33,275,836.70	-	33,275,836.70	-
Hidakayookoo Enterprises Ltd.	932,126,320.00	-	-	-
Parthongkij Steel Industry Co.Ltd.	-	46,703,567.00	-	-
Liberty Commodities Ltd.	-	554,673,417.26	-	-
Liberty Fe Trade DMCC	82,072,329.30	-	82,072,329.30	-
Other income and interest income				
Transactions with subsidiaries				
Thainguan Logistic Co., Ltd.	-	-	3,398,904.11	950,313.68
T.Y.K. Industry Co., Ltd.	-	-	599,999.98	543,811.47
Liberty Steel Siam Ltd.	-	-	12,772,602.74	-
Precision Perfect Pipe Co., Ltd.	-	-	377,191.78	-

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Purchase of material goods and supplies				
Transactions with subsidiary before attaining control				
Liberty Steel Siam Ltd.	-	523,080,928.95	-	523,080,928.95
Transactions with subsidiary				
Liberty Steel Siam Ltd.	-	-	1,287,824,232.61	670,202,957.85
Transactions with related companies				
Kim Yuan Enterprise Co., Ltd.	44,497.75	21,500.62	44,497.75	21,500.62
V. P. Steel & Wire Mesh Co., Ltd.	114,625,410.70	230,051,125.20	114,625,410.70	230,051,125.20
Mahachai Steel Center Co., Ltd.	247,125,870.80	28,000,639.20	247,125,870.80	28,000,639.20
Mahachai Steel Inter Co., Ltd.	510,451.80	-	510,451.80	-
Kim Seng Steel Co., Ltd.	26,878,418.60	-	26,878,418.60	-
Metal Inter Co., Ltd.	-	2,672,511.00	-	2,672,511.00
K Steel Center Co., Ltd.	236,884,571.90	170,359,929.10	236,884,571.90	170,359,929.10
K.S. Metaltech Co., Ltd.	188,803,656.36	-	188,803,656.36	-
Parthongkij Steel Industry Co., Ltd.	-	3,784,866.35	-	-
Hidakayookoo Enterprises Ltd.	932,126,320.00	255,848,010.00	-	-
Liberty Commodities Limited	1,225,903,957.33	1,836,701,371.75	-	-
Liberty Commodities Asia Limited	-	1,376,673,059.69	-	-
Liberty Fe Trade DMCC	82,072,329.30	334,609,968.39	-	-
Transportation expense				
Transactions with subsidiary				
Thainguan Logistic Co., Ltd.	-	-	34,178,329.15	33,025,133.97
Service cost of manufacturing				
Transactions with subsidiary				
T.Y.K. Industry Co., Ltd.	-	-	63,604,492.50	64,629,690.20

4.3 Significant outstanding balances between the Company and related parties in the consolidated and separate financial statements as at December 31, 2013 and 2012 were as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivables				
Transactions with subsidiaries				
Liberty Steel Siam Ltd.	-	-	546,028,853.31	2,536,870,487.61
Precision Perfect Pipe Co., Ltd.	-	-	48,186.02	-
Transactions with related companies				
Taiping Ethanol Co., Ltd.	113,056.52	54,367.77	113,056.52	54,367.77
Thaiethanal Power PCL	-	292,174.20	-	292,174.20
Kim Yuan Enterprise Co., Ltd	-	7,789.60	-	7,789.60
Kim Heng Loha Co., Ltd.	58,837,216.82	108,333,848.82	58,837,216.82	108,333,848.82
Kim Chai Steel Co., Ltd.	145,238.10	326,974.56	145,238.10	326,974.56
K Steel Center Co., Ltd.	3,122,741.74	10,990,591.67	3,122,741.74	10,990,591.67
V. P. Steel & Wire Mesh Co., Ltd.	17,152,292.80	16,249,841.17	4,259,909.74	16,249,841.17
K.S. Metaltech Co., Ltd.	10,172,402.29	-	10,070,752.29	-
Parthongkij Steel Industry Co., Ltd.	-	23,889,873.20	-	-
Hidakayookoo Enterprises Ltd.	460,477.72	-	460,477.72	-
	90,003,425.99	160,145,460.99	623,086,432.26	2,673,126,075.40
Other receivable				
Transactions with related companies				
Liberty Siam Holdings Pte. Ltd.	8,800,339.89	15,242,850.00	-	-
K.S. Metaltech Co., Ltd.	-	1,499,990.00	-	-
Related parties	1,000,000.00	5,400,010.00	-	-
	9,800,339.89	22,142,850.00	-	-
Advance payment for purchase of inventories				
Transactions with subsidiary				
Liberty Steel Siam Ltd.	-	-	130,989,253.66	222,474,079.76

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables				
Transactions with subsidiaries				
T.Y.K. Industry Co., Ltd.	-	-	1,129,004.60	522,890.52
Thainguan Logistic Co., Ltd.	-	-	1,686,539.31	1,822,730.90
Liberty Steel Siam Ltd.	-	-	23,897,166.00	-
Transactions with related companies				
V. P. Steel & Wire Mesh Co., Ltd.	-	34,279,952.73	-	34,279,952.73
Hidakayookoo Enterprises Ltd.	31,002,479.94	28,789,740.55	-	-
Kim Yuan Enterprise Co., Ltd.	230,858.72	3,016.38	702.94	3,016.38
Kim Heng Loha Co., Ltd.	1,331,667.00	-	1,331,667.00	-
Kim Seng Steel Co., Ltd.	1,026,656.22	-	1,026,656.22	-
Mahachai Steel Center Co., Ltd.	178,367,422.91	-	178,247,311.91	-
Parthongkij Steel Industry Co., Ltd.	259,933.40		259,933.40	
K.S. Metaltech Co., Ltd.	10,000,944.02	-	10,000,944.02	-
K Steel Center Co., Ltd.	10,171,324.00	-	10,171,324.00	-
	232,391,286.21	63,072,709.66	227,751,249.40	36,628,590.53

The movement of long-term loans to subsidiaries in the separate financial statements as at December 31, 2013 and 2012 as follow:

Unit: Baht

	Separate financial statements			
	Balance as at	Movement		Balance as at
	December 31, 2012	Increase	(Decrease)	December 31, 2013
Long-term loans				
Thainguan Logistic Co., Ltd.	58,900,000.00	22,000,000.00	(3,500,000.00)	77,400,000.00
T.Y.K. Industry Co., Ltd.	12,000,000.00	-	-	12,000,000.00
Liberty Steel Siam Ltd.	-	580,000,000.00	(80,000,000.00)	500,000,000.00
Precision Perfect Pipe Co., Ltd.	-	36,000,000.00	(16,000,000.00)	20,000,000.00
Total	70,900,000.00	638,000,000.00	(99,500,000.00)	609,400,000.00
Accrued interest income				
Thainguan Logistic Co., Ltd.	185,165.75	3,398,904.11	(3,255,384.93)	328,684.93
T.Y.K. Industry Co., Ltd.	45,737.70	600,000.00	(594,778.80)	50,958.90
Liberty Steel Siam Ltd.	-	12,771,602.74	(12,771,602.74)	-
Precision Perfect Pipe Co., Ltd.	-	377,191.78	(292,260.27)	84,931.51
Total	230,903.45	17,147,698.63	(16,914,026.74)	464,575.34
Total long-term loans and accrued interest income to subsidiaries	71,130,903.45	655,147,698.63	(116,414,026.74)	609,864,575.34

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash on hand	2,966,184.00	444,470.00	2,822,673.00	165,198.00
Cash at banks - saving accounts	2,933,841.64	18,438,234.00	25,730.11	2,037,795.26
Cash at banks - current accounts	25,041,678.27	28,480,909.68	10,781,286.62	25,820,505.29
Total cash and cash equivalents	30,941,703.91	47,363,613.68	13,629,689.73	28,023,498.55

6. CURRENT INVESTMENT – NET

Current investment as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Investment in marketable equity securities				
G STEEL PUBLIC COMPANY LIMITED				
Original value as at date of transfer	213,055,081.83	-	13,989,473.54	-
Less Allowance for devaluation	(67,921,982.07)	-	(4,561,982.07)	
Original value as at date of transfer - net	145,133,099.76	-	9,427,491.47	-
Less Unrealised loss on changes in fair value of investments	(102,517,597.13)	-	(6,629,597.13)	-
Total current investment - net	42,615,502.63	-	2,797,894.34	-

In year 2013, the Company and a subsidiary agreed to receive the settlement from an overdue trade receivable as well as the advance payment for purchase of inventories (G J STEEL PUBLIC COMPANY LIMITED) by the common share of G STEEL PUBLIC COMPANY LIMITED (the customer's Parent company). As a result, the Company and the subsidiary transferred trade receivables and advance payment for purchase of inventories to current investment by using the net book value as of the date of transfer of the common share.

7. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivable:-				
Related companies				
Trade receivable	78,480,519.72	160,145,460.99	611,563,525.99	2,673,126,075.40
Post dated cheques received	11,522,906.27	-	11,522,906.27	-
Total related companies	90,003,425.99	160,145,460.99	623,086,432.26	2,673,126,075.40
Less Provision liabilities on				
investment in subsidiary				
Beginning balance	-	-	(12,490,375.05)	-
Increase	-	-	(241,147,536.26)	(12,490,375.05)
Ending balance	-	-	(253,637,911.31)	(12,490,375.05)
Total related companies - net	90,003,425.99	160,145,460.99	369,448,520.95	2,660,635,700.35
Other companies				
Trade receivable	842,775,051.93	1,063,400,351.53	741,867,132.97	718,830,461.97
Post dated cheques received	125,541,891.36	182,302,228.76	124,468,996.63	182,204,218.76
Return cheques	71,030,827.50	72,372,596.09	71,030,827.50	72,372,596.09
Total	1,039,347,770.79	1,318,075,176.38	937,366,957.10	973,407,276.82
Less allowance for doubtful accounts				
Beginning balance	(131,620,374.11)	(68,260,374.11)	(68,260,374.11)	(68,260,374.11)
Increase	-	(63,360,000.00)	-	-
Decrease *	65,483,345.98	-	2,123,345.98	-
Ending balance	(66,137,028.13)	(131,620,374.11)	(66,137,028.13)	(68,260,374.11)
Total other companies - net	973,210,742.66	1,186,454,802.27	871,229,928.97	905,146,902.71
Total trade receivable - net	1,063,214,168.65	1,346,600,263.26	1,240,678,449.92	3,565,782,603.06
Other receivables:-				
Related companies				
Other receivable	9,800,339.89	22,142,850.00	-	-
Other companies				
Advance	702,604.94	1,420,292.36	352,018.94	385,453.45
Revenue Department receivable	126,400,228.68	177,013,609.07	14,007,192.27	12,945,883.39
Other	6,053,391.31	5,605,947.29	2,246.24	474,793.01
Total other receivables	142,956,564.82	206,182,698.72	14,361,457.45	13,806,129.85
Total trade and other receivables - net	1,206,170,733.47	1,552,782,961.98	1,255,039,907.37	3,579,588,732.91

* Transfer to Unrealised loss on changes in fair value of current investments. (Note 6)

Trade receivables can be classified by age analysis as at December 31, 2013 and 2012 as follow:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Related companies				
Current	30,274,253.44	57,143,227.52	27,357,059.53	58,456,543.17
Over due up to 3 months	49,700,519.42	103,002,233.47	49,700,519.42	77,799,044.62
Over due 3 - 6 months	-	-	-	2,406,261,912.68
Over due 6 - 12 months	10,028,653.13	-	20,358,365.70	130,608,574.93
Over due over 12 months	-	-	525,670,487.61	-
Total	90,003,425.99	160,145,460.99	623,086,432.26	2,673,126,075.40
Less Provision liabilities on investment in subsidiary	-	-	(253,637,911.31)	(12,490,375.05)
Net	90,003,425.99	160,145,460.99	369,448,520.95	2,660,635,700.35
Other companies				
Current	399,800,860.78	769,108,219.90	390,554,346.82	655,336,931.15
Over due up to 3 months	471,700,548.20	272,279,526.38	378,966,248.47	238,468,718.08
Over due 3 - 6 months	95,967,470.30	197,145,802.51	95,967,470.30	60,000.00
Over due 6 - 12 months	1,247,425.79	7,270,486.95	1,247,425.79	7,270,486.95
Over due over 12 months	70,631,465.72	72,271,140.64	70,631,465.72	72,271,140.64
Total	1,039,347,770.79	1,318,075,176.38	937,366,957.10	973,407,276.82
Less allowance for doubtful accounts	(66,137,028.13)	(131,620,374.11)	(66,137,028.13)	(68,260,374.11)
Net	973,210,742.66	1,186,454,802.27	871,229,928.97	905,146,902.71

8. INVENTORIES - NET

Inventories as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Merchandise inventories	1,947,942,275.55	3,328,441,976.49	786,708,985.24	1,019,740,765.43
Less Provision for devaluation				
Beginning balance	(33,200,000.00)	-	-	-
Increase	(134,800,000.00)	(33,200,000.00)	-	-
Ending balance	(168,000,000.00)	(33,200,000.00)	-	-
Inventories - net	1,779,942,275.55	3,295,241,976.49	786,708,985.24	1,019,740,765.43

As at December 31, 2013 and 2012 the Group had advance payments for purchase of inventories of Baht 230.09 million and Baht 46.27 million in the consolidated financial statement and of Baht 227.75 million and Baht 268.74 million in the separate financial statements, respectively. These represented advance payments for purchase of inventory to the subsidiary and other companies with these inventories do not yet receive at end of the year.

9. FIXED DEPOSITS PLEDGED AS COLLATERAL

As at December 31, 2013 a subsidiary had invested in 12 month fixed deposits with a local commercial bank of Baht 10.06 million. The subsidiary pledged these fixed deposits as collateral for short-term loans from the bank and collateral for its credit cards of Baht 10 million and Baht 0.06 million, respectively.

10. INVESTMENT IN SUBSIDIARIES - NET

Investment in subsidiaries as at December 31, 2013 and 2012 consisted of:

Unit: Thousand Baht

		Unit: Million Baht				Separate financial statement					
		Percentage of Holding		Authorized share capital and fully-paid up		At cost		Allowance of impairment		book value	
Company	Type of business	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1. Thainguan Logistic Co., Ltd.**	Logistic service	60	80	10	10	6,000	8,000	-	-	6,000	8,000
2. T.Y.K.Industry Co., Ltd	Manufacturing and distributing pipe	70	70	50	50	35,000	35,000	-	-	35,000	35,000
3. Precision Perfect Pipe Co., Ltd	Manufacture and sell pipe and Other Metal products	40	40	100	100	40,000	40,000	-	-	40,000	40,000
4. Liberty Steel Siam Ltd.*	Selling and transforming hot rolled coils and strctural steels.	42.5	42.5	200	100	85,000	42,500	(85,000)	(42,500)	-	-
					Total investment in subsidiaries-net	166,000	125,500	(85,000)	(42,500)	81,000	83,000

* On June 27, 2013, the Extraordinary shareholders' meeting of Liberty Steel Siam Ltd. No. 2/2013 passed the resolutions to approve the increase in authorized share capital from Baht 100 million to Baht 200 million by issuance of new ordinary shares 1 million shares at Baht 100 par value totaling of Baht 100 million, called-up 25%. The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on June 27, 2013.

On August 2013, the subsidiary has called for fully payment of the remaining share capital and adjusted the provision liabilities on investment in subsidiary to increase the allowance of impairment on investment in subsidiary in the same amount.

** On August 9, 2013, the Company's Board of directors meeting No.3/2013 to approve the disposal of investment in Thainguan Logistic Co., Ltd. of shares 20,000 shares at Baht 100 par value totaling of Baht 2.0 million.

As at December 31, 2013, the Company is the guarantor for liability of a subsidiary who is the Company's debtor in form of loan, advance payment and trade receivable in the total amount of Baht 1,153 million. The subsidiary has a registered capital of Baht 200 million and has the capital deficits in the amount of Baht 541 million. On February 21, 2014, the Extraordinary Shareholders' Meeting of such the subsidiary passed the unanimously resolutions to approve the increase in authorised share capital of Baht 500 million from the registered share capital of Baht 200 million to Baht 700 million by based on the existing holding proportion. The first called for 25% of share subscription to repay its liabilities and to be used as its working capital. In addition, the major shareholder who owns 49% equity investment has issued letter of intent to confirm that over the course of the next two years, at six monthly intervals, to increase the capital in this subsidiary (up to a maximum pro-rata amount in line with the investment held on the subsidiary at the time) of the increasing capital of Baht 500 million. As a guarantor, the Company's separate financial statements for the year 2013 reflected loss in the subsidiary's capital deficits according to its proportion of 42.5% of the subsidiary's registered capital and the Company's consolidated financial statements for the year 2013 also reflected loss in the subsidiary's capital deficits by the same holding proportion of 42.5%.

11. PROPERTY , PLANT AND EQUIPMENT - NET

Property, plant and equipment as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements							
	Land	Building and improvement	Machine and factory equipment	Office equipment	Vehicles	Work under construction	Machine installation	Total
At cost								
As at December 31, 2012	98,302,794.48	280,986,849.51	197,834,662.09	10,751,088.82	106,400,535.94	54,619,995.08	90,048,258.21	838,944,184.13
Purchases/transfers in during year	-	90,846,490.84	120,507,303.98	16,676,427.82	27,749,041.12	34,275,096.36	26,188,617.77	316,242,977.89
Disposals/transfers out during the year	-	-	(718,200.00)	-	(1,688,143.70)	(88,895,091.44)	(116,236,875.98)	(207,538,311.12)
As at December 31, 2013	98,302,794.48	371,833,340.35	317,623,766.07	27,427,516.64	132,461,433.36	-	-	947,648,850.90
Accumulated Depreciation								
As at December 31, 2012	-	72,974,729.08	102,951,062.51	8,398,207.44	27,693,199.99	-	-	212,017,199.02
Depreciation for the year	-	15,760,859.15	30,938,725.28	2,384,543.54	18,274,820.03	-	-	67,358,948.00
Depreciation - disposals for the year	-	-	(250,632.15)	-	(1,568,348.42)	-	-	(1,818,980.57)
As at December 31, 2013	-	88,735,588.23	133,639,155.64	10,782,750.98	44,399,671.60	-	-	277,557,166.45
Book value								
As at December 31, 2012	98,302,794.48	208,012,120.43	94,883,599.58	2,352,881.38	78,707,335.95	54,619,995.08	90,048,258.21	626,926,985.11
As at December 31, 2013	98,302,794.48	283,097,752.12	183,984,610.43	16,644,765.66	88,061,761.76	-	-	670,091,684.45
Depreciations in the statements of comprehensive income								
Year 2012								51,623,734.77
Year 2013								67,358,948.00

Unit: Baht

	Separate financial statements					
	Land	Building and improvement	Machine and factory equipment	Office equipment	Vehicles	Total
At cost						
As at December 31, 2012	70,816,000.00	207,856,069.79	120,867,414.28	9,330,742.60	10,594,353.74	419,464,580.41
Purchases/transfers in during year	-	-	107,739.31	234,277.94	522,500.00	864,517.25
Disposal during year	-	-	-	-	(533,644.86)	(533,644.86)
As at December 31, 2013	70,816,000.00	207,856,069.79	120,975,153.59	9,565,020.54	10,583,208.88	419,795,452.80
Accumulated Depreciation						
As at December 31, 2012	-	65,106,188.94	81,070,530.85	8,002,815.63	3,858,700.80	158,038,236.22
Depreciation for the year	-	10,545,224.91	18,022,755.88	459,605.99	1,921,903.49	30,949,490.27
Depreciation - disposals for the year	-	-	-	-	(533,642.86)	(533,642.86)
As at December 31, 2013	-	75,651,413.85	99,093,286.73	8,462,421.62	5,246,961.43	188,454,083.63
Book value						
As at December 31, 2012	70,816,000.00	142,749,880.85	39,796,883.43	1,327,926.97	6,735,652.94	261,426,344.19
As at December 31, 2013	70,816,000.00	132,204,655.94	21,881,866.86	1,102,598.92	5,336,247.45	231,341,369.17
Depreciations in the statements of comprehensive income						
Year 2012						31,925,269.55
Year 2013						30,949,490.27

The Company entered into the memorandums with regard to the changes of collateral with the bank overdrafts and short-term loans from financial institutions to release the collateral being land, building and machineries thereon of the Company. By doing that, the Company provided the Negative Pledge to the financial institutions instead. Therefore, property, plant and equipment of the Company have no any obligations as collateral as at December 31, 2013 and 2012.

As at December 31, 2013 and 2012 the land and building of two subsidiaries in the consolidated financial statements, with their net book value of Baht 270.11 million and Baht 191.47 million, respectively, were pledged as collateral for their bank overdrafts (Note 14) and long-term loan from financial institution (Note 17).

As at December 31, 2013 and 2012 the Company and a subsidiary has gross carrying amounts of assets that are fully depreciated but are still in active use amounting of approximately Baht 40.36 million and Baht 32.95 million, respectively.

As at December 31, 2013 and 2012, two subsidiaries had vehicles under financial leases agreements with the net book value of Baht 3.32 million and Baht 6.73 million, respectively.

12. INTANGIBLE ASSETS - NET

Intangible assets as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	Computer Software	Computer Software installments	Total	Computer Software	Computer Software installments	Total
At cost						
As at December 31, 2012	1,146,940.00	-	1,146,940.00	1,078,940.00	-	1,078,940.00
Additions in during the year	-	2,314,151.19	2,314,151.19	-	-	-
As at December 31, 2013	1,146,940.00	2,314,151.19	3,461,091.19	1,078,940.00	-	1,078,940.00
Accumulated amortization						
As at December 31, 2012	(678,192.88)	-	(678,192.88)	(646,838.18)	-	(646,838.18)
Amortization for the year	(48,077.38)	-	(48,077.38)	(27,554.12)	-	(27,554.12)
As at December 31, 2013	(726,270.26)	-	(726,270.26)	(674,392.30)	-	(674,392.30)
Book valued						
As at December 31, 2012	468,747.12	-	468,747.12	432,101.82	-	432,101.82
As at December 31, 2013	420,669.74	2,314,151.19	2,734,820.93	404,547.70	-	404,547.70
Amortization in the statements of comprehensive income						
Year 2012			41,229.22			27,629.62
Year 2013			48,077.38			27,554.12

13. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Asset not used in operation - net of accumulated depreciation	-	7,812,950.00	-	7,812,950.00
Refundable income tax	-	1,863,957.96	-	1,863,957.96
Others non-current assets	8,000.00	8,000.00	8,000.00	8,000.00
Total other non-current assets	8,000.00	9,684,907.96	8,000.00	9,684,907.96

Asset not used in operation comprising land and building repossessed from trade accounts receivables. During the year 2013, the Company sold all assets to other person.

14. BANK OVERDRAFTS AND SHORT–TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
Type	2013	2012	2013	2012
Bank overdrafts	12,025,287.55	-	-	-
Trust receipt	729,199,181.61	1,093,642,114.87	-	1,093,642,114.87
Promissory notes	1,963,500,000.00	2,910,000,000.00	1,900,000,000.00	2,910,000,000.00
Total bank overdraft and short-term loans from financial institutions	2,704,724,469.16	4,003,642,114.87	1,900,000,000.00	4,003,642,114.87

Credit lines (Million Baht)

	Consolidated financial statements		Separate financial statements	
Type	2013	2012	2013	2012
Bank overdrafts	198	188	175	175
Trust receipt and promissory notes	6,715	6,970	6,570	6,870
Total	6,913	7,158	6,745	7,045

Bank overdrafts bear interest at the rate of MOR per annum and short-term loans from financial institutions bearing interest at agreed rates with those financial institutions.

The Company's bank overdrafts and short-term loans from financial institutions are unsecured loans, only the Negative pledge is provided.

All credit lines of bank overdraft and short-term loans from financial institutions of the subsidiaries is secured by the mortgage of its land with building (Note 11) and guaranteed by the Company and fixed deposits of the subsidiary and a director of the subsidiary.

15. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables:-				
Trade payables - related companies	232,391,286.21	63,072,709.66	227,751,249.40	36,628,590.53
Trade payables - others	143,520,076.72	114,759,241.39	137,423,978.82	81,996,671.27
Total trade payable	375,911,362.93	177,831,951.05	365,175,228.22	118,625,261.80
Other payables:-				
Revenue Department payable	1,623,208.35	1,046,960.20	710,109.22	626,650.25
Accrued interest expenses	1,776,261.81	3,451,356.84	618,876.71	3,399,267.80
Accrued commission expenses	9,911,203.91	5,592,226.00	9,911,203.91	5,592,226.00
Other payables	5,817,228.07	14,980,996.40	617,408.07	2,438,005.48
Accrued expenses	9,078,316.68	9,793,890.31	6,024,222.68	6,231,213.51
Total other payables	28,206,218.82	34,865,429.75	17,881,820.59	18,287,363.04
Total trade and other payables	404,117,581.75	212,697,380.80	383,057,048.81	136,912,624.84

16. LIABILITIES UNDER FINANCIAL LEASES AGREEMENTS - NET

Liabilities under financial leases agreements as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Consolidated financial statements	
	2013	2012
Due within 1 year		
Minimum payments	1,697,352.00	1,499,400.38
Finance cost	(82,517.00)	(228,065.40)
Present value of minimum payments	1,614,835.00	1,271,334.98
Due over 1 year but not over 5 years		
Minimum payments	494,880.00	2,783,200.00
Finance cost	(36,055.89)	(58,891.28)
Present value of minimum payments	458,824.11	2,724,308.72

As at December 31, 2013 and 2012 two subsidiaries have financial lease agreement for vehicle (Note 11) with a local company, are repayable in 48 equal monthly installments up to 2017. The ownership of the assets purchased under financial lease agreements will be transferred to the subsidiary when the last installment is paid.

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTION - NET

Long-term loans from financial institution as at December 31, 2013 and 2012 consisted of:

Unit: Baht

Subsidiary No.	Credit line (Million Baht)	Term of repayment	Monthly repayment (Million Baht)	Interest rate (Per annum)	Consolidated financial statements 2013	Consolidated financial statements 2012
1	120	September 2011 - February 2018	1.8	MLR-2.25	61,041,898.50	98,882,499.18
2	120	July 2013 - June 2018	2.0	MLR-2.25	108,000,000.00	65,000,000.00
Total long-term loans from financial institution					169,041,898.50	163,882,499.18
Less Current portion					(45,600,000.00)	(33,600,000.00)
Long-term loans from financial institution-net					123,441,898.50	130,282,499.18

These long-term loans are guaranteed by the Company, some directors of the subsidiary and pledged by the subsidiary's land with building and machine.

Under the loan agreement terms, the subsidiaries must comply with the condition of loan covenants such as

	Subsidiaries		
		the 2 nd subsidiary	
	the 1st subsidiary	Year 2012 - 2014	since year 2015
Debt to equity ratio	not over than 2 times	not over than 2.5 times	not over than 2 times
Debt service coverage	at lease 1.1 times	at lease 1.2 times	at lease 1.1 times

18. EMPLOYEE BENEFITS OBLIGATION

Movement of the present value of employee benefits obligation expenses in the statement of comprehensive income for the years ended December 31, 2013 and 2012 as follows:

Unit: Baht

	Post-employment benefit plan and other benefit plan			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Employee benefit obligations as at January 1,	8,168,132.00	6,698,432.00	7,062,192.00	5,950,889.00
Employee benefit expenses in the statements of comprehensive income:				
Service cost	1,341,661.00	1,268,905.00	993,055.00	938,327.00
Interest from obligation	261,052.00	200,795.00	218,537.00	172,976.00
Employee benefit obligations as at December 31,	9,770,845.00	8,168,132.00	8,273,784.00	7,062,192.00

Employee benefit obligations in the statement of financial position as at December 31, 2013 and 2012 consisted of:

Unit: Baht

	Post-employment benefit plan and other benefit plan			
	Consolidated financial		Separate financial statements	
	2013	2012	2013	2012
Present value of obligation	9,770,845.00	8,168,132.00	8,273,784.00	7,062,192.00
Fair value of plan assets	-	-	-	-
Employee benefit obligations - recognized in the statements of financial position	9,770,845.00	8,168,132.00	8,273,784.00	7,062,192.00

Principal actuarial assumptions at the reporting date for the years ended December 31, 2013 and 2012

	Consolidated and separate financial statements
Discount rate	4.10%
Salary increase rate	3.00%
Mortality rate	TMO97 (Thai Mortality Ordinary Table B.E.2540)

19. WARRANTS AND INCREASING SHARE CAPITAL AND CHANGE NUMBER OF SHARE AND PAR VALUE

At the Company's Annual General Meeting of shareholders held on April 23, 2012, the shareholders approved to change number of shares and par value of the Company, by reducing No. of shares from 5,000 million shares to 500 million shares and changing par value from previously Baht 0.10 per share to Baht 1.00 per share and aacknowledged of the amendment of the right for warrant exercise from 1,000 million units with exercise price of Baht 0.50 per unit to be 100 million units with exercise price of Baht 5 per unit.

At the Company's extraordinary shareholders' meeting dated on May 20, 2011, the shareholders approved to issue and offer for sale warrants to the existing shareholders in the exercise ration 4 ordinary shares per one warrant at the price of Baht 0.50 per share. The warrants have 3 years duration and are exercisable on first quarter and third quarter in each year and passed a resolution to increase the authorized share capital from Baht 400 million (4,000 million common shares with a par value of Baht 0.10 Baht per share) to Baht 500 million (5,000 million common shares with a par value of Baht 0.10 per share) to support exercisable of the warrants. The Company registered with the Ministry of Commerce on September 3, 2011.

20. LEGAL RESERVE

Under the provisions of the Thai Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

21. DIVIDENDS PAID

At the ordinary shareholders' meeting 2013 dated April 22, 2013, the shareholders approved the dividends payment from the operation of year 2012 of Baht 20 million for 400 million common shares at Baht 0.05 per share. The dividends payment date is May 15, 2013.

At the ordinary shareholders' meeting 2012 dated April 23, 2012, the shareholders approved the payment of dividends at Baht 0.1 per share for 400 million shares totaling of Baht 40 million. Such dividend was paid on May 23, 2012.

22. SIGNIFICANT EXPENSES BY NATURE

Significant expense by nature for the years ended December 31, 2013 and 2012 are as follows

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
(Increase)Decrease in merchandise inventories	1,369,155,062.48	(463,044,315.27)	233,031,780.19	860,584,429.80
Inventories increased from acquisition of subsidiary	-	(951,872,465.99)	-	-
Service cost of manufacturing from				
a subsidiary and other person	10,164,180,173.10	17,623,575,625.91	6,150,919,142.09	15,729,448,372.20
Outsourcing production cost	3,473,690.69	3,634,504.84	67,078,183.19	68,264,195.04
Depreciation and amortization	67,407,025.38	51,664,963.99	30,977,044.39	31,952,899.17
Employee benefit and expenses	105,022,743.04	67,427,974.36	49,648,660.74	44,231,173.68
Transportation and distribution expenses	61,333,395.40	52,206,322.84	29,661,550.48	33,025,133.97
Utilities expenses	14,280,487.17	10,356,729.51	5,261,789.90	1,972,203.47
Repairs and maintenance expenditure	9,018,607.90	9,245,764.57	5,080,759.09	5,950,586.20
Commission and sales promotion	10,162,607.87	5,915,842.15	9,947,651.71	5,867,249.03
Doubtful accounts	-	67,921,982.07	-	4,561,982.07
Unrealised loss on changes in fair value				
of current investments	102,517,597.13	-	6,629,597.13	-
Loss from devaluation of inventories	134,800,000.00	33,200,000.00	-	-
Loss on impairment of investments in subsidiary	-	-	42,500,000.00	42,500,000.00
Provision liabilities on investment in subsidiary	-	-	241,147,536.26	12,490,375.05
Finance cost - interest expenses	124,954,239.89	136,739,381.41	102,800,198.00	130,161,219.80

23. DEFERRED TAX

Movements in deferred tax assets and deferred tax liabilities during the years were as follows:

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	As at January 1, 2013	Profit (loss)	As at December 31, 2013	As at January 1, 2013	Profit (loss)	As at December 31, 2013
Deferred tax assets						
Allowance for doubtful accounts	26,811,802.04	(13,584,396.42)	13,227,405.62	14,139,802.04	(912,396.42)	13,227,405.62
Unrealised loss on changes in fair value of current investments	-	1,325,919.43	1,325,919.43	-	1,325,919.43	1,325,919.43
Provision for employee benefit obligations	1,633,626.41	320,542.59	1,954,169.00	1,412,438.40	242,318.40	1,654,756.80
Tax loss carried forward	694,984.07	(694,984.07)	-	-	-	-
Total	29,140,412.52	(12,632,918.47)	16,507,494.05	15,552,240.44	655,841.41	16,208,081.85
Deferred tax liabilities						
Depreciation	(581,148.95)	(190,183.92)	(771,332.87)	(581,148.95)	(190,183.92)	(771,332.87)
Total	(581,148.95)	(190,183.92)	(771,332.87)	(581,148.95)	(190,183.92)	(771,332.87)
Deferred tax assets	28,559,263.57	(12,823,102.39)	15,736,161.18	14,971,091.49	465,657.49	15,436,748.98

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	As at January 1, 2012	Profit (loss)	As at December 31, 2012	As at January 1, 2012	Profit (loss)	As at December 31, 2012
Deferred tax assets						
Allowance for doubtful accounts	13,227,405.63	13,584,396.41	26,811,802.04	13,227,405.63	912,396.41	14,139,802.04
Provision for employee benefit obligations	1,339,686.40	293,940.01	1,633,626.41	1,190,177.80	222,260.60	1,412,438.40
Tax loss carried forward	3,395,927.61	(2,700,943.54)	694,984.07	-	-	-
Total	17,963,019.64	11,177,392.88	29,140,412.52	14,417,583.43	1,134,657.01	15,552,240.44
Deferred tax liabilities						
Depreciation	(292,118.62)	(289,030.33)	(581,148.95)	(292,118.62)	(289,030.33)	(581,148.95)
Total	(292,118.62)	(289,030.33)	(581,148.95)	(292,118.62)	(289,030.33)	(581,148.95)
Deferred tax assets	17,670,901.02	10,888,362.55	28,559,263.57	14,125,464.81	845,626.68	14,971,091.49

Income tax expense for the years ended December 31, 2013 and 2012 as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current tax expense				
Current years	21,476,611.27	35,561,690.83	17,494,799.85	35,339,974.95
Deferred tax expense				
Movements in temporary differences	12,823,102.39	(10,888,362.55)	(465,657.49)	(845,626.68)
Total	34,299,713.66	24,673,328.28	17,029,142.36	34,494,348.27

Reconciliation of effective tax rate

	Consolidated financial statements			
	2013		2012	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Loss before income tax		(522,403,872.66)		(20,726,858.78)
Income tax using the corporate tax rate	20%	(104,480,774.53)	23%	(4,767,177.52)
Double expenses by the Revenue Code		(584,217.14)		(441,470.43)
Non-deductible expenses by the Revenue Code		50,783,784.40		7,688,411.75
Utilized tax loss carried forward		-		(3,500,175.22)
Current year losses for which no deferred tax assets was recognised		75,757,818.54		36,582,102.25
Movements in deferred tax				
Movements in temporary differences-net		12,823,102.39		(10,888,362.55)
Tax expense		34,299,713.66		24,673,328.28

	Separate financial statements			
	2013		2012	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit(loss) before income tax		(203,138,052.11)		93,732,946.23
Income tax using the corporate tax rate	20%	(40,627,610.42)	23%	21,558,577.63
Income not subject to tax		(584,217.14)		(441,470.43)
Non-deductible expenses by the Revenue Code		58,706,627.41		14,222,867.75
Movements in deferred tax				
Movements in temporary differences-net		(465,657.49)		(845,626.68)
Tax expense		17,029,142.36	37%	34,494,348.27

The Company's 2 subsidiaries have unused tax loss carry forward as at December 31, 2013, amounting to Baht 441.11 million, which management believes are exploiting the instability of such tax. Therefore the balances of deferred tax assets which have not been recognized are Baht 88.22 million.

The Company's a subsidiary has not recognized a deferred tax assets amounting to Baht 52.78 million for its temporary differences (Note 6 and 8) as at December 31, 2013 which management believes that it is not probable that these temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Income tax rate

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 and No. 555 B.E. 2555 dated November 7, 2012 grant a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting beginning on or after January 1, 2012 but not later than December 31, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

24. EARNINGS (LOSS) PER SHARE

24.1 The diluted earnings (loss) per share for the year ended December 31, 2013 is the amount equal to the basic earnings per share because the exercise price (Baht 5 per share) is higher than the common share's fair value.

24.2 Basic earnings (loss) per share are computed by dividing the net profit (loss) for the year by the weighted average number of issued common shares during the years as dilution of par value taking place since January 1, 2013.

25. FINANCIAL INSTRUMENTS

As at December 31, 2013, the Group are not engaged in the trading of any derivative financial instruments for speculative purposes.

Liquidity Risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Foreign Currency Risk

As part of the international trading, the Group have significant exposures to market risks from changes in foreign exchange rates. However, as at the balance sheet date, the Company did not adopt any derivative strategies to manage such exposures.

As at December 31, 2013, two subsidiaries have trust receipt in foreign currencies which are not hedged amounting of USD 17,592,479.17.

Interest Rate Risk

The Group was exposed to interest rate risks because it held deposits to and loans from financial institutions. However, The Group believed that the future fluctuation on market interest rate would not provided significant effect to their operation and cash flow, therefore, no financial derivative was adopted to manage such risks.

Credit Risk

The Group is exposed to credit risks mainly relating to their trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with their receivables.

Fair Value

The financial assets and liabilities include cash and cash equivalents, trade accounts receivable, long-term loans and accrued interest income to subsidiaries, prepaid corporate income tax, bank overdrafts and short-term loans from financial institutions, trade accounts payable, payable from acquisition of assets liabilities under hire-purchase agreements and income tax payable and accrued expenses. Their carried values approximate to their fair values.

26. COMITMENTS AND CONTIGENT LIABILITIES

The Group has commitments and contingent liabilities as follows;

26.1 A subsidiary has entered into The Collateral Management Agreements with a foreign company with management fee of totally USD 10,500 per month and superintending fee USD 0.1 per metric ton. The agreements have been in effect until cancelled by either party.

26.2 As at December 31, 2013 the Group has letters of guarantee issued by bank for the payment of electricity and utility fee of the Company amounting of Baht 0.46 million and for two subsidiaries amounting of Baht 2.6 million.

26.3 As at December 31, 2013 the Company has contingent liability from guarantee for three subsidiaries' credit facilities amounting of Baht 1,547.0 million.

27. EMPLOYEE PROVIDENT FUND

The Group and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed equally by both the employees at the rate of 2 percent of the employee's salary (based on the number of employees' working year). The fund will be paid to the employees upon termination in accordance with the rules of the fund. The Company and subsidiary payment is starting July 1, 2006 and March 1, 2011, respectively.

28. RECLASSICATION OF ACCOUNTS

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2012 to conform to the presentation in the present financial statements of this year as follows:

Unit: Baht

	Separate financial statements		
	Before reclassification	Reclassification	After reclassification
Statement of financial position			
Trade and other receivables - net	3,592,079,107.96	12,490,375.05	3,579,588,732.91
Provision liabilities on investment in subsidiary	12,490,375.05	(12,490,375.05)	-
Short-term loans and accrued interest income to subsidiaries	71,130,903.45	(71,130,903.45)	-
Long-term loans and accrued interest income to subsidiaries	-	71,130,903.45	71,130,903.45

29. CAPITAL MANAGEMENT

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

30. EVENTS AFTER THE REPORTING PERIOD

At the Extraordinary Shareholders' Meeting of Liberty Steel Siam Ltd. No.1/2014 held on February 21, 2014, the Company's a subsidiary which the Company own 42.5%, the subsidiary's shareholders meeting passed the important resolutions as following:

1. Passed the unanimously resolutions to acknowledge the loss half the amount of the subsidiary's capital.
2. Passed the unanimously resolutions to approve the increase in authorised share capital of Baht 500 million (issuing 5,000,000 new ordinary shares at a par value of Baht 100) from the registered share capital of Baht 200 million to Baht 700 million by based on the existing holding proportion. The first called for 25% of share subscription to repay its liabilities and to be used as its working capital. In addition, the major shareholder who owns 49 % equity investment has issued letter of intent to confirm that over the course of the next two years, at six monthly intervals, to increase the capital in this subsidiary (up to a maximum pro-rata amount in line with the investment held on the subsidiary at the time) of the increasing capital of Baht 500 million.

31. APPROVAL OF FINANCIAL STATEMENT

These financial statements have been approved to issue by the Company's authorized director on February 28, 2014.

32. OPERATING SEGMENT

The Group is engaged in the business of manufacturing and distributing many types of coils and of logistic service. The operating segment can be classified into 4 segments as follows;

A. Transactions relating to sales of coils

B. Transactions relating to service cutting of coils

C. Transactions relating to logistic service

D. Transactions relating to manufacture and sell pipe and other metal products

Unit: Baht

	Consolidated financial statements						
	For the year ended December 31, 2013						
	A	B	C	D	Total	Eliminated	Total
Revenues							
Sales	12,822,021,646.97	-	-	47,184,663.01	12,869,206,309.98	(1,319,995,998.97)	11,549,210,311.01
Services income	-	70,101,269.40	57,321,401.14	-	127,422,670.54	(102,537,610.05)	24,885,060.49
Total revenues	12,822,021,646.97	70,101,269.40	57,321,401.14	47,184,663.01	12,996,628,980.52	(1,422,533,609.02)	11,574,095,371.50
Cost of sales and services	(12,877,592,673.57)	(48,442,512.55)	(51,344,158.86)	(44,785,028.79)	(13,022,164,373.77)	1,439,499,438.93	(11,582,664,934.84)
Gross profit(loss)	(55,571,026.60)	21,658,756.85	5,977,242.28	2,399,634.22	(25,535,393.25)	16,965,829.91	(8,569,563.34)
Other income	37,005,381.74	1,373,479.69	311,891.24	1,049,184.69	39,739,937.36	(17,208,698.61)	22,531,238.75
Gain from exchange rate	7,806,337.76	-	-	-	7,806,337.76	-	7,806,337.76
Unrealised loss on changes in fair value of current investments	(102,517,597.13)	-	-	-	(102,517,597.13)	-	(102,517,597.13)
Loss from devaluation of inventories	(134,800,000.00)	-	-	-	(134,800,000.00)	-	(134,800,000.00)
Selling expenses	(62,833,030.33)	-	-	(2,041,936.43)	(64,874,966.76)	(16,965,829.91)	(81,840,796.67)
Administrative expenses	(59,803,308.93)	(11,016,994.75)	(4,661,077.95)	(24,637,870.53)	(100,119,252.16)	60,000.00	(100,059,252.16)
Finance costs - interest expenses	(128,734,221.30)	(4,594,348.33)	(3,635,976.54)	(5,138,392.33)	(142,102,938.50)	17,148,698.61	(124,954,239.89)
Tax revenue (expense)	(29,701,142.36)	(4,614,462.90)	15,891.60	-	(34,299,713.66)	-	(34,299,713.66)
Profit (loss) for the year	(529,148,607.15)	2,806,430.56	(1,992,029.37)	(28,369,380.38)	(556,703,586.34)	-	(556,703,586.34)

Unit: Baht

	Consolidated financial statements						
	For the year ended December 31, 2012						
	A	B	C	D	Total	Eliminated	Total
Revenues							
Sales	18,266,499,893.49	-	-	-	18,266,499,893.49	(3,442,126,795.86)	14,824,373,097.63
Service income	-	65,442,065.21	35,600,334.10	-	101,042,399.31	(97,654,824.17)	3,387,575.14
Total revenues	18,266,499,893.49	65,442,065.21	35,600,334.10	-	18,367,542,292.80	(3,539,781,620.03)	14,827,760,672.77
Cost of sales and services	(17,977,510,504.40)	(43,617,728.83)	(28,631,208.01)	-	(18,049,759,441.24)	3,480,412,556.77	(14,569,346,884.47)
Gross profit	288,989,389.09	21,824,336.38	6,969,126.09	-	317,782,851.56	(59,369,063.26)	258,413,788.30
Other income	4,729,403.50	2,894,580.84	587,007.78	6,255.52	8,217,247.64	(1,554,125.15)	6,663,122.49
Gain from exchange rate	62,198,326.84	-	-	-	62,198,326.84	-	62,198,326.84
Gain on bargain purchase	5,030,399.10	-	-	-	5,030,399.10	-	5,030,399.10
Doubtful accounts	(67,921,982.07)	-	-	-	(67,921,982.07)	-	(67,921,982.07)
Loss from devaluation of inventories	(33,200,000.00)	-	-	-	(33,200,000.00)	-	(33,200,000.00)
Selling expenses	(52,133,674.56)	-	-	-	(52,133,674.56)	4,378,688.21	(47,754,986.35)
Administrative expenses	(53,148,380.69)	(7,395,471.38)	(6,064,550.01)	(867,743.60)	(67,476,145.68)	60,000.00	(67,416,145.68)
Impairment loss on investment in subsidiary	(42,500,000.00)	-	-	-	(42,500,000.00)	42,500,000.00	-
Provision liabilities on investment in subsidiary	(12,490,375.05)	-	-	-	(12,490,375.05)	12,490,375.05	-
Finance cost - interest expense	(130,161,219.80)	(6,187,478.01)	(1,370,432.74)	(514,376.01)	(138,233,506.56)	1,494,125.15	(136,739,381.41)
Income tax expenses	(21,822,348.26)	(2,643,846.34)	(207,133.68)	-	(24,673,328.28)	-	(24,673,328.28)
Profit (loss) for the years	(52,430,461.90)	8,492,121.49	(85,982.56)	(1,375,864.09)	(45,400,187.06)	-	(45,400,187.06)

Information of Director and Managements of the Company (at December 31, 2013)

	Name	Age (Year)	Education	Total of Voting right experience (%)	Relationship with other management	Experience	
						Time	Position
1	Ms.Ratana Jirapongtrakul Chairman of Director/ Chairman of the Executive Board	64	- Primary School - Director Accreditation Program (DAP) 54	30.00	A Mother of Mr.Boonchai	1991 - Present 2002 – Present 2002 - Present 2006 - Present	- Chairman of Director/ Chairman of the Executive Board Thai Yuan Metal Public Company Limited - Director Thai Ethanol Power Public Company Limited - Director Kim Nguan Enterprise Co.,Ltd - Director Thai Ping Ethanol Co.,Ltd
2	Mr.Panu Jarupilun Director	67	- Bachelor's degree of Mechanical Engineering, Xian Jiaotong University - Bachelor's degree of International Business, Hunan University - Director Accreditation Program (DAP) 54	7.50	A Husband of Ms.Ratana	1991 - Present 2002 - Present 2006 - Present	- Director Thai Yuan Metal Public Company Limited - Director/ Chairman of the Executive Board Thai Ethanol Power Public Company Limited - Director Thai Ping Ethanol Co.Ltd
3	Mr.Boonchai Jirapongtrakul Director/ Executive Director/ Managing Director	45	- year 12, Brisbane International College Australia - Director Accreditation Program (DAP) 54 - Director Certification Program (DCP) 79	13.25	Son of Ms.Ratana	1991 - Present 2006 - Present 2006 - Present	- Director/ Executive Director/ Managing Director Thai Yuan Metal Public Company Limited - Director Thai Ethanol Power Public Company Limited - Director Thai Ping Ethanol Co.,Ltd
4	Mr.Booncherd Santudpanich Director	44	- year 12 W.A.I.C Western Australia International Collage - Director Accreditation Program (DAP) 54 - Director Certification Program (DAP) 79	4.25	Brother of Mr.Boonchai	2006 - Present 2002 - Present 2006 - Present	- Director Thai Yuan Metal Public Company Limited - Director/ Managing Director Thai Ethanol Power Public Company Limited - Director Thai Ping Ethanol Co.,Ltd
5	Ms.Proudpalin Vacharabenjapat Director/ Nomination and Remuneration Committee	37	- MBA: Marketing Thunderbird, The American Gradate School of International Management - Director Accreditation Program (DAP) 62	None	Wife of Mr.Boonchai	2007 - Present	- Director/ Nomination and Remuneration Committee Thai Yuan Metal Public Company Limited
6	Mr.Prachuab Chaiyasan Independent Director/ Chairman of the Audit Committee	70	- B.A (Political Science), Thammasat University - Honorary Doctorate Degree in Political Science - Director Accreditation Program (DAP) 54 - Director Certification Program (DCP) 83	None	-	2006 - Present 2006 - Present 2006 - Present 2006 - Present 2001 - 2006	- Independent Director / Chairman of the Audit Committee Thai Yuan Metal Public Company Limited - Chairman / Director / Chairman of the Audit Committee Thai Ethanol Power Public Company Limited - Director Thai Ping Ethanol Co.,Ltd - President of the University Council, Ramkhamhaeng University - Thai Trade Representative and Chairman of Joint Committee Thai-Laos on Business and Investment Promotion in Laos PDR
7	Mrs.Seenual Tasanapant Independent Director/ Audit Committee/ Chairman of the Nomination and Remuneration Committee	68	- Bachelor Degree of laws, Thammasat University - Bachelor Degree of accountancy, Thammasat University - Director Accreditation Program (DAP) 55 - Director Certification Program (DCP) 79 - Audit Committee Program (ACP) 17	None	-	2006 - Present 2007 - 2009 1998 - 2006	- Independent Director / Audit Committee/ Nomination and Remuneration Committee Thai Yuan Metal Public Company Limited - Advisor of the Board Committee Mahidol University Saving and credit co-op Ltd. - Manager Mahidol University Saving and credit co-op Ltd.
8	Mr.Teerapong Thanarukvudhikorn Independent Director/ Audit Committee	60	- Bachelor Degree of Business Administrator (Accounting), Rajamangala University of Technology - Director Accreditation Program (DAP) 59	None	-	2010 - Present 2006 - Present 2001 - Present 1994 - Present 1991 - Present	- Independent Director / Audit Committee Thai Yuan Metal Public Company Limited - Independent Director/ Audit Committee Thai Ethanol Power Public Company Limited - Executive Director House Holding Group Co.,Ltd - Executive Director Korn Kaen Royal Dragon Co.,Ltd - Executive Director Royal International Business Co.,Ltd

Information of Director and Managements of the Company (at December 31, 2013)

9	Mr.Sila Wangphornphra Executive Director/ Production Manager	41	- Bachelor Degree of Business Administration, Siam University	None	-	1995 - Present	- Executive Director/ Production Manager Thai Yuan Metal Public Company Limited
10	Mr.Prasertsuk Nudthaisong Executive Director/ Purchasing Manager	41	- Secondary School	None	-	1996 - Present	- Executive Director/ Purchasing Manager Thai Yuan Metal Public Company Limited
11	Mr.Pornthep Pripaisalkij Chief Financial Officer	53	- Master Degree in Administrative, Thammasat University	None	-	2009 – Present	- Chief Financial Officer Thai Yuan Metal Public Company Limited
12	Mr.Sanguan Chaichusorn Marketing Manager	63	- Diploma (Account)	None	-	2002 - Present	- Marketing Manager Thai Yuan Metal Public Company Limited
13	Ms.Thitima Nontavech Secretary Company	30	Bachelor of Business Administration,UTCC	None	-	2013-present	- Secretary Company

Duties and Responsibilities of Company Secretary

1. Prepare and keep documents as follows: -
    - 1.1 Director registration
    - 1.2 Board of Director meeting letters, Minute of Board of Director meetings, and annual reports.
    - 1.3 Annual General Shareholder Meetings and Minute of the meetings.
2. Benefit interest reports prepared by Directors or Managements.
3. Handle other issues per SEC committee announcements

In addition, Company Secretary also has other duties as company assignments as follows: -

1. Handle conducting meeting for BOD, AC, remuneration committee, and AGM.
2. Coordinate within organization to perform per BOD meeting or resolution from Shareholders meeting
3. Coordinate with regulators, such as, SET, SEC and take care all disclosures to report correctly.
4. Others per company assignments.

Details of Directors of the company in Subsidiaries and Associates

Name - Surname		TYM	Subsidiaries				Associates or Related Companies	
			TNL	TYK	PPP	LSS	TEP	TPE
1. Ms.Ratana	Jirapongtrakul	1,6	-	-	-	-	5	5
2. Mr.Panu	Jarupilun	5	-	-	-	-	5,6	5
3. Mr.Boonchai	Jirapongtrakul	3,5,7	5	5	5	5	5	5
4. Mr.Booncherd	Santudpanich	5	-	-	-	-	3,5	5
5. Ms.Proudpalin	Vacharabenjapat	5	-	-	-	-	-	-
6. Mr.Prachuab	Chaiyasan	2,5	-	-	-	-	1,2	5
7. Mrs.Seenual	Tasanapant	4,5	-	-	-	-	-	-
8. Mr.Teerapong	Thanarukvudhikorn	4,5	-	-	-	-	4,5	5
9. Mr.Sila	Wangphornphra	7,8	-	-	-	-	-	-
10. Mr.Prasertsuk	Nudthaisong	7,8	-	-	-	-	-	-
11. Mr.Pornthep	Pripaisalkij	8	-	-	-	-	-	-
12. Mr.Sanguan	Chaichusorn	8	-	-	-	-	-	-

Remark :

- Symbol position of Director and Management
  - 1 = Chairman
  - 2 = Chairman of the Audit Committee
  - 3 = Managing Director
  - 4 = Audit Committee
  - 5 = Director
  - 6 = Chairman of the Executive Board
  - 7 = Executive Director
  - 8 = Executive
- Symbol of Company and Subsidiaries and Associates
  - TYM Thai Yuan Metal Public Company Limited
  - TNL Thai Nguan Logistic Company Limited
  - TYK T.Y.K. Industry Company Limited
  - PPP Precision Perfect Pipe Company Limited
  - LSS Liberty Steel Siam Company Limited
  - TEP Thai Ethanol Power Public Company Limited
  - TPE Thai Ping Ethanol Company Limited

Details of Directors of the company in Subsidiaries

Name - Surname	Subsidiaries			
	TNL	TYK	PPP	LSS
1. Mr.Boonchai Jirapongtrakul	2	2	2	2,3
2. Mr.Siri Sirimahachai	1,3	-	-	-
3. Mr.Somsak Wongsirisup	-	1,3	1,2	-
4. Mr.Win Suteerachai	-	-	3	-
5. Mr.Suwit Jiraphongtrakul	-	-	2	-
6. Mr.Sanjeev Gupta	-	-	-	2
7. Mr.Chatri Anunrojwong	-	-	-	2

Remark :

- Symbol position of Director and Management

  1 = Chairman 2 = Director 3 = Managing Director

- Symbol of Company and Subsidiaries and Associates

  TNL Thai Nguan Logistic Company Limited

  TYK T.Y.K. Industry Company Limited

  PPP Precision Perfect Pipe Company Limited

  LSS Liberty Steel Siam Company Limited

บริษัท ไทยง้วนเมทัล จำกัด (มหาชน)
THAI YUAN METAL PUBLIC COMPANY LIMITED

บริษัท ไทยง้วนเมทัล จำกัด (มหาชน)
7/4,7/6 หมู่ 1 ถนนเอกชัย ตำบลแคราย
อำเภอกระทุ่มแบน จังหวัดสมุทรสาคร 74110
โทรศัพท์ : 02-811-2506-8 โทรสาร : 02-814-9353
www.thaiyuanmetal.com