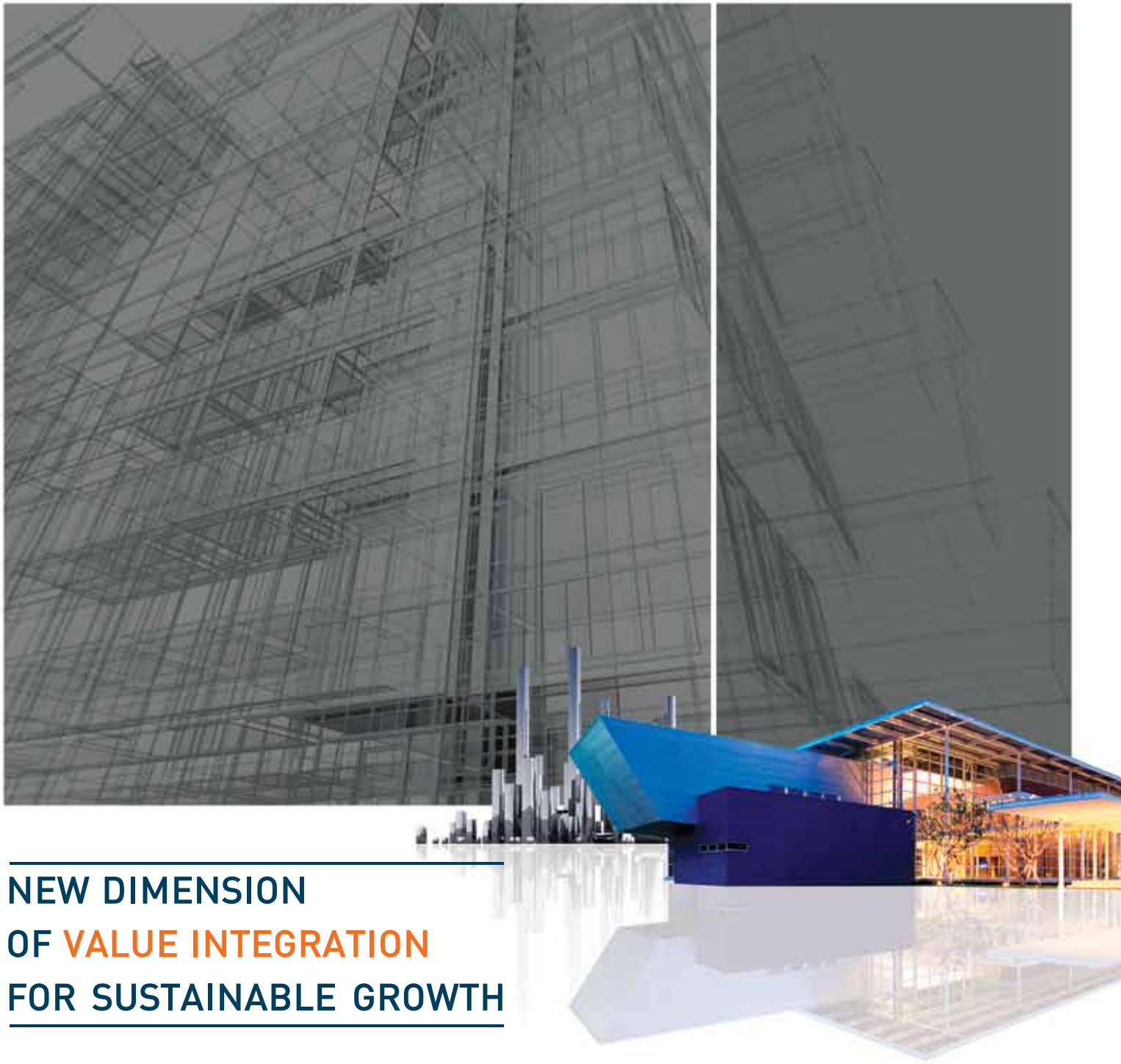




NEW DIMENSION
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FOR SUSTAINABLE GROWTH



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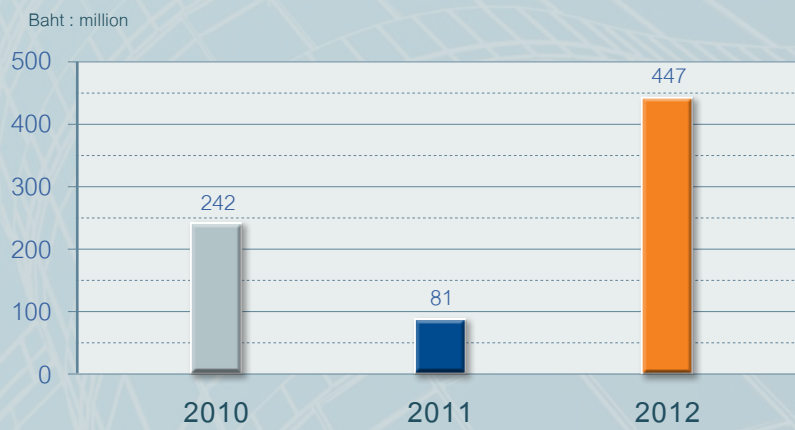
Financial Highlights

As at 31st December 2012

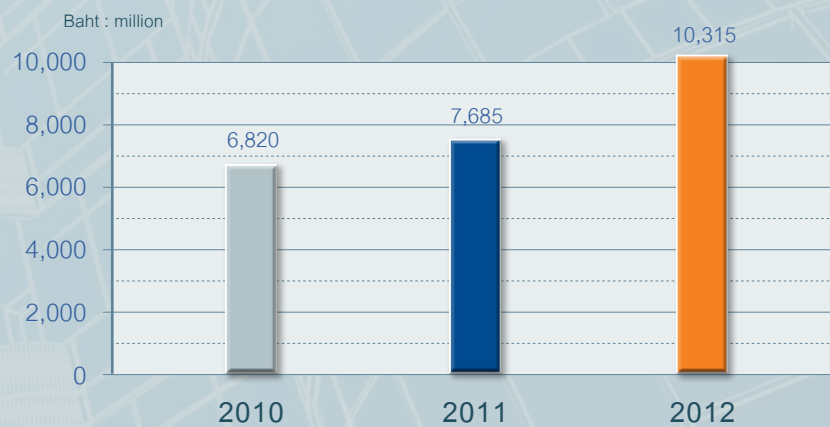
(Baht : million)

	2012	2011	2010
Summary			
Sales Revenue	10,315	7,685	6,820
Gross Profit	917	594	569
Net Profit	447	81	242
Total Assets	5,167	3,626	3,194
Total Liabilities	3,105	1,960	1,412
Shareholder's Equity	2,062	1,667	1,782
Paid-up Capital	429	425	425
Financial Ratio			
Gross Profit Margin	8.89%	7.74%	8.35%
Net Profit Margin	4.33%	1.05%	3.55%
Return on Assets	8.65%	2.23%	7.58%
Return on Equity	21.67%	4.85%	13.58%
Current Ratio	1.21	1.24	1.47
Debt to Equity Ratio	1.51	1.18	0.79

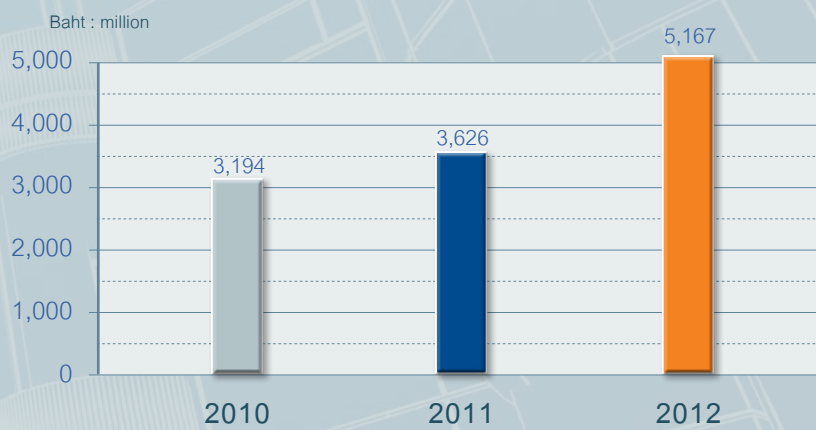
Net Profit



Sales Revenue



Total Assets





Message from Board of Directors

The company started the year 2012 with a sense of challenge and commitment to assure customers an excellence service after severe flooding in the end of year 2011. With the best collaboration and support from our staffs and alliances, the company was able to return to normal operations and to provide consistent services to our customers successfully since the beginning of the year. Moreover, the company has continued to grow steadily throughout the years by stepping up the sales volume to reach 10 Billion Baht with a quantity of 400,000 tons of steel in 2012. This is the highest sales record since TMT has been established.

The growth in recent years has been based on continually focusing to provide the best values to our customers and partners. Responding to customers' requirements, one stop servicing, risk managing and enhancing efficiency, our customers have increasingly brought confidence and reliability to the company. Although the domestic market is still at risk of raw material shortage, we are still able to manage well, as the world market situation has opened an opportunity to additional supply allocation in order to ease the impact of insufficient output from existing local manufacturers.

Investment in TMT Learning Center has resulted an impressive development to our staffs in establishing the best practice, to understand deeply about customer's business and to be able to fulfill their requirements. It also supports lot of experiences and knowledge to be shared among the Steel Trading partners, Educational Institutions and Local Community to have an opportunity to visit, study and understand the development of steel industry as the vision of our company;

Providing Structure of your Imagination

This year, the company remains to keep our commitment to new challenges with an aim to grow as a key solution provider for customers. We have initiated a TMT standard to represent the highest quality products and best services to be provided to our customers. It is a challenging task to prove customers reliability and confidence in TMT's value. With the capable staffs and the integration of new plant's facilities which are more ready in early 2013 to enhance the plant capacity and product availability in both storage and handlings, we and all staffs are very confident that this mission will be performed successfully.

Board of Directors

Report of the Audit Committee

The Audit Committee of Thai Metal Trade Public Company Limited is comprised of three independent directors. The Company's Chief Finance Officer serves as committee secretary. The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.

For the year 2012, the Audit Committee held four meetings to review the Company's financial statements which had been certified by the external auditor and to discuss other related activities of the Company in compliance with the rules and regulations of the Stock Exchange of Thailand as well as good internal control practices.

In such meetings, the Audit Committee met independently with the management and the internal and external auditors of the Company, conducted reviews and evaluations of accounting policies, the procedures relative to the accounting policies, the internal control assessment, and the audit plan. The Audit Committee also verified and accepted every quarterly financial statements and provided assessments and recommendations to the Board of Directors. Where weaknesses were identified in internal controls, corrective action plans were established to eliminate or reduce the associated risks.

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

The Board of Directors with the Audit Committee approved the policy and reports for related party transactions in 2012.

The Audit Committee provided the following opinions :

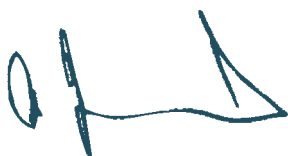
1. The Company's financial reports are accurate, complete and reliable
2. The Company's assets are safeguarded, proper accounting records are maintained, and resources are utilized effectively and efficiently.
3. The Company complied with the securities laws, the Exchange's regulations, and other laws relating to the Company's business.
4. Mr. Prasit Yuengsrikul of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services
5. The related transactions arising in 2012 were rational and made for the optimal benefits of the Company

6. In 2012, the number of the audit Committee meetings, and the attendance of such meetings by each committee member were as follows;

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

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

Accordingly, the Audit Committee has recommended to the Board of Directors that Mr. Prasit Yuengsrikul, Certified Public Accountant No. 4174 of PricewaterhouseCoopers ABAS Company Limited, be re-appointed as the Company's auditor for the fiscal year ending 31 December 2013. The re-appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on 28 March 2013.



Chai Jroongtanapibarn
Chairman of the Audit Committee
15 February 2013

Corporate Profile

Company Name	:	Thai Metal Trade Public Company Limited
Stock Code	:	TMT
Registration Number	:	0107547000800
Type of Business	:	Integrated Steel Service Center
Registered Capital	:	Baht 434,500,000
Issued and Paid-up Capital	:	Baht 428,625,577
Head Office	:	179 Bangkok City Tower 22 nd Floor, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : 02 685 4000 Fax : 02 670 9090-2
Rama III Plant and Distribution Center	:	129, 131 Rama III Rd., Bangkholaem, Bangkok 10120
Wangnoi Plant and Distribution Center	:	332-333 Moo 5, Paholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
Investor Relations	:	Tel : 02 685 4000 ext. 6002 E-mail : ir@thaimetaltrade.com
Designated Directors as Shareholders' representative	:	Fax : 02 670 9093 E-mail : ind_dir@thaimetaltrade.com
Homepage	:	www.thaimetaltrade.com

References

Share Registrar	:	Thailand Securities Depository Company Limited 62 SET Building, Ratchadaphisek Rd., Klongtoey, Bangkok 10110 Tel : 02 229 2800 Fax : 02 654 5642
Auditor	:	PricewaterhouseCoopers ABAS Company Limited 179, 15 th Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : 02 344 1000 Fax : 02 286 5050
Legal Consultant	:	Seri Manop and Doyle Company Limited 21 Soi Amnuaywat, Suthisarn Rd., Samsen-nok, Huay Kwang, Bangkok 10310 Tel : 02 693 2036 Fax : 02 693 4189

Shareholding Structure

The Top 10 Shareholders of the Company as of March 9th, 2012*

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	162,650,000	38.27
2	Mr. Chamnan Tarasansombat	35,056,000	8.25
3	Mrs. Penjit Pipattanasakul	33,464,400	7.87
4	Mr. Komsan Tarasansombat	32,180,000	7.57
5	Mrs. Pornjit Tarasansombat	30,000,000	7.06
6	METAL ONE CORPORATION	21,250,000	5.00
7	Mrs. Panlapa Tarasansombat	17,000,000	4.00
8	Mr. Paisal Tarasansombat	16,500,000	3.88
9	RAMKHAMHAENG HOSPITAL PLC.	3,514,200	0.83
10	Mr. Tanawut Sriboonruang	3,020,000	0.71

Source : Thailand Securities Depository Company Limited

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

Shareholders	Number of shares	Percentage of shareholding
Tarasansombat Family		
1. Mr. Soon Tarasansombat	162,650,000	38.27
2. Mr. Chamnan Tarasansombat	35,056,000	8.25
3. Mr. Komsan Tarasansombat	32,180,000	7.57
4. Mrs. Pornjit Tarasansombat	30,000,000	7.06
5. Mrs. Panlapa Tarasansombat	17,000,000	4.00
6. Mr. Paisal Tarasansombat	16,500,000	3.88
Related Person		
7. Mrs. Penjit Pipattanasakul (Daughter of Mr. Soon Tarasansombat and Sister of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat)	33,464,400	7.87

Source : Thailand Securities Depository Company Limited

* Closing date for the rights to attend the Annual General Meeting of Shareholders for the year 2012

Board of Directors and Executives

Mr. Soon Tarasansombat (71 years)	Mr. Paisal Tarasansombat (47 years)														
Chairman of the Board	Director, Chief Executive Officer and Authorized Director														
Education :	Education :														
Mattayom 6	- Diploma, Assumption Commercial College - Diploma in Business Study, Eastbourne College of Art & Technology, United Kingdom - Mini IE, Chulalongkorn University - Top Executive Program : Class 10th, Capital Market Academy														
Training for Director course of IOD :	Training for Director course of IOD :														
Director Accreditation Program (DAP) : Class 19/2004	Director Accreditation Program (DAP) : Class 21/2004														
Family Relationship between directors and management :	Family Relationship between directors and management :														
Father of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat	Son of Mr. Soon Tarasansombat, brother of Mr. Komsan Tarasansombat, and spouse of Mrs. Panlapa Tarasansombat														
Number of shares (include related person as section 258) :	Number of shares (include related person as section 258) :														
192,650,000 shares or 45.33%⁽¹⁾	33,500,000 shares or 7.88%⁽²⁾														
Experience (5 years past) :	Experience (5 years past) :														
<table> <tr> <td>2004 - Present</td><td>Chairman of the Board / Thai Metal Trade Plc. / Steel Service Center</td></tr> <tr> <td>1986 - Present</td><td>Director / Soon Huat Steel Co.,Ltd. / Property Lessor</td></tr> </table>	2004 - Present	Chairman of the Board / Thai Metal Trade Plc. / Steel Service Center	1986 - Present	Director / Soon Huat Steel Co.,Ltd. / Property Lessor	<table> <tr> <td>Mar. 2011 - Present</td><td>Director and Chief Executive Officer / Thai Metal Trade Plc. / Steel Service Center</td></tr> <tr> <td>2004 - Present</td><td>Director / CONNEX Business Online Co.,Ltd. / Software Solution</td></tr> <tr> <td>1986 - Present</td><td>Director / Soon Huat Steel Co.,Ltd. / Property Lessor</td></tr> <tr> <td>Mar. 2008 - Feb. 2011</td><td>Director, Chief of Executive Board and President / Thai Metal Trade Plc. / Steel Service Center</td></tr> <tr> <td>2004 - Feb. 2008</td><td>Directors and Chief of Executive Board / Thai Metal Trade Plc. / Steel Service Center</td></tr> </table>	Mar. 2011 - Present	Director and Chief Executive Officer / Thai Metal Trade Plc. / Steel Service Center	2004 - Present	Director / CONNEX Business Online Co.,Ltd. / Software Solution	1986 - Present	Director / Soon Huat Steel Co.,Ltd. / Property Lessor	Mar. 2008 - Feb. 2011	Director, Chief of Executive Board and President / Thai Metal Trade Plc. / Steel Service Center	2004 - Feb. 2008	Directors and Chief of Executive Board / Thai Metal Trade Plc. / Steel Service Center
2004 - Present	Chairman of the Board / Thai Metal Trade Plc. / Steel Service Center														
1986 - Present	Director / Soon Huat Steel Co.,Ltd. / Property Lessor														
Mar. 2011 - Present	Director and Chief Executive Officer / Thai Metal Trade Plc. / Steel Service Center														
2004 - Present	Director / CONNEX Business Online Co.,Ltd. / Software Solution														
1986 - Present	Director / Soon Huat Steel Co.,Ltd. / Property Lessor														
Mar. 2008 - Feb. 2011	Director, Chief of Executive Board and President / Thai Metal Trade Plc. / Steel Service Center														
2004 - Feb. 2008	Directors and Chief of Executive Board / Thai Metal Trade Plc. / Steel Service Center														
Illegal record in the past 10 years :	Illegal record in the past 10 years :														
None	None														

Mr. Komsan Tarasansombat (44 years)	
Director, Executive Director, Authorized Director and Executive Vice President - Operations	
Education :	
- Bachelor of Industrial Engineering, Khon Kaen University - M.B.A. (Finance), Middle Tennessee State University, USA.	
Training for Director course of IOD :	
Director Accreditation Program (DAP) : Class 19/2004	
Family Relationship between directors and management :	
Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat	
Number of shares (include related person as section 258) :	
32,180,000 shares or 7.57%	
Experience (5 years past) :	
Mar. 2011 - Present	Director, Executive Director and Executive Vice President - Operations / Thai Metal Trade Plc. / Steel Service Center
Aug. 2009 - Feb. 2011	Director, Executive Director, Executive Vice President - Operations and Acting in Executive Vice President - Supply Chain / Thai Metal Trade Plc. / Steel Service Center
2005 - Jul. 2009	Director, Executive Director and Executive Vice President - Operations / Thai Metal Trade Plc. / Steel Service Center
Illegal record in the past 10 years :	
None	

Mr. Somjate Tretarntip (48 years)	
Director, Nomination and Remuneration Committee, Executive Director, Authorized Director and Chief Finance Officer	
Education :	
- Bachelor of Business Administration, Ramkamhaeng University - Mini M.B.A., Kasetsart University	
Training for Director course of IOD :	
Director Accreditation Program (DAP) : Class 19/2004	
Family Relationship between directors and management :	
None	
Number of shares (include related person as section 258) :	
2,720,000 shares or 0.64%	
Experience (5 years past) :	
Mar. 2011 - Present	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer / Thai Metal Trade Plc. / Steel Service Center
2004 - Present	Director / CONNEX Business Online Co.,Ltd./ Software Solution
Aug. 2010 - Feb.2011	Director, Nomination and Remuneration Committee, Executive Director and Executive Vice President - Finance and Accounting / Thai Metal Trade Plc. / Steel Service Center
Aug. 2009 - Aug. 2010	Director, Executive Director and Executive Vice President - Finance and Accounting / Thai Metal Trade Plc. / Steel Service Center
Illegal record in the past 10 years :	
None	

Board of Directors and Executives

Mr. Chai Jroongtanapibarn (58 years)		Mrs. Ratanavalee Gorsanan (48 years)	
Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent director		Audit Committee, Nomination and Remuneration Committee and Independent director	
Education :		Education :	
- Bachelor of Accounting, Chulalongkorn University - Master of Accounting, Thammasat University		- Bachelor of Accounting, Thammasat University - Master of Accounting, Thammasat University	
Training for Director course of IOD :		Training for Director course of IOD :	
- Director Certification Program (DCP) : Class 29/2003 - Audit Committee Program (ACP) : Year 2005		Director Accreditation Program (DAP) : Class 21/2004	
Family Relationship between directors and management :		Family Relationship between directors and management :	
None		None	
Number of shares (include related person as section 258) :		Number of shares (include related person as section 258) :	
None		None	
Experience (5 years past) :		Experience (5 years past) :	
Aug. 2010 - Present	Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center	Aug. 2010 - Present	Audit Committee, Nomination and Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center
2007 - Present	Audit Committee / Siam Food Products Plc. / Food processing for export	Feb. 2012 - Present	Finance Director / Central Watson Co.,Ltd. / Retailer of health and beauty products
2006 - Present	Audit Committee / Oishi Group Plc. / Food and Beverage business	2010 - Feb. 2012	Vice President of Finance and Accounting Minor Corporation Plc. / Consumer products manufacturer
2003 - Present	Director / Siam Future Development / Shopping Center	2005 - Aug. 2010	Audit Committee, Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center
2002 - Present	Chairman of Audit Committee / Major Cineplex Group Plc. / Cinema and Bowling	2002 - 2010	Chief Finance Officer / Adidas (Thailand) Co.,Ltd. / Sporting goods Manufacturer
2000 - Present	Chairman of Audit Committee / Team Precision Plc. / Electronics Board		
2005 - Aug. 2010	Chairman of Audit Committee, Chairman of Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center		
Illegal record in the past 10 years :		Illegal record in the past 10 years :	
None		None	

Mr. Anake Pinvanichkul (48 years)	
Audit Committee, Nomination and Remuneration Committee and Independent director	
Education :	
- Bachelor of Science, Kasetsart University - MBA, New York University	
Training for Director course of IOD :	
Director Accreditation Program (DAP) : Class 23/2004	
Family Relationship between directors and management :	
None	
Number of shares (include related person as section 258) :	
None	
Experience (5 years past) :	
Aug. 2010 - Present	Audit Committee, Nomination and Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center
2002 - Present	Director / ACAP Advisory Plc. / Finance advisory and non-performing asset management
2005 - Aug. 2010	Audit Committee, Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center
Illegal record in the past 10 years :	
None	

Mr. Prawas Sontawakul (54 years)	
Chief Operations Officer	
Education :	
Bachelor of Engineering (Mechanical Engineering), King Mongkut's University of Technology North Bangkok	
Training for Director course of IOD :	
Director Accreditation Program (DAP) : Class 12/2004	
Family Relationship between directors and management :	
None	
Number of shares (include related person as section 258) :	
None	
Experience (5 years past) :	
Mar. 2011 - Present	Chief Operations Officer / Thai Metal Trade Plc. / Steel Service Center
Aug. 2008 - Feb. 2011	Deputy Managing Director / Vanachai Intertrading Group Co.,Ltd. / Manufacturing and sale wood products
Oct. 1995 - Jul. 2008	Managing Director / Samchai Steel Industries Plc. / Manufacturing and sale of ERW welded pipes and Galvanized welded pipes
Illegal record in the past 10 years :	
None	

Board of Directors and Executives

Mrs. Panlapa Tarasansombat (45 years)		Ms. Petrung Maesincee (47 years)	
Executive Vice President - Human Resources		Executive Vice President - Marketing	
Education :		Education :	
- BBA, Majoring in Accounting, Assumption University - Mini IE, Chulalongkorn University - Graduate Diploma in Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University		- Bachelor of Art (Economics), Thammasat University - Master of Art (Economics), Thammasat University	
Training for Director course of IOD :		Training for Director course of IOD :	
None		None	
Family Relationship between directors and management :		Family Relationship between directors and management :	
Spouse of Mr. Paisal Tarasansombat		None	
Number of shares (include related person as section 258) :		Number of shares (include related person as section 258) :	
33,5000,000 shares or 7.88%⁽³⁾		850,000 shares or 0.20%	
Experience (5 years past) :		Experience (5 years past) :	
Aug. 2009 - Present	Executive Vice President-Human Resources / Thai Metal Trade Plc. / Steel Service Center	Aug. 2009 - Present	Executive Vice President - Marketing (Department) / Thai Metal Trade Plc. / Steel Service Center
2005 - Jul. 2009	Executive Vice President - Administration and Human Resources / Thai Metal Trade Plc. / Steel Service Center	2008 - Jul. 2009	Executive Vice President - Marketing (Division) / Thai Metal Trade Plc. / Steel Service Center
		2004 - 2007	Vice President - Marketing Thai Metal Trade Plc. / Steel Service Center
Illegal record in the past 10 years :		Illegal record in the past 10 years :	
None		None	

Mr. Theppasak Noppakornvisate (45 years)	
Vice President - Finance and Accounting	
Education :	
• Bachelor of Accounting, Siam University • Master of Accountancy, Chulalongkorn University • Master of Business Economics, National Institute of Development Administration	
Training for Director course of IOD :	
• None	
Family Relationship between directors and management :	
• None	
Number of shares (include related person as section 258) :	
• None	
Experience (5 years past) :	
Mar. 2005 - Present	Vice President - Finance and Accounting / Thai Metal Trade Plc. / Steel Service Center
Illegal record in the past 10 years :	
• None	

Remarks :

⁽¹⁾ Mr. Soon Tarasansombat holds the Company's share of total 162,650,000 shares, which equivalent to 38.27 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold of total 30,000,000 shares, which equivalent to 7.06 percent of its total issued and paid up shares.

⁽²⁾ Mr. Paisal Tarasansombat holds the Company's share of total 16,500,000 shares, which equivalent to 3.88 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 17,000,000 shares, which equivalent to 4.00 percent of its total issued and paid up shares.

⁽³⁾ Mrs. Panlapa Tarasansombat holds the Company's share of total 17,000,000 shares, which equivalent to 4.00 percent of its total issued and paid up shares, and Mr. Paisal Tarasansombat, her spouse, holds of total 16,500,000 shares, which equivalent to 3.88 percent of its total issued and paid up shares.

In this regards, the number of shares and percentage of shareholding as specified above are as of 9th March 2012, the latest book closing date.



History and Background

Mr. Soon Tarasansombat founded Soon Huat Iron Work Limited Partnership in 1976. The business had initially been focused on only steel trading until 1986, when it was transformed to Soon Huat Steel Co., Ltd.. The company eventually was reformed to a new business model in 1992 as Thai Metal Trade Company Limited.

Thai Metal Trade Company Limited (TMT) was established on April 17th, 1992, with an initial paid up capital of 5 Million Baht. The Company was positioned as a fully integrated steel service center. Being able to cover a full range of steel products, expertise in steel trading, a manufacturing and an excellent distribution system, plus proactive marketing strategies, Thai Metal Trade was rapidly on its way to guarantee long-term growth.

On September 1st, 2004, TMT became a listed company on the Stock Exchange of Thailand. This was a bold step forward to enhancing creditability, widening financial instruments and greater business opportunities, and reinforcing sustainable growth.

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

The Company's present paid-up capital was Baht 428,625,577. We are now one of the Thailand's largest integrated steel solution provider whose business priority lies on increasing the value of our partnership with customers, rather than on mere product sales.

The Company has made a significant of changing and development of year 2012 as follows :

- 2 buildings of new warehouse and 1 indoor truck parking lot were opened as part of new factory and warehouse expansion project phase 5 totally 4 buildings on 22 Rai of Land which will be completed in first quarter of 2013. The production capacity will be increased 60,000 tons per year and additional 35,000 tons from new warehouses. This project will enhance internal logistic capability efficiently.
- Started a  Corporate Brand Communication broadly through various public medias such as TV commercial, Magazines, Highway Billboards to promote TMT's services and products and publish brand awareness directly to consumer.
- TMT received an Outstanding IR Awards which honors listed companies with outstanding IR activities for the second consecutive year in SET Awards 2012
- TMT's paid-up capital was increased to Baht 428,625,577 from the exercise of warrants to purchase ordinary shares of the ESOP program which was issued to directors and management.

Nature of Business Overview

With a complex requirement of customer which is diverse as its industrial needs and variety of its business application, it creates a complicated need not only in pattern, quality, standard or utilization to meet their requirement, but also a need of services which can ensure a committed delivery, secured source of material and valuable recommendation on alternatives of efficient material planning. In the mean time, this management should be synchronized and conformed to upstream material management in both local and foreign mills' constraints and conditions which are described as below :

Mills' Needs	Customers' Needs
1. Quantity Mills prefer mass production and require a minimum quantity in order to control production costs and achieve economies of scale.	1. Quantity Customers, such as construction companies, manufacturers of parts, automobile parts, require limited quantities of products for a certain period of time which may not meet the minimum quantity requirement of mills. In addition, customers need various types of products at one time.
2. Pattern Mills prefer standard pattern orders which require a normal production process in order to ensure efficiency in the production process.	2. Pattern Each customer requires different types of products. Some products cannot be completed in a mill's production process and need additional processing.
3. Delivery Mills prefer mass volume for each delivery together with few shipments and few destinations in order to control transportation costs.	3. Delivery Customers generally require a one-time delivery of several types of products in one order. In addition, many customers mean many destinations.
4. Order Mills prefer to have a confirmed order in advance and lead time in order to fix the production planning.	4. Order Consumers may require the product immediately or at a shortened period, making it difficult to place orders in advance.

The Company, as a full service centre and distribution centre, manages and serves the varying preferences of both mill and consumers to meet their requirement at the same time by placing orders to mills in a large volume, with some products maintained in its warehouse and others were reprocessed in order to provide various products to customers in each industry. The Company assists its customers in saving time, reducing handling and storage costs and expenses by providing a product sourcing service. The Company also helps mills reduce transportation costs by delivering the products to each consumer directly.

Features of the Services and Products

The principal activity of the Company is to act as total steel solution provider. The Company places priority on serving the needs of customers and providing the type of product customers require through its management and warehousing system. The Company also delivers products at a pre-specified time and place. These activities comprise value-added for customers in terms of providing product variety, quality and convenience. The Company's solution can be divided into two main categories, as follows :

1. Steel Distribution Center

The Company focuses on product sourcing and the sale of all types of steel products, which include raw material, finished and processed products. The Company sells these to industrial customers. Products are sourced from both domestic and global manufacturers and stored in its warehouse. Through its inventory management system, the Company is able to dispatch orders to its customers according to their production plan. Customers therefore obtain an efficient inventory management system which reduces their inventory management and handling costs, and storage space. Steel trading and warehousing comprises as one of the Company's core business. The products that fall under this category can be divided into two main groups: flat products and long products.

1.1 Flat Products

- *Hot-Rolled Flat Products*

The production process involves the hot rolling of slab into sheets of varying widths, lengths, and thicknesses. Generally, the product contains two features: hot-rolled coil with a thickness ranging from 1.0 to 25 millimeters, and hot-rolled plate with a thickness ranging from 8 to 100 millimeters. The Company procures hot-rolled coil from steel mills and distributes this to wholesalers and other steel mills for further processing. Hot-rolled coil generally enters the rolling process before being cut into different sizes according to customers' orders. This falls under the Company's steel processing business. Flat products can be widely used in several industries, such as construction, machinery, ship building and bridge construction.

- *Cold-Rolled Flat Products*

The production process involves smoothing the surface of hot-rolled coil and reducing the thickness by cold rolling into thin sheets with a thickness ranging from 0.3 to 2.0 millimeters. The Company procures Cold Rolled products from domestic steel service center and sells it to customers. This type of product can be used in the production of automobiles, electrical products and furniture.

1.2 Long Products

- *Hot-Formed*

The Company engages in the trading of hot-formed products which comprise shaped steel, such as H-Beams, I-Beams, channels, equal angles, and steel bars. These types of products are principally used in the construction industry, such as building structures, elevated and subway train stations, bridges, high-rise buildings and manufacturing plants.

- *Cold-Formed*

Cold-formed products involve the reforming of slit coil by machine (non-heating process). This type of product includes round pipe, square pipe, rectangular pipe or C-channel steel. The Company engages in both trading and manufacturing of cold-formed products.

2. Steel Processing and Cold Forming

Due to the varying needs and preferences of customers, the Company provides a steel processing service by which it sources raw material from steel mills and processes this according to customers' specifications. Steel processing is another core business. Steel processing can be divided into the following four types:

2.1 Cutting

This involves the cutting of Hot-Rolled Coil (HRC) into varying lengths and widths according to customer specifications. The HRC will then be unrolled and cut horizontally into a standard size by a cutting machine. There are three types of cutting machines: a thin cutting machine, which is used to cut steel sheet with a thickness ranging between 1 and 6 millimetres, a thick cutting machine which is used to cut steel sheet with a thickness ranging between 6 and 13 millimetres, and an extra thick cutting machine which is used to cut steel sheet with a thickness ranging between 6 and 25 millimeters. The steel sheet will be cut into standard sizes of 4 x 8 feet, 5 x 10 feet, 5 x 20 feet or cut to length as required and be able to serve extra 2 meters in width. Customers who order this product are steel processing operators who purchase and reprocess products according to their customers' requirements, steel retailers, automobile manufacturers, furniture manufacturers, automobile parts manufacturers and constructions.

2.2 Shearing and Pressing

After being cut by the cutting machine in the above process into standard sizes, the steel will be cut with a shearing machine or cutting gas CNC into various sizes as specified by customers. The steel will then require further processing by a pressing machine in which the products are pressed and formed into specific shapes, such as channel steel and equal angle steel. Customers of these types of products are steel retailers, and automobile, furniture and parts manufacturers.

2.3 Coil Slitting

HRC is unrolled and cut by a slitting machine into smaller sizes according to customers' specifications. After being cut, the steel will be rolled into a coil resembling the shape of scotch tape or a roll of film. Customers of slit coil are manufacturers of steel pipe, C-Channel, automobile parts and furniture. Furthermore, the slit coil can be used as material for grating products with efficient cutting through Mini Leveler machine.

2.4 Cold-Forming

The production process involves the cold forming of slit coil utilizing hi-tech machinery to produce steel pipe and C-Channel steel. The Company has obtained the certification TIS 1228-2549 for C-Channel steel and TIS 107-2533 for Rounded Pipe, Square & Rectangular Pipe by the Thai Industrial Standard Institute.

The Company has created added value on Pipes and C-Channel products through a new automatic Anti-Rust Coating by primer coating machine with airless spray system which can reduce customer's production cost and safe from any hazardous volatile or solid substances for healthy and environmental friendliness. This is already launched as new product for construction and home developer sector.

Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31st December 2010 to 2012 is as follows :

Product Line	2012		2011		2010	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	228,386	2.19	107,420	1.39	103,787	1.51
2. Hot Formed Shape Steel	2,039,161	19.54	1,358,466	17.54	1,142,334	16.66
3. Steel Pipe and C-Channel	555,578	5.32	389,082	5.02	134,268	1.96
4. Sheet and Plate Steel	628,091	6.02	331,245	4.28	236,422	3.45
5. Others*	197,955	1.90	346,900	4.48	204,831	2.99
Total	3,649,172	34.96	2,533,113	32.70	1,821,642	26.57
Processing						
1. Steel Sheet (Cutting)	2,446,296	23.44	1,844,864	23.82	1,677,362	24.46
2. Steel Sheet (Shearing and Pressing)	2,470,681	23.67	1,843,553	23.80	1,912,686	27.89
3. Slit Coil	284,766	2.73	219,511	2.83	141,603	2.07
Cold Formed Steel Processing						
4. Steel Pipe	607,667	5.82	525,583	6.78	576,358	8.41
5. C-Channel	888,093	8.51	748,487	9.66	689,919	10.06
Total	6,697,503	64.16	5,181,998	66.90	4,997,928	72.89
Other Income**	91,502	0.88	31,347	0.40	37,384	0.55
Total Revenue	10,438,176	100.00	7,746,459	100.00	6,856,954	100.00

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

** Such as processing service, delivery service and interest income. In 2012, the compensation from flooding insurance was included.



RISK
FACTORS

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

1. Risk associated with the reliability on major steel producers

During 2012, the Company purchased hot-rolled coil from domestic and foreign manufacturers which purchasing from domestic the Company purchases from Sahaviriya Panich International Company Limited, accounting for 20 percent of the total purchases compare with 17.75 percent in 2011 and import in the year 2012 and 2011 the import volume of 34.93 percent and 4.47 percent of the total purchases respectively. Furthermore, in the year 2012, the Company also purchased structural steel products from Siam Yamato Steel Co., Ltd. ("SYS"), the largest structural steel producer in Thailand, accounting for 11.95 percent of the total purchases compared with 8.19 percent in 2011.

As there are only three domestic hot-rolled steel producers which GJ Steel Plc. (GJS) and G Steel Plc. (GSTEL) has ceased production in 2012 as well as an import restriction caused by the extending of an anti-dumping measure. Hence, there may be a risk if these major domestic steel producers are unable to deliver their products to the Company as scheduled or the producer's operation is halted with any cause and if the Company is unable to provide substitute products to fill its customers' orders. However, In year 2012 hot-rolled coil price in world market was likely to decline opening an opportunity for the Company to import hot-rolled coil to compensate the shutdown of two major manufacturers.

The Company is able to mitigate this risk through its minimum stock policy of 30 days to 60 days and its policy to place orders approximately 30 to 60 days in advance by coordinating with its steel producers to share the information on customers' needs that might be easy for producers to fix the production planning. Moreover, the Company has maintained a close relationship with its producers and distributors both in local and global in order to secure and reserve the alternative material sources for the Company.

2. Risk associated with impacts from Anti-Dumping Measures

According to the Ministry of Commerce has extended for another period of five years on the effectiveness of the anti-dumping duties on imports of hot-rolled steel from 14 countries, which started on 21st May 2009 and the Department of Foreign Trade has announced the opening of an investigation on imported Hot Rolled Steel Flat Products with Certain Amounts of Alloying Elements on November 21st, 2012. Such measure led to a rise in the price of imported hot-rolled coil (HRC), an increase in the trading volume of HRC produced domestically, which may cause a shortage of supply in the future if the local domestic producers could not produce their products to respond the market needs.

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



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

In 2012 and 2011, the Company's main revenue stemmed from trading and processing HRC, accounted for 67.18 percent and 77.93 percent of total revenue respectively. The Company's total purchase of HRC from domestic producers was 45 percent and 86.62 percent of its total HRC purchased in 2012 and in 2011 respectively. Therefore, the volatility of domestic HRC price, which fluctuates with the world price, will have an impact on the Company's cost of goods sold, price of products, and inventory management.

The Company has done a best effort to minimize the price fluctuation impact by setting its selling prices at a level whereby it can maintain its spread margin. The Company closely monitors fluctuations in steel prices to evaluate the market situation as well as price trends. This information can be used in making purchasing decisions as well as managing inventory.

4. Risk associated with the Accounts Receivable

As at 31st December 2012, the Company had accounts receivable in the amount of Baht 1,960.17 million representing 19.00 percent of total sales, the average collection period was 54 days, while accounts receivable which aged less than 3 months was Baht 1,953.66 million representing 99.67 percent of net accounts receivable. Hence, the Company may encounter a delinquency risk in the event customers have a poor operating performance, and this may affect the Company's profitability and financial status.

The Company periodically reviews the credit quality of its customers and sets aside provisions for no guarantee doubtful accounts aged overdue more than 180 days, or if the Company detects that a client has a problem in making a payment, even if does not exceed 180 days, the Company will set aside provisions for doubtful debt for said client. The Company focuses on providing credit which was considered by Credit Committee to grant a credit line for its own customers and allows credit for repeat customers with a good credit history and long-term relationship. In the case of new customers, customers in high-risk industries or who place unusually large purchase orders, the Company will request a bank guarantee, aval or letter of credit. The Company also has a diversified revenue base and a large number of customers without having to rely on any one specific customer group. Risk is also minimised as no large proportion of credit is provided to any one sector or industry.

5. Risk associated with interest rates

As at 31st December 2012, the Company's liabilities were short-term loans from financial institutions totalling Baht 2,591.90 million representing 83.49 percent of its total liabilities. The short-term financing consisted of short-term loans from financial institutions, trust receipts and letters of credit which were used as working capital to purchase raw material from its suppliers and its age was longer than the age of the Company's account receivable.

Any changes in market interest rate may effect to the Company's interest expense and net profit. However, the interest expense in 2012 was equaled to 0.78 percent of total sales revenue while in year 2011 was 0.63 percent. The interest coverage ratio was 7.78 times in year 2012 while in year 2011 was 4.39 times when compared with earning before interest and tax.

6. Risk associated with exchange rate risk

For the fiscal year 2012 and 2011, the Company's total imports in US dollar terms accounted for 34.93 percent and 4.47 percent of total purchases, respectively. This exposes the Company to a risk of fluctuations in foreign currency. However, the Company has a policy to hedge this risk by making forward contracts or converting to be Baht debt or making early payment depending on the level of cash on hand.

The Company will continue to import some of its raw material requirement while maintaining its hedging policy to manage foreign exchange risk exposure whenever the Company deems appropriate.

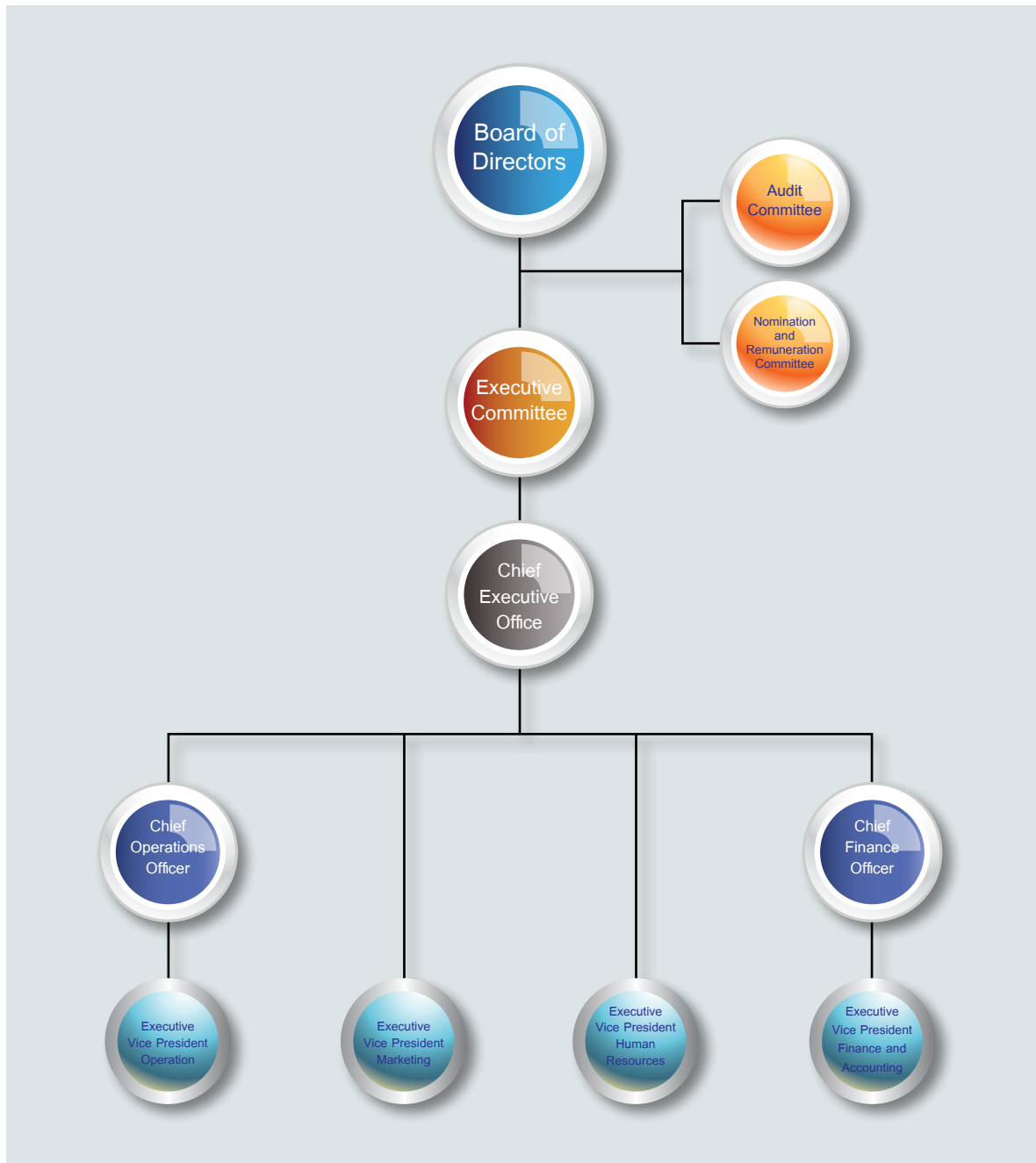
7. Risk associated with natural disaster

A natural disaster is an event that may occur cannot be predicted in advance. Of the flood situation in 2011 the Company has affected its manufacturing operations and transportation of Wangnoi plant. As a result companies cannot operate normally. The Company has insured all risks including risks from flood which effected to inventory, buildings and machines with the limited coverage of the flood disaster. However, the Company has set up an action plan and preventive system to prevent a future disaster by making permanent and mobile concrete dikes around the plant area and each factory building together with centralized drainage system and necessary equipments to prevent water leak into the factory in the future.



Management Structure

Organization Chart as of December 31st, 2012



Board of Directors As of December 31st, 2012, the Board of Directors consisted of seven members as follows :

Name	Position
1. Mr. Soon Tarasansombat	Chairman of the Board
2. Mr. Paisal Tarasansombat	Director
3. Mr. Komsan Tarasansombat	Director
4. Mr. Somjate Tretarnthip	Director
5. Mr. Chai Jroongtanapibarn	Independent Director
6. Mrs. Ratanavalee Gorsanan	Independent Director
7. Mr. Anake Pinvanichkul	Independent Director

Authorized Directors :

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

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

Scope, Duties, and Responsibilities of the Board

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

1. To hold the Company's annual general meeting of shareholders within no later than four months from the end of the Company's fiscal year;
2. To hold the Company's Board of directors' meeting at least once every three months;
3. To arrange the preparation of financial statement as at the end of the Company's fiscal year which is audited by auditor, and then shall propose to the shareholder's meeting for their consideration and approval;
4. The Board of directors may delegate their authority to any one or several directors or other person to take any action on their behalf and under the supervision of the Board of directors, or empower such person/ persons to have power according to the Board of directors deem appropriate and within time limit as the Board of directors indicate. The Board of directors may cancel, revoke, change, or amend such authorities whenever it deems appropriate. The Board of Directors may authorize the Executive Committee to manage any operations, which was already described in scope, duties, and responsibilities of executive committee, however, such authorization shall not include the consideration and approval of any transaction in respect of which his or any persons have interest or conflict of interests with the Company or its subsidiary, except where the transactions are in accordance with policies and measures as considered and approved by the Board of directors;

5. To set target, guideline, policy, business plan and budget of the Company as well as to monitor the operation and management of executive committee to ensure that they perform in compliance with such policies, except the following matters which must be approved by the meeting of shareholders before conducting : the issue that required by laws to obtain the majority votes of shareholders' meeting such as capital increasing, capital reduction, debenture issuance, the sale or transfer of business of the Company in whole or in essential part to other persons or the purchase or acceptance of transfer of business of other companies, and the amendment of the Company's memorandum of association. Furthermore, the Board of directors has its duty to conduct the Company to perform in compliance with the Securities and Exchange laws and rules issued by SET such as connected transaction and the acquisition or disposal of assets according to the regulations issued by SET, or relevant legislation with the Company's business;
6. To consider the management structure, and to appoint the Executive Committee, Chief Executive Officer, and other Committees as deem appropriate;
7. To supervise and monitor the operating results in order to meet the business plan and budget continuously;
8. The Director is forbidden to operate a business of the same nature as, and in competition with that of the Company, or to enter to be a partner in an ordinary partnership or a partner of limited partnership or a director of a private company or other company which operates a business of the same nature as and in competition with that of the Company, whether for their own or other's benefit, unless the meeting of shareholders has been notified prior to appointment thereto;
9. The Director shall file to the Company a report on his interest which may cause conflict of interest directly or indirectly when the Company enters into a contract, or has any changes in shares or debenture holding in the Company or its subsidiary.

The Board's Meeting : In year 2012, The Board's meeting held a total of five meetings with directors' attendance as detailed below :

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

Executive Committee As of December 31st, 2012, the Executive Committee consisted of three members as follows :

Name	Position
1. Mr. Paisal Tarasansombat	Chief Executive Officer
2. Mr. Komsan Tarasansombat	Executive Director
3. Mr. Somjate Tretarnthip	Executive Director

Scope, Duties, and Responsibilities of the Executive Committee

The Executive Committee has its scope of authorities, duties, and responsibilities to manage the Company's normal business operation as well as to set a policy, business plan, budget, management structure and job authorization, and business protocol in relation with economic conditions in order to propose to the Board of Directors for approval and/or acceptance, including the verification and supervision of the operating results compared with its policies. The Scope, Duties, and Responsibilities of the Executive Committee are as follows :

1. To consider the annual budget allocation as proposed by management team before submit to the Board of directors' meeting for approval, including the consideration and approval of changes in interim expenses in case of emergency item when there is no Board of Directors' meeting, and then report to the next Board of directors' meeting;
2. To approve buying or selling transaction that value of not exceeding Baht 500 Million per transaction;
3. To approve the investment expense which is not in the approved annual budget, and not exceeding Baht 50 Million;
4. To approve the expenses for investment as annual budget as approved by the Board of directors or in accordance with the approved principle by the Board of Directors;
5. To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operation matters;
6. To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;
7. To control the operation and/or daily management of the Company.

However, the authorities of the Executive Committee are not included the approval of any transactions in respect of executive committee who has a conflict or any matters in respect of which executive committee or related persons has interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guidelines approved by the Board.

Audit Committee As of December 31st, 2012, the Audit Committee consisted of three knowledgeable members as follows :

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

Scope, Duties, and Responsibilities of Audit Committee

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

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

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

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

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

Audit Committee's Meeting : In year 2012, Audit Committee's meeting held a total of four meetings with the committee's attendance as detailed below :

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee	4/4
2. Mrs. Ratanavalee Gorsanan	Audit Committee	4/4
3. Mr. Anake Pinvanichkul	Audit Committee	3/4

Nomination and Remuneration Committee As of December 31st, 2012, the Nomination and Remuneration Committee consisted of four members as follows :

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

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

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

Nomination and Remuneration Committee's Meeting : In year 2012, Nomination and Remuneration Committee's meeting held a total of one meeting with the committee's attendance as detailed below :

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Chai Jroongtanapibarn	Chairman of the Nomination and Remuneration Committee	1/1
2. Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee	1/1

Name	Position	No. of Attendance / No. of Meeting (times)
3. Mr. Anake Pinvanichkul	Nomination and Remuneration Committee	1/1
4. Mr. Somjate Tretarnthip	Nomination and Remuneration Committee	1/1

Management Team As of December 31st, 2012, the management of the Company consisted of six members as follows :

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

Scope, Duties, and Responsibilities of Chief Executive Officer

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

1. To control and supervise the operation and/or manage day-to-day business of the Company;
2. To operate or carry out the business in respect of execution of policies, business plan, and budgets approved by the Board of Directors and/or the Executive Committee;
3. To act as the attorney of the Company in management to comply with objectives, Articles of Association, policies, guidelines, regulations, orders, resolutions of shareholder's meeting and/or resolutions of the Board of Directors or the Executive Committee.

However, the authorities of Chief Executive Officer are not included the approval of any transactions in respect of Chief Executive Officer has a conflict, or any matters in respect of which Chief Executive Officer or related persons have interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guideline approved by the Board of directors.

Corporate Secretary As of December 31st, 2012

Name	Position
Mr. Somjate Tretarnthip	Corporate Secretary

Scope, Duties, and Responsibilities of the Corporate Secretary

Responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other Committees' meeting, the minutes of Shareholders' meeting and annual report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

Remuneration of directors and management

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

1. The Board and Other Sub-committee Remuneration

The annual general meeting of shareholders on March 27th, 2012 has approved the directors' remuneration for Baht 4,000,000 per annum which is the same rate of year 2011 and 2010. This remuneration allocated to 7 directors separated by Baht 3,710,000 for directors' allowance and Baht 270,000 for meeting allowance. The same shareholders' meeting also approved Baht 600,000 for the Board of directors' bonus as the result from Company performance of year 2011. The allocation of remuneration is detailed as below :

Name	Position	Directors allowance (Baht)	Meeting Allowance (Baht)	Bonus from 2011 operating results (Baht)	Total (Baht)
1. Mr. Soon Tarasansombat	Chairman of the Board	640,000	40,000	100,000	780,000
2. Mr. Paisal Tarasansombat	Director	450,000	40,000	80,000	570,000
3. Mr. Komsan Tarasansombat	Director	450,000	40,000	80,000	570,000
4. Mr. Somjate Tretarnthip	Director and Nomination and Remuneration Committee	450,000	40,000	80,000	570,000
5. Mr. Chai Jroongtanapibarn	Director, Chairman of the Audit Committee, and Chairman of Nomination and Remuneration Committee	640,000	40,000	100,000	780,000
6. Mrs. Ratanavalee Gorsanan	Director, Audit Committee and Nomination and Remuneration Committee	540,000	40,000	80,000	660,000
7. Mr. Anake Pinvanichkul	Director, Audit Committee and Nomination and Remuneration Committee	540,000	30,000	80,000	650,000
Total		3,710,000	270,000	600,000	4,580,000

2. The Executive Committee and Management Remuneration

In year 2012, the Company paid out the executive committee and management's remuneration for 3 committees and 6 managements in term of salary, pension fund, totaling Baht 18,280,440.

Report on Good Corporate Governance

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

Chapter 1 : Rights of shareholders

1. Rights to appoint the Board of Directors

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

- 1.1 Each shareholder shall be entitled to one vote for each shareholding;
- 1.2 Each shareholder shall be entitled to cast all the votes under 1.1 to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons;
- 1.3 Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors greater than the required, the Chairman of the meeting shall cast the deciding vote.

Furthermore, prior to the meeting date, one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its total issued and paid up shares has the rights to nominate candidates to be elected as the Company's directors in advance according to date, time, and criteria disclosed by the Company via SET's channel and the Company's website. In this regards, the percentage of shareholding as said shall hold for a minimum period of 12 consecutive months prior to the date of invitation to use their rights. And, this year 2012, no shareholder nominated candidate as said.

In the 2012 Annual General Meeting of Shareholders, shareholders cast their vote to elect the director individually and directors who have conflict of interest could not cast the vote.

2. Rights in shareholders' meeting

- 2.1 The Company sent the notice of the 2012 shareholder's meeting which indicated date, time, place, agenda, opinion of the Board, and supporting documents to all shareholders at least 14 days prior to the meeting date, and also such all relevant information will be posted on the Company's website at www.thaimetaltrade.com at least 30 days prior to the meeting date so that shareholders will have adequate time to study before making decision on each agenda. In this regards, the meeting agenda and supporting documents as said provided transparent and sufficient information for shareholders to make a decision.
- 2.2 The Company provided the opportunity to shareholders who are unable to attend the meeting for exercising their rights by appointing other person to attend the meeting and cast the vote on their

behalf or appoint an independent director who is appointed by the Company as their proxy. The Company therefore facilitates all shareholders by attaching proxy along with the notice of the meeting.

- 2.3 The Company also published such notice of the meeting in the public daily newspaper for 3 consecutive days and 3 days prior to the meeting date in order to provide multi-channel for receiving information.
- 2.4 The Company provided the best effort to accommodate the most convenience for shareholders in term of the meeting place which the head office of the Company is situated and adjacent to the main public transportation and prepares any supplemental facility such as barcode system of TSD, adequate registration desk, spare notice of the meeting for those who do not bring such document, ballot card and staff members available for collecting the ballot card, wireless microphone in order to provide shareholders opportunities to question and presentation of each agenda etc.
- 2.5 At beginning of the meeting, the Company explained how to execute the shareholder's voting rights on each agenda, and announced the number of shareholders attending the meeting together with total shares which are entitled to vote.
- 2.6 The Board of Directors gave an opportunity for shareholders to raise any questions and suggestions on each agenda and took as responsibility to clarify for those questions.
- 2.7 The Company published the minute and resolution of the shareholders' meeting via SET's channel and the Company's website within 14 days after the meeting so as to accurately provide the information for shareholders who attended or did not attend the meeting as well as other investors.
- 2.8 The Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the executive committee has recognized the importance of attending the meeting and deemed it as important duty and responsibility to proceed. Therefore the previous 2012 Annual General Meeting of Shareholders dated March 27th, 2012, all committee which included the Board of Directors and the aforesaid sub-committees together attended the meeting.

3. Rights to receive the dividend payment

The Company's dividend payment policy for the previous year operating results is not less than 50 percent of its net profit after legal reserve deduction as required by law. In 2012 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2011 operating results at the rate of Baht 0.15 (Fifteen satang) or 78.89% of net profit. The payment was paid to the Company's shareholders whose name appear on Record Date which was fixed by the resolution of the Board of Directors' meeting and approved by the shareholder's meeting.

4. Rights to access the adequate Company's information

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

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

In 2012, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2012. The proposed audit company and auditor have no relationship or conflict of interest in the Company, directors, executives and the Company's major shareholders or any related to those parties as said.

Chapter 2 : Equitable Treatment of Shareholders

1. The Company provided an opportunity for minor shareholders to propose agendas for the shareholders' meeting in advance by fixing that one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its issued and paid up shares for 12 consecutive months prior to the date of invitation to use their rights, can exercise as said. And, in 2012, the Company disclosed the aforementioned above via its website and SET's channel at least 30 days prior to the date of shareholders' meeting, and there is no shareholder proposed the agenda as said.
2. The Company made the notice of the meeting, all supporting documents, and proxy in both Thai and English for the convenience of both local and foreign shareholders.
3. The Company will not propose the additional agendas without prior notice to shareholders.
4. The Company has authorized an independent director to safeguard interest of its minor shareholders by creating the E-mail address: ind_dir@thaimetaltrade.com for shareholders to express their opinions, suggestions, or complains related to the Company's operating results. The independent director will consider and proceed as deem appropriate.
5. All directors and executives will promptly report the corporate secretary when any conflict of interest of their own or related person occurred according to the Securities and Exchange Acts so that the corporate secretary will gather and submit to the Audit Committee and the Board of Directors to consider such conflict of interest and to decide base on the Company's benefit. In this regards, the director and executive who have conflict of interest with a transaction is not allowed to present in the meeting and have no voting rights.
6. The Board of Directors has recognized the importance of inside information control and protects for internal use of restricted person only, so the Board established the policy and conduct to keep it confidential until it is publicized. The Company also informed directors and executives, who shall have a duty as prescribed in SET and SEC's enforcement, to acknowledge their responsibility and to report their shareholding and related person's shareholding included their spouse and minor children, this also including the report on change in securities holding that shall submit to SEC and SET in accordance with the Securities and Exchange Act for preventing the use of inside information for their own benefit.

Furthermore, the directors and executive directors, including their spouse and minor children, are forbidden to buy, sell or transfer the Company's securities by using inside information which has not yet been disclosed to public. In case those persons buy, sell or transfer the Company's securities without knowing such inside information, such persons are required to report the said transaction to SEC and SET within three days from the transaction date in every time of entering into such transaction and then submit a report to the corporate secretary as evidence.

However, if any directors, executive directors and the Company's staffs are taking advantage for their own from using inside information and such action has caused any disgrace or damage to the Company, the Company will consider taking an appropriate legal action against such person.

Chapter 3 : Role of Stakeholders

1. Customers :

- 1.1 The Company provides consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit customers under an integrated management system which will be able to meet all customers' requirements.

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

2. Employees

- 2.1 The Company has continued its constructive people development by training staff to be capable, knowledgeable, and experienced. These also aim to build a reliable professional to provide better solution for customers and create the value of determination, reliability, challenging ideas and responsive action through the way of thoughts and practices. In the year 2012, the Company achieved more in-house training courses than last year at TMT Knowledge center . The Company also allocated the sufficient budget for external training as the following details;
 - In-house Training for 23 courses, the number of employee joined the training, 773 persons.
 - Public Training for 57 courses, the number of employee joined the training, 85 persons.

Total number of employees receiving training, 858 persons and staff were trained on average was 1.2 days per person.
- 2.2 The Company has regularly organized the activity with sufficient budget in order to promote a collaborative working environment among all staffs with expectation to build a harmony and drive their creativities such as Kon Keng - Kon Dee Sri TMT (Good & Smart People), Reading Group, Reading Shelf and TMT Day etc.
- 2.3 The Company provides opportunities for staff to share their opinions or suggestions which benefit to their jobs through many various working groups, such as safety, welfare, labor standard, special operation etc. The Company also arranges a whistle blowing process for staff to communicate directly to Board of director for any leads or complaints which may disgrace or damage the Company. Besides, the Company has its policy that all parties' comments, suggestions or complaints in their normal operation should be considered and respected.
- 2.4 The Company provides a job opportunity, a competitive remuneration, welfare and privilege to employees by considering with their competency and responsibility in each level, accompanied with operating result and in line with the same industrial practice. In addition, the Company established the provident fund for long term contribution to employees and enabled opportunities for them to propose their suggestions of welfare arrangement through the welfare committee.

- 2.5 The Company has set up the Safety, Health and Working Environment Committee policy and committee to ensure that all working procedures are safe and comply with safety standard as well as set up a training and campaign to promote a good health and good working environment practices such as Mobile Cranes Operator, Safety Alert and Elimination of industrial waste for good environment. The objective is to be a leader in safety production process by decreasing an accident to zero, and having none in operation.
- 2.6 The Company promotes and protects human rights by avoiding any action that may causes human rights violation such as illegal employment, non-permitted alien workers and child labor, or any supports to cause the above action.
- 2.7 The Company has not supported any action that violates copy rights or intellectual property by establishing intellectual policy to prevent our staff and organization do any faults from technology, copy rights and the Company's working regulation.

3. Trading Partners

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

4. Shareholders

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

5. Creditors

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

6. Competitors

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

7. Community, Society, and Environment

- 7.1 The company has operated its business by mainly emphasizing on community, social and environment and strictly following the environmental laws and regulations.

7.2 The company has supported and promoted the employee to take part in natural resource's preservation and energy saving, including to avoid any action that may cause environmental pollution both in work time and daily life.

7.3 The company has collaborated and promoted the activities with governmental sector, sub-district administration organization or other non profit organizations as proper.

8. Government Sector

8.1 The Company has strictly conducted its business complied with Laws, Rules, and other regulations issued by Government sector.

8.2 The company is pleased to provide and share any corporate information for government sector to use as it deems appropriate.

In this regard, The company has opened the channels for all stakeholders to submit suggestions, opinions, or complaints about the Company's operating directly to Independent Directors at E-mail: ind_dir@thaimetaltrade.com.

Chapter 4 : Disclosure and Transparency

1. The Board of Directors has monitored for disclosure the significant information related to the Company's financial information and non-financial information in accordance with the regulations of SEC and SET and other relating notification with precisely, completely, on-time, and transparently for the equity of investors and stakeholders through various channel and procedure such as SET's channel, the Annual Registration Statement, Annual Report, and the Company's website. The Company also appointed the corporate secretary to take a duty and responsibility to provide and preserve such information as said.
2. In 2012, the analyst meeting is convened regularly at the Company's head office on a quarterly basis to announce the Company's operating results and financial status on the day after disclosure of financial statement to SET. Also, the Company participated in public activity, conference or seminar as proper such as joining with Thai Industrial Standard Institute as a moderator in the event TIS meets Entrepreneurs and TIS meets Consumers.
3. The Company's financial statement is audited and reviewed by a certified public accountant from PricewaterhouseCoopers ABAS Company Limited who is independent, specialized and skillful, and is certified by Securities and Exchange Commission Thailand. The Audit Committee was reported by such auditor that they were independent, no difficulties and no disagreements with management while they were conducting a review or audit. Furthermore, the Audit Committee also appointed KPMG Phoomchai Business Advisory Ltd to plan and audit the internal control to ensure that the Company has a proper conduct and control as well as risk management in terms of adequacy and efficiency.
4. The Board of Directors prepared a report on the responsibilities for financial statements which was presented along with the auditor's report in the Annual Report of the Company.
5. The Board of Directors has monitored the disclosure of directors' role and duty, management remuneration and number of attending the meeting of the Board and other sub-committees as individual in the Company's annual report.

6. The Company has set up an Investor Relation Unit to keep in touch with investors, analysts and also government and public sectors. Below are the contact channels;

Telephone No. : 02 685 4000 ext. 6002

Facsimile No. : 02 670 9090-2

E-mail : ir@thaimetaltrade.com

Chapter 5 : The Board's responsibilities

1. The Board's structure

1.1 The Board of Director

- At the end of year 2012, the Board of Directors has its quorum of 7 persons comprised of 3 independent directors, 3 executive directors and 1 chairman of the Board who is not in management position. Such proportion is regarded to balance the power of the Board and comply with laws. The Board of Directors is appointed by shareholder's meeting. Further Information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- The term of directorship complied with the regulation detailed in the Company's Articles of Association that in every the Annual General Meeting of Shareholders, one-third of the Board of Directors shall retire by rotation, and if the number of directors can not be divided exactly into three parts, directors in a number close to one-third shall vacate office. The directors who remained in office for longest time shall vacate office and such directors can be re-elected.
- The directors who position in the Board are forbidden to position in the company that may have conflicts of interest in order to perform their duty efficiently, unless the shareholders' meeting had been notified prior to appointment thereto. Further details of member of the Board's working experience provided in Board of Directors and Executives section.

1.2 The Audit Committee

- At the end of year 2012, the Audit Committee who was appointed by the Board of Directors has its quorum of 3 independent directors who had no conflict of interest and connected relationship with the Company, the Board of Directors, management, major shareholders, and any others related parties of aforesaid persons, and posses qualification stated by laws. In this regards, the Audit Committee have adequate expertise and experience to review creditability of the financial statements. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- The term of directorship of the Audit Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.

1.3 The Nomination and Remuneration Committee

- At the end of year 2012, the Nomination and Remuneration Committee who was appointed by the Board of Directors has its quorum of 4 persons consisted of 3 independent directors and 1 executive director. Further information about their scope of work, duties, and responsibilities is detailed in Management Structure section.

- The term of directorship of the Nomination and Remuneration Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.

2. An Independent Directors

- The Independent Directors of the Company have possessed the qualification according to the independent standard set forth in the notification of the Capital Market Supervisory Board no. TorChor 4 / 2552 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (No.2),
- All those 3 independent directors are expertise in accounting and finance, experience in high management in other industry and understanding in the Company's business. The directors therefore can review creditability of financial statements and audit work.

3. The Corporate Secretary

The corporate secretary who was appointed by the Board of Directors is responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other Committees' meeting, the minutes of Shareholders' meeting and annual report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

4. The Board's meeting

In 2012, The Company convened the Board of Directors and the Audit Committee's meeting once every quarter according to the schedule that are planned in advance and will call for the additional meetings as necessary. All directors have deemed it as important duty and responsibility to proceed. The Chairman of the Board regularly promoted prudent consideration and allocated adequate time for management to present significant issues and sufficient time for directors to express their opinion and discuss significant concerns carefully and neatly in the meeting, and assigned the corporate secretary to prepare and send a notice of meeting along with all related supporting documents to directors at least 7 days prior to the meeting date so as to provide the opportunity to directors to study the detail in each agenda. Details of meetings of the Board of Directors and the Audit Committee are provided in Management Structure section.

5. New Director Orientation

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

6. Leadership and Vision

The Board of Directors of the Company shall possess leadership, vision, and independency on decision-making to set out the business development plan and targets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company.

7. The Aggregation or Segregation

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

8. The Remuneration of directors and executives

The remuneration of each committee was determined by the Nomination and Remuneration Committee which can be decomposed into 3 types; director allowance, meeting allowance, and bonus according to the criteria that fixed at an appropriate level and comparable with the same level in the industry and complied with the Company's operating results, experiences, duties, responsibilities, and performances of each directors and executives in order to attract and maintain qualified directors. Policy that the Nomination and Remuneration Committee use as guideline to fix such remuneration is according to the policy prescribed by the Board of Directors. In this regards, such remuneration shall take in to account in the Annual General Meeting of Shareholder for approval.

9. Business Ethics

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

10. Conflicts of Interest

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

11. System of Control and Internal Audit

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

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

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

Corporate Social Responsibility Activities

The Company has committed to conduct its business on the basis of morality and business ethics as well as to sustain business growth along with social development and environmental responsibility by promoting CSR mind to all staff. Throughout 2012, the Company has continued and started various social activities as follows;



Development Part

Professor and Students of the Faculty of Architecture Visit TMT (Nov. 12, Sep. 12) Professor and Students of the Faculty of Architecture from both Khon Kaen University total 21 people and Silpakorn University total 80 people visited TMT Knowledge Center and learned concepts in design and construction of steel structures. The knowledge gained from this visit will be useful to apply for their working in the future.



Delegations from the Local Personnel Development Institute Visit TMT (Sep. 12) TMT welcomed delegations from the Local Personnel Development Institute, Department of Local Administration total 142 people from around the country to visit TMT Knowledge Center and acknowledged TIS steel manufacturing process with objective to apply for material usage for community development and planning.



“Chak Rongrian Soo Rong Lhek” (From School to Steel) (Aug. 12) Professor and Students from Saraburi Technical College and Phranakorn Sri Ayuthaya Technical College of total 341 people visited TMT Knowledge Center and production plants. The objective is to understand the production process under TISI standard, international standard practice for testing procedure in laboratory and also environmental care management.

Training Opportunities for students (May. 12) TMT strives to be a learning center for the Educational Institution and other local communities and authorities. In the year 2012 there are students from Suranaree University of Technology, Naresuan University and King Mongkut's University of Technology North Bangkok joined a training program with the company.

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

Social Responsibilities Part

Annual Health Check-Up (Dec.12) The Company realizes that staff of the company is one of the most important key success. Therefore, the Company provides many welfares as well as annual health check-up for its employees together with health care guides from a doctor.

“Blood donation” Activity (Dec.12) The Management and staff together donated blood to The Thai Red Cross Society to support its human life saving program.

“Kon Keng - Kon Dee Sri TMT” Project (People Good - People Smart) (Jul - Dec.12) Is an activity to encourage and promote good moral and smart working by providing a recognition communication to all staff and inspiring as a role model.

“Mobile Cranes Operator” Project (May.12) The project was set up to build a best practice to control the mobile cranes for staffs to be aware of the safety while using for materials moving. Enhancing knowledge and understanding of traffic regulation will protect all parties from accidents and also acknowledge a proper maintenance.

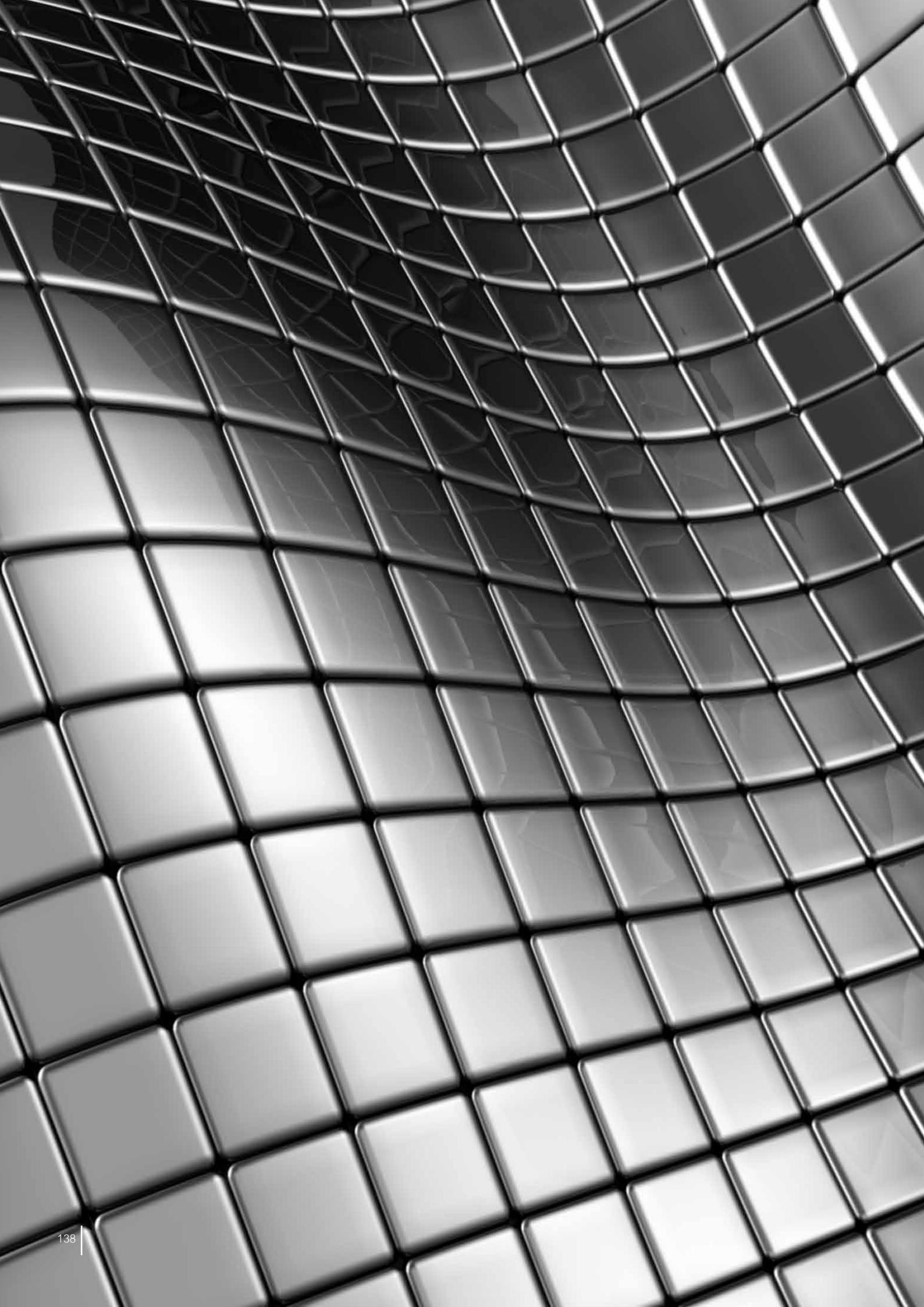
From imagination to multi-purpose building (Sep.12) TMT donated steel materials for constructing a multipurpose building to Sripracha schools, Moo 1, Chamab, Wang Noi, Ayutthaya to support a learning facilities.

The “Excellence in employee management and social responsibility in flooding crisis 2011” (Jan 12) TMT received an honor in this program from Minister of Labor.

The “No Drugs” Program In the year 2012 TMT still committed to establish a Drugs Free Workplace as “White Factory” project guidelines in order to promote employees a good health and happy workplace.

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





Connected Transactions

In Year 2012, the Company had connected transactions as follows;

1. Soon Huat Steel Co.,Ltd.¹

Relationship :

Five members of Tarasansombat family who are in the top ten shareholders, namely Mr. Soon, Mrs. Pornjit, Mr. Paisal, Mr. Komsan, and Mr. Chamnan which each shareholding are 38.27, 7.06, 3.88, 7.57, and 8.25 percent respectively, are shareholders of Soon Huat Steel Co.,Ltd. whose combined shareholding accounted for 92 percent. Moreover, the Company and such company have two same directors namely Mr. Soon Tarasansombat and Mr. Paisal Tarasansombat, and Mr. Paisal Tarasansombat also the authorized director of those two companies.

General Characteristics of the transaction :

The office building lease renewal on 131 Rama III Road, Bangkholaem Sub-district, Bangkholaem District, Bangkok with Soon Huat Steel Co., Ltd. which Rama III Plant and Distribution center of the Company is currently located. The term of lease renewal is 3 years from April 1st, 2010 to March 31st, 2013, with rental rate of Baht 200,000 per month (Same rate) which the payment date due on the 5th of each month.

Total Value of transaction : 7,200,000 Baht (for a three-year lease contract)

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

This transaction is reasonable and fair with clear stipulation of lease term and rental rate, and such rental rate is lower than the current market price and the appraisal value reported by U.K. Valuation and Agency Co.,Ltd. (an independent appraiser approved by SEC) on July 15th, 2004 of Baht 600,000 per month or Baht 7.2 million per year (for the total of item no. 1 - 3 of connected transaction) that will bring the highest benefit to the Company. The Board of Director's meeting no. 1/2010, held on February 19th, 2010, resolved to approve the Company to enter into a renewal of such transaction for 3 years tenor with the same conditions and rental rate. In this regards, the directors who have conflicts of interests were not present in the meeting and had no voting rights in this agenda.

2. Group of Mr. Komsan Tarasansombat and Mr. Chamnan Tarasansombat

Relationship :

Mr. Komsan Tarasansombat is the Company's authorized director and one of the top ten shareholders by holding 7.57 percent of its total issued and paid up shares, and Mr. Chamnan Tarasansombat is another one of the top ten shareholders by holding 8.25 percent of its issued and paid up shares as well as relationship with Mr. Soon Tarasansombat as son and Mr. Paisal Tarasansombat as brother.

General Characteristics of the transaction :

Such group renewed the 5 plots of land and plant building lease which located at 129 Rama III Road, Bangkholaem Sub-district, Bangkholaem District, Bangkok as Rama III Plant and Distribution center of the Company. The term of lease is 3 years from January 1st, 2013 to December 31st, 2015 with rental rate of Baht 250,000 per month (Same rate) which its payment date due on December 31st of each year.

Total Value of transaction : 9,000,000 Baht (for a three-year lease contract)

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

This transaction is reasonable and fair with clear stipulation of lease term and rental rate, and such rental rate is lower than the current market price and the appraisal value reported by U.K. Valuation and Agency Co.,Ltd. (an independent appraiser approved by SEC) on July 15th, 2004 of Baht 600,000 per month or Baht 7.2 million per year (for the total of item no.1 - 3 of connected transaction) that will bring the highest benefit to the Company. The Board of Director's meeting no. 5/2012, held on November 13th, 2012, resolved to approve the Company to enter into a renewal of such transaction for 3 years tenor ended December 31st, 2015 with the same conditions and rental rate. In this regards, the directors who have conflicts of interests were not present in the meeting and had no voting rights in this agenda.

3. Mr. Paisal Tarasansombat

Relationship :

Mr. Paisal Tarasansombat is the authorized director and Chief Executive Officer of the Company and also one of the top ten shareholders by holding 3.88 percent

General Characteristics of the transaction :

The use of the land with area of 2 rai, 2 ngan and 70 square wah which is a part of the land located at 131 Rama III Road Bangkholaem Sub-district, Bangkholaem District, Bangkok is allowed by Mr. Paisal Tarasansombat to renew without any charges until December 31st, 2013, thereafter the rental rate shall be considered based on the market rate. In this regards, the Company has to take all the utility cost and any tax related to or by the using of those land.

Total Value of transaction : - Baht

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

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

4. Metal Commerz Pte.Ltd.²

Relationship :

Mr. Paisal Tarasansombat, the Company's authorized director and Chief of Executive Officer, is director of Metal Commerz Pte.Ltd. and holds 22.88 percent of its total issued and paid up shares. Mr. Komsan Tarasansombat, the Company's authorized director is major shareholder of Metal Commerz Pte.Ltd. by holding 18.73 percent of its total issued and paid up shares.

General Characteristics of the transaction :

The Company purchases Hot Rolled Coil from Metal Commerz and uses for processing to steel products and then sells to local end users. Metal Commerz performs as a sourcing arm for raw materials and steel products from various mills around the world with competitive price than those of other foreign suppliers.

Total Value of transaction : 103,902,557.24 Baht

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

The transaction is based on normal business transaction which approved in principle by the Board of Director's meeting no. 3/2008. Moreover, the purchasing price is not higher than the market price which the Company may purchase from other suppliers. The Company benefits from this transaction not only the price, but also a better balance of purchasing power among local and foreign market.

5. Connex Business Online Co., Ltd.

Relationship :

Mr. Paisal Tarasansombat, the Company's authorized director and Chief of Executive Officer, and Mr. Somjate Tretarnthip, the Company's authorized director and Chief Finance Officer each person is director and holding 4 percent of its total issued and paid up shares in aforesaid the company, Mr. Komsan Tarasansombat, the Company's authorized director and Executive Vice President - Operations, brother of Mr. Chamnan Tarasansombat authorized director and major shareholders of aforesaid the company as well as one of the top ten shareholders of Company by holding 8.25 percent of its issued and paid up shares.

General Characteristics of the transaction :

As the maintenance service contract of Thai Metal System (TMS) with Connex Business Online Co., Ltd. from July 1st, 2012 to June 30th, 2013.

Total Value of transaction : 45,000 Baht

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

The transaction is based on normal business transaction If the transaction does not have to do it with other people, the service rate is not higher than the market price which the Company may purchase from other suppliers and that will bring the highest benefit to the Company.

-
- Remarks :
1. Soon Huat Steel Co.,Ltd. has not continued its steel business since TMT was established in year 1992. It currently operates only lease of property.
 2. Metal Commerz Pte.Ltd. is an intermediary who provides steel products sourced from around the world which the head office is located at Singapore. The Company has gains from information regarding market price, and referrals from manufacturing mills which the Company can negotiate for better price by comparing it with other suppliers. Most of Metal Commerz's customers are in Asia region, namely, China, Taiwan, Indonesia, Singapore
 3. The above information about the name of shareholders and their shareholding is as of March 9th, 2012 (the lasted book closing date for the rights to attend the Annual General Meeting of Shareholders for year 2012).

Management Discussion and Analysis

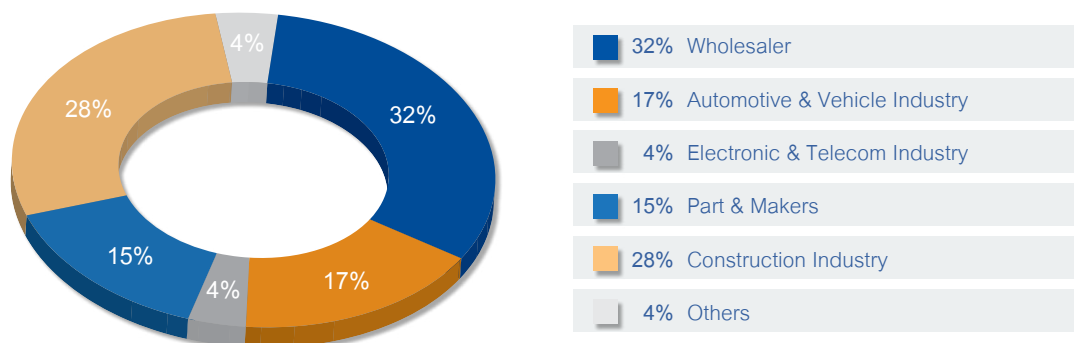
Performance

The Company has earned net profit of Baht 446.97 million which increased 453.10 percent compared with 2011 net profit, whilst the gross profit margin was 8.89 percent compared with 7.74 percent in 2011. The average selling price in year 2012 compared to 2011 the rate decreased to 3.98 percent which is based on the steel prices in the world market has been affected by the economic conditions in Europe and the United States but domestic demand for steel continues to rise from the policy of the government to improve infrastructure and the local economy rebounded as a result, the steel Industry market is expansion, the Company has a sales volume increase of the customer base and market share increased from the last year.

Sales revenue

The company generated revenue from sales of Baht 10,314.61 million, which was 34.22 percent higher than net sales in 2011. The quantity of sales has increased to 401,007 MT in 2012 which was 39.69 percent higher than quantity sale of 2011. The average selling price in the year 2012 to decline in mid-year and stabilized until the end of the year by the average selling price for the year was 25.80 per kg, down 3.98% from the year 2011.

In 2012, The Company's revenue structure classified by business group was as follows :



The proportion of processing and trading sales was 65:35 compared with 67:33 in 2011.

Selling and administration expense

The Company's selling and administration expense has recorded at total of Baht 381.42 million in 2012 compared with Baht 289.47 million in 2011 or increasing about Baht 91.95 million, equivalent to 31.77 percent as a result of the increasing of selling and marketing expenses about Baht 46.51 million from transportation expenses which conform to increasing in sale quantity. Administration expense was increased about Baht 45.44 million.

Financial position

The Company's assets totaled Baht 5,166.85 million which increased by 42.49 percent from 2011. Current assets increased by Baht 1,312.95 million or 54.09 percent as a result of increasing in inventory amount Baht 333.02 million and trade account receivable amount Baht 842.43 million as the rise in sales revenue. The inventory turnover period and collection period of year 2012 was 54 days (same ratio). Increasing in current asset had no any effects to the Company's liquidity, because the company still maintain a high level of current ratio at 1.21 times, comparing with 1.24 times in 2011.

Additionally, the Company's Non-current assets increase Baht 227.83 million or increased by 19.01 percent mostly by acquiring more in property, plant and equipment in an amount of Baht 329.74 million, whereas, the asset disposal net at Baht 4.12 million and depreciation and amortization was about Baht 93.72 million.

Total liabilities stood at Baht 3,104.56 million or increased by Baht 1,145.01 million. Most of increasing came from short-term loan from financial institution as the result from more need in working capital for building up the inventory and trade account receivable which directly relate to sale. For current liability policy, the Company used a few of trade credit from suppliers because of the higher cost compared with the cost of short-term borrowing from financial institutions. Additionally, suppliers preferred cash purchases and provided cash discounts for its cash-purchase customers. Hence, the Company used source of fund from a financial institution as working capital for managing inventory and accounts receivable. However, the Company's debt to equity ratio slightly increased from 1.18 times in 2011 to 1.51 times in 2012.

Report of Directors Relating to Responsibility for Financial Statements

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

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

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

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

The Board of Directors is of an opinion that the internal control system of the Company is satisfactory and can ensure the credibility of Thai Metal Trade Public Company Limited's financial report for the fiscal year ended 31st December 2012 in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



(Mr. Soon Tarasansombat)
Chairman of the Board



(Mr. Somjate Tretarnthip)
Director

Auditor's Report

To the Shareholders of Thai Metal Trade Public Company Limited

I have audited the accompanying financial statements of Thai Metal Trade Public Company Limited, which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Metal Trade Public Company Limited as at 31 December 2012, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Prasit Yuengsrikul

Certified Public Accountant (Thailand) No. 4174

PricewaterhouseCoopers ABAS Ltd.

Bangkok

15 February 2013

Thai Metal Trade Public Company Limited

Statements of Financial Position

As at 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Assets			
Current assets			
Cash and cash equivalents	6	206,067,475	77,183,069
Trade accounts receivable, net	7	1,960,171,576	1,117,746,454
Inventories, net	8	1,554,296,973	1,221,277,720
Advance payments for purchases of inventories		3,334,337	1,375,570
Other receivables		16,432,666	9,773,189
Total current assets		3,740,303,027	2,427,356,002
Non-current assets			
Investment property	9	21,029,000	23,029,000
Property, plant and equipment, net	10	1,387,868,695	1,155,964,197
Intangible assets, net	11	12,357,162	16,892,269
Other assets		5,297,077	2,840,996
Total non-current assets		1,426,551,934	1,198,726,462
Total assets		5,166,854,961	3,626,082,464

The notes to the financial statements on pages 152 to 171 form an integral part of these financial statements.

Thai Metal Trade Public Company Limited

Statements of Financial Position

As at 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	12	2,591,899,345	1,512,468,464
Trade accounts payable		221,808,505	258,319,310
Income tax payable		71,376,663	21,998,872
Advance receipts from customers for goods		56,243,933	108,835,670
Current portion of finance lease liabilities	13	1,564,351	674,887
Other payables	14	148,031,407	48,331,237
Total current liabilities		3,090,924,204	1,950,628,440
Non-current liabilities			
Finance lease liabilities, net	13	6,102,963	2,923,664
Employee benefit obligations	15	7,531,113	5,999,652
Total non-current liabilities		13,634,076	8,923,316
Total liabilities		3,104,558,280	1,959,551,756
Shareholders' equity			
Share capital	16		
Authorised share capital			
434,500,000 ordinary shares of par Baht 1 each		434,500,000	434,500,000
Issued and paid-up share capital			
428,625,577 ordinary shares of paid-up Baht 1 each			
(2011: 425,000,000 ordinary shares)		428,625,577	425,000,000
Premium on share capital	16	411,655,217	402,736,298
Retained earnings			
Appropriated - legal reserve	21	43,450,000	43,450,000
Unappropriated		1,178,565,887	795,344,410
Total shareholders' equity		2,062,296,681	1,666,530,708
Total liabilities and shareholders' equity		5,166,854,961	3,626,082,464

The notes to the financial statements on pages 152 to 171 form an integral part of these financial statements.

Thai Metal Trade Public Company Limited

Statements of Comprehensive Income

For the years ended 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Sales		10,314,610,365	7,684,569,913
Costs of sales	24	(9,397,904,320)	(7,090,148,831)
Gross profit		916,706,045	594,421,082
Other income	17	91,501,524	31,347,291
Selling expenses		(125,323,470)	(78,811,729)
Administrative expenses	24	(256,096,669)	(210,657,975)
Other expenses	26	-	(121,977,051)
Finance costs - interest expenses		(80,586,719)	(48,773,180)
Profit before income tax	18	546,200,711	165,548,438
Income tax		(99,229,534)	(84,736,370)
Profit for the year		446,971,177	80,812,068
Other comprehensive income		-	-
Total comprehensive income for the year		446,971,177	80,812,068
Earnings per share	19		
Basic earnings per share		1.05	0.19
Diluted earnings per share		1.04	0.19

The notes to the financial statements on pages 152 to 171 form an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2012 and 2011

	Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Legal reserve Baht	Unappropriated Baht	
Opening balances as at 1 January 2011		425,000,000	402,736,298	43,450,000	910,612,709	1,781,799,007
Effect from the adoption of new accounting policy						
- Employee benefit obligations		-	-	-	(4,830,367)	(4,830,367)
Balance after adjustments		425,000,000	402,736,298	43,450,000	905,782,342	1,776,968,640
Dividends paid	20	-	-	-	(191,250,000)	(191,250,000)
Total comprehensive income for the year		-	-	-	80,812,068	80,812,068
Closing balances as at 31 December 2011		425,000,000	402,736,298	43,450,000	795,344,410	1,666,530,708
Opening balances as at 1 January 2012		425,000,000	402,736,298	43,450,000	795,344,410	1,666,530,708
Increase in share capital from warrant conversion	16	3,625,577	8,918,919	-	-	12,544,496
Dividends paid	20	-	-	-	(63,749,700)	(63,749,700)
Total comprehensive income for the year		-	-	-	446,971,177	446,971,177
Closing balances as at 31 December 2012		428,625,577	411,655,217	43,450,000	1,178,565,887	2,062,296,681

The notes to the financial statements on pages 152 to 171 form an integral part of these financial statements.

Statements of Cash Flows

For the years ended 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Cash flows from operating activities			
Profit before income tax		546,200,711	165,548,438
Adjustments for :			
Depreciation and amortisation	10, 11	99,565,264	99,053,417
Doubtful accounts (reversal)	7	51,516	(1,766,337)
Loss on declining in value of inventories	8	8,808,433	117,311,322
Loss on disposal of investment property		300,000	-
Gains on disposals of equipment		(2,853,933)	(2,755,671)
Employee benefit expenses	15	1,531,461	1,169,285
Interest expenses		80,586,719	48,773,180
Cash flows before changes in working capital		734,190,171	427,333,634
Changes in working capital :			
Trade accounts receivable		(842,476,638)	(145,262,100)
Inventories		(341,827,686)	(388,680,531)
Advance payments for purchases of inventories		(1,958,767)	10,245,270
Other receivables		(6,659,477)	5,626,705
Other assets		(2,456,081)	418,307
Trade accounts payable		(36,510,805)	121,248,665
Advance receipts from customers for goods		(52,591,737)	30,621,592
Other payables		80,368,593	19,434,139
Cash flows (payments) receipts from operating activities before interest and income tax paid		(469,922,427)	80,985,681
Interest paid		(77,067,785)	(46,900,774)
Income tax paid		(49,851,743)	(87,668,952)
Net cash payments from operating activities		(596,841,955)	(53,584,045)

The notes to the financial statements on pages 152 to 171 form an integral part of these financial statements.

Statements of Cash Flows

For the years ended 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Cash flows from investing activities			
Proceeds from disposals of investment property		1,700,000	-
Purchases of property, plant and equipment		(308,402,256)	(197,185,221)
Purchases of intangible assets	11	(1,308,600)	(2,876,302)
Proceeds from disposals of equipment		6,972,125	3,270,942
Net cash payments from investing activities		(301,038,731)	(196,790,581)
Cash flows from financing activities			
Short-term loans from financial institutions, net		1,079,430,881	396,023,528
Payments for interest on finance lease liabilities		(382,348)	(155,429)
Payments for finance lease liabilities		(1,078,237)	(306,699)
Proceeds from exercised warrants	16	12,544,496	-
Dividends paid	20	(63,749,700)	(191,250,000)
Net cash receipts in financing activities		1,026,765,092	204,311,400
Net increase (decrease) in cash and cash equivalents		128,884,406	(46,063,226)
Opening balance		77,183,069	123,246,295
Closing balance		206,067,475	77,183,069
Cash and cash equivalents are made up as follows :			
- Cash on hand		239,461	149,355
- Deposits at financial institutions		205,828,014	77,033,714
		206,067,475	77,183,069
Non-cash transactions			
Significant non-cash transactions for the years ended 31 December 2012 and 2011 are as follows :			
Increase in property, plant and equipment by other payables		18,795,739	2,600,748
Increase in property, plant and equipment by finance lease liabilities		5,147,000	3,905,250

The notes to the financial statements on pages 152 to 171 form an integral part of these financial statements.

Notes to the Financial Statements

For the years ended 31 December 2012 and 2011

1 General information

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

- 131 Rama III Road, Bangkorleam, Bangkok 10120
- 332-333 Moo 5, Paholyothin Road, Lamsai, Wangnoi, Ayutthaya 13170

The principal business operations of the Company are selling and transforming structural steel, plates and sheets. Purchases are principally made from local suppliers and certain purchases are imported and its products are domestic sales.

These financial statements were authorised for issue by the Board of Directors on 15 February 2013.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below :

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act of B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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

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

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New accounting standards, new financial reporting standards, new interpretations, and amendments to accounting standard

- a) New accounting standards, new financial reporting standards, new interpretations, and amendments to accounting standard effective for the accounting periods beginning on or after 1 January 2013 :

TAS 12	Income Taxes
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TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company has not early adopted the aforementioned accounting standards. The impact of accounting standards which are not effective and relevant to the Company are summarised as below.

TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. The Company's management is in the process of reviewing the impacts of this accounting standard.

TAS 21 (Revised 2009), the revised standard requires an entity to determine its functional currency which is a currency of the primary economic environment in which the entity operates. Currency other than functional currency of an entity is foreign currency. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The standard permits the presentation currency of a reporting entity to be any currencies. The management assesses that the application of this accounting standard does not have significant impact to the financial statements being presented.

TFRS 8 requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure.

- b) New accounting standards, new financial reporting standards, new interpretations, and amendments to accounting standard effective for the accounting periods beginning on or after 1 January 2014 :

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

The Company has not early adopted the aforementioned accounting standards. The impact of accounting standards which are not effective and relevant to the Company are summarised as below.

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

2.3 Foreign currency translation

Items included in the financial statements are measured using Thai Baht. The financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currency, are recognised in the profit or loss.

2.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.5 Trade accounts receivable

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in the profit or loss within administrative expenses.

2.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the moving average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress are standard costs which comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated based on normal operating capacity, but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.7 Investment property

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

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

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

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

2.8 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Plant and equipment are stated at historical cost less accumulated depreciation.

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

Depreciation is calculated on the straight-line basis to its residual value over the estimated useful life as follows except land which is considered to have an indefinite life.

Land improvement	5, 20 years
Building improvements and buildings	3, 10, 20 years
Machinery and equipment	5, 10 years
Furniture and fixtures	3, 5 years
Trucks and motor vehicles	5, 10 years

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

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

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

2.9 Intangible asset - Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives in five years.

2.10 Impairment of assets

Fixed assets and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Leases - where the Company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding lease obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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

2.12 Employee benefits

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

- *Defined benefit plans - retirement benefit*

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

- *Defined contribution plans - provident fund*

The Company operates a provident fund, being a defined contribution plan. The assets are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the profit or loss in the years to which they relate.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the

amount has been reliably estimated. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.14 Revenue recognition

Revenue from sales of goods comprises the invoice valued for the sales of goods net of rebate and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from rendering services is based on the stage of completion.

Interest income is recognised on an accrual basis unless collectibility is in doubt.

2.15 Income tax

The Company does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principle temporary differences arise from allowance for doubtful accounts and allowance for net realisable value for inventories.

3 Financial risk management

3.1 Financial risk factors

The principal financial risks faced by the Company are credit risk, liquidity risk, interest rate risk, and exchange rate risk. The risk management policy of these particular risks are as follows:

3.1.1 Exchange rate risk

The Company purchases goods from overseas and is exposed to foreign exchange risk arising primarily from US Dollar. The Company uses forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency. As at 31 December 2012 and 2011, the Company had no foreign currencies liabilities as well as forward foreign currency contracts outstanding.

3.1.2 Interest risk

The Company has short-term loans from financial institutions which are normally used for working capital. These loans have fixed interest rates depending on money market rate. Interest rates approximate to the market rates as the loans are short-term.

3.1.3 Credit risk

The Company has policies in place to ensure that goods are sold to customers with an appropriate credit history and as a policy, certain major credit sales should be supported by financial instruments as collateral. In addition, as at 31 December 2012 and 2011, the Company had no significant concentrations of credit risk on any industries. In addition, the Company has no significant risk with financial institutions since cash is placed with reputable financial institutions.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to manage market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Accounting for financial instruments

The Company is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments is not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The realised gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are recognised in the financial statements.

4 Critical accounting estimates, assumption and judgement

Accounting estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

4.1 Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and identified instances of default of each customer. The management will fully set up allowance for outstanding amounts overdue more than 6 months and without any collateral.

4.2 Allowance for obsolete, slow-moving and defective inventories

The Company maintains an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category.

4.3 Property, plant and equipment

Management determines the estimated useful lives and residual values for the plant and equipment of which are mainly considered by technical ability and economic useful lives. The management will revise the depreciation charge where useful lives and residual values are significantly different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

4.4 Retirement employee benefits

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

5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 Cash and cash equivalents

	2012 Baht	2011 Baht
Cash on hand	239,461	149,355
Current accounts	68,036,243	13,890,067
Saving accounts	137,791,771	63,143,647
Total	206,067,475	77,183,069

As at 31 December 2012, the interest rates of saving accounts were 0.5 % to 0.75% per annum (2011: 0.50% to 1.00%).

7 Trade accounts receivable, net

	2012 Baht	2011 Baht
Trade accounts receivable	1,965,248,720	1,122,772,082
<u>Less</u> Allowance for doubtful accounts	(5,077,144)	(5,025,628)
Trade accounts receivable, net	1,960,171,576	1,117,746,454

Outstanding trade accounts receivable can be aged as follows :

	2012 Baht	2011 Baht
Current balance	1,436,371,705	869,015,733
Overdue: less than 1 month	451,829,331	159,192,477
Over 1 month to 3 months	65,460,721	72,946,320
Over 3 months to 6 months	6,673,863	16,818,033
Over 6 months to 12 months	287,998	-
Over 12 months	4,625,102	4,799,519
	1,965,248,720	1,122,772,082
<u>Less</u> Allowance for doubtful accounts	(5,077,144)	(5,025,628)
Trade accounts receivable, net	1,960,171,576	1,117,746,454

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

8 Inventories, net

	2012 Baht	2011 Baht
Raw materials	123,026,619	65,493,635
Finished goods	1,440,078,787	1,273,095,407
Total inventories	1,563,105,406	1,338,589,042
<u>Less</u> Allowance for net realisable value		
- for raw materials	(946,102)	(3,520,975)
- for finished goods	(7,862,331)	(113,790,347)
Inventories, net	1,554,296,973	1,221,277,720

9 Investment property

	Land	
At 31 December	2012 Baht	2011 Baht
<u>Cost</u>		
Opening net book value	23,029,000	23,029,000
Disposal	(2,000,000)	-
Closing net book value	21,029,000	23,029,000
Fair value	35,230,000	36,730,000

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

10 Property, plant and equipment, net

	Land and land improvement Baht	Buildings and building improvement Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machinery under installation Baht	Total Baht
At 1 January 2011								
Cost	232,854,462	537,424,424	553,588,209	60,261,429	81,611,895	136,045,511	3,473,127	1,605,259,057
Less Accumulated depreciation	(23,569,673)	(112,287,762)	(293,949,673)	(41,705,532)	(56,343,804)	-	-	(527,856,444)
Net book value	209,284,789	425,136,662	259,638,536	18,555,897	25,268,091	136,045,511	3,473,127	1,077,402,613
For the year ended 31 December 2011								
Opening net book value	209,284,789	425,136,662	259,638,536	18,555,897	25,268,091	136,045,511	3,473,127	1,077,402,613
Additions	50,000,000	65,000	1,378,211	10,028,032	18,142,785	70,475,088	22,526,454	172,615,570
Transfers	6,676,803	166,476,657	11,258,797	12,592,296	-	(185,745,754)	(11,258,799)	-
Disposals, net	-	-	(10)	(251,633)	(263,628)	-	-	(515,271)
Depreciation (Note 18)	(3,498,900)	(33,757,427)	(41,279,877)	(10,507,850)	(4,494,661)	-	-	(93,538,715)
Closing net book value	262,462,692	557,920,892	230,995,657	30,416,742	38,652,587	20,774,845	14,740,782	1,155,964,197
At 31 December 2011								
Cost	289,531,265	703,966,081	566,210,554	78,717,589	93,340,213	20,774,845	14,740,782	1,767,281,329
Less Accumulated depreciation	(27,068,573)	(146,045,189)	(335,214,897)	(48,300,847)	(54,687,626)	-	-	(611,317,132)
Net book value	262,462,692	557,920,892	230,995,657	30,416,742	38,652,587	20,774,845	14,740,782	1,155,964,197

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

	Land and land improvement Baht	Buildings and building improvement Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machinery under installation Baht	Total Baht
For the year ended								
31 December 2012								
Opening net book value	262,462,692	557,920,892	230,995,657	30,416,742	38,652,587	20,774,845	14,740,782	1,155,964,197
Additions	-	8,841,722	3,398,043	3,778,438	13,626,342	220,211,198	79,888,504	329,744,247
Transfers	-	-	23,570,765	-	-	-	(23,570,765)	-
Disposals, net	-	-	(159,312)	(9,955)	(3,948,925)	-	-	(4,118,192)
Depreciation (Note 18)	(2,909,343)	(35,143,014)	(40,678,699)	(10,350,860)	(4,639,641)	-	-	(93,721,557)
Closing net book value	259,553,349	531,619,600	217,126,454	23,834,365	43,690,363	240,986,043	71,058,521	1,387,868,695
At 31 December 2012								
Cost	289,531,265	712,807,803	583,336,652	80,130,365	97,597,710	240,986,043	71,058,521	2,075,448,359
<u>Less</u> Accumulated depreciation	(29,977,916)	(181,188,203)	(366,210,198)	(56,296,000)	(53,907,347)	-	-	(687,579,664)
Net book value	259,553,349	531,619,600	217,126,454	23,834,365	43,690,363	240,986,043	71,058,521	1,387,868,695

As at 31 December 2012, the gross carrying amounts of fully depreciated fixed assets that is still be in use is amounting to Baht 280.78 million (2011: Baht 270.69 million).

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

	2012 Baht	2011 Baht
Cost - capitalised finance lease	11,301,000	5,149,000
<u>Less</u> Accumulated depreciation	(1,327,005)	(327,315)
Net book value	9,973,995	4,821,685

11 Intangible assets, net

	Computer software Baht
At 1 January 2011	
Cost	25,413,569
<u>Less</u> Accumulated amortisation	(5,882,900)
Net book value	19,530,669
For the year ended 31 December 2011	
Opening net book value	19,530,669
Additions	2,876,302
Amortisation charge (Note 18)	(5,514,702)
Closing net book value	16,892,269
At 31 December 2011	
Cost	28,289,872
<u>Less</u> Accumulated amortisation	(11,397,603)
Net book value	16,892,269
For the year ended 31 December 2012	
Opening net book value	16,892,269
Additions	1,308,600
Amortisation charge (Note 18)	(5,843,707)
Closing net book value	12,357,162
At 31 December 2012	
Cost	29,598,471
<u>Less</u> Accumulated amortisation	(17,241,309)
Net book value	12,357,162

12 Short-term loans from financial institutions

	2012 Baht	2011 Baht
Short-terms loans from financial institutions	1,584,071,055	1,470,000,000
Trust receipts	1,007,828,290	42,468,464
Total	2,591,899,345	1,512,468,464

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

	2012	2011
Short-term loans from financial institutions	3.05% - 3.85%	1.80% - 3.85%
Trust receipts	3.05% - 3.51%	2.03% - 3.83%

As at 31 December 2012, the short-term loans from financial institutions were unsecured loans and due within January to March 2013 (2011: within January to June 2012). The Company has provided the Negative Pledge to the financial institutions.

13 Finance lease liabilities, net

	2012 Baht	2011 Baht
Liabilities due :		
Not later than 1 year	2,089,092	915,648
Later than 1 year but not later than 5 years	6,876,215	3,431,164
	8,965,307	4,346,812
Less Future finance charges on finance leases	(1,297,993)	(748,261)
Present value of finance lease liabilities	7,667,314	3,598,551

The present value of financial lease liabilities is as follows :

	2012 Baht	2011 Baht
Not later than 1 year	1,564,351	674,887
Later than 1 year but not later than 5 years	6,102,963	2,923,664
Present value of financial lease liabilities	7,667,314	3,598,551

14 Other payables

	2012 Baht	2011 Baht
Accrued expenses and other payables	125,415,731	35,875,777
Retention	14,987,222	7,808,984
Withholding tax payable	2,218,186	2,372,794
Accrued interest expenses	5,410,268	2,273,682
Total	148,031,407	48,331,237

15 Employee benefit obligations

	2012 Baht	2011 Baht
Statement of financial position		
- Retirement benefits	7,531,113	5,999,652
Profit or loss		
- Retirement benefits	1,531,461	1,299,503

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

	2012 Baht	2011 Baht
Opening balance	5,999,652	4,830,367
Current service cost	1,278,072	1,095,497
Interest cost	253,389	204,006
Benefits paid	-	(130,218)
Closing balance	7,531,113	5,999,652

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

	2012 Baht	2011 Baht
Current service cost	1,278,072	1,095,497
Interest cost	253,389	204,006
Total included in staff costs	1,531,461	1,299,503

Of the total charge, Baht 1,531,461 (2011: Baht 1,299,503) were included in administrative expenses.

The principal actuarial assumptions used were as follows :

	2012	2011
Discount rate	4.2% per annum	4.2% per annum
Future salary increase	3% per annum	3% per annum
Employee turnover rate	0% - 43% per annum	0% - 43% per annum

16 Share capital and premium on share capital

	Number of authorised shares	Issued and paid-up ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2011	434,500,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	-	-	-	-
At 31 December 2011	434,500,000	425,000,000	402,736,298	827,736,298
Issue of ordinary shares	-	3,625,577	8,918,919	12,544,496
At 31 December 2012	434,500,000	428,625,577	411,655,217	840,280,794

As at 31 December 2012, the total number of authorised ordinary shares were 434,500,000 shares with a par value of Baht 1 per share (2011: 434,500,000 shares with a par value of Baht 1 per share). The shares of 428,625,577 shares (2011: 425,000,000 shares) were issued and fully paid-up.

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

Warrants

At the Ordinary Shareholders' Meeting held on 27 March 2008, the shareholders approved to issue and sell of 5-year allocation plan of 8.5 million warrants to the Company's directors and management under Employee Stock Ownership Plan ('ESOP scheme'). The exercise price is at Baht 4.27 per share to purchase ordinary shares of the Company which 1 warrant has the right to purchase 1 ordinary share. The Company will adjust price and/or ratio to exercise warrants. The adjustment conditions will be designed by the President or the person authorised by the President when there are any occurrence of events as defined by the Notifications of the Securities and Exchange Commission relating to Application for an approval and Approval for the Offering of Warrants on Newly Issued Shares and Underlying Shares. The exercise price and ratio will be adjusted according to the above mentioned regulations if the dividend payment ratio is over 30% of net profit. The right to exercise starts from the 1st anniversary of the issuing date and can be exercised twice a year on 8 March and 8 September of each eligible year.

The exercise portion will be as the followings :

- 30% exercisable on the 1st anniversary of its issuing date
- 30% exercisable on the 2nd anniversary of its issuing date
- 40% exercisable on the 3rd anniversary of its issuing date

On 28 May 2008, the Company was granted from the Securities and Exchange Commission for issue of the warrants. The Company issued 8,500,000 warrants to the Company's directors and management on 1 July 2008. The exercise price is at Baht 4.27 per share at an offered price of Baht 0 per unit. The 5-year allocation plan warrants will be expired on 1 July 2013 which 1 warrant has the right to purchase 1 ordinary share.

Subsequently, at the Annual Ordinary Shareholders' Meetings, the shareholders approved for the payments of dividends. As a result of these dividend payments, it had affected the exercise price and exercise ratio of

warrants. The Company had to adjust exercise price and exercise ratio as per the warrants' terms and conditions. The new exercise price and exercise ratio are as follows :

- At the Ordinary Shareholders' Meeting held on 27 March 2009, the Company adjusted the new exercise price at Baht 3.87 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.1 ordinary shares.
- At the Ordinary Shareholders' Meeting held on 26 March 2010, the Company adjusted the new exercise price at Baht 3.68 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.16 ordinary shares.
- At the Ordinary Shareholders' Meeting held on 29 March 2011, the Company adjusted the new exercise price at Baht 3.52 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.21 ordinary shares.
- At the Ordinary Shareholders' Meeting held on 27 March 2012, the Company adjusted the new exercise price at Baht 3.46 per share, and the new exercise ratio which 1 warrant had the right to purchase 1.23 ordinary shares.

Movements of the warrants during the years were as follows :

	2012 Baht	2011 Baht
Opening balance	8,500,000	8,500,000
<u>Less</u> Exercised during the year	(2,947,625)	-
<u>Less</u> Expired	(276,250)	-
Closing balance	5,276,125	8,500,000

17 Other income

	2012 Baht	2011 Baht
Service income	36,958,143	23,728,172
Interest income	3,869,562	3,915,443
Gains of disposals of equipment	2,853,933	2,755,671
Income from insurance claims (Note 26)	41,903,611	-
Others	5,916,275	948,005
Total	91,501,524	31,347,291

18 Expenses by nature

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

	2012 Baht	2011 Baht
Staff costs	235,824,969	174,168,884
Depreciation on property, plant and equipment (Note 10)	93,721,557	93,538,715
Amortisation of intangible assets (Note 11)	5,843,707	5,514,702
Selling and marketing expenses	125,323,470	78,811,729
Professional and consultant fees	6,482,300	8,519,343
Rental expenses	12,294,720	12,294,720

19 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share is shown as below :

	2012	2011
Profit attributable to shareholders (Baht)	446,971,177	80,812,068
Weighted average number of ordinary shares in issue during the year (Shares)	426,099,560	425,000,000
Basic earnings per share (Baht)	1.05	0.19

Diluted earnings per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

Diluted earnings per share is shown as below :

	2012	2011
Profit attributable to shareholders (Baht)	446,971,177	80,812,068
Weighted average number of ordinary shares in issue (Basic)	426,099,560	425,000,000
Effect of conversion of warrants	3,845,763	3,864,050
Weighted average number of ordinary shares for diluted earnings per share (Shares)	429,945,323	428,864,050
Diluted earnings per share (Baht)	1.04	0.19

20 Dividends

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

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

21 Legal reserve

	2012 Baht	2011 Baht
Beginning balance	43,450,000	43,450,000
Appropriation during the year	-	-
Ending balance	43,450,000	43,450,000

Under the Public Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised capital. The legal reserve is non distributable.

22 Contingencies

Letters of guarantee

As at 31 December 2012, the Company had letters of guarantee of Baht 28.26 million (2011: Baht 46.30 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipate to be arisen.

Outstanding letters of credits

As at 31 December 2012, the Company had outstanding letters of credits amounting to Baht 101.23 million and US Dollars 3.08 million in relation to purchases of goods (2011: Baht 38.67 million and US Dollars 6.50 million).

23 Commitments

Operating leases

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

	2012 Baht	2011 Baht
Due within 1 year	6,700,840	12,296,920
Due over 1 year but less than 5 years	7,373,800	2,898,240
Total	14,074,640	15,195,160

Sales commitments

As at 31 December 2012, the Company had outstanding commitments relating to the sales of goods with a fixed selling price totalling Baht 53.92 million (2011: Baht 78.36 million).

Purchase commitments

As at 31 December 2012, the Company had outstanding commitments relating to the purchases of goods with a fixed buying price totalling Baht 101.23 million and US Dollars 3.08 million (2011: Baht 65.64 million and US Dollars 12.91 million).

Capital commitments

As at 31 December 2012, the Company had capital expenditure contracted but not yet recognised of Baht 23.57 million and US Dollars 0.81 million (2011: Baht 139.09 million).

24 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Major shareholders of the Company are members of Tarasarnsombat family.

The transactions with a related company, Metal Commerz Pte. Ltd., arose from purchasing of raw materials. Certain shareholders of the Company have significant holding in the shares of Metal Commerz Pte. Ltd.

A summary of significant transactions with related parties are as follows :

(a) Purchases and operating expenses

	2012 Baht	2011 Baht
Purchases of raw materials	103,902,557	41,529,250
Computer system service expenses	48,150	-
Land and building rental expenses	5,400,000	5,400,000

Purchases of raw materials from its related party are in the normal course of business and at prices approximating purchase from other third parties.

The Company has operating lease agreements of land and building at Rama III Road with the two directors. The lease agreements are for a period of 3 years from 2010 until 2013, at price according to the rental agreement at Baht 5.4 million per annum. In addition, one of the Company's directors allows the Company to use his land of approximately 2 rai which is the part of the land at Rama III Road, free of charge for the 3-year period until December 2013.

As at 31 December 2012 and 2011, the Company had no outstanding account payables to related parties.

(b) Directors and managements' remuneration

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

For the years ended 31 December	2012 Baht	2011 Baht
Short-term benefits	22,860,440	28,886,040
Post-employee benefits	688,849	567,099
	23,549,289	29,453,139

25 Segment information

The Company does not present segment information either by products or by geography. The Company's business operations are trading and including transform the structural steel, plates and sheets which are in the same product group and its products are domestic sales.

26 Other expenses

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

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

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

In October 2012, the Company received the compensation for insurance claims from flood of Baht 41,903,611 from the insurance company. The Company recognised such insurance claims as other income in the statement of comprehensive income for the year ended 31 December 2012.

27 Post statement of financial position event

At the Board of Directors' Meeting on 15 February 2013, it passed the following resolutions :

- to propose the dividends payment in respect of results of operations for the year 2012 of Baht 0.80 per share for 428,625,577 shares, totalling Baht 342.90 million;
- to propose the increase in the authorised share capital of the Company of 1,500,000 shares, from 434,500,000 ordinary shares to 436,000,000 ordinary shares of par Baht 1 each.

However, such resolutions will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2013.

Audit Fee

The Company paid the fee to audit firm for year 2010 - 1013 as the following :

Year	Audit fee (Baht)	Non-Audit fee (Baht)
2012	1,400,000	15,040
2011	1,400,000	14,380
2010	1,400,000	15,010

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

Name	C.P.A. No.	Audit Year	Total
Mr. Prasit Yuengsrikul	4174	2012	1 year
Mr. Vichien Khingmontri	3977	2007 - 2011	5 years
Miss Nangnoi Charoenthaveesub	3044	2003 - 2006	4 years

In this regard, The audit firm and those auditors have no relationship with or conflict of interest in Thai Metal Trade Public Company Limited, directors, executive directors, and the Company's major shareholders.



บริษัท ค้าเหล็กไทย จำกัด (มหาชน)
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