

รายงานประจำปี 2561  
ANNUAL REPORT 2018



**STEELABILITY** STRUCTURE OF  
INNOVATION

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



**STEELABILITY** STRUCTURE OF  
INNOVATION



OUR BELIEF 





# INNOVATION





PEOPLE



# SUSTAINABILITY





Chai Jroongtanapibarn  
Chairman of the Board

---



# Message from Chairman of the Board

## Business Outlook

Overall Thailand's economic growth in 2018 was approximately 4.1 percent, by the rise in the export of goods and service industries as well as an increase in both private and public investment. As a result, the total amount of steel consumption had increased about 4.8 percent with total consumption at 17.4 million metric tons. However, the global economy faced increasing challenges. Growth that seemed better at the beginning of the year had gradually weakened at the end of the year under highly volatile and uncertain circumstances. The geopolitical policy changes and trade barriers from the world's largest economy nations have affected the demand and supply of the global market that determined the various commodity prices to fluctuate. In particular, the average price of hot-rolled coil in global steel market had been continuously declined since the beginning of the year from the peak to the end of the year approximately 14.5 percent, so that impact to the steel business more or less in the previous year.

TMT faced difficulties and challenges from such situations, the impact of global steel prices with higher competition reflected a net profit of 406 million baht in 2018, softened from the previous year. However, with our potential and the business model that well understands the market, TMT has generated the revenue of 17,370 million baht, increased from the previous year 21 percent or equivalent to the total amount of steel 757,000 metric tons, proving that TMT has gained good responses from the market and customers with both product quality and service satisfaction.

In 2019, the global economy tends to be vulnerable and uncertain from various factors such as trade barriers that remain unclear, the change in monetary policy and the rising trend of the interest rate from many countries globally. As Thailand is a part of the world's economic ecosystem, TMT must, therefore, be cautious in operating the business well, managing the financial risks from any possible changes in interest rate, which may affect company's financial cost. TMT had a financial restructured in the past year by issuing debentures for a tenor of 3 years in the amount of 1,000 million baht to reduce the proportion of short-term loans from the financial institutions and fit to the investment plan with effective and competitive cost of funds. TMT has invested in expanding manufacturing capabilities and service facilities in order to support the growth to reach 1 million metric tons by 2020. The construction and installation of machinery according to the plan have progressed well, respectively.

## Innovation & Development

Disruptive technologies that change rapidly, TMT realizes the importance of using new technologies and innovations to increase efficiency and values both in the manufacturing process and managing system. Those undertakings have enabled the company to being a top leading steel service center and distributor to various industries in Thailand.

Regarding to the high quality of steel sheet, flatness is the most crucial. Recently, TMT has installed a new machine using the latest Stretcher Leveling technology to produce the excellent flatness of steel sheet with the brand **STAY FLAT**. To increase efficiency and quality of steel sheet after gone through subsequent manufacturing processes, such as laser or plasma cutting, punching and bending that definitely improves the value and opportunity for customer's business. We also apply an automation system to accelerate the work process in storing and moving products quickly and precisely.

Moreover, TMT has a plan to integrate the Robotics to some production processes in order to optimize the efficiency and safety of our employees. We also start a project using data management technology to synchronize many existing databases in various departments to analyze and understand the needs of the customers and improve internal working system to be more efficient and reduce redundant processes as well as accelerate speed and quality.

## Sustainability

The Board of Directors and the management have realized the significance of conducting the business to be successful and sustainable by taking all stakeholders into account. TMT adhere to good governance by endorsing efficient risk management and sufficient internal control systems as a business practice and guideline. In accordance to the sustainability policy, TMT aware of environmental and natural resources protection by operating solar roof project capable to generate 2.5 megawatts of electricity (for internal use only) that will be resulting in long-term energy savings as well as reducing carbon dioxide emissions. The Board of Directors, Executives and all TMT employees would like to express our thankfulness to all stakeholders for trust and confidence in TMT over the past period. We strive to the future with a vision of "Providing structure of your imagination" to cater to every customer's success. We aspire to provide the structure of success for every business and industry in Thailand.

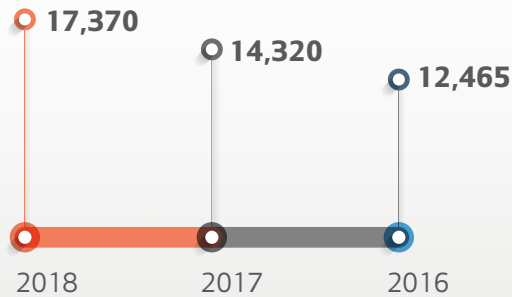


# Financial Highlights

As at 31 December 2018

## Sales Revenue

(Baht: million)



## Total Assets

(Baht: million)



## Net Profit

(Baht: million)



2018



2017



2016

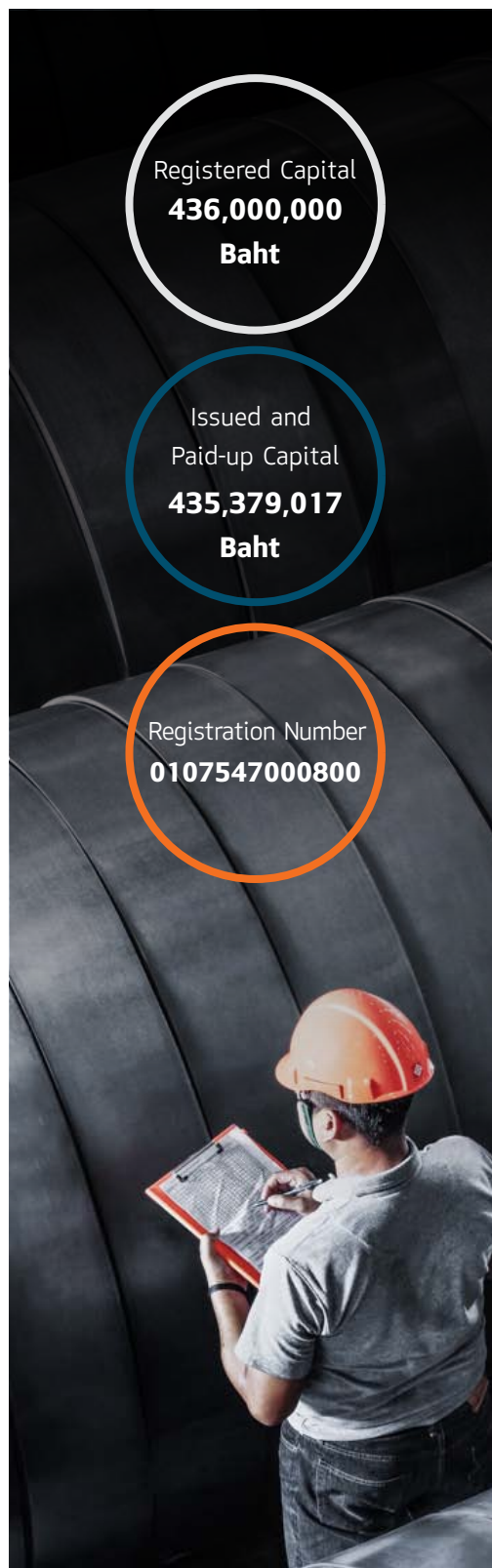
Summary	2018	2017	2016
Sales Revenue	17,370	14,320	12,465
Gross Profit	1,044	1,284	1,584
Net Profit	406	641	909
Total Assets	7,706	7,065	6,079
Total Liabilities	5,001	4,244	3,246
Total Shareholder's Equity	2,704	2,821	2,833
Paid-up Capital	435	435	435
<b>Financial Ratio</b>			
Gross Profit Margin	6.01%	8.97%	12.71%
Net Profit Margin	2.34%	4.48%	7.29%
Return on Assets (ROA)	5.27%	9.07%	14.95%
Return on Fixed Assets (ROFA)	15.69%	29.67%	50.74%
Return on Equity (ROE)	15.01%	22.72%	32.08%
Current Ratio	1.21	1.11	1.25
Debt to Equity Ratio	1.85	1.50	1.15
Collection period (Day)	54	56	53
Inventory turnover period (Day)	38	46	41
Book Value per share (Baht)	6.21	6.48	6.51

# Corporate Profile



## Thai Metal Trade Public Company Limited

<b>Stock Code</b>	: TMT
<b>Type of Business</b>	: Integrated Steel Service Center
<b>Head Office</b>	: 179 Bangkok City Tower 22 <sup>nd</sup> Floor, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Thailand Tel : 02 685 4000 Fax : 02 670 9090-2
<b>Rama III Plant and Distribution Center</b>	: 129, 131 Rama III Rd., Bangkholaem, Bangkok 10120
<b>Wangnoi Plant and Distribution Center</b>	: 332-333 Moo 5, Paholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
<b>Investor Relations</b>	: Tel : 02 685 4000 ext. 6002 E-mail : ir@thaimetaltrade.com
<b>Designated Directors as Shareholders' representative</b>	: Fax : 02 670 9093 E-mail : ind_dir@thaimetaltrade.com
<b>Homepage</b>	: www.thaimetaltrade.com
<b>References</b>	
<b>Share Registrar</b>	: Thailand Securities Depository Company Limited 93 SET Building, Ratchadaphisek Rd., Dindaeng, Bangkok 10400 Tel : 02 009 9999 Fax : 02 009 9991
<b>Auditor</b>	: PricewaterhouseCoopers ABAS Company Limited 179, 15 <sup>th</sup> Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : 02 344 1000 Fax : 02 286 5050
<b>Legal Consultant</b>	: Seri Manop and Doyle Company Limited 21 Soi Amnuaiwat, Suthisan Rd., Samsennok, Huaikhwang, Bangkok 10310 Tel : 02 693 2036 Fax : 02 693 4189



## Policy and Business overview

### “Providing Structure of your imagination”

This vision statement is what we believe in, and we strive every single day to live up to this commitment. To be different, we challenge ourselves at all times to come up with new creative ideas to provide better solutions to customers and to keep improving our business functions, in order to respond to the ever-changing demand.



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

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

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

TMT is operated based on a sophisticated management system which has proven to be capable, efficient and able to meet all requirements. In addition to these comprehensive facilities,

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

### Corporate goal

The Company aims to be one of the best and largest steel service center in Thailand as a total steel solution provider for customers. As being a part of customers' success, the Company will not only focus on deliver the quality steel products as customers' requirement, but also emphasize to develop and enhance the services to assist the customers in utilizing their capacity efficiently and effectively. As the goal, the Company plans to increase the sales by 10% at least 3 years as per 3-5 years investment plan. To reach this target, the Company has planned to invest in 3-5 years, starts from 2017, in order to build its capacity up to one million tons. Hereby, the Company has expanded the factory buildings and warehouse for additional 5 buildings and added more machinery together with automation system improvement. In addition, The Company has also continued its constructive people development by focusing on the staff's



competency, knowledge, skill and experience enhancement. These also aim to build a reliable professional mindset to provide the best solutions for customers and create the value of determination, reliability, challenging ideas and responsive actions through the way of thoughts and practices.

## History and Background

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

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

On September 1, 2004, TMT became a public company and listed company on the Stock Exchange of Thailand since February 18, 2005. This was a bold step forward to enhancing creditability, widening financial instruments and greater business opportunities, and reinforcing sustainable growth.

The Company's first plant and distribution center is located on Rama III Road, and the substantial investment of over One Billion Baht has been spent on a plot of 135 rai compound in Ayutthaya, to increase capacity of warehouse and production. Currently, the Company expands its investment up to a total area of 334 rai.

The Company's paid-up capital was Baht 435,379,017. We are now one of the Thailand's largest integrated steel solution provider whose business priority lies on increasing the value of our partnership with customers, rather than on mere product sales.

## Significant of changing and development, in 2018 as follows:

■ Constantly developing our products and services to meet customer's satisfaction, TMT is now, completed the

commissioning in Q4 of 2017, introducing our new product, STAY FLAT, using state-of-the-art stretcher leveling technology from USA. It's a new era of excellent flatness of steel sheet

- The project of new pipe machine was completed in the first quarter of 2018 providing additional pipe production's capacity 30,000 tons per annual.
- The new plant expansion project was completed for 3 buildings in 2018, totally 20,592 square meters and 9,240 square meters truck parking lot to support future business expansion.
- Completed the Solar Rooftop project on an area of 21,200 square meters, capable of producing 2.5 megawatts of electricity and reducing carbon dioxide emissions by 2,065 tons per annual
- Develop, design and launched the new website [www.thaimetaltrade.com](http://www.thaimetaltrade.com) which is modernized and ready to respond on various platforms such as smart phones which users can access the TMT website more conveniently.
- TMT was selected into 2018 ESG100 Company Universe for those who has an outstanding Environmental, Social and Governance performance.
- TMT has been certified standard of Carbon Footprint from Thailand Greenhouse Gas Management Organization (Public Organization) as to be a part of private organization to reduce the greenhouse gases emission from all activities directly or indirectly in order to utilize an effective power consumption and environmental protection. The Company also received the Carbon Footprint Certification Mark for black steel sheet, C-Channel, cold formed steel rectangular pipe and cold formed steel black steel pipe.
- Received the Outstanding Organization award in the promotion of labor skill development for the year 2018 for continuous development of employee's capability and competency.
- TMT achieved the Certificate from project "Standard Practices for Prevention and Problem Solving from Drugs in Corporate" which was implemented further from the "Drug Free Workplace (White Factory)" project. This project inspires and encourages the workers themselves to engage voluntarily in prevention and problem solving from drugs and establishes the sustainable drugs prevention surveillance.
- TMT received the CSR-DIW Continuous Award 2018 from Department of Industrial Work. The award and certificate were given to the Company that has developed and maintained the Corporate Social Responsibility activities continuously.

## Nature of Business

### Our Products & Services

The principal activity of the Company is to act as total steel solution provider. The Company places priority on serving the needs of customers and providing the type of product customers require through its management and warehousing system. The Company also delivers products at a pre-specified time and place. These activities comprise value-added for customers in terms of providing product variety, quality, optimal cost and convenience with professionalism and dependable expertise which are at the core of all TMT operations, and that is why we are proudly referred to as Thailand's one-stop integrated steel solution service. The Company's solution can be divided into categories, as follows:





## 01

### Steel Distribution Center

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

## 02

### Steel Processing

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

## 03

### Cold Forming Process

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

## 04

### Constantly Adding Value to Our Products

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



## Marketing and Competition

With a complex requirement of customer which is diverse as its industrial needs and variety of its business application, it creates a complicated need not only in pattern, quality, standard or utilization to meet their requirement, but also a need of services which can ensure a committed delivery, secured source of material and

valuable recommendation on alternatives of efficient material planning. In the mean time, this management should be synchronized and conformed to upstream material management in both local and foreign mills' constraints and conditions which are described as below:

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

The Company, as a full service center and distribution center, manages and serves the varying preferences of both mill and consumers to meet their requirement at the same time by placing orders to mills in a large volume, with some products maintained in its warehouse and others were reprocessed in order to provide

various products to customers in each industry. The Company assists its customers in saving time, reducing handling and storage costs and expenses by providing a product sourcing service. The Company also helps mills reduce transportation costs by delivering the products to each consumer directly.

## Sources of Supply

In 2018 the Company's products were from its production and procurement from other sources which were raw materials for use in its production and finished goods for sale, described as follows:

### The Production

The Company has factory and warehouse totally 15 buildings. In the year 2018, the company completely installed one cut to length line and one new pipe production line. Additionally, the existing machines were also revamped to increase their productivity; together with work process improvement to enhance more efficiency. Consequently, the total capacity of all machines is expanded to 918,300 tons per annual with the production utilization rate of 90.20%.

### Raw Material Sourcing

Hot Rolled Coil is the main raw material for the Company's production. The Company purchased Hot Rolled Coil from various domestic and foreign mills where the domestic sourcing was accounted to 69.16% and the import sourcing was 0.20% of total products purchasing amount in 2018.

### Products for Sale sourcing

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

#### 1. Hot Rolled Steel Section

The Company purchased Hot Rolled Steel Section products from various domestic mills, accounting to 20.15% of the 2018 total products purchase. These products are H or I Sections, Equal and Angle.

#### 2. Cold Forming Steel Section

Though the Company can produce some types of this Cold Forming Steel Section, TMT also purchase the others mostly are Pipes from various domestic manufacturers which accounted to 2.28% of the total products purchase in 2018.

#### 3. Hot Rolled Plate

This product type is not the production from Hot Rolled Coil or cannot be processed through the Company's production line. Therefore, the Company purchased from various domestic mills at 6.35% of total products purchase amount.

#### 4. Other Steel Products

As a Total Steel Solution Provider, TMT has to source and procure to serve the variety of customers' needs such as D Formed Bars, Steel Rods, Stainless Steel, Wire Mesh, etc., amounting 1.85% of the total products purchase in 2018.

# Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31 December 2016 to 2018 is as follows:

Product Category	2018		2017		2016	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
<b>Trading</b>						
1. Hot-Rolled Coil	315,624	1.81	289,314	2.01	137,843	1.10
2. Hot Formed Shape Steel	3,339,473	19.15	2,789,597	19.34	2,448,144	19.45
3. Steel Pipe and C-Channel	414,418	2.38	364,194	2.53	451,661	3.59
4. Sheet and Plate Steel	863,134	4.95	483,208	3.35	676,273	5.37
5. Others*	166,684	0.96	157,635	1.09	166,390	1.32
<b>Total</b>	<b>5,099,333</b>	<b>29.24</b>	<b>4,083,948</b>	<b>28.32</b>	<b>3,880,311</b>	<b>30.83</b>
<b>Processing</b>						
1. Steel Sheet (Cutting)	3,590,906	20.59	3,463,370	24.01	2,906,325	23.10
2. Steel Sheet (Shearing and Pressing)	2,993,346	17.17	2,653,378	18.40	2,510,093	19.95
3. Slit Coil	506,870	2.91	405,310	2.81	367,226	2.92
<b>Cold Formed Steel Processing</b>						
4. Steel Pipe	3,593,848	20.61	2,558,160	17.74	1,750,163	13.91
5. C-Channel	1,604,139	9.20	1,194,707	8.28	1,112,854	8.84
<b>Total</b>	<b>12,289,109</b>	<b>70.47</b>	<b>10,274,925</b>	<b>71.24</b>	<b>8,646,661</b>	<b>68.71</b>
Other Income **	49,915	0.29	63,393	0.44	57,188	0.45
<b>Total Revenue</b>	<b>17,438,357</b>	<b>100.00</b>	<b>14,422,266</b>	<b>100</b>	<b>12,584,161</b>	<b>100.00</b>

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

\*\* Such as processing service, delivery service and interest income





# 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 reliability on major steel producers

During 2018, the Company purchased hot-rolled coil from domestic manufacturers, local and foreign traders. Mainly, domestic purchase was from Sahaviriya Steel Industries Plc. and GJ Steel Plc. which accounted for a combined 62.13% of its total purchase, comparing with 60.37% in 2017. The import in year 2018 and 2017 were 0.20% and 1.00% of the total purchase respectively. Furthermore, in year 2018, the Company also purchased structural steel products from Siam Yamato Steel Co., Ltd., the largest structural steel producer in Thailand, accounting for 9.72% of the total purchase compared with 10.25% in 2017.

As there are only three domestic hot-rolled steel coil producers as well as an import restriction caused by the extending of an anti-dumping measure and the Department of Foreign Trade has imposed the Safeguard measure for imported Hot Rolled Alloyed Steel Products, there still may be a risk if these major domestic steel producers are unable to deliver their products to the Company as scheduled or the producer's operation is halted with any causes and if the Company is unable to provide substitute products or procure from alternative sources to fill its customers' orders.

However, 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 days to 60 days in advance by coordinating with its steel producers to share the information on customers' needs that might be easy for producers to fix the production planning. Moreover, the Company has maintained a close relationship with its producers and distributors both in local and global in order to secure and reserve the alternative material sources for the Company.

## 2. Risk associated with impacts from Anti-Dumping Measures

According to the Ministry of Commerce has extended the effectiveness of the anti-dumping duties on imports of hot-rolled steel from 19 countries and the Department of Foreign Trade has also imposed the safeguard measure on imported Hot Rolled Alloyed Steel Products, such measures led to a rise in the cost of imported hot-rolled coil (HRC) from such countries, an increase in the trading volume of HRC produced domestically, which may cause a shortage of supply in the future if the local domestic producers could not produce their products to respond the market needs.

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

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

In 2018 and 2017, the Company's main revenue stemmed from trading and processing HRC, accounted for 79.61% and 79.47% of total revenue respectively. The Company's total purchase of HRC from domestic producers was 99.71% and 98.53% of its total HRC purchased in 2018 and in 2017 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 fluctuating price impact by setting its selling prices at a level whereby it can maintain its spread margin. The Company closely monitors the steel price to evaluate the market trend and understand its situation which can support efficiently in marketing and purchasing strategic planning as well as its effective inventory management.

#### 4. Risk associated with Accounts Receivable

As at 31 December 2018, the Company had accounts receivable in the amount of Baht 2,684.28 million representing 15.45% of total sales, the average collection period was 54 days, while accounts receivable which was not due was Baht 1,904.18 million representing 70.94% of net accounts receivable. Hence, the Company may encounter a delinquency risk in the event that 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 definitely, even if does not exceed 180 days, the Company will also set aside provisions for such doubtful debt. The Company focuses on providing credit which was considered by Credit Committee to grant a credit line for its own customers and allows for a credit extension for customers with a good credit history and long-term relationship. In the case of new customers, customers in high-risk industries or who place unusually large purchase orders, the Company will request a bank guarantee, aval or letter of credit. The Company also has a diversified revenue base and a large number of customers without having to rely on any one specific customer group. Risk is also minimised as no large proportion of credit is provided to any one sector or industry.

#### 5. Risk associated with interest rates

As at 31 December 2018, the Company's liabilities were short-term loans from financial institutions totaling Baht 3,567.73 million representing 71.34% 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 loan tenors was usually longer than the aging 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 2018 was equaled to 0.59% of total sales revenue while in year 2017 was 0.45%. The interest coverage ratio was 5.46 times in year 2018 while in year 2017 was 13.43 times when compared with earning before interest and tax.

#### 6. Risk associated with exchange rate

For the fiscal year 2018 and 2017, the Company's total imports are in US dollar terms accounted for 0.20% and 1.00% 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 and cannot be predicted in advance. As the flood situation in 2011, the Company had been affected to its manufacturing operations and transportation of Wangnoi plant which made the operation halted for a month. The Company has insured all risks including risks from flood which effected to inventory, buildings and machines with limited coverage of flood disaster. However, the Company has completely set up an action plan and preventive system to prevent a future disaster by making permanent and mobile concrete dikes around the plant area and each factory building together with centralized drainage system and necessary equipments to prevent water leak into the factory. Additionally, the Company will also conduct the preventive plan to cover this risk for any new expansion project in the near future.

# Shareholders Structure / Dividend Policy

The Top 10 Shareholders of the Company as of March 9, 2018\*

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	117,700,000	27.03
2	Mr. Chamnan Tarasansombat	56,556,000	12.99
3	Ms. Patitta Tarasansombat	35,333,700	8.12
4	Mr. Komsan Tarasansombat	33,000,075	7.58
5	Mrs. Pornjit Tarasansombat	32,000,000	7.35
6	Mr. Paisal Tarasansombat	31,174,700	7.16
7	Mrs. Panlapa Tarasansombat	17,750,500	4.08
8	THAI NVDR COMPANY LIMITED	6,642,900	1.53
9	CREDIT SUISSE AG, SINGAPORE BRANCH	6,000,000	1.38
10	Mr. Thongchai Srisan	4,700,000	1.08
11	Other Shareholders	94,521,142	21.71
	<b>Total</b>	<b>435,379,017</b>	<b>100.00</b>

Source : Thailand Securities Depository Company Limited

\* Record date for the rights to attend the Annual General Meeting of Shareholders for the year 2018

## Dividend Policy

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

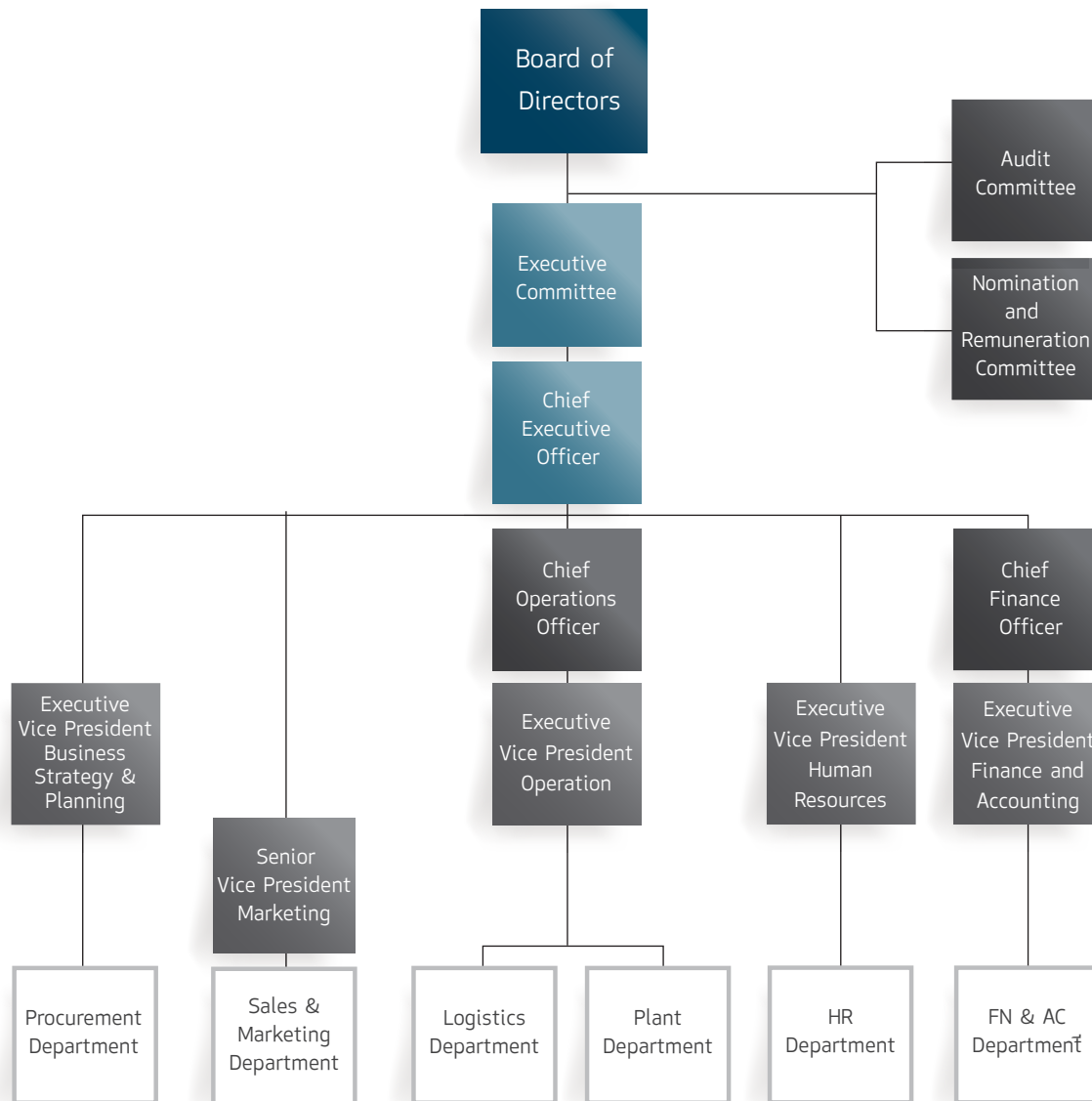
History of Dividend payment last 5 years as follows.

Performance Year	Net Profit (Baht)	Net Profit per share (Baht)	Dividend per share (Baht)	Dividend Yield	Total Dividend Payment (Baht)**	Dividend Payout ratio (%)
2017	641,038,206	1.47	1.20	7.10%	522,454,820.40	81.50%
2016	908,949,758	2.09	1.50	8.29%	653,068,525.50	71.85%
2015	320,632,886	0.74	0.65	6.91%	282,996,361.05	88.26%
2014	334,380,090	0.77	0.65	6.13%	282,996,361.05	84.63%
2013	440,314,413	1.02	0.80	7.02%	348,303,213.60	79.10%

\*\* Calculated from the number of paid-up shares multiplied by dividend per share.

# Management Structure

Organization Chart as of December 31, 2018



## Board of Directors

As of December 31, 2018, the Board of Directors consisted of seven members as follows:

	Name		Position
1.	Mr. Chai	Jroongtanapibarn	Chairman of the Board and Independent Director
2.	Mr. Soon	Tarasansombat	Director
3.	Mr. Paisal	Tarasansombat	Director
4.	Mr. Komsan	Tarasansombat	Director
5.	Mr. Somjate	Tretarnthip	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 Tretarathip

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.

### Scope, Duties, and Responsibilities of the Chairman of the Board

1. The Chairman of the Board has scope, duties and responsibilities as a Director
2. Encourage the Board of Directors to work with their utmost ability.

3. Supervise and follow up the work of the Board of Directors and other sub-committees to ensure that work objectives are reached.
4. Call the Board meeting and/or Shareholders' meeting.
5. Conduct as a Chairman in Board of Directors meeting and/or the Shareholders' meeting.
6. Encourage all directors and / or shareholders to participate in the meeting. Provide the opportunity for participants to comment or express the idea independently and creatively and Conduct the meeting to be done successfully as its objectives.
7. Cast a decisive vote in Board meetings and/or the Annual general meeting of shareholder in case of equal votes of both sides.

**Approval Authorization of the Board of Directors in compliance to the charter including the following matters.**

1. Approve the annual revenue and expenditure budget.
2. Approve the annual budget for any projects that exceeding the approval limit of the Executive Committee.
3. Approve the budget for short term and long term investment that exceeding the approval limit of the Executive Committee.
4. Approve the financing sources for short term and long term that exceeding the approval limit of the Executive Committee.
5. Approve the cancellation of all or part of the budget that exceeding the approval limit of the Executive Committee.
6. Approved the connected transaction according to the size of transaction which is required by law.
7. Approve meeting agenda items to be proposed to the shareholders meeting for approval.



The Board's Meeting: In year 2018, The Board's meeting held a total of FORMTEXT six meetings with directors' attendance as detailed below:

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

**Executive Committee**

As of December 31, 2018, the Executive Committee consisted of three members as follows:

Name	Position
1. Mr. Paisal Tarasansombat	Chief of Executive Board
2. Mr. Komsan Tarasansombat	Executive Director
3. Mr. Somjate Tretarathip	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 1,000 Million per transaction;
3. To approve the investment expense which is not in the approved annual budget, and not exceeding Baht 50 Million;
4. To approve the expenses for investment as annual budget as approved by the Board of directors or in accordance with the approved principle by the Board of Directors;
5. To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operation matters;
6. To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;
7. To control the operation and/or daily management of the Company.

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

## Audit Committee

As of December 31, 2018, 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 or terminate 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 2018, 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	4 / 4
2. Mrs. Ratanavalee Gorsanan	Audit Committee	4 / 4
3. Mr. Anake Pinvanichkul	Audit Committee	4 / 4

## Nomination and Remuneration Committee

As of December 31, 2018, the Nomination and Remuneration Committee consisted of five members as follows :

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

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

- To set the policy, criteria, and method of remuneration payment and nomination process for the Board of directors, Sub-Committee and Chief Executive Officer;
- 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;
- 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;
- To review the appropriateness of the current remuneration and nomination criteria;
- To perform any duties as designated by the Board.

Nomination and Remuneration Committee's Meeting: In year 2018, Nomination and Remuneration Committee's meeting held a total of two meeting with the committee's attendance as detailed below:

Name	Position	No. of Attendance / No. of Meeting (times)
1. Mr. Soon Tarasansombat	Chairman of the Nomination and Remuneration Committee	2 / 2
2. Mr. Chai Jroongtanapibarn	Nomination and Remuneration	2 / 2
3. Mrs. Ratanavalee Gorsanan	Nomination and Remuneration	2 / 2
4. Mr. Anake Pinvanichkul	Nomination and Remuneration	2 / 2
5. Mr. Somjate Tretarathip	Nomination and Remuneration	2 / 2



## Management Team

As of December 31, 2018, 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 - Business Strategy & Planning
5.	Mr. Komsan Tarasansombat	Executive Vice President - Operations
6.	Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources

## Scope, Duties, and Responsibilities of Chief Executive Officer

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

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

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

## Corporate Secretary

As of December 31, 2018

	Name	Position
	Mr. Somjate Tretarnthip	Corporate Secretary

## Scope, Duties, and Responsibilities of the Corporate Secretary

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

## Remuneration of directors and management

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

### 1. The Board and Other Sub-committee Remuneration

The annual general meeting of shareholders on April 5, 2018 approved the directors' remuneration for Baht 6,000,000 per annum and bonus for the Board Baht 4,800,000. These remuneration and bonus were considered and allocated to 7 directors by the Nomination and Remuneration Committee as below details:

Name	Position	Directors Allowance (Baht)	Meeting Allowance (Baht)	Bonus from 2017 operating results (Baht)	Total (Baht)
1. Mr. Chai Jroongtanapibarn	Chairman of the Board, Chairman of the Audit Committee and Nomination and Remuneration Committee	1,160,000	40,000	819,000	2,019,000
2. Mr. Soon Tarasansombat	Director and Chairman of Nomination and Remuneration Committee	850,000	40,000	671,000	1,561,000
3. Mr. Paisal Tarasansombat	Director	670,000	40,000	656,000	1,366,000
4. Mr. Komsan Tarasansombat	Director	670,000	40,000	656,000	1,366,000
5. Mr. Somjate Tretarnthip	Director and Nomination and Remuneration Committee	670,000	40,000	656,000	1,366,000
6. Mrs. Ratanavalee Gorsanan	Director, Audit Committee and Nomination and Remuneration Committee	850,000	40,000	671,000	1,561,000
7. Mr. Anake Pinvanichkul	Director, Audit Committee and Nomination and Remuneration Committee	850,000	40,000	671,000	1,561,000
<b>Total</b>		<b>5,720,000</b>	<b>280,000</b>	<b>4,800,000</b>	<b>10,800,000</b>

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

### 2. The Executive Committee and Management Remuneration

In year 2018, the Company paid out the remuneration for 3 executive committees and 6 managements in term of salary, pension fund and bonus, totaling Baht 41,951,500

# Board of Directors and Executives

## Mr. Chai Jroongtanapibarn

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

Age : 64 years

### Education:

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

### Training for Director course of IOD :

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

### Family Relationship between directors and management :

- None

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

- 522,750 shares or 0.12%

### Experience (5 years past) :

- Nov 18 - Present Chairman of the Board and Independent Director / Veranda Resort Plc. / Hotel business
- May 15 - Present Chairman of the Board, Chairman of 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
- 2006 - Present Audit Committee / Oishi Group Plc. / Food and Beverage business
- 2003 - Present Director / Siam Future Development / Shopping Center
- 2002 - Present Chairman of Audit Committee / Major Cineplex Group Plc. / Cinema and Bowling
- 2000 - Present Chairman of Audit Committee / Team Precision Plc. / Electronics Board
- Aug 10 - Apr 15 Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center

### Illegal record in the past 10 years :

- None

## Mr. Soon Tarasansombat

Director, Chairman of Nomination and Remuneration Committee

Age : 77 years

### Education:

- Mattayom 6

### Training for Director course of IOD :

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

### Family Relationship between directors and management :

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

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

- 149,700,000 shares or 34.38%<sup>(1)</sup>

### Experience (5 years past) :

- May 15 - Present Director and Chairman of Nomination and Remuneration Committee / Thai Metal Trade Plc. / Steel Service Center
- 1986 - Present Director / Soon Huat Steel Co.,Ltd. / Property Lessor
- 2004 - Apr 15 Chairman of the Board / Thai Metal Trade Plc. / Steel Service Center

### Illegal record in the past 10 years :

- None

## Mr. Paisal Tarasansombat

Director, Chief of Executive Board  
and Chief Executive Officer

Age : 53 years

### Education:

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

### Training for Director course of IOD :

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

### Family Relationship between directors and management :

- Son of Mr. Soon Tarasansombat, brother of Mr. Komsan Tarasansombat and spouse of Mrs. Panlapa Tarasansombat

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

- 49,925,200 shares or 11.47%<sup>(2)</sup>

### Experience (5 years past) :

- Jun 18 - Present Independent Director, Audit Committee and Nomination and Remuneration Committee / U City Plc. / Investment and Property Development
- Apr 15 - Present Director / Thai Listed Companies Association / Independent nonprofit organization
- Jun 14 - Present Chairman of Audit Committee and Independent Director / Master Ad Plc. / Outdoor Advertising
- Mar 11 - Present Director, Chief of Executive Board 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

### Illegal record in the past 10 years :

- None

## Mr. Komsan Tarasansombat

Director, Executive Director and  
Executive Vice President - Operations

Age : 50 years

### Education:

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

### Training for Director course of IOD :

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

### Training for Director course of TLCA :

- Executive Development Program (EDP) : Class 14/2014

### Family Relationship between directors and management :

- Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat

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

- 35,500,075 shares or 8.15%<sup>(3)</sup>

### Experience (5 years past) :

- Oct 17 - Present Director / Combine Asset Co., Ltd. / Property Lessor
- Mar 11 - Present Director, Executive Director and Executive Vice President - Operations / Thai Metal Trade Plc. / Steel Service Center

### Illegal record in the past 10 years :

- None



## Mr. Somjate Tretarnthip

Director, Nomination and Remuneration Committee,  
Executive Director, Chief Finance Officer and  
Corporate Secretary

Age : 54 years

### Education:

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

### Training for Director course of IOD :

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

### Family Relationship between directors and management :

None

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

- 2,000,000 shares or 0.46%

### Experience (5 years past) :

- Mar 11 - Present Director, Nomination and Remuneration Committee, Executive Director, Chief Finance Officer and Corporate Secretary / Thai Metal Trade Plc. / Steel Service Center
- 2004 - Present Director / CONNEX Business Online Co.,Ltd. / Software Solution

### Illegal record in the past 10 years :

- None

## Mrs. Ratanavalee Gorsanan

Audit Committee,  
Nomination and Remuneration Committee and  
Independent director

Age : 54 years

### Education:

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

### Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 21/2004

### Family Relationship between directors and management :

- None

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

- 272,000 shares or 0.06%

### Experience (5 years past) :

- Apr 17 - Present Finance, Compliance and IT Director / Central Watson Co., Ltd. / Retailer of health and beauty products
- Aug 10 - Present Audit Committee, Nomination and Remuneration Committee and Independent Director / Thai Metal Trade Plc. / Steel Service Center
- Feb 12 - Mar 17 Finance Director / Central Watson Co., Ltd. / Retailer of health and beauty products

### Illegal record in the past 10 years :

- None

## Mr. Anake Pinvanichkul

Audit Committee, Nomination and  
Remuneration Committee and Independent director

Age : 54 years

### Education:

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

### Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 23/2004

### Family Relationship between directors and management :

- None

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

- 272,000 shares or 0.06%

### Experience (5 years past) :

- Mar 13 - Present Director / Nadmon Business and Consultant Co., Ltd. / Restaurant Business
- Aug 10 - Present Audit Committee, Nomination and Remuneration Committee and Independent Director/ Thai Metal Trade Plc. / Steel Service Center

### Illegal record in the past 10 years :

- None

## Mr. Prawas Sontawakul

Chief Operations Officer

Age : 60 years

### Education:

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

### Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 12/2004

### Family Relationship between directors and management :

- None

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

- None

### Experience (5 years past) :

- Mar 11 - Present Chief Operations Officer / Thai Metal Trade Plc. / Steel Service Center
- Nov 12 - Nov 17 Director / Eco Living Co.,Ltd. / Home Building

### Illegal record in the past 10 years :

- None

## Mrs. Panlapa Tarasansombat

Executive Vice President  
- Human Resources

Age : 51 years

### Education:

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

### Training for Director course of IOD :

- None

### Family Relationship between directors and management :

- Spouse of Mr. Paisal Tarasansombat

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

- 49,925,200 shares or 11.47%<sup>(4)</sup>

### Experience (5 years past) :

- Aug 09 - Present Executive Vice President-Human Resources / Thai Metal Trade Plc. / Steel Service Center

### Illegal record in the past 10 years :

- None

## Ms. Petrung Maesincee

Executive Vice President  
- Business Strategy & Planning

Age : 53 years

### Education:

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

### Training for Director course of IOD :

- None

### Family Relationship between directors and management :

- None

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

- 1,515,900 shares or 0.35%

### Experience (5 years past) :

- Feb 17 - Present Executive Vice President - Business Strategy & Planning / Thai Metal Trade Plc. / Steel Service Center
- Aug 09 - Jan 17 Executive Vice President - Marketing / Thai Metal Trade Plc. / Steel Service Center

### Illegal record in the past 10 years :

- None

### Remarks :

<sup>(1)</sup> Mr. Soon Tarasansombat holds the Company's share of total 117,700,000 shares, which equivalent to 27.03 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold of total 32,000,000 shares, which equivalent to 7.35 percent of its total issued and paid up shares.

<sup>(2)</sup> Mr. Paisal Tarasansombat holds the Company's share of total 31,174,700 shares, which equivalent to 7.16 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 17,750,500 shares, which equivalent to 4.08 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 1,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

<sup>(3)</sup> Mr. Komsan Tarasansombat holds the Company's share of total 33,000,075 shares, which equivalent to 7.58 percent of its total issued and paid up shares, Mrs. Wimol Tarasansombat, his spouse, hold of total 1,500,000 shares, which equivalent to 0.34 percent of its total issued and paid up shares, and Mr. Chanon Tarasansombat, the child is underage, holds of total 1,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

<sup>(4)</sup> Mrs. Panlapa Tarasansombat holds the Company's share of total 17,750,500 shares, which equivalent to 4.08 percent of its total issued and paid up shares, Mr. Paisal Tarasansombat, her spouse, holds of total 31,174,700 shares, which equivalent to 7.16 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 1,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

In this regards, the number of shares and percentage of shareholding of all directors and executives are as of March 9, 2018, the latest Record Date.

# Report on Good Corporate Governance

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

## Chapter 1 : Rights of shareholders

### 1. Rights to appoint the Board of Directors

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

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

Furthermore, prior to the meeting date, one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its total issued and paid up shares has the rights to nominate candidates to be elected as the Company's directors in advance according to date, time, and criteria disclosed by the Company via SET's channel and the Company's website. And, this year 2018, no shareholder nominated candidate as said.

In the 2018 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 2018 shareholder's

meeting which indicated date, time, place, agenda, opinion of the Board, and supporting documents to all shareholders at least 21 days prior to the meeting date, and also such all relevant information will be posted on the Company's website at [www.thaimetaltrade.com](http://www.thaimetaltrade.com) at least 30 days prior to the meeting date to support all shareholders, including institutional investors, to attend the meeting and shareholders will have adequate time to study on each agenda thoroughly. In this regards, the meeting agenda and supporting documents as said were provided based on transparent and sufficient information for shareholders to make their best decision.

- 2.2 The Company provided the opportunity to shareholders who are unable to attend the meeting for exercising their rights by appointing other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the Company as their proxy. The Company therefore facilitates all shareholders by attaching proxy along with the notice of the meeting.
- 2.3 The Company also published such notice of the meeting in the public daily newspaper for 3 consecutive days and not less than 3 days prior to the meeting date in order to provide multi-channel for receiving information.
- 2.4 The Company provided the best effort to accommodate the most convenience for shareholders in term of the meeting place which the head office of the Company is situated and adjacent to the main public transportation and prepares any supplemental facility such as barcode system , adequate registration desk, spare notice of the meeting for those who do not bring such document, ballot card and staff members available for collecting the ballot card, wireless microphone in order to provide shareholders opportunities to question and presentation of each agenda etc.
- 2.5 At beginning of the meeting, the Company explained how to execute the shareholder's voting rights on each agenda, and announced the number of shareholders attending the meeting together with total shares which are entitled to vote.
- 2.6 The Company invited an independent legal advisor to attend the meeting in order to observe and verify the voting procedure on each agenda.
- 2.7 The Board of Directors gave an opportunity for shareholders to raise any questions and suggestions on each agenda and took as responsibility to clarify for those questions.



2.8 The Company published the minute and resolution of the shareholders' meeting via SET's channel and the Company's website within 14 days after the meeting so as to accurately provide the information for shareholders who attended or did not attend the meeting as well as other investors.

2.9 The Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the executive committee has recognized the importance of attending the meeting and deemed it as important duty and responsibility to proceed. Therefore the 2018 Annual General Meeting of Shareholders dated April 5, 2018, 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 2018 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2017 operating results at the rate of Baht 1.20 (One Baht and twenty satang) or 81.50% 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 2018, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2018. 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, can exercise as said. And, in 2018, 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 2018, the Company achieved in-house training courses as targeted at TMT Knowledge center. The Company also allocated the sufficient budget for all training, in summary; both in-house and external training courses total is 233 courses, and the number of

employee joined the training average 30 hours per person.

- 2.2 The Company has regularly organized the activities 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 the activities to promote Thai culture in Songkran Festival Day, Makha Bucha Day and to make merit altogether the management and staff for New Year Day. Furthermore, the Company also encouraged the staff to participate in dialogue activity to share their information, comments and knowledge among each other as well as how to establish a better living with work-life balance and avoid the risks from drugs, The "TMT Run for Determination 2018" was also another activity to promote the core value of Determination not only for the business but also the social responsibility by donating all the income from this activity to Wangnoi Hospital. As always, "TMT Day" is organized every year to thank you all staff for what they have contributed to the Company for the past whole year.
- 2.3 The Company supports employees' welfare by setting a welfare committee which comprised of elected-staff to explore and share their opinions or comments from every levels which will benefit and facilitate properly to their jobs. All the requests, complaints and suggestions will be delivered and considered by the related authorized persons to ensure that they will be treated properly and fairly. In the year 2018, the Company has launched many welfare projects such as providing scholarships for TMT employees' children, "TMT Market", a market place for community and local supplier, where the staff and producers can buy or sell a good quality at reasonable price products and help disabilities people in selling their products without any cost.
- 2.4 The Company has an employee benefits policy for short term and long term. The short term benefits are considered according to the employment conditions, competency and job responsibility comparing fairly and properly with the operating result and other companies in the same industry. By the way, the provident fund is also provided as a long term benefits. In the year 2018, the Company approved to increase the provident fund rate for the employer's portion into the employees' provident fund according to the service years of employees and revoked the ineligible employee's provident fund membership of whom had already redeemed its fund in the past can re-apply for a new membership.

- 2.5 The Company has set up the Safety, Health and Working Environment 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. The objective is to be a leader in safety production process by decreasing an accident to zero, and having none in operation finally. In 2018 the Company supported the activities such as Safety Week and Behavior Based Safety (BBS) project which emphasizes to groom the basic safety-sense behavior for employees.
- 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 from doing any faults related to technology, copy rights and the Company's working regulation.

### 3. Trading Partners

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

### 4. Shareholders

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

### 5. Creditors

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

### 6. Independent auditors

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

### 7. Competitors

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

### 8. Community, Society, and Environment

- 8.1 The company has operated its business by mainly emphasizing on community, social and environmental care and strictly following the environmental laws and regulations. Therefore, the Company has set a Corporate Social Responsibility policy and Environmental policy which all the employees are communicated and acknowledged as the guideline for their general practices. The both policies are also published on the company's website and introduced in the employee orientation course.
- 8.2 The company has supported and promoted the employee to take part in natural resource's preservation and energy saving, including avoiding any action that may cause environmental pollution both in work time and daily life. In 2018, the Company completed the Solar Rooftop project on an area of 21,200 square meters, capable of producing 2.5 megawatts of electricity and reducing carbon dioxide emissions by 2,065 tons per annual.
- 8.3 The company has collaborated and promoted the activities with governmental sector, sub-district administration organization or other non-profit organizations as it deems appropriate.

## 9. Government Sector

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

### Actions on the good governance guideline

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

## Chapter 4 : Disclosure and Transparency

1. The Board of Directors has monitored for disclosure the significant information related to the Company's financial information and non-financial information in accordance with the regulations of SEC and SET and other relating notification with precisely, completely, on-time, and transparently for the equity of investors and stakeholders through various channel and procedure such as SET's channel, the Annual Registration Statement, Annual Report, and the Company's website. The Company also appointed the corporate secretary to take a duty and responsibility to provide and preserve such information as said.
2. In 2018, the analyst meeting is convened regularly at the Company's head office on a quarterly basis to announce the Company's operating results and financial status on the day after disclosure of financial statement to SET.
3. The Company's financial statement is audited and reviewed by a certified public accountant from PricewaterhouseCoopers ABAS Company Limited who is independent, specialized and skillful, and is certified by Securities and Exchange Commission

Thailand. The Audit Committee was reported by such auditor that they were independent, no difficulties and no disagreements with management while they were conducting a review or audit. The Company has disclosed the audit and other fee in the annual report. Furthermore, the Audit Committee also appointed EY Corporate Services Limited 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](mailto:ir@thaimetaltrade.com)

## Changes in the Shareholding of the Board and Executive

In 2018, the Board of Directors and Executives has changes in the Shareholding as follows;

Name	Position	Share as of		Changes increase/ (decrease)
		1 Jan. 18	31 Dec.18	
1. Mr. Chai	Jroongtanapibarn Chairman of the Board, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent director	522,750	522,750	-
2. Mr. Soon	Tarasansombat Director and Chairman of Nomination and Remuneration Committee	117,700,000	97,750,000	(19,950,000)
3. Mr. Paisal	Tarasansombat Director, Chief of Executive Board and Chief Executive Officer	37,174,700	57,174,700	20,000,000
4. Mr. Komsan	Tarasansombat Director, Executive Director and Executive Vice President - Operations	33,000,075	33,000,075	-
5. Mr. Somjate	Tretarnthip Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	2,000,000	2,000,000	-
6. Mrs. Ratanavalee	Gorsanan Audit Committee, Nomination and Remuneration Committee and Independent director	272,000	272,000	-
7. Mr. Anake	Pinvanichkul Audit Committee, Nomination and Remuneration Committee and Independent director	272,000	272,000	-
8. Mr. Prawas	Sontawakul Chief Operations Officer	-	-	-
9. Ms. Petrung	Measincee Executive Vice President - Business Strategy & Planning	1,515,900	1,515,900	-
10. Mrs. Panlapa	Tarasansombat Executive Vice President - Human Resources	17,750,500	17,810,500	60,000

## Chapter 5 : The Board's responsibilities

### 1. The Board's structure

#### 1.1 The Board of Director

- The Board of Directors has established the board diversity policy which the board should be comprised of appropriate diversity of necessary skills, experience and particular expertise without any discrimination of gender, race, religion or age in order to combine and enhance the various capabilities for the best benefit of the Company and establish the sustainability development for the Company.
- At the end of year 2018, the Board of Directors has its quorum of 7 persons comprised of 3 independent directors, 3 executive directors and 1 director who is

not in management position. The Chairman of the Board is independent director. In this regard, such proportion is well counterbalance in the Board and complies with laws. 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 2018, 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 2018, the Nomination and Remuneration Committee who was appointed by the Board of Directors has its quorum of 5 persons; consisted of 3 independent directors, 1 chairman who is not in management position 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 2018, The Company convened the Board of Directors meeting totally for 6 meetings and the Audit Committee's meeting totally for 4 meetings and the meetings were convened in every quarter as usual agendas and the others meetings were convened to follow up or review the business direction and the progress of approved projects as well as to review the Company's vision, strategy and risks of the business circumstance and may call for the additional meetings as it deems necessary according to the schedule that was planned and committed in advance since the November of 2017 as follows;



NO	The Board's Meeting	The Audit Committee's Meeting	The Nomination and Remuneration Committee's Meeting
1	19 February 2018	19 February 2018	19 February 2018
2	10 May 2018	10 May 2018	9 November 2018
3	9 August 2018	9 August 2018	
4	26 September 2018	9 November 2018	
5	9 November 2018		
6	19 December 2018		

- 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.
- The Board of Directors has set the policy of minimum quorum in the charter that the quorum for voting must be at least two-thirds of the total directors.

#### 5. Director and Management Nomination and Appointment

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

##### Nomination of New Director or Management

- Qualification must be complied with the related laws & regulations and Company's Articles of Association.
- Qualified with the professional Skill, Knowledge and experience in various duties which are suitable for the benefit of the Company.

- Consider the potential conflicts of interest or any other business conflicts. Other capabilities, skill and qualification that are necessary and suitable for conducting and leading the strategy to achieve the mission of the Company.
- Qualified with good moral and ethics.

##### Independent Directors

- Proportion of independent director in the board must be in compliance with the criteria set forth by the Securities and Exchange Commission (SEC)
- Qualified in compliance with the definition and qualification of independent director 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)

##### Nomination of Directors or Management (Existing)

- Past performance of the Directors or Management
- Comments and recommendations that are useful and benefit to the Company
- Time and ability contribution for the Company development.
- Participation in the meeting and other important activities
- Qualified with good moral and ethics.

#### 6. Director and Management Orientation and Training

In case that new director is appointed, and has never been in the position of any committee or executive of the Company before, said director will be oriented by a top management or the corporate secretary for his or her acknowledgement of related code and conduct, corporate profile, nature of business, good corporate governance policy, business ethics, and other

important information of the Company. Besides, the Company promotes and supports all directors and executives to obtain

any skill or knowledge enhancement courses. In 2018, Directors have attended the Seminar or Training as follows;

Name	Position	Course	Institute
1. Mr. Paisal Tarasansombat	Director, Chief of Executive Board and Chief Executive Officer	■ Stretcher Levelers Technology	Red Bud Industries, USA
		■ TDRI EIS Briefing on Geopolitics & Trade Wars	TDRI
		■ TLCA Leadership Development Program (LDP)	TLCA
		■ Business Revolution and Innovation Network (BRAIN2)	The Federation of Thai Industries
		■ People strategy is business strategy	Human Capital Management (HCM Club)
		■ Saving and provident fund policy	BCAP
		■ How will the Thai Economy Perform Amidst Emerging Market Crisis & Trade War?	TDRI
2. Mr. Komsan Tarasansombat	Director, Executive Director and Executive Vice President - Operations	■ Stretcher Levelers	Red Bud Industries, USA
		■ ISO 45001:2018 Standard	Chayanin Consultant Co.,Ltd.
3. Mr. Somjate Tretarnthip	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	■ IT Future for Capital Market 2/2561	SET
		■ Saving and provident fund policy	BCAP
4. Mr. Prawas Sontawakul	Chief Operations Officer	■ Stretcher Levelers	Red Bud Industries, USA
		■ ISO 45001:2018 Standard	Chayanin Consultant Co.,Ltd.
		■ Advanced Structural Steel Technologies	Japanese Chamber of Commerce
		■ IT Future for Capital Market 2/2561	SET
5. Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning	■ Economic Outlook 2018	TDRI
		■ Inner Transformation	Entrepreneur Happiness Limited Partnership
		■ TDRI EIS Briefing on Geopolitics & Trade Wars	TDRI
		■ Fintech: Evolution or Revolution?	TDRI
		■ Saving and provident fund policy	BCAP
		■ Enhance skills in organizing the learning process in a participatory manner	Sathirakoses-Nagapradjpa Foundation (SNF)

Name	Position	Course	Institute
6. Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources	■ Stretcher Levelers	Red Bud Industries, USA
		■ POTENTIAL FINANCIAL IMPACT TO IFRS / TFRS (IAS 19 / TAS 19) & CHANGING RETIREMENT LANDSCAPE	MERCER
		■ Agile Human Capital Towards Business Transformation	PMAT
		■ People strategy is business strategy	Human Capital Management (HCM Club)
		■ Saving and provident fund policy	BCAP
		■ Disrupt to Design HR	PMAT

## 7. Leadership and Vision

The Board of Directors shall possess leadership, vision, and independency on decision-making to set out the business development plan and targets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company. In 2018, the Board of Directors has reviewed the vision, policies and strategies which was implemented during the year and evaluated and followed up the result to make sure that such execution are effective. In the meantime, the target for the year 2018 was delivered and also communicated to the management and staff for their acknowledgement in order to set their KPI together.

## 8. The Board of Directors' Performance Assessment

The Board of Directors has the policy to evaluate the performance of both board and individual by self-assessment at least once a year according the evaluation forms are as follows;

- Self- Assessment for the board of directors as a whole
- Self- Assessment for the committee as a whole
- Self- Assessment for the board of directors and committee members on an individual basis

The main criteria to evaluate are as follows;

1. Structure and qualifications of the Board / Sub-Committee
2. The Board / Sub-Committee meeting
3. The Duties and Responsibilities of The Board and Sub-Committee

In 2018, The Board of Directors and all Sub-Committees have completely assessed the annual Performance both board and individual. The company secretary has summarized the assessment results and reported to the Board of Directors for acknowledgment.

## 9. 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.

## 10. 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. The Company has provided the Code of Conduct guideline and practices training to staff and also included as an employee orientation course.

#### 11. 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.

#### 12. System of Control and Internal Audit

The Company has segregated the authority and duties of operator, supervisor and assessor independently in order to check and balance their performance and control appropriately. Also, the Company has authorized the Audit Committee to review the compliance of operation control with the internal auditor; which was appointed by the committee, EY Corporate Services Limited; who is creditable and independent, 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.

#### 13. 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.

#### 14. The Implementation of new Corporate Governance Code for listed companies 2017 (CG Code)

In 2018, the Board of Directors reviewed the implementation of new CG Code for listed companies and considered that the Company has adopted the most of those new CG practices to be consistent with its business context in order to ensure that the company will conduct its business with efficiency and integrity without any frauds or corruption. The Board of Directors has monitored and supervised the management to conduct its business in compliance with the Good Corporate Governance policy of the company which emphasizes the important of being an obligation for all directors, executives and employees to lead the business with efficiency, effectiveness, sustainability and value creation for the company and all stakeholders continuously and sustainably. The Board's Meeting no. 3/2018 approved to revise the scope, duties and responsibilities of the Executive Committee to be appropriate and in line with the existing business goals.

# Corporate Social Responsibility Report



## Corporate Social Responsibility Policy :

The Company conducts its business with concern of all consequences which impacts to all stakeholders on the basis of good morality and business ethics as well as human rights respect. The Company strives to produce and deliver the best quality products and services along with environmental and social responsibility which is not just only complies to those related laws and regulations. The Company also realizes that continuity of improvement and development will establish the sustainability of business and social responsibility.

## Corporate Social Responsibility Operations :

The Company has deployed the guideline of corporate social responsibility policy into all business operations as the following;

### 1. Fair and good governance conduct

The Company commits to conduct its business in compliance with principles of good corporate governance based on responsibility, transparency and honesty according to the Company's business code of conduct which is the guideline for Directors, Executives and all staff to treat all parties such as

customers, staff, business alliances and competitors, community, society and environment safely and fairly. This policy and code of conduct have been delivered and communicated to all staffs for their daily operation compliance.

### 2. Anti-Corruption

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

In year 2018, Anti-Corruption Committee has deployed the policies and measures which was scheduled to report to the Audit Committee and the Board as follows;

Item	Report to the Audit Committee and Board
1. Summary of the policy implementation	Every Year
2. Summary of the donation of gifts and supports	Every Year
3. Summary of the receipt of gifts and supports	Every Year
4. Summary of the issues from whistle-blowing and complaints (including corrective action or punishment).	Report Immediately
5. Other related issues	Every Year

Which the details of its implementation are as follows;

1. Provided training courses and communication for all level of staff to clarify the best practice to prevent and act against corruption, and also provide a self e-learning system for employees. In 2018, the training was provided for new employees 492 people.
2. Reviewed the corruption risks and improve the procedures for internal control and preventive corruption risks.
3. There are no complaints or Corruption case in 2018.
4. Reported summary of the donation, gifts and supports, both give and take transactions to the Audit Committee and the Board.

TMT has been certified a membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on August 18, 2017

### 3. Human Rights Respect

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

### 4. Fair Employment and Treatment

The Company has an employee benefits policy for short term and long term. The short term benefits are considered according to the employment conditions, competency and job responsibility comparing fairly and properly with the operating

result and other companies in the same industry. By the way, the provident fund is also provided as a long term benefits. In 2018 the Company approved to increase the provident fund rate for the employer's portion into the employee's provident fund according to the service years of employees and revoked the ineligible employee's provident fund membership of whom had already redeemed its fund in the past can re-apply for a new membership.

### 5. Responsibility to Customers

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

### 6. Environmental Responsibility

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



## 7. Community and Social Development

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

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

Innovation is one of major key successes in business sustainability which will create and improve the competitiveness. With this belief, the Company promotes and encourages all staff to challenge its innovative ideas which values and create efficiency in job operation, with or without tools. In 2018, TMT has introduced our new product, STAY FLAT, using state-of-the-art stretcher leveling technology from USA. It's a new era of excellent flatness of steel sheet which was completed in the fourth quarter of 2018 and increase production capacity by 60,000 tons per year.

## Stakeholders of Social Responsibility

The company has reviewed and analyzed the impact of stakeholders on a regular basis. In year 2018, the Company has considered that the stakeholders who will be affected from its operation were categorized as the followings;

**Customers :** The Company recognizes that Customers are the key influencer of success and growth of the business, therefore, the customer satisfaction is an important priority to respond. In year 2018, the customer satisfaction for quality and services survey resulted of 84.40% and 85.80% respectively, which respondents were satisfied at high to highest level. For those, if any, results which were not at the target level or any recommendations from the survey, the Company will explore the cause and improve or develop further to meet with their expectations. The Company also provided the trainings to Customers for steel knowledge to apply for their proper steel usage according to the industrial standards.

**Employees :** As of 31 December 2018, the Company has a total of 1,116 staffs; 770 Male and 346 Female, increased of 101 or 9.95% from last year. As a valuable resource, the Company promotes and supports all staff to achieve a better quality of work life and opportunity for career progress. Recruiting staff is considered based on qualification, skills, knowledge, ability and attitude which is qualified and suitable for the job and organization. The improvement for staff welfare was implemented such as; TMT Scholarship for Employee's children Program, TMT Market place for employees to buy good quality products at a cheap price from local suppliers which promote the suppliers in nearby community and assist the disabled person in selling their products without any cost.

**Shareholders :** The Company realizes that the rights of shareholder, as the Company's owner, should be treated in compliance with the principle of good governance. Besides the communication through the Annual General Meeting of shareholders, the Company also discloses all important information through the SET network and TMT's website as well as the channel to reach the independent directors and IR contact person directly. The analyst meeting was also convened in every quarter of the year to share the business information for investors' view.

**Trading Partners :** Trading Partners are the important parties in TMT business supply chain, providing valuable materials and services that assists TMT to deliver the best solution to the industry. The success key factors to build the sustainable relationship among the partners are Fairness and Reliability which are always the way of TMT's operation. The Code of Conduct for Trading Partners also provides for the best practice and understanding of doing business together as well as the direct channel to send the recommendation or any complaints which may have through the web site to assure the independency and sustain the best relationship.

**Community and Society :** The Company has supported activities and equipment that benefit the community and society. In 2018, the Company organized activity of “TMT RUN for Determination 2018” by donating all incomes (without deducting of any expenses) to Wang Noi Hospital. “TMT Charity for Life” project for employees to donate their blood with National Blood Service Office, Lopburi province. Supporting the prize for children in the National Children’s Day activity for Tambon Lam Sai, Wang Noi District NIE Centre. Sponsoring structural steel for Chula rural development club to use in construction of general purpose building for Wat Sripracha school and Wat Yommana tamtham school.

**Environment :** The Company has operated its business by mainly emphasizing on the environment, supported and promoted to take part in natural resources and energy conservation. In year 2018, the Company has environmental activities as follows;

- the Company completed the Solar Rooftop project on an area of 21,200 square meters, capable of producing 2.5 megawatts of electricity and reducing carbon dioxide emissions by 2,065 tons per annual
- Provided the examination of air quality, wastewater quality and noise levels from all production process, the results of these investigation are in accordance with the legal standards.
- TMT has been certified “Green Industry” third level : Green System from Industrial Ministry for the Company who performs systematic environmental management, including the monitoring, evaluation and review for continuous improvement.
- TMT has been certified standard of Carbon Footprint from Thailand Greenhouse Gas Management Organization (Public Organization) as to be a part of private organization who reduce the greenhouse gases emission from all activities directly or indirectly in order to

utilize an effective power consumption and environmental protection. TMT also received the Carbon Footprint Certification Mark for black steel sheet, C-Channel, cold formed steel rectangular pipe and cold formed steel black steel pipe.

As the result from its activities of Corporate Social Responsibility, in 2018, the Company received the CSR-DIW Continuous Award 2018 from Department of Industrial Work. The awards and certificates were given to the Company that has developed and maintained the Corporate Social Responsibility activities continuously which was the fifth consecutive year.

**Activities for society and environment (After process) : “National Children’s Day” (Jan 18)**

The Company celebrated 2018 National Children’s Day by supporting the activities for children together with local governmental authorities. This year, TMT joined the activities with Tambon Lam Sai, Wang Noi District NIE Centre, Wat Sripracha school and Wat Yommana-tamtham school.

**“Waste creates Merit” (Jan 18)**

The Company encourages employees to be aware of public responsibility and environmental care by promoting the waste separation and keeping into its proper storage which not only builds the cleanliness in workplace but also can easily sell the waste and returns these money back to support disable people, elderly person, bed bound patient and the poor in nearby community.

**“TMT Scholarship for Employee’s children” Project (May 18)**

The Company has supported and provided the educational opportunities for employee’s children which in 2018, 11 scholarships were given to qualified employee’s children, divided into 5 scholarships for elementary education level, 4 scholarships for secondary education level and 2 scholarships for high school level.

**Structural steel sponsor for Chula - Rural Development Club (Jun 18)**

To build a multi-purpose building for Bannasadao School at Nonghee Subdistrict, Nakhonphanom Province for promoting the importance of education as well as creating the benefit for the society.

**Collaboration between TMT and Lopburi Technical College (Jun 18)**

TMT has signed a memorandum of understanding with Lopburi Technical College to promote bilateral vocational education and providing the working experience for those student to learn in a real workplace.

**Sports equipment support for Wichian Klinsukhon Uppatham School (Jul 18)**

TMT Provided sports equipment support to students for using in the sport day 2018.

**TMT Charity for Life 2018 (Apr and Aug 18)**

TMT has organized the 2<sup>nd</sup> year of TMT Charity for Life 2018 project to encourage its executives and employees to donate blood for helping society with the National Blood Service Office, Lopburi Province.

**Safety Week (Aug 18)**

This activity was held with the Committee of Occupational Safety to encourage and support employees for safety awareness in work and life to secure them from any accidents or unexpected risks

**TMT RUN for Determination 2018 (Sep 61)**

This activity represented the unity and power of TMT Staffs by walking and running together to show the core value of Determination and participate in making merit by donating all income from this event (without deducting any expenses) to Wang Noi Hospital.

**Annual Health Check-Up (Dec 18)**

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 by the doctors.

**“Chak Rongrian Soo Rong Lhek” (From School to Steel) (In 2018)**

Professor and Students from Faculty of Architecture of Kasetsart University, Faculty of Law University of the Thai Chamber of Commerce, Faculty of Science and Technology of Phranakhon Si Ayutthaya Rajabhat University, Faculty of Engineering Khonkaen University, Tha Luang Cement Thai Anusorn Technical College Saraburi, Faculty of Medicine Thammasat University, Faculty of Architecture Silpakorn University, Rajamangala University of Technology Krungthep, Department of Industrial Technology and Department of Industrial Education and Technical Education Lopburi Technical College and Sirindhorn International Institute of Technology Thammasat University 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 occupational health and safety care management.

**Training for student interns (during the year 2018)**

TMT strives to be a learning center for the Educational Institution and other local communities and authorities. In 2018, there are students from several institutions joined a training program with the Company, and expected that they will be able to deploy in their study and working effectively in the future. In 2018, there were 120 student interns; 29 interns from bachelor level, 88 interns from high vocational level and 3 interns from vocational level.

## Internal Control and Risk Management



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

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

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

## Connected Transactions

In Year 2018, the Company had entered into connected transactions as follows;

### **CONNEX Business Online Co., Ltd**

#### **Relationship :**

Mr. Paisal Tarasansombat, the Company's authorized director and Chief of Executive Officer, and Mr. Somjate Tretarntip, the Company's authorized director and Chief Finance Officer, are 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, is brother of Mr. Chamnan Tarasansombat who is authorized director and major shareholders of CONNEX as well as one of the top ten shareholders of the Company by holding 12.99 percent of its issued and paid up shares.

#### **General Characteristics of the transaction :**

1. System design and implement for TMT CC Online program.
2. Enhancement for TMT Print PO program.

Total Value of transactions : 1,995,000 Baht

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

The transaction is based on normal practice according to support business operation requirement. The service rate is not higher than the market price which the Company may hire from other suppliers. CONNEX knows TMT's nature of business very well and this will deliver the highest benefit to the Company.

#### *Remarks :*

*The above information about the name of shareholders and their shareholding are as of March 9, 2018 (the record date for the rights to attend the Annual General Meeting of Shareholders for year 2018).*

# Management Discussion and Analysis

## Financial Results

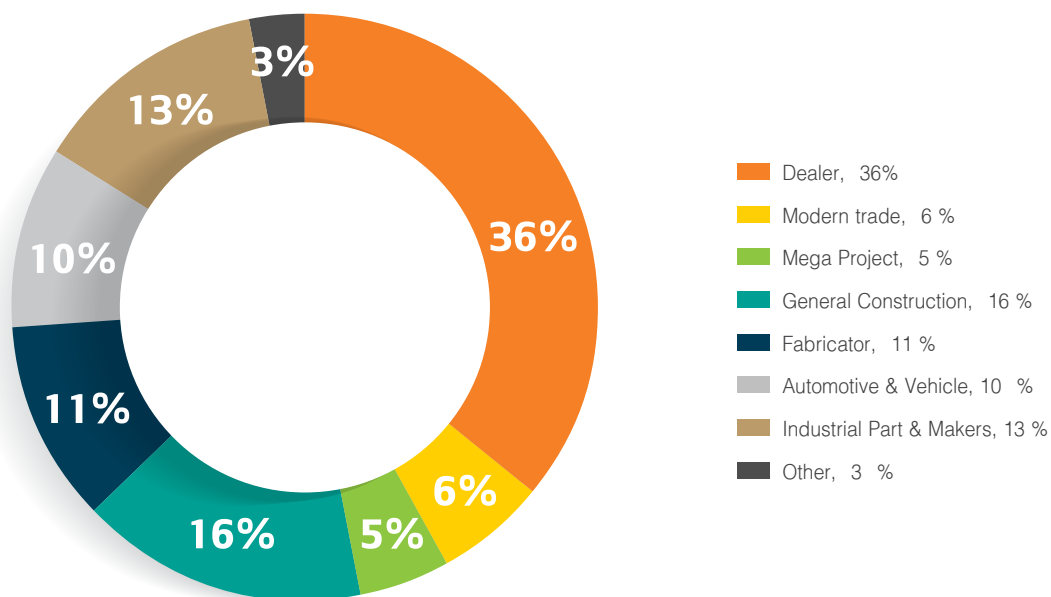
In 2018, the Company earned net profit of Baht 405.88 million, decreased 36.68% compared to the same period last year. Gross profit margin was 6.01%, compared to 8.97% in 2017. This decreasing of gross profit margin resulted from cost push as the increasing of global material price which was resulted from China's capacity reduction. Nevertheless, the intense domestic market competition due to the excess supply over the demand, forced the selling price moved slower than the cost price which effected a lower gross profit margin than the previous year. Although, the steel global and domestic price in 2018 still increased from the previous year continuously from China's

production reduction according to excess supply control policy as mentioned. However, investment projects from both private and government sectors, still created the opportunity for TMT to gain more market shares and enhance the effective inventory management which resulted a growth in selling volumes when compared with the previous year.

## Sales revenue

The company generated revenue from sales of Baht 17,369.99 million, increased by 21.30%, sale quantity was 756,769 Metric Tons, increased by 11.47% comparing to the last year. The average selling price was 22.98 Baht per Kg.

In 2018, the Company's revenue structure classified by business group was as follows:



The proportion of processing and trading sales was 71:29 compared to 72:28 in 2017.



## Selling and Administrative expenses

The Company's selling expense was Baht 193.98 million, increased by 17.58% compared to the previous year. This increasing of selling expenses resulted from an increase of transportation expense and sales promotions expense which was due to the growth of sales volume. Administrative expense was Baht 339.53 million, increased by 5.36% compared with 2017, resulted from an increasing of other administrative expenses; such as insurance, office and security expenses as the expansion of business; allowance for doubtful debt and depreciation. Interest expense was Baht 102.65 million, increased by 60.23% compared with 2017, resulted from long-term debenture which was just issued in 2018 and the increase of short-term loan usage according to business expansion of the Company.

## Financial position

### Assets

The Company's assets totaled Baht 7,705.71 million, increased by 9.07% from 2017 whose assets totaled Baht 7,064.67 million. Current assets increased by Baht 98.58 million, or 2.11%, resulted from increasing of trade accounts receivable of Baht 199.34 million and inventory of Baht 100.26 million according to business expansion of the Company. The advance payments for purchases of inventories decrease of Baht 272.52 million which was in accordance with the Company's business strategy. The inventory turnover period and collection period were 38 days and 54 days respectively. The Company's liquidity, current ratios, were 1.21 times in 2018 and 1.11 times in 2017.

The Company's Non-current assets increased Baht 542.46 million or 22.76% in 2018, mostly resulted from the purchase of machinery, new plant facilities and trucks of Baht 714.44 million to support future business expansion, asset disposal Baht 6.54 million and depreciation Baht 172.19 million. Net intangible assets (software) increased of Baht 5.96 million

### Liabilities

Total Liabilities were Baht 5,001.34 million, increased Baht 757.61 million or 17.85% compared with 2017 whose liabilities totaled Baht 4,243.73 million. Increasing of liability mostly resulted from long-term debenture which was just issued in 2018, increased Baht 995.09 million or 100% compared with the last year, in order to increase the working capital sources, resulting to short-term borrowings from financial institutions decreased Baht 147.29 million or 3.96% and trade account payable decreased Baht 28.32 million or 15.01% compared with the previous year. The Company's debt to equity ratio slightly increased from 1.50 times in 2017 to 1.85 times in 2018.

### Shareholders' equity

Total shareholders' equity equaled to Baht 2,704.37 million decreased Baht 116.57 million or 4.13% compared with the 2017 whose shareholder's equity totaled Baht 2,820.94 million, which was resulted from decreasing of retained earnings from dividend payment for the operating result of the year 2017 total of Baht 522.45 million

# 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 2018, 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 2018.

According to the mentioned mission, The Audit Committee provided its opinions as the following:

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. Paiboon Tunkoon of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services
5. The related transactions arising in 2018 were rational and made for the optimal benefits of the Company
6. In 2018, the number of the audit Committee meetings, and the attendance of such meetings by each committee member were as follows;

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

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. Paiboon Tunkoon, Certified Public Accountant No. 4298 of PricewaterhouseCoopers ABAS Company Limited, be re-appointed as the Company's auditor for the fiscal year ending 31 December 2019. 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 4 April 2019.



**(Mr. Chai Jroongtanapibarn)**

Chairman of the Audit Committee

15 February 2019

# Report of Directors Relating to Responsibility for Financial Statements

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

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

The Board of Directors also appointed the Audit Committee to review accounting policies, accuracy and sufficiency of the company's financial reports to ensure adequacy and efficiency of the internal control systems in compliance with good conduct and best practice as well as IT audit, and risk management system review. The Audit Committee appointed EY Corporate Services Limited to be internal control auditor to plan and conduct the internal audit as approved plans by the committee. Opinion of

the Audit Committee is shown in Audit Committee's Report published in this annual report.

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

The Board of Directors is of the opinion that the internal control and risk management system of the Company are in good and efficient conduct and can ensure rationally that the operations are compliance with best practice and proper risk management as well as the Company's financial report for the fiscal year ended 31 December 2018 is in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



**(Mr. Chai Jroongtanapibarn)**  
Chairman of the Board



**(Mr. Somjate Tretarnthip)**  
Director

# Auditor's Report and Financial Statements

## Independent Auditor's Report

To the shareholders and the Board of Directors of Thai Metal Trade Public Company Limited

### My opinion

In my opinion, the financial statements of Thai Metal Trade Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of inventories. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>Valuation of inventories</b></p> <p>Refer to Note 4 'Critical accounting estimates, assumption and judgement' and Note 8 'Inventories, net' to the financial statements:</p> <p>As at 31 December 2018, the Company had raw materials totalling Baht 151,999,335 and finished goods totalling Baht 1,622,598,432 before deducting the allowance for net realisable value for raw materials and finished goods of Baht 598,664 and 9,379,884 respectively.</p> <p>The Company measured the inventory value at the lower of cost or net realisable value. The management estimated the net realisable value from the estimate of the selling prices in the ordinary course of business, less applicable selling expenses such as marketing and transportation expenses.</p> <p>Management prepared the net realisable value calculation report based on the selling price of inventory and evaluated the adequacy of the allowance for net realisable value at year end and period end.</p> <p>I therefore focused on this area because the selling price that the Company used in estimating the allowance for net realisable value was based on domestic market prices. Fluctuation of raw material prices in global markets, the competitive environment, economic circumstances and the situation within the industry were factors that affected costs of production and selling price.</p>	<p>I obtained an understanding of the Company's policy for net realisable value calculation, the process of data collection and accuracy review, and the consistency in implementing Company accounting policies.</p> <p>I performed the internal control testing over the procurement cycle from the purchase requisition, purchase orders, goods receiving, payments and until recording to reflect the accuracy of the cost of inventory.</p> <p>I randomly tested the selling prices per unit on quotations against market prices at year end and inquired the management to obtain an understanding of the appropriateness of the selling prices per unit which used in estimating the allowance for net realisable value.</p> <p>I tested the calculation of net realisable value at year end for both raw materials and finished goods, including any reconciliations concerned.</p> <p>Based on the procedures above, I viewed that the management's estimation on allowance for net realisable value was adequate and reasonable.</p>

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



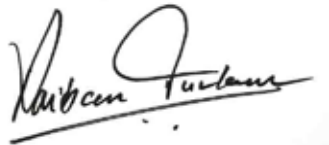
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Paiboon Tunkoon**  
Certified Public Accountant (Thailand) No. 4298  
Bangkok  
15 February 2019

**Thai Metal Trade Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	<b>Notes</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	232,822,969	170,463,201
Trade accounts receivable, net	7	2,684,275,829	2,484,930,951
Inventories, net	8	1,764,619,219	1,664,359,980
Advance payments for purchases of inventories		72,569,583	345,085,511
Other receivables		25,321,429	16,187,651
<b>Total current assets</b>		<b>4,779,609,029</b>	<b>4,681,027,294</b>
<b>Non-current assets</b>			
Investment property	9	55,729,000	55,729,000
Property, plant and equipment, net	10	2,833,035,686	2,297,331,079
Intangible assets, net	11	23,910,594	17,955,430
Deferred income tax assets	12	9,578,576	8,591,174
Other non-current assets		3,843,556	4,032,680
<b>Total non-current assets</b>		<b>2,926,097,412</b>	<b>2,383,639,363</b>
<b>Total assets</b>		<b>7,705,706,441</b>	<b>7,064,666,657</b>

**Thai Metal Trade Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	<b>Notes</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Short-term borrowings from financial institutions	13	3,567,727,365	3,715,020,075
Trade accounts payable		160,394,047	188,716,627
Income tax payable		26,917,441	80,467,250
Advance receipts from customers for goods		14,395,674	58,668,761
Current portion of finance lease liabilities	14	758,181	1,533,357
Current portion of debentures	15	1,479,828	-
Other payables	16	190,768,899	161,589,314
<b>Total current liabilities</b>		<b>3,962,441,435</b>	<b>4,205,995,384</b>
<b>Non-current liabilities</b>			
Finance lease liabilities, net	14	-	758,181
Debentures	15	995,088,062	-
Employee benefit obligations	17	43,810,941	36,975,735
<b>Total non-current liabilities</b>		<b>1,038,899,003</b>	<b>37,733,916</b>
<b>Total liabilities</b>		<b>5,001,340,438</b>	<b>4,243,729,300</b>
<b>Equity</b>			
Share capital	18		
Authorised share capital			
436,000,000 ordinary shares of par Baht 1 each		436,000,000	436,000,000
Issued and paid-up share capital			
435,379,017 ordinary shares of paid-up Baht 1 each		435,379,017	435,379,017
Premium on share capital	18	427,323,198	427,323,198
Retained earnings			
Appropriated - Legal reserve	25	43,600,000	43,600,000
Unappropriated		1,798,063,788	1,914,635,142
<b>Total equity</b>		<b>2,704,366,003</b>	<b>2,820,937,357</b>
<b>Total liabilities and equity</b>		<b>7,705,706,441</b>	<b>7,064,666,657</b>

**Thai Metal Trade Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

	<b>Notes</b>	<b>2018</b> <b>Baht</b>	<b>2017</b> <b>Baht</b>
Sales		17,369,987,824	14,320,129,337
Costs of sales	28	<u>(16,326,337,661)</u>	<u>(13,036,148,820)</u>
<b>Gross profit</b>		1,043,650,163	1,283,980,517
Other income	20	49,914,767	63,392,685
Selling expenses		(193,980,921)	(164,974,002)
Administrative expenses	28	(339,533,971)	(322,265,046)
Finance costs - interest expenses		<u>(102,647,699)</u>	<u>(64,061,328)</u>
<b>Profit before income tax</b>	21	457,402,339	796,072,826
Income tax	22	<u>(51,518,873)</u>	<u>(155,034,620)</u>
<b>Profit for the year</b>		405,883,466	641,038,206
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>405,883,466</u></u>	<u><u>641,038,206</u></u>
<b>Earnings per share</b>	23		
Basic earnings per share		<u><u>0.93</u></u>	<u><u>1.47</u></u>

Thai Metal Trade Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2018

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Appropriated - Legal reserve Baht	Unappropriated Baht	
<b>Opening balances as at 1 January 2017</b>		435,379,017	427,323,198	43,600,000	1,926,664,411	2,832,966,626
Dividends paid	24	-	-	-	(653,067,475)	(653,067,475)
Total comprehensive income for the year		-	-	-	641,038,206	641,038,206
<b>Closing balances as at 31 December 2017</b>		<u>435,379,017</u>	<u>427,323,198</u>	<u>43,600,000</u>	<u>1,914,635,142</u>	<u>2,820,937,357</u>
<b>Opening balances as at 1 January 2018</b>		435,379,017	427,323,198	43,600,000	1,914,635,142	2,820,937,357
Dividends paid	24	-	-	-	(522,454,820)	(522,454,820)
Total comprehensive income for the year		-	-	-	405,883,466	405,883,466
<b>Closing balances as at 31 December 2018</b>		<u>435,379,017</u>	<u>427,323,198</u>	<u>43,600,000</u>	<u>1,798,063,788</u>	<u>2,704,366,003</u>

**Thai Metal Trade Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2018**

	<b>Notes</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		457,402,339	796,072,826
Adjustments for :			
Doubtful accounts	7	19,568,093	1,860,186
Loss on declining in value of inventories	8	9,978,548	10,923,008
Depreciation and amortisation	10, 11	178,194,046	162,685,394
Loss (Gain) on disposals of equipment		961,930	(1,221,808)
Employee benefit expenses	17	6,835,206	6,375,801
Interest expenses		102,647,699	64,061,328
Cash flows before changes in operating assets and liabilities		775,587,861	1,040,756,735
Changes in operating assets and liabilities:			
Trade accounts receivable		(218,912,971)	(559,339,928)
Inventories		(110,237,787)	(61,731,598)
Advance payments for purchases of inventories		272,515,928	(82,343,762)
Other receivables		(9,133,778)	11,801,866
Other non-current assets		189,124	220,864
Trade accounts payable		(28,322,580)	90,974,656
Advance receipts from customers for goods		(44,273,087)	43,356,885
Other payables		(6,569,075)	(11,384,688)
Cash flows received from operating activities before interest and income tax paid		630,843,635	472,311,030
Interest paid		(92,205,434)	(63,456,820)
Income tax paid		(106,056,084)	(160,657,943)
Net cash generated from operating activities		432,582,117	248,196,267
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(689,098,565)	(469,832,108)
Purchases of intangible assets		(11,958,438)	(3,244,836)
Proceeds from disposals of equipment		4,401,860	4,760,934
Net cash used in investing activities		(696,655,143)	(468,316,010)



**Thai Metal Trade Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2018**

	<u>Notes</u>	<u>2018 Baht</u>	<u>2017 Baht</u>
<b>Cash flows from financing activities</b>			
Short-term borrowings from financial institutions, net		(147,292,710)	870,766,937
Payments for interest on finance lease liabilities		(85,723)	(190,760)
Payments for finance lease liabilities		(356,357)	(1,254,387)
Proceeds from issuance of debentures	15	1,000,000,000	-
Payments for debenture issuance costs		(3,377,596)	-
Dividends paid	24	<u>(522,454,820)</u>	<u>(653,067,475)</u>
Net cash receipts from financing activities		<u>326,432,794</u>	<u>216,254,315</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		62,359,768	(3,865,428)
Opening balance		<u>170,463,201</u>	<u>174,328,629</u>
Closing balance		<u><u>232,822,969</u></u>	<u><u>170,463,201</u></u>
<b>Cash and cash equivalents are made up as follows:</b>			
- Cash on hand	6	154,078	158,874
- Deposits at financial institutions	6	<u>232,668,891</u>	<u>170,304,327</u>
		<u><u>232,822,969</u></u>	<u><u>170,463,201</u></u>

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2018 and 2017 are as follows:

Other payables from purchases of property, plant and equipment	42,457,211	17,119,607
Other payables from issuance of debentures	1,115,000	-

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

---

**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 22<sup>nd</sup> Floor, Bangkok City Tower, 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120. In addition, the Company has two plants as follows:

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

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

These financial statements were authorised for issue by the Board of Directors on 15 February 2019.

**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 Revised accounting standards, revised financial reporting standards, and related interpretations**

2.2.1 Revised accounting standards are effective for annual periods beginning on or after 1 January 2018 which have significant change and are relevant to the Company:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

Commencing from 1 January 2018, the Company has applied these financial reporting standards. There are no material impacts to the Company as a result of such adoption.

## **2 Accounting policies (Cont'd)**

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

2.2.2 TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Company will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

Management is currently assessing the impact from initial application of this standard in detail.

2.2.3 Financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The management is currently assessing the impact of these standards.

### **2.3 Foreign currency translation**

Functional and presentation currency

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

Transactions and balances

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

## **2 Accounting policies (Cont'd)**

### **2.3 Foreign currency translation**

Transactions and balances (Cont'd)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

### **2.4 Cash and cash equivalents**

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

### **2.5 Trade accounts receivable**

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

### **2.6 Inventories**

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

### **2.7 Investment property**

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

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.8 Property, plant and equipment**

All property, plant and equipment are initially recorded at cost. Plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Land improvements	5, 20 years
Buildings and building improvements	3, 10, 20, 25 years
Machinery and equipment	5, 10, 20 years
Furniture and fixtures	3, 5 years
Trucks and motor vehicles	5, 10 years

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

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

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

### **2.9 Intangible asset - Computer software**

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

### **2.10 Impairment of assets**

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

## **2 Accounting policies (Cont'd)**

### **2.11 Leases - where the Company is the lessee**

Leases of property, plant or equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

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

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

### **2.12 Current and deferred income taxes**

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

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

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

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

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



## **2 Accounting policies (Cont'd)**

### **2.13 Employee benefits**

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

- ***Defined benefit plans - retirement benefit***

The Company provides for post employment benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields on government bonds which have terms to maturity approximating to the terms of the related liability. The estimated future cash outflows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss. The costs associated with providing these benefits are charged to the profit or loss so as to spread the cost over the employment period during which the entitlement to benefits is earned.

- ***Defined contribution plans - provident fund***

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

### **2.14 Provisions**

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

### **2.15 Revenue recognition**

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.16 Segment reporting**

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

## **3 Financial risk management**

### **3.1 Financial risk factors**

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

#### **3.1.1 Foreign exchange risk**

The Company purchases goods from overseas and is exposed to foreign exchange risk arising primarily from US Dollar. The Company uses forward contracts to hedge their exposure to foreign currency risk protect.

#### **3.1.2 Interest rate risk**

The Company has short-term borrowings from financial institutions which are normally used for working capital. Generally, these borrowings have fixed interest rates are agreed terms money market rate. Interest rates approximate to the market rates as the borrowings 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 bank guarantees as collateral. In addition, as at 31 December 2018 and 2017, 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 Financial risk management (Cont'd)**

#### **3.2 Accounting for financial instruments**

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

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

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 30.

#### **3.3 Fair value estimation**

As at 31 December 2018, the Company had no assets or liabilities measured at fair value. Disclosures of fair value measurements by level are as below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of financial assets and liabilities approximate their carrying amounts.

### **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 Critical accounting estimates, assumption and judgement (Cont'd)**

**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 inventory 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 when it is written off and 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 market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the liability. Other key assumptions are based in part on current market conditions. Additional information is disclosed in Note 17.

**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.

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**6 Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Cash on hand	154,078	158,874
Current accounts	40,504,037	27,598,758
Saving accounts	192,164,854	142,705,569
Total	<u>232,822,969</u>	<u>170,463,201</u>

As at 31 December 2018, the interest rates of saving accounts were 0.20% to 0.38% per annum (2017: 0.20% to 0.38% per annum).

**7 Trade accounts receivable, net**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Trade accounts receivable	2,712,436,573	2,493,523,602
<u>Less</u> Allowance for doubtful accounts	<u>(28,160,744)</u>	<u>(8,592,651)</u>
Trade accounts receivable, net	<u>2,684,275,829</u>	<u>2,484,930,951</u>

Outstanding trade accounts receivable can be aged as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Current balance	1,904,176,464	1,972,057,059
Overdue: less than 1 month	613,762,440	445,010,560
Over 1 month to 3 months	152,997,803	60,381,518
Over 3 months to 6 months	11,099,636	6,788,957
Over 6 months to 12 months	21,559,245	5,555,881
Over 12 months	8,840,985	3,729,627
	2,712,436,573	2,493,523,602
<u>Less</u> Allowance for doubtful accounts	<u>(28,160,744)</u>	<u>(8,592,651)</u>
Trade accounts receivable, net	<u>2,684,275,829</u>	<u>2,484,930,951</u>

The Company has not provided allowance for doubtful accounts to certain accounts receivable which are overdue more than 6 months because these customers have provided bank guarantees to the Company.

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**8 Inventories, net**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Raw materials	151,999,335	180,833,130
Finished goods	1,622,598,432	1,494,449,858
Total inventories	1,774,597,767	1,675,282,988
<u>Less</u> Allowance for net realisable value		
- for raw materials	(598,664)	(1,652,685)
- for finished goods	(9,379,884)	(9,270,323)
Inventories, net	<u>1,764,619,219</u>	<u>1,664,359,980</u>

The Company has provided allowance for net realisable value amounting to Baht 9.98 million to raw materials and finished goods for the year ended 31 December 2018 (2017: Baht 10.92 million).

**9 Investment property**

	<b>Land</b>	
<b>At 31 December</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
<u>Cost</u>		
Opening net book value	55,729,000	55,729,000
Closing net book value	<u>55,729,000</u>	<u>55,729,000</u>
Fair value	<u>123,395,000</u>	<u>123,395,000</u>

In November 2016 and January to February 2017, the Company engaged an independent appraiser to assess the fair value of investment property by using the Comparison Approach which is based on sales prices of comparable land in close proximity and adjusted for differences in key attributes such as size and shape, location and condition of land. Such information is sufficient for comparison to determine the fair value of the property. As the valuation technique used significant unobservable inputs, the Company classified the fair value measurement as level 3 of fair value hierarchy (Note 3.3).



**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**10 Property, plant and equipment, net**

	Land Baht	Land improvements Baht	Buildings and building improvements Baht	Machineries and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machineries under installation Baht	Total Baht
<b>At 1 January 2017</b>									
Cost	644,942,000	91,643,543	1,121,376,144	1,006,687,913	104,138,580	128,223,846	9,723,652	86,326,268	3,193,061,946
<u>Less</u> Accumulated depreciation	-	(44,662,478)	(388,789,680)	(627,091,855)	(89,915,833)	(55,964,519)	-	-	(1,206,424,365)
Net book value	<u>644,942,000</u>	<u>46,981,065</u>	<u>732,586,464</u>	<u>379,596,058</u>	<u>14,222,747</u>	<u>72,259,327</u>	<u>9,723,652</u>	<u>86,326,268</u>	<u>1,986,637,581</u>
<b>For the year ended 31 December 2017</b>									
Opening net book value	644,942,000	46,981,065	732,586,464	379,596,058	14,222,747	72,259,327	9,723,652	86,326,268	1,986,637,581
Additions	-	-	-	23,899,340	4,831,056	23,855,523	201,112,533	218,048,491	471,746,943
Transfers	-	-	92,118,974	155,387,590	1,970,200	-	(86,729,782)	(162,746,982)	-
Disposals, net	-	-	-	(3,973)	(49,487)	(3,485,666)	-	-	(3,539,126)
Depreciation (Note 21)	-	(3,754,377)	(58,708,352)	(80,532,861)	(6,709,538)	(7,809,191)	-	-	(157,514,319)
Closing net book value	<u>644,942,000</u>	<u>43,226,688</u>	<u>765,997,086</u>	<u>478,346,154</u>	<u>14,264,978</u>	<u>84,819,993</u>	<u>124,106,403</u>	<u>141,627,777</u>	<u>2,297,331,079</u>
<b>At 31 December 2017</b>									
Cost	644,942,000	91,643,543	1,213,495,118	1,184,000,256	108,643,746	138,612,127	124,106,403	141,627,777	3,647,070,970
<u>Less</u> Accumulated depreciation	-	(48,416,855)	(447,498,032)	(705,654,102)	(94,378,768)	(53,792,134)	-	-	(1,349,739,891)
Net book value	<u>644,942,000</u>	<u>43,226,688</u>	<u>765,997,086</u>	<u>478,346,154</u>	<u>14,264,978</u>	<u>84,819,993</u>	<u>124,106,403</u>	<u>141,627,777</u>	<u>2,297,331,079</u>

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

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

	Land Baht	Land improvements Baht	Buildings and building improvements Baht	Machineries and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machineries under installation Baht	Total Baht
<b>For the year ended 31 December 2018</b>									
Opening net book value	644,942,000	43,226,688	765,997,086	478,346,154	14,264,978	84,819,993	124,106,403	141,627,777	2,297,331,079
Additions	-	-	237,599	13,555,799	6,452,141	29,134,598	314,097,233	350,958,799	714,436,169
Transfers	-	-	98,802,552	255,681,133	50,231	-	(88,471,508)	(266,062,408)	-
Disposals, net	-	-	-	(20)	(670)	(6,540,100)	-	-	(6,540,790)
Depreciation (Note 21)	-	(3,754,378)	(60,478,786)	(90,507,770)	(7,089,878)	(10,359,960)	-	-	(172,190,772)
Closing net book value	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686
<b>At 31 December 2018</b>									
Cost									
<u>Less</u> Accumulated depreciation	644,942,000	91,643,543	1,312,535,269	1,452,558,713	114,111,114	149,420,999	349,732,128	226,524,168	4,341,467,934
	-	(52,171,233)	(507,976,818)	(795,483,417)	(100,434,312)	(52,366,468)	-	-	(1,508,432,248)
Net book value	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686

Depreciation expenses of Baht 143,160,863 (2017: Baht 129,291,142) and Baht 29,029,909 (2017: Baht 28,223,177) were charged in costs of sales and administrative expenses, respectively.

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

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

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

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Cost - capitalised finance lease	1,680,374	5,179,374
<u>Less</u> Accumulated depreciation	<u>(970,658)</u>	<u>(3,017,218)</u>
Net book value	<u>709,716</u>	<u>2,162,156</u>

**11 Intangible assets, net**

	<b>Computer software Baht</b>	<b>Computer software during installation Baht</b>	<b>Total Baht</b>
<b>At 1 January 2017</b>			
Cost	54,710,391	2,443,600	57,153,991
<u>Less</u> Accumulated amortisation	<u>(37,272,322)</u>	-	<u>(37,272,322)</u>
Net book value	<u>17,438,069</u>	<u>2,443,600</u>	<u>19,881,669</u>
<b>For the year ended 31 December 2017</b>			
Opening net book value	17,438,069	2,443,600	19,881,669
Additions	612,936	2,631,900	3,244,836
Transfers	312,000	(312,000)	-
Amortisation charge (Note 21)	<u>(5,171,075)</u>	-	<u>(5,171,075)</u>
Closing net book value	<u>13,191,930</u>	<u>4,763,500</u>	<u>17,955,430</u>
<b>At 31 December 2017</b>			
Cost	55,635,327	4,763,500	60,398,827
<u>Less</u> Accumulated amortisation	<u>(42,443,397)</u>	-	<u>(42,443,397)</u>
Net book value	<u>13,191,930</u>	<u>4,763,500</u>	<u>17,955,430</u>
<b>For the year ended 31 December 2018</b>			
Opening net book value	13,191,930	4,763,500	17,955,430
Additions	220,000	11,738,438	11,958,438
Transfers	14,166,438	(14,166,438)	-
Amortisation charge (Note 21)	<u>(6,003,274)</u>	-	<u>(6,003,274)</u>
Closing net book value	<u>21,575,094</u>	<u>2,335,500</u>	<u>23,910,594</u>
<b>At 31 December 2018</b>			
Cost	70,021,765	2,335,500	72,357,265
<u>Less</u> Accumulated amortisation	<u>(48,446,671)</u>	-	<u>(48,446,671)</u>
Net book value	<u>21,575,094</u>	<u>2,335,500</u>	<u>23,910,594</u>

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**12 Deferred income taxes**

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

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
<b>Deferred tax assets:</b>		
Deferred tax assets to be recovered within 12 months	1,995,710	2,184,602
Deferred tax assets to be recovered more than 12 months	8,762,188	7,395,147
Total deferred tax assets	<u>10,757,898</u>	<u>9,579,749</u>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be recovered within 12 months	(222,511)	-
Deferred tax liabilities to be settled more than 12 months	(956,811)	(988,575)
Total deferred tax liabilities	<u>(1,179,322)</u>	<u>(988,575)</u>
Deferred income taxes, net	<u>9,578,576</u>	<u>8,591,174</u>

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 20% (2017: 20%).

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

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
As 1 January	8,591,174	6,305,958
Credited to profit and loss (Note 22)	987,402	2,285,216
At 31 December	<u>9,578,576</u>	<u>8,591,174</u>

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

	<b>Allowance for net realisable value Baht</b>	<b>Employee benefits obligations Baht</b>	<b>Total Baht</b>
<b>Deferred tax assets:</b>			
At 1 January 2017	1,526,118	6,119,987	7,646,105
Credited to profit and loss	658,484	1,275,160	1,933,644
At 31 December 2017	2,184,602	7,395,147	9,579,749
(Charged)Credited to profit and loss	(188,892)	1,367,041	1,178,149
At 31 December 2018	<u>1,995,710</u>	<u>8,762,188</u>	<u>10,757,898</u>

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**12 Deferred income taxes (Cont'd)**

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Temporary difference for depreciation Baht	Temporary difference for debenture issuance costs Baht	Total Baht
<b>Deferred tax liabilities:</b>			
At 1 January 2017	(1,340,147)	-	(1,340,147)
Credited to profit and loss	351,572	-	351,572
At 31 December 2017	(988,575)	-	(988,575)
(Charged)Credited to profit and loss	325,315	(516,062)	(190,747)
At 31 December 2018	(663,260)	(516,062)	(1,179,322)

**13 Short-term borrowings from financial institutions**

	2018 Baht	2017 Baht
Short-terms borrowings from financial institutions	3,567,727,365	3,715,020,075
Total	3,567,727,365	3,715,020,075

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

	2018	2017
Short-term borrowings from financial institutions	1.75% - 2.03%	1.75% - 1.92%
Trust receipts	1.75% - 1.85%	1.80% - 1.85%

As at 31 December 2018, the short-term borrowings from financial institutions were unsecured and due within January to March 2019 (2017: January to March 2018) which normally, can be renewed. The Company has provided the Negative Pledge to the financial institutions.

**14 Finance lease liabilities, net**

	2018 Baht	2017 Baht
Liabilities due :		
Not later than 1 year	772,000	1,619,080
Later than 1 year but not later than 5 years	-	772,000
	772,000	2,391,080
<u>Less</u> Future finance charges on finance leases	(13,819)	(99,542)
Present value of finance lease liabilities	758,181	2,291,538

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**14 Finance lease liabilities, net (Cont'd)**

The present value of financial lease liabilities is as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Not later than 1 year	758,181	1,533,357
Later than 1 year but not later than 5 years	-	758,181
Present value of financial lease liabilities	<u>758,181</u>	<u>2,291,538</u>

**15 Debentures**

	<b>2018</b>
	<b>Baht</b>
Unsecured bond no. 1/2018	996,567,890
<u>Less</u> Current portion of debentures	<u>(1,479,828)</u>
Debenture payable over 1 year	<u>995,088,062</u>

The movement in debentures during the year is as follows:

**For the year ended 31 December 2018**

	<b>Baht</b>
Opening book amount	-
Issuance of debentures	1,000,000,000
Amortisation of issuance costs	1,060,486
Deferred issuance costs	<u>(4,492,596)</u>
Closing book amount	<u>996,567,890</u>

On 5 April 2018, the Company issued name-registered, unsubordinated and unsecured debentures totalling 1,000,000 units with the fixed interest of 3.75% per annum payable every 6 months. The issued debentures have the face value of Baht 1,000. The debentures will be redeemed within 3 years after the issuance date for the amount Baht 1,000 million.

The carrying amounts and fair values of certain debentures are as follows:

	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Debentures	996,567,890	-	997,459,960	-

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 3.91% and are within level 2 of the fair value hierarchy.



**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**16 Other payables**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Accrued expenses and other payables	129,673,211	132,697,613
Payable from construction in progress	42,457,211	15,664,784
Retention from construction	4,735,541	8,752,488
Withholding tax payable	2,204,615	1,972,293
Accrued interest expenses	11,698,321	2,502,136
<b>Total</b>	<b>190,768,899</b>	<b>161,589,314</b>

**17 Employee benefit obligations**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Statement of financial position		
- Retirement benefits	43,810,941	36,975,735
Statement of Comprehensive Income		
- Retirement benefits	6,835,206	6,375,801

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

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Opening balance	36,975,735	30,599,934
Current service cost	6,110,598	5,776,173
Interest cost	724,608	599,628
<b>Closing balance</b>	<b>43,810,941</b>	<b>36,975,735</b>

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

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Current service cost	6,110,598	5,776,173
Interest cost	724,608	599,628
<b>Total included in staff costs</b>	<b>6,835,206</b>	<b>6,375,801</b>

Of the total charges, Baht 1,913,177 (2017: Baht 1,505,840) and Baht 4,922,029 (2017: Baht 4,869,961) were included in costs of sales and administrative expenses, respectively.

The amounts recognised in other comprehensive income are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Cumulative loss on remeasurement	7,503,497	7,503,497

The principal actuarial assumptions used were as follows:

	<b>2018</b>	<b>2017</b>
Discount rate	1.96% per annum	1.96% per annum
Future salary increase rate	5% per annum	5% per annum
Employee turnover rate	0% - 41% per annum	0% - 41% per annum

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**17 Employee benefit obligations (Cont'd)**

Sensitivity analysis for each significant assumption disclose:

<b>Impact on defined benefit obligations as at 31 December 2018</b>			
	<b>Change in assumption %</b>	<b>Increase in obligations Baht</b>	<b>Decrease in obligations Baht</b>
Discount rate	+1%		(2,346,293)
	-1%	2,626,595	
Future salary increase rate	+1%	3,227,419	
	-1%		(2,922,045)
Employee turnover rate	+1%		(2,562,873)
	-1%	1,375,743	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted retirement benefits:

	<b>Less than a year Baht</b>	<b>Between 1-2 years Baht</b>	<b>Between 2-5 years Baht</b>	<b>Over 5 years Baht</b>	<b>Total Baht</b>
At 31 December 2018					
Retirement benefits	4,489,057	13,967,362	14,166,935	27,657,106	60,280,460

The weighted average duration of the defined benefit obligation is 21.95 years (2017: 22.95 years).

**18 Share capital and premium on share capital**

	<b>Number of authorised shares</b>	<b>Issued and paid-up ordinary shares Baht</b>	<b>Premium on share capital Baht</b>	<b>Total Baht</b>
At 1 January 2017	436,000,000	435,379,017	427,323,198	862,702,215
Issue of ordinary shares	-	-	-	-
At 31 December 2017	436,000,000	435,379,017	427,323,198	862,702,215
Issue of ordinary shares	-	-	-	-
At 31 December 2018	436,000,000	435,379,017	427,323,198	862,702,215

As at 31 December 2018, the total number of authorised ordinary shares were 436,000,000 shares with a par value of Baht 1 per share (2017: 436,000,000 shares with a par value of Baht 1 per share). The shares of 435,379,017 shares (2017: 435,379,017 shares) were issued and fully paid-up.

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**19 Promotional privileges**

The Company received promotional privileges from the Board of Investment 60-1479-1-04-1-0 dated 28 December 2017 in respect of investment in manufacturing of steels, metal tubes, and metal cutting for an improvement of the production efficiency for alternative energy utilisation. Under these privileges, the Company is exempted from various taxes and duties including exemption from import duties on imported machine and exemption from corporate income tax for the promoted activities in an amount not over than 50% of the investment for an improvement of the production efficiency which excludes investment on land and current assets for a period of three years from the date the promoted operation commenced generating revenue.

Sales classified by BOI promoted activities and non-BOI promoted activities for the year ended 31 December 2018 are as follows;

	<b>BOI promoted activities Baht</b>	<b>Non-BOI promoted activities Baht</b>	<b>Total Baht</b>
Sales	9,268,367,391	8,101,620,433	17,369,987,824

**20 Other income**

	<b>2018 Baht</b>	<b>2017 Baht</b>
Service income	47,128,277	53,052,371
Interest income	1,955,895	8,123,163
Gain of disposals of equipment	-	1,224,808
Others	830,595	992,343
<b>Total</b>	<b>49,914,767</b>	<b>63,392,685</b>

**21 Expenses by nature**

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

	<b>2018 Baht</b>	<b>2017 Baht</b>
Staff costs	394,616,785	376,196,064
Depreciation on property, plant and equipment (Note 10)	172,190,772	157,514,319
Amortisation of intangible assets (Note 11)	6,003,274	5,171,075
Selling and marketing expenses	193,980,921	164,974,002
Professional and consultant fees	3,921,239	6,645,564
Rental expenses	17,260,800	17,260,800

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**22 Income tax expense**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Current tax	52,506,275	157,319,836
Deferred tax (Note 12)	(987,402)	(2,285,216)
Total income tax expense	<u>51,518,873</u>	<u>155,034,620</u>

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

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Profit before income tax	457,402,339	796,072,826
Tax calculated at a tax rate of 20% (2017: 20%)	91,480,468	159,214,565
Tax effect of:		
Income not subject to tax	(36,367,869)	-
Expenses not deductible for tax purpose	2,443,639	1,279,631
Expenses deductible at a greater amount	(6,037,365)	(5,459,576)
Tax charge	<u>51,518,873</u>	<u>155,034,620</u>

**23 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.

	<b>2018</b>	<b>2017</b>
Profit attributable to shareholders (Baht)	405,883,466	641,038,206
Weighted average number of ordinary shares in issue during the year (Shares)	<u>435,379,017</u>	<u>435,379,017</u>
Basic earnings per share (Baht)	<u>0.93</u>	<u>1.47</u>

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

**24 Dividends**

At the Annual General Shareholders' Meeting held on 5 April 2018, the shareholders approved for the payment of dividends in respect of results of operations for the year 2017 of Baht 1.20 per share for 435,379,017 shares, totalling Baht 522.45 million. The dividends had been paid to the shareholders on 19 April 2018.

At the Annual General Shareholders' Meeting held on 5 April 2017, the shareholders approved for the payment of dividends in respect of results of operations for the year 2016 of Baht 1.50 per share for 435,379,017 shares, totalling Baht 653.07 million. The dividends were paid to the shareholders on 19 April 2017.

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**25 Legal reserve**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balance	43,600,000	43,600,000
Ending balance	43,600,000	43,600,000

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

**26 Contingent liabilities**

**Letters of guarantee**

As at 31 December 2018, the Company had outstanding letters of guarantee of Baht 64.84 million (2017: Baht 64.18 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipated to be arisen.

**Letters of credits**

As at 31 December 2018, the Company had outstanding letters of credits amounting to Baht 3.07 million, US Dollar 0.92 million and Yen 31.85 million in relation to purchases of goods and capitals (2017: US Dollar 3.21 million and Yen 9.72 million in relation to purchases of goods).

**27 Commitments**

**Operating leases**

The future minimum lease payments under operating leases arising from the office equipment and vehicles as at 31 December were as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Due within 1 year	8,260,500	17,973,000
Due over 1 year but less than 5 years	3,197,300	10,830,300
Total	11,457,800	28,803,300

**Sales commitments**

As at 31 December 2018, the Company had outstanding commitments relating to the sales of goods with a fixed selling price totalling Baht 2.50 million (2017: Baht 8.50 million).

**Purchase commitments**

As at 31 December 2018, the Company had no outstanding commitments relating to the purchases of goods with fixed buying prices (2017: US Dollar 0.20 million).

**Capital commitments**

As at 31 December 2018, the Company had capital expenditure contracted but not yet recognised of Baht 51.01 million, US dollars 2.40 million and Yen 31.85 million (2017: Baht 163.67 million, US dollars 3.37 million and Yen 9.72 million).

**28 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, Connex Business Online Co., Ltd., arose from purchasing of software programme and using computer system service. Certain shareholders of the Company have significant holding in the shares of Connex Business Online Co., Ltd.

The Company has entered into operating lease agreements of a land and building at Rama III road with 2 directors. The lease agreements are for a period of 3 years from 2016 until 2019, at an agreed price of Baht 2.40 million per year and from 2017 until 2020, at an agreed total price of Baht 3 million per year.

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

(a) Purchases and operating expenses

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Software programmes	2,885,625	-
Computer system service expenses	22,500	286,300
Land and building rental expenses	5,400,000	5,400,000

As at 31 December 2018, the Company had no outstanding account payables to related parties (31 December 2017: Baht 0.04 million).

(b) Directors and managements' remuneration

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

<b>For the years ended 31 December</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Short-term benefits	52,751,500	60,451,200
Post-employee benefits	1,719,551	2,172,446
	<b>54,471,051</b>	<b>62,623,646</b>

**29 Segment information**

The Company does not present segment information. The Company's business operations are trading and including transform the structural steel, plates and sheets which are in the same product groups and its products are mainly sold in domestic market in Thailand.

**Thai Metal Trade Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2018**

**30 Forward foreign exchange contracts**

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

As at 31 December 2018, the Company had open forward foreign exchange contracts which have settlement dates in June 2019 (2017: in July 2018). The amounts to be received and contractual exchange rates of the outstanding contracts are:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
The amounts to be received		
USD 0.80 million (Baht 32.09 - 32.91 per Dollar)	26,079,200	-
USD 1.00 million (Baht 32.76 - 33.05 per Dollar)	-	32,905,000

Net fair values of financial instruments as at the statements of financial position date are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Unfavourable forward foreign exchange contracts	<u>(206,336)</u>	<u>(372,592)</u>

The fair values of forward foreign exchange contracts have been calculated based on rates quoted by the Company's bankers to terminate the contracts as at 31 December. This is within level 2 of fair value hierarchy (Note 3.3).

**31 Event after the financial statement date**

At the Board of Directors' Meeting on 15 February 2019, it passed the resolutions as follows;

1. Approval of a dividend payment of Baht 1.07 per share for 435,379,017 shares, in respect of the 2018 operating results and retained earnings, totaling Baht 465,855,548.19. The dividend payment will be made in ordinary shares for 435,379,017 shares with par value of Baht 1.00 each at the ratio of one existing share for one dividend stock for the total value of Baht 435,379,017. The dividend payout ratio is Baht 1.00 per share, and cash dividends at the rate of Baht 0.07 per share for a total of Baht 30,476,531.19.
2. Approval of a reduction of the registered capital of the Company, from Baht 436,000,000 to Baht 435,379,017, by cutting out the 620,983 ordinary shares that remained from exercising the conversion right of ESOP warrants (ESOP-W) issued in 2008 with a par value of Baht 1.00 each.
3. Approval of an increase in the registered capital of the Company, from Baht 435,379,017 to Baht 870,758,034, by issuing 435,379,017 new ordinary shares with par value of Baht 1.00 each, totaling Baht 435,379,017 that will be allocated as stock dividends to the existing Company shareholders.

These resolutions will be proposed for shareholders' approval at the Annual General Meeting of Shareholders for fiscal year 2019.



## Audit Fee

The Company paid the fee to audit firm for year 2016-2018 as the following:

Year	Audit fee (Baht)	Non-Audit fee (Baht)
2018	1,600,000	18,500
2017	1,600,000	22,600
2016	1,550,000	18,160

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

Name	C.P.A. No.	Audit Year	Total
Mr. Paiboon Tunkoon	4298	2017 - 2018	2 Years
Mr. Prasit Yuengsrikul	4174	2012 - 2016	5 years
Mr. Vichien Khingmontri	3977	2007 - 2011	5 years

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

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



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

179 อาคารบางกอกซิตี ทาวเวอร์ ชั้น 22 ถนนสาทรใต้  
แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพฯ 10120  
โทร 0 2685 4000 แฟกซ์ 0 2670 9090-2

179 Bangkok City Tower, 22<sup>nd</sup> Floor, South Sathorn Rd.,  
Thungmahamek, Sathorn, Bangkok 10120  
Tel +66 2685 4000 Fax +66 2670 9090-2

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