



Annual Report 2015
รายงานประจำปี 2558

2S Metal Public Company Limited
บริษัท 2 เอส เมทัล จำกัด (มหาชน)



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Business Goals

The main goal of the Company is to become a domestic steel entrepreneur that can produce and distribute steel product as a One-Stop Service Center that is well-known. The Company has a policy to produce and distribute products with manufacturing process that meets the Thai industrial standard using standard machinery, and to respond to customers' requirement quickly and efficiently for the highest customer satisfaction.

Production policy of the Company is set to perform at the highest capability and to control cost of production so it is at the lowest level. Lowering losses in manufacturing process, running at full capacity, and performing machinery maintenance regularly will be a cost advantage and increase its competitive advantage in the long run. This will lead to the highest return to the Company's shareholders.

Vision

"To be a steel producer and distributor committed to bringing maximum customer satisfaction."

Mission

1. To produce and procure a diversified and complete suit of steel products for the customers.
2. To develop effective logistics system to serve customers more conveniently, quickly and cost-effectively through cooperation with business partners.
3. To develop and encourage personnel to uphold morality, have high performance and be happy in the organization.

" Investors can find more information from the Company's Annual Registration Statement (Form 56-1) at

www.sec.or.th or Company's website at www.ss.co.th"

Company's Profile

Company Name	: Southern Steel Public Company Limited
Symbol	: S2
Registration Number	: 0107551000100
Nature of Business	: Manufacturing and Distribution of steel products, comprising steel sheet, steel pipe, light lip channel, wire mesh and trading of steel products.
Registered capital	: 299,999,985 Baht
Paid-up capital	: 299,999,971 Baht
Shares type	: Ordinary shares
Par Value	: 1 Baht per share
Head Office and	: 8/5 Moo 14, Tha-chang, Bangklam District, Plant Location Songkhla Province 90110 Tel : 074-457161 Facsimile : 074-457165
website	: www.ss.co.th
Suratthani Warehouse	: 24/19 Moo 4, Karnjanavithi Road, Bangkung, Muang District, Suratthani Province 84000 Tel : 077-289957-8 Facsimile : 077-224664
Bangkok Branch	: 200 Phutthamonthon 3 rd., NongKhangPhlu, NongKhaem, Bangkok 10160 Tel: 082-7349461-3 Facsimile: 02-8075634
Korat Branch	: 147 Moo 9, Nong-Ngulueam, ChaloenPhraKiat, Nakhonratchasima Province 30330 Telephone : 044-207247-51 Facsimile : 044-207272
Board Office	: 1 Q-House Lumpiniflr. 27 th , South Sathorn Rd., Tungmahamek, Sathorn, Bangkok 10120 Telephone : 02-6103883 Facsimile : 02-6103871
Share Registrar	: Thailand Securities Depository Company limited 62 Rachadapisek Rd., Klongtoey, Bangkok 10110 Telephone : 02 229-2800 Facsimile : 02 6545599
Auditor	: Mr. Somchid Tiatragul, CPA. No. 2785 Mrs. Sumalee Chokdeeanant, CPA. No. 3322 Miss Sansanee Poolsawat, CPA. No. 6977 Mr. Teerasak Chuasrisakul, CPA. No. 6624 Grant Thornton Limited 18th Floor Capital Tower, All Seasons Place 87/1 Wireless Road, Lumpini, Pathumwan, BKK10330 Thailand, Tel: +662 205 8222

The subsidiaries (Company hold more than 90% of its capital)

Name	:	Neastern Steel Co., Ltd.
Address	:	147 Moo 9, Nong-Ngulueam, ChaloenPhraKiat, Nakhonratchasima Province 30330 Tel : 044-207247-51
Nature of Business	:	Original Equipment Manufacturer (OEM) for the Company.
Registered Capital and Paid-up	:	Baht 90,000,000
Type of Share	:	1,800,000 Ordinary shares
Par value	:	50 Baht per share

Name	:	Mega Trans and LogistCo.,Ltd.
Address	:	8/5 Moo 14, Tha-chang, Bangklam District, Songkhla Province, 90110 Telephone : 074-457161
Nature of Business	:	Transportation
Registered Capital and Paid-up	:	Baht 17,000,000
Type of Share	:	170,000 Ordinary shares
Par value	:	100 Baht per share

Name	:	Grand Steel Pipe Co.,Ltd.
Address	:	121/10 part2, Xiengkhouan Village, Hadsayfong, District, Vientiane Capital, Lao PDR. Telephone : +856 21 820112-3
Nature of Business	:	Manufacturing and Distribution of steel products
Registered Capital and Paid-up	:	LAK 8,000,000,000 (USD1,000,000)
Type of Share	:	1,000,000 Ordinary shares
Par value	:	8,000 LAK per share

Message from the Board of Director

The global economic problems cause trade and investment in the country slow down. This continually decrease the demand of steel from construction industry which waiting for government policies of year 2014-2015. Steel price dropped rapidly and continuously. Moreover, competition in the steel market has increased as import of steel products cheaper. Anti-Dumping and safe guard measure has a delay effect. As a result of the steel business faced problems and earnings declined.

Anyway, the company has adjusted its strategy for the management to reduce risk, including production, inventory management and consumer service. These maintain the customer relationship and control to maintain earnings. Addition, the company has invested in Lao PDR as we see the business opportunities that have the possibility to increase earning for company in the future.

The company means to improve corporate governance and social responsibility together with the creation of result operation. In the year 2015, the company develop processes for Corporate Governance Report of Thai Listed Companies (CGR) and the quality of the Shareholder meeting. Which the score has increased from the previous year to be satisfiable. Including the development of social responsibilities for the benefit of all stakeholders.

Finally, on behalf of the Board of Directors, I would like to thank all of shareholders, customers, distributors, business alliances, financial institutions, and public and private entities, as well as the management members and employees for their consistent supports all along. Please be assured that we will continue developing our business in order to generate quality products with high standard and security, and bring about ongoing business growth and achievement of targets on a transparent basis and under corporate governance principles.

Mr. Sombat Leeswadtrakul
Chief Executive Officer

Financial Highlights

Unit: Million Baht

<i>Summary (Consolidate)</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Revenue form sales	4,092.04	4,235.39	3,698.07
Gross income	227.26	209.96	194.31
Net - income	68.03	41.90	33.20
Total Assets	1,222.08	1,207.02	1,210.54
Total Liabilities	531.40	506.88	449.45
Shareholders' Equity	690.68	700.14	761.09
Issued and paid-up shares	300	300	300

<i>Financial Ratio</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Gross Profit Margin (%)	5.55	4.96	5.25
Net Profit Margin(%)	1.66	0.99	0.89
Earning per Share (Baht)	0.23	0.15	0.11
Book Value per Share (Baht: Share)	2.30	2.33	2.54
Return on Asset (%)	5.49	3.45	2.75
Return on Equity (%)	10.32	6.02	4.54
Debt to Equity ratio (times)	0.77	0.72	0.59
Interest coverage ratio (times)	10.48	6.80	15.76
Current Ratio (times)	1.83	1.77	1.76
Average collection period (Date)	25	24	25
Average inventory (Date)	20	22	20
Dividend Payout (%)	52.9	71.60	88.96



Business Overview

History and Background

The Company was established in 1992 under the name of Southern Steel Company Limited with an initial registered capital of Baht 50 million to engage in production of cold-rolled structural steel comprising steel sheet, steel pipe and C-channel steel. Its head office and factory are located in Bang Klam District, Songkhla Province. In 1996, the Company started procurement for distribution business covering such products as galvanized steel pipe, angle bar, H-beam, I-beam, channel, checkered plate, rolled steel, reinforcing bar, etc, to better fulfill customers' demand.

In 2006, the Company increased its registered capital to Bt. 85 million for invest in Neastern Steel Co., Ltd. ("the Subsidiary") with 99.99 percent shareholding. The objective is to expand manufacturing base and also customer base to the northeastern region and its plant is located in ChaloemPhraKiat District, Nakhonratchasima Province. . The Subsidiary engages in the same type of business as the Company

As the business ongoing expansion, The company became a Public Company in 2008 and also increased its registered capital from Bt. 140 million to Bt. 200 million by issuing common stocks offering to the public with the total of 60 million shares. The Company became a listed company in the Market of Alternative Investment (MAI) of the Stock Exchange of Thailand and started its first trading day on 2 September 2009.

Significant Changes and Developments	
2010	
April	- The Company was officially renamed from Southern Steel Public Company Limited to 2S Metal Public Company Limited and logo changed from  to  .
May	- The Company changed its stock symbol to "2S" on the MAI.
July	- The Company changed the main business of Nistern Steel Company Limited (Subsidiary) to provide production and distribution contracting service of steel products to the Company and set up warehouse on Phutthamonthon Sai 3 Road, Bangkok, to be the main inventory warehouse and distribution center
2011	
May	- The Company increased its registered and paid-in capital to Baht 250 million by issuing 50 million new ordinary shares at a par value of Baht 1 per share and allocating them as dividend shares to the existing shareholders at a ratio of 4 existing shares :1 dividend share.
December	- The Company received ISO 9001:2008 certification.
2012	
January	- The subsidiary invested in a land adjacent to the factory, covering an area of 42rai, to expand the warehouse space and increase production capacity to support the increase of sales coverage area in the Northeastern Region of the parent company.
September	- The Company purchased, instead of rented, a land and construction on Phutthamonthon Sai 3 Road, to expand the warehouse to support the sales increase.

2013

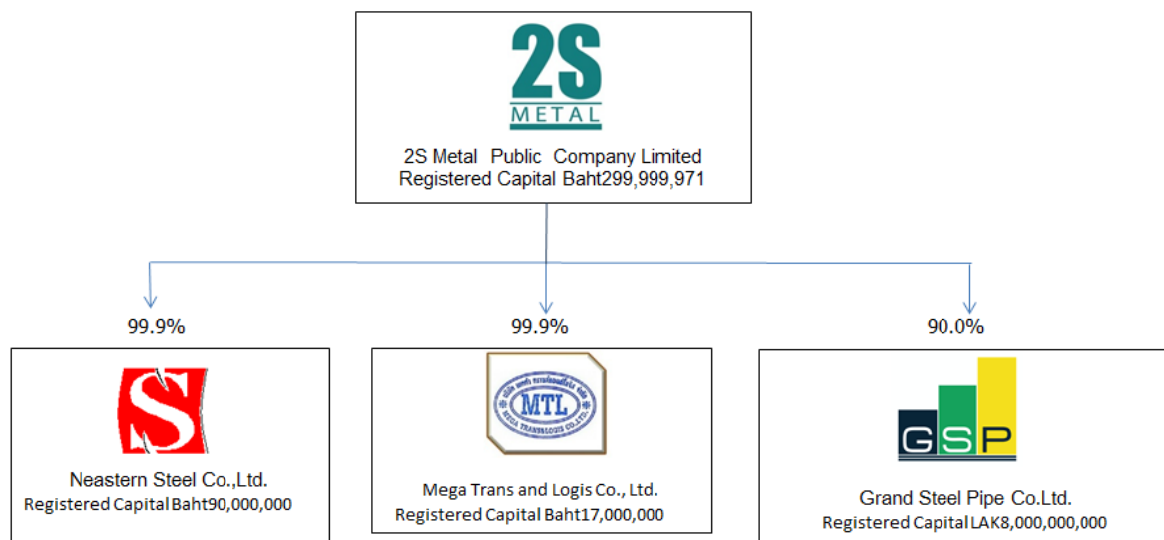
- May
- The Company raised its registered and paid-in capital to Baht 300million by issuing 50 million new ordinary shares at a par value of Baht 1 per share and allocating them as dividend shares to the existing shareholders at a ratio of 5 existing shares :1 dividend share.
 - The Company set up Mega Trans and Logis Company Limited as a 99.9% subsidiary to conduct the logistics for the Company regarding each product category, with current registered and paid-in capital of Baht 17 million.

2014

- September
- The Company participated in the declaration of intention to join the Private Sector Collective Action Coalition against Corruption (“CAC”).

2015

- October
- The Company enter into a share purchase of Grand Steel Pipe Co.,Ltd. which registered under the law of Lao PDR. from a third party it acquire 90%. Operate the manufacturing and distribution of steel products.

Shareholding Structure

The company is a big sole producer of formed steel in the south such as steel sheet, steel pipe, C-channel steel, angle bar, etc. and trading of other formed steel products such as galvanized steel pipe, equal angle, H-beam, I-Beam, channel, checkered plate, hot rolled coil, cold round bar, etc., or steel pipe, C-channel, and wire mesh which are of the size cannot be produced by the Company. The head office and plant are located in Bangklam District, Songkhla Province with the total area of approximately 33 rai and 120 square wa and the combined production capacity of all types of products of approximately 145,800 tons a year (excluding slitting coil).

Neastern Steel Co., Ltd. the subsidiary became to the Original equipment manufacturer (OEM) for the Company since 2010. The objective is to enhance the Marketing and Sale Management under the pattern. Its head office and the plant located in Chaloem Phra Kiat District, Nakhonratchasima Province which is in a center of economic in the northeastern region and a gate to the Neighbouring Countries. At present, the subsidiary has the combined area is approximately 59 rai, 2 ngan, and 82 square wa and the combined production capacity of all types of products of approximately 164,300 tons a year (excluding slitting coil).

At present, the Company have 4 suitable locations of warehouse, Hat-Yai, Surathani, Korat (Nakhonratchasima Province) and Bangkok (Phutthamonthon 3 rd.). Therefore, the Company set up the another subsidiary Mega Trans and Logis Co., Ltd. to handle the transportation to benefit of those 4 zones are more convenience and economical to deliver of each zone.

In 2015, the company enter into a share purchase of the common shares of Grand Steel Pipe Co., Ltd. which is registered under the law of Lao PDR. The producer of steel products and trading of steel. Its head office and the plant located in Xiengkhouan Village, Hadsayfong, District, Vientiane Capital, Lao PDR. with the total areas of approximately 10 rai and the combined production capacity of all types of products of approximately 32,400 tons a year

Nature of Business

Revenue Structure

Revenue from sales of the company comprise 2 businesses, which is Manufacturing of steel products and trading of steel products. Revenue structure classified by type of products for 3 years ended 31 December 2013-2015 are as follows:

Type of products	Consolidated					
	2013		2014		2015	
	Bt. Million	%	Bt. Million	%	Bt. Million	%
Formed steel products						
- Steel sheet	237.40	5.80	268.96	6.35	268.96	6.35
- Steel pipe	1,407.99	34.41	1,539.54	36.35	1,539.54	36.35
- C channel steel	1,528.50	37.35	1,549.40	36.58	1,549.40	36.58
- Wire mesh	70.74	1.73	63.51	1.50	63.51	1.50
- Others	16.79	0.41	22.75	0.54	22.75	0.54
Total revenues from sales of formed steel	3,261.42	79.70	3,444.16	81.32	3,444.16	81.32
Steel products for trading	773.04	18.89	721.67	17.04	721.67	17.04
Income from by-products ¹	57.58	1.41	69.56	1.64	69.56	1.64
Total revenues from sales	4,092.04	100.00	4,235.39	100.00	4,235.39	100.00

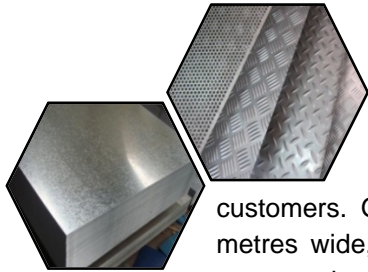
Notes:

¹By-products refer to B-grade and C-grade steel that have defects or have the length not up to the standards.

Our products and Services

The Company's business operations can be classified into manufacture and distribution of steel products and trading of steel products as below:

Formed steel products Hot Rolled Coil ("HRC") or steel wire will go through different forming processes according to manufacturing standard such as Steel Sheet, pipe, C-Channel or other form.



Steel Sheet

steel sheet by cutting Hot Rolled Coil to the sizes required by customers. Generally, steel sheets being sold are approximately 1.22 and 1.52 metres wide, 2.44, 3.05, and 6.10 metres long, and 1.20-25.00 metres thick. At present, the Company and the Subsidiary each has one slitting machine carrying equal production capacity of approximately 30,000 tons per year. Applications of steel sheet are in a variety of industries, e.g. construction, furniture manufacturing, shipbuilding, and many others. It is the material used for component parts of various products, for example, floor slab, partition, shelf, cabinet, safe, ship structure, etc.

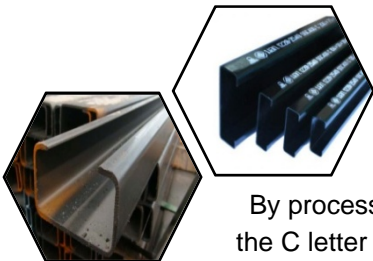
Steel Pipe

The Company produce steel pipe in all three shapes which are round steel pipe with 1/2" – 3" diameter and 1.20 – 4.00 millimetres thick, rectangular steel pipe with 3/4" x 3/4" – 3" x 3" and 1.20 – 4.00 millimetres thick, and square steel pipe with 2" x 1" - 4" x 2" and 1.20 – 4.00 millimetres thick. Hot rolled coil is cut into slitting coil of required sizes which later goes through a forming process to form round pipe, square pipe, and rectangular pipe. The Company and subsidiary currently have six steel pipe machines each, carrying production capacity of around 48,000 tons per year and 52,500 tons per year, respectively. Applications of steel sheet are in a variety of industries, e.g. construction, furniture and automobile, etc. It is used as component part of various products, for example, water pipe, electric wire pipe, desk, chair, roll structure, electric pole and etc.



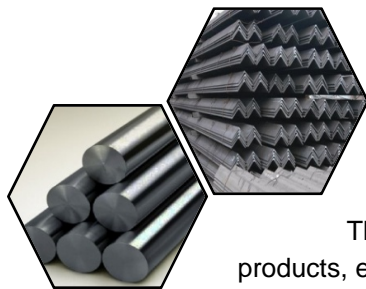
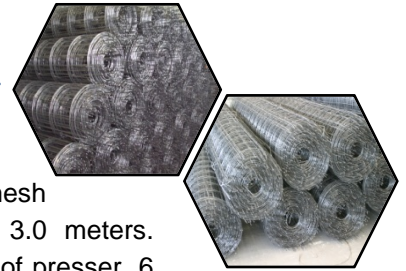
C - Channel Steel

By processing HRC to generate slitting coil of the size required and then forming into the C letter shape with different thickness and width. The sizes are varied from 3" – 8" wide and 1.4 – 4.0 millimeters thick. To produce this product, the Company has two machines and the three Subsidiary has three machines, with production capacity of around 58,000 tons per year and 80,000 tons per year, respectively. C-Channel steel is mainly used as roof structure in construction industry.



Wire Mesh

By stretching steel wire and welding it to generate wire mesh with diameter of 3.6 – 5.5 millimeters and maximum width of 3.0 meters. Currently, the Company has wire mesh machines as follows: 1 unit of presser, 6 units of straightening cutting machine, and 2 units of weaving machine, which have production capacity of around 4,800 tons per year. The subsidiary has 1 machine which have production capacity of around 1,800 tons per year. Wire mesh is used to reinforce concrete to prevent contraction (Temperature steel) or prevent cracking for concrete work and road surfacing work.

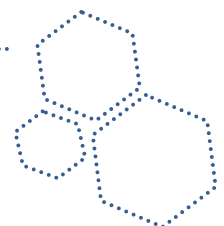
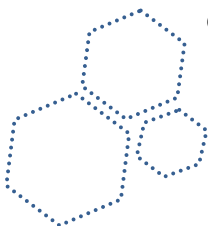


Other formed steel Products

The Company also produces and distributes other formed steel products, e.g. angle bar, flat bar, light lip channel and U channel, by cutting HRC into slitting coil of the size required which is similar to production of C-channel steel. The slitting coil is then fold into various shapes according to customers' demand. And new product Galvanized Steel Bar, Metal Framework and C-line.

Trading of steel products

The Company also procure and then distribute other types of steel products. These include galvanized steel pipe, equal angle, H beam, I beam, channel steel, checkered plate, HRC, cold round bar, and etc, or steel pipe, light lip channel and wire mesh, which are of the sizes cannot be produced by the Company. This could match up to various needs of the customers who are steel wholesalers, and customers in construction and furniture industries, thereby the products are used as structures of buildings, residences, factories or bridges



Industry Situation and Competition

It is expected that the steel industry situation in the first half of 2016 will remain unchanged judging from the demand for steel from the construction industry in the private sector which is still slow coupled with sluggish global economic conditions including that of China. The hope of steel operators rests with the impending mega investments from the state. The government must accelerate the implementation of protective measures for local steel producers especially anti-dumping and the extension of safeguard measure against imported hot-rolled steel which is expiring in February 2016.

Marketing Strategy

<p>▶ Product and Service</p> <p>The manufacturing product of the Company achieved the certification of Thai Industrial Standard Institute, steel sheet mor.or.gor no. 528/2548 and 1479-2541 steel pipe mor.or.gor no. 107-2533 C-Channel mor.or.gor no. 1228-2549 with the main goal to provide efficient service for customers' highest satisfaction and a policy to produce and distribute products as a One-Stop Service Center of South and East with 4 warehouses in different areas. The first warehouse is in Songkla Province. The second is in Suratthani Province. The third is in Nakhonratchasima Province and last one is in Bangkok, thus delivering of steel products can be done on-time.</p>	<p>▶ Price</p> <p>The Company has set a pricing policy to sell its products a suitable price base on supply and demand in the market at the time, cost of raw materials using in the manufacturing process, and future trend of supply and demand, in order to be able to set the price that is suitable according to market situation and able to compete in the market. However, the Company does not have a policy to reduce the price to gain advantage in a competitive market but will focus on quality and variety of steel product to meet customer's requirement. The Company's policy to compete in the market is to be differentiated other than lowering the price.</p>
<p>▶ Place</p> <p>At present, the Company has distribution channel in form of both wholesalers and retailers, with around 200 of them covering the southern region and 150 of them covering the northeastern region. Since the Company is the sole formed steel manufacturer that have plants located in the South and the Northeast which are convenience for transportation, the Company can provide continuous service to their customers and able to deliver steel products quicker than their competitors. Moreover, the Company have policy to expand their market share in the South and the Northeast by maintaining good relationship with their customers, both wholesalers and retailers. Thus it is quite difficult for a new competitor to take a market share of the Company.</p>	<p>▶ Promotion</p> <p>The Company has promotion for both wholesalers and retailers. Customers with orders of high quantity will get discount, where as customers with good credit will get advertisement and public relation to build up brand awareness and acceptance. The Company has done public relation through its website at www.ss.co.th and also accessing target customers directly.</p>

Nature of Customers

The company has customer both wholesalers and retailers in the South around 200 customers, East around 120 customers. For Middle and North, the customers would be both wholesalers and End User. Most of the customers around 80% of sales is wholesalers which will be purchased steel from the Company to sell to customers and end-user. These wholesalers is construction store, furniture manufacturing, the Company has good relationship with all type of customers and no need to rely on just one customer who has sales value more than 30% of total sales.

Sources of Supply

➤ **Raw Material**

Hot rolled coil (HRC) is a major raw material in the manufacturing process of steel sheet, steel pipe, and C-channel steel, and wire rod is a major raw material to produce wire mesh. The Company has purchased such steel product, in accordance with the Company's procurement policy, from domestic manufacturers and distributors under certain conditions in terms of reliability in supplying and delivery of products, quality of raw material, and appropriate price referring to steel price in domestic market. Purchase orders of raw material will be placed approximately 15-45 days beforehand with price, amount, and quality as agreed in advance so that the supply of raw material is sufficient and meet the customer's demand. The Company aggregately purchased HRC from three companies which are Sahaviriya Steel Industries PLC., G Steel PLC., and G J Steel PLC. Such manufacturers and distributors can produce hot rolled coil with quality and standard as required by the Company at the right price.

The two subsidiaries i.e. Neastern Steel Ltd. and Grand Industry Steel Processing Co., Ltd. have the same raw material purchasing policy and under the same management. By pooling the purchase of all the companies together, the resulting higher volume contributes to better purchasing terms and conditions.

➤ **Inventory**

The Company and the Subsidiary have a policy to stock such raw material as HRC and wire rod for the period of around 15-30 days to match the continuous manufacturing of the product and to reduce risk in price fluctuation. For inventory management, the Company has 4 warehouses. One of them is on the plant premise in Songkla Province / Suratthani Province/ Nakhonratchasima Province and last one is in Bangkok. These 4 warehouses can store steel products up to 11,550 / 5,000 / 25,000 and 2,000 tons, respectively. As the quantity of sales has growth up every year continuously, with the enough inventory stocks, the Company is able to delivery products to customers quickly and continuously.

➤ **Production**

Manufacturing policy of the Company and the Subsidiary is a made to order production and inventory for distribution. Starting from production planning according to orders the sales department received from customers, the manufacturing department will take into consideration production capacity from the orders together with an estimation of the market demand to have an economy of scale; lead time and amount of raw materials that the procurement department is responsible to provide with quality; and product volume required by customers. The plant can run for 20 hours a day dividing into 2 shifts. When the product is ready, the quality control department will perform a test in

accordance with the industrial standard and the Company's policy in quality control before storing the product in the warehouse to be delivered to the customers.

The company and Neastern Steel Ltd. has production capacity of 140,000 tons and 164,300 tons per year respectively. As of 2015, the actual capacity utilized were 38.6% and 50.7%, a slight decline compared to 2014.

Risk Factors

1. Executives of the Company and the Subsidiary having close relatives engaged in similar businesses

The Company and the Subsidiary's executives, Mr. SombatLeeswadtrakul has close relatives operating business relating to steel products in line with the family backgrounds, i.e. being directors and/or major shareholders of companies engaging in steel products, hence similar business to that of the Company and the Subsidiary and considered the competitors thereof which could lead to conflict of interest.

However, the customer base of the Company and the Subsidiary is mainly in the South and the Northeast, while that of the relatives' mainly in the Central region, hence not overlapping target groups. Also, transportation cost is one of the key factors as customers normally buy products from the manufacturers in the close proximity to save such cost.

The Company's shareholder structure comprises shareholders that are not related to or have influence on one another. Also, the Board of Directors is composed of 9 members which have 4 independent directors. This can ensure balance of power and protection of maximum benefit to the Company. In this regard, the Board has delegated power and authority to Mr. SangrungNitipawachon (Managing Director), who is not a close relative, to administer the business relating to steel products, or the Executive Committee, excluding the members with vested interest in certain transactions, to approve related transactions.

2. Raw material procurement

Hot rolled coil (HRC) is a major raw material in the manufacturing process. The Company and the Subsidiary aggregately purchased HRC from three companies which are Sahaviriya Steel Industries PLC., G Steel PLC., and G J Steel PLC. As the Company and the Subsidiary purchase such raw material all at the spot price, without making any firmed commitment and agreement, the Company and the Subsidiary may bear risk of raw material shortage.

Nonetheless, all the above three producers are leading local HRC producers with long-time past track records. Moreover, for the past years, these producers/suppliers have been able to provide the raw material for the Company and the Subsidiary timely and sufficiently all along. The Company and the Subsidiary has also put in place the clear manufacturing plan, together with the raw material stock period of around 15-30 days to match the production and approximately 15-45 days advance placement of purchase orders.

3. Price fluctuation in raw material

The cost of HRC, the major raw material in the steel product manufacturing, represents approximately 95-96% of total steel production cost. Although the supply is procured domestically, HRC price fluctuates in line with the global demand-supply situation. Such price fluctuation will pose

material impact on the revenues and gross profit margin, particularly if the Company cannot adjust its product selling prices in line with the higher raw material prices.

However, the Company has placed importance to managing such risk, with regular and consistent tracking of HRC price changes to predict HRC supply and price trends and ensure proper raw material and finished product management. This can relieve the impact from price fluctuation in raw material to a certain extent.

4. Risk from fluctuation of foreign exchange

The company imports some raw material and machinery thus exposed to foreign exchange risk. In order to minimize such risk, the company utilizes financial hedging tools e.g. forward and option.

5. Risk from providing credits to customers

In the company's business, trade receivables will be recorded when sales are made under agreed credit terms with customers. This poses as risk in case of non-payment by customers or delay in the payment. The company has measures to minimize such risk by fixing credit limit for each customer derived by analyzing the requirement and the ability to honor the payment of each customer. Such credit limit needs to be approved in writing by an executive with such authority.

6. Risk from the inability to create value from new ventures

The company manages the risk to ensure that any investment in new venture can create additional value to the organization per the projections made prior to the actual investment. This is undertaken by putting in place experts in different areas to assist in communication and coordination with staff and the management of the new business. This is carried out by ranking job priorities according to importance for the short, medium and long term perspective including working procedure and clear process with emphasis on cordial relationship to ensure smooth change process and long term success measured by sales and bottom line growth.

7. Risk from the change in regulations, policies, guidelines in the countries where the company has investments

In connection with the company's investment in Laos PDR, there may be risk of the change in laws, guidelines, regulations, policies of that country which is unavoidable e.g. laws on stamp duty, labor laws, environmental laws etc.

Shareholder Structure

Company's Securities as at February 19th 2016 were as follows;

registered capital	:	299,999,985 Baht
Paid-up capital	:	299,999,971 Baht
Ordinary Shares	:	299,999,971 shares
Par Value	:	1 Baht per share

Shareholder

Name of top 10 shareholders as at the book closing date on February 19th 2016 are as follows:

No.	Name	No. of Shares	%
1	Mr. SombatLeeswadtrakul	54,920,430	18.31
2	Mr. SangrungNitipawachon	17,329,120	5.78
3	Ms. ThanikaTungpoonponvivat	14,248,800	4.75
4	Mr. PreedaWongsatitporn	13,438,300	4.48
5	Ms. UmpornNitipawachon	11,154,435	3.72
6	Ms. NisaRungrattana-ubon	11,137,500	3.71
7	Mr. SuntAmornlertvimarn	11,064,750	3.69
8	Mrs. LaorsriLerspornchareon	10,643,025	3.55
9	Ms. BunsriPanyapiamsak	10,080,000	3.36
10	Mr. SuthepSiriphityakunnakit	9,099,820	3.03
Total		164,722,705	54.91

Controlling Shareholders

No.	Name	No. of Shares	%
1	Mr. SombatLeeswadtrakul	54,920,430	18.31
2	Nitipawachon group	47,326,749	15.78
	Mr. SangrungNitipawachon	17,329,120	5.78
	Ms. UmpornNitipawachon	11,154,435	3.72
	Ms. SupornNitipawachon	8,172,894	2.73
	Ms. SivapornNitipawachon	7,015,650	2.34
	Ms. ChonsitaVacharaphunjit	3,024,650	1.01
	Mr. JirayuNitipawachon	630,000	0.21

3	Punyapiamsak group	23,020,000	7.67
	Ms. BunsriPanyapiamsak	10,080,000	3.36
	Mr. VichaiPanyapiamsak	4,200,000	1.40
	Mr. SombatPanyapiamsak	4,200,000	1.40
	Mr. SompornPanyapiamsak	2,500,000	0.83
	Ms. BoonchuayPanyapiamsak	2,040,000	0.68

Other Securities

-None-

Shareholdings of Directors and Management at December 31st 2015

Name	At ended December 31 st 2014		Increase (decrease) during financial year	At ended December 31 st 2015		% of registered capitla
	Held personally	Held by spouses and minor Children		Held personally	Held by spouses and minor Children	
1. Mr. KunchitSingsuwan	-	-	-	-	-	-
2. Mr. SombatLeeswadtrakul	54,920,430	-	-	54,920,430	-	18.3
3. Mr. SangrungNitipawachon	17,326,620	630,000	2,500	17,329,120	630,000	5.98
4. Mr. SuraponSatimanont	-	-	-	-	-	-
5. Mrs. ChintanaTechamontrikul	-	-	-	-	-	3.36
6. Ms. BunsriPanyapiamsak	10,080,000	-	-	10,080,000	-	2.70
7. Gen. PhairatPhoubon	-	-	-	-	-	4.48
8. Mr. Tanatat Chawaldit	8,100,206	-	-	8,100,206	-	-
9. Mr. PreedaWongsathitporn	13,438,300	-	-	13,438,300	-	-
10. Mrs.TassaneePhunuchaphai	-	-	-	-	-	-
11. Mr.PakornOnkaewAge	-	-	-	-	-	-
12. Mrs.KannikaAngruviroteAge	-	-	-	-	-	-
13. Mr.PongdechLersithisakAge	-	-	-	-	-	-
14 Ms.JaruwanJanpra-Ob	67,500	-	-	67,500	-	0.02

Dividend payment Policy

The Company has a policy to pay dividend at the rate of at least 40% of net profit after corporate income tax of the Company's Financial Statements and after statutory reserve and other reserve as specified by the Company. Such dividend payment may change subject to the Company's financial position, operating performance, investment plan, and other factors considered necessity and appropriate in the future and as deemed proper by its Board of Directors and/or the Shareholders' meeting. The Subsidiary also has dividend payment policy same as the Company.

*Board of Directors**Management*

As of 31 December 2015, there are 9 members as follows;

Name	Position
1. Mr. KunchitSingsuwan	Chairman / Audit Committee / Independent directorand Nomination and remuneration committee
2. Mr. SombatLeeswadtrakul	Chief Executive Officer and Nomination and remuneration committee
3. Mr. SangrungNitipawachon	Director and Managing Director
4. Mr. Surapon Satimanont	Vice Chairman / Audit Committee / Independent directorand Nomination and remuneration committee
5. Mrs. ChintanaTechamontrikul	Director/ Independent director/Nomination and remuneration committee
6. Ms. BunsriPanyapiamsak	Director / Executive Committee
*7. Gen. PhairatPhoubon	Director / Independent director
8. Mr. Tanatat Chawaldit	Director
9. Mr. PreedaWongsathitporn	Director

* Gen. Phairat was appointed to be director as on December 15, 2015 to replace a director who resigned

Authorized Directors of the Company

Authorized directors for company legal obligation are Mr. SombatLeeswadtrakul or Mr. SangrungNitipawachon or Ms. BunsriPanyapiamsak, any two of these 3 persons sign out accompanying with the company's seal.

Management

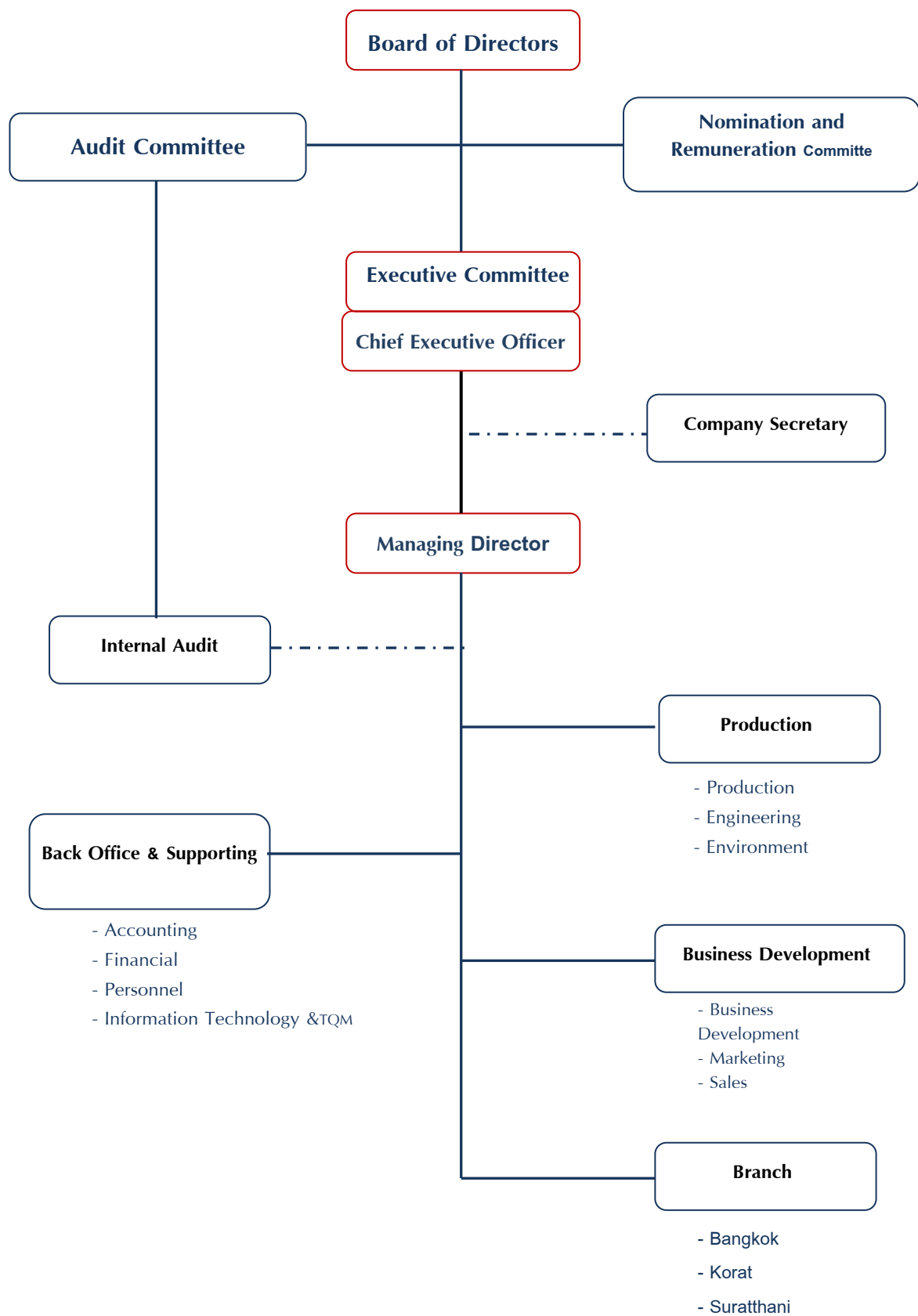
As of December 31,2015 The Company's management consisted of 8 members as follows;

Name	Position
1. Mr. SombatLeeswadtrakul	Chief Executive Officer
2. Mr. Sangrung Nitipawachon	Managing Director
3. Ms. BunsriPanyapiamsak	Financial Manager
4. Ms. TassaneePhunuch-Aphai	Marketing and Sales Manager
5. Mr. Pakorn On-Kaew	Accounting Manager
6. Ms. KannikaAnguravirote	Brach Manager (Korat)
7. Mr. PongdechLersithisak	Brach Manager (Bangkok)
8. Ms. JaruwanJanpra-ob	IT Manager

Company Secretary

Ms. PornnicaLertithibaht was appointed by the resolution of the Board of Directors No.5/2008 which held on June 10th, 2008. The duties and responsibilities as on the CG segment.

Organization Chart



Profile of Directors and Management

Dr. KanchitSingsuwan

Vice Chairman and Chairman of Audit Committee

Age 53 years.

Education Background

- Doctoral degree in International Business Administration, United States International University, USA
- Bachelor of Laws, Chulalongkorn University, Thailand
- Director Accreditation Program (DAP) 68/2008 from Thai Institute of Directors

Shareholding proportion- %

Working experience

2007 - present	Vice Chairman and Chairman of Audit Committee, 2S Metal Public Company Limited
2009 - present	Vice Managing Director of SMEs, Islamic Bank of Thailand
2009 - 2011	Risk management committee, MCOT Public Company Limited

Mr.SombatLeeswadtrakul

Director, Chief Executive Officer

Age 56 years.

Education Background

- MBA, Mahidol University, Thailand
- The 8th: Top Executive Program, Capital Market Academy, Thailand
- The program for Senoir Executive on Justice Administration (Batch 12)
- Director Accreditation Program (DAP) 68/2008 from Thai Institute of Directors

Shareholding proportion :18.31%

Working experience

1992 - present	Director and Chief Executive Officer, 2S Metal Plc
1992 - present	Director, Bangkok Waster Resources Co., Ltd.
2002 - present	Director, Bangsaothong for Agriculture Co., Ltd.
1994 - present	Chairman and Chief Executive Officer, Neastern Steel Co., Ltd.
2015 - present	CEO, Grand Steel Pipe Co.,Ltd.

Mrs. ChintanaTechamontrikul

Director and Audit Committee

Age (Yr.) 61

Education Background

- MBA (Finance), Kasetsart University, Thailand
- MBA, University of the Thai Chamber of Commerce, Thailand
- M.A. (Economic law), Faculty of Law, Chulalongkorn University, Thailand
- Director Certification Program (DCP) 4/2000 from Thai Institute of Directors

Shareholding proportion : - %

Working experience

2007 - present	Director and Audit Committee, 2S Metal Public Co., Ltd.
1993 - present	Managing Director, C&A Auditing
2014 - 2015	Director and Audit Committee, JP Motor Works Public Co., Ltd.

Mr. SangrungNitipawachon

Director, Executive Director, Managing Director

Age 47 years.

Education Background

- MBA , Chulalongkorn University, Thailand
- MBA, Prince of Songkla University, Thailand
- Director Accreditation Program (DAP) 68/2008 from Thai Institute of Directors

Shareholding proportion :5.78%

Working experience

1993 - present	Director and Managing Director, 2S Metal Public Co., Ltd.
2006- present	Director and Managing Director, Neastern Steel Co., Ltd.
2015 - present	Director, Grand Steel Pipe Co.,Ltd.

Mr. Surapon Satimanont**Director and Audit Committee****Age (Yr.) 55****Education Background**

- MBA, Webster University, USA
- Master of Laws (LL.M.), Howard University School of Law, USA
- Master of Laws (LL.M.), Southern Methodist University, USA
- Director Certification Program (DCP) 40/2004 from Thai Institute of Directors
- Anti - Corruption for Executive , July 2014 from Thai Institute of Directors

Shareholding proportion : - %**Working experience**

- 2007 - present Director and Audit Committee, 2S Metal Public Co., Ltd.
- 2008 - present Director and Chairman of Audit Committee, Baan Rock Garden Public Co., Ltd.
- 2007 - present Director and Audit Committee, Ratchthani Leasing Public Co., Ltd.
- 2008 - present Sub-committee on Legal Affairs and Contract, State Railway of Thailand
- 2014 - present Committee on Legal Advisory, ICT Ministry
- 2014 - present Director, Erawan Insurance PLC.
- 2015 - present Director and Audit Committee, Sumitomo Mitsui Trust (Thailand) Bank PLC.

Ms. Boonsri Panyapiamsak **Age (Yr.) 53****Director****Education Background**

- High vocational Certificate, Technological and Vocational College, Southern Technical Campus
- Director Accreditation Program (DAP) 75/2008 from Thai Institute of Directors

Shareholding proportion: 3.36%**Working experience**

- 2007 - present Director and Executive committee, 2S Metal Public Co., Ltd.
- 2011 - present Director and Executive committee, Neastern Steel Co., Ltd.
- 2015 - present Director, Grand Steel Pipe Co., Ltd.

Mr. Preeda Wongsathitporn**Director****Age (Yr.) 60****Education Background**

- Wattana Colledge
- Director Accreditation Program (DAP) 92/2011 from Thai Institute of Directors

Shareholding proportion (%) : 4.48**Working experience**

- 2011 - present Director, 2S Metal Public Co., Ltd.
- 2006 - present Authorized Director, Tor. Vijjibulsin Woods Co., Ltd.
- 2006 - present Authorized Director, Thanapol Laminate Co., Ltd.
- 2006 - present Authorized Director, Chaivasith Parawood (2002) Co., Ltd.
- 2008 - present Director, Neastern Steel Co., Ltd.

Mr. Tanatat Chavaljit**Director****Age (Yr.) 48****Education Background**

- MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Director Accreditation Program (DAP) 68/2008 from Thai Institute of Directors

Shareholding proportion: 2.70%**Working experience**

- 2008 - present Director, 2S Metal Public Co., Ltd.
- 2004 - present Director, Royal Home Development Co., Ltd.
- 2002 - present Director, Relax Comfort Co., Ltd.
- 2001 - present Director and Vice President, Golden (Thai) Teak Co., Ltd.
- 2001 - present Director and Vice President, SB Furniture Houses Co., Ltd.
- 2001 - present Director and Vice President, SB Furniture Industry Co., Ltd.
- 2001 - present Director, GTT Marketing Co., Ltd.

Gen. Phairat Phoubon Age (Yr.) 59**Director and Independent Director****Education Background**

- The National Defence College (NDC #52)
- Chulachomklao Royal Military Academy (CRMA#27)
- Bachelor of Engineering, Royal Thai Survey Dept.
- Director Accreditation Program (DAP) 123/2016 from Thai Institute of Directors

Shareholding proportion: 3.36%

Working experience

- 2015 - present Director, 2S Metal Public Co., Ltd.
 2013 - present Director of Joint Communications

Mrs. Kannika Angruvirote Age (Yr.) 50**Branch Manager****Education Background**

- B.A. Faculty of Arts, Silpakorn University

Shareholding proportion: - %

Working experience

- 2010- present Branch Manager, 2S Metal PLC.
 2008-2010 Marketing Manager, Neastern Steel Co., Ltd.

Miss Pornnicha Lertithibah Age (Yr.) 43**Company Secretary****Education Background**

- B.A., Marketing, Bangkok University
- Company Secretary Program (CSP) รุ่นที่ 27/2008 from Thai Institute of Directors

Shareholding proportion: - %

Working experience

- 2008- present Company Secretary, 2S Metal PLC.

Mr. Pongdech Lersithisak Age (Yr.) 48**Branch Manager****Education Background**

- B.A. (Faculty of Business) Chulalongkorn University

Shareholding proportion: - %

Working experience

- 2010- present Branch Manager, 2S Metal PLC.
 2008- present Director and Executive, Wattana Mansion

Mr. Pakorn Onkaew Age (Yr.) 41**Accounting Manager****Education Background**

- B.A. (Accounting), Had Yai Community College

Shareholding proportion: - %

Working experience

- 2007- present Accounting Manager, 2S Metal PLC.
 2013- present Director and Managing director, Mega Trans and Logis Co., Ltd.

Mrs. Tassanee Phunuchaphai Age (Yr.) 41**Sales and Marketing Manager****Education Background**

- MBA, Prince of Songkla University, Thailand
- B.A. (Finance), Prince of Songkla University, Thailand

Shareholding proportion: - %

Working experience

- 2004- present Marketing Manager, 2S Metal PLC

Ms. Jaruan Janpra-Ob Age (Yr.) 37**ICT Manager****Education Background**

- Master of Science, ICT, Prince of Songkla University,

Shareholding proportion: 0.02%

Working experience

- 2010- present ICT Manager, 2S Metal PLC.
 2005- 2010 ICT Division, 2S Metal PLC.

Personnel Development Policy

The Company has the policy regarding personnel development to advance the employees' knowledge and skill for better performance and higher quality service. Necessary trainings and seminars will be arranged regularly. This will help the staff to be able to apply the knowledge and perform their task efficiently. The Company also has the policy to set compensation at appropriate levels to keep the qualified persons to work with the Company for a long term. In addition, various activities to promote unity of employees have been carried out continuously

Remuneration of the Directors and Management team

Remuneration in cash

According to the Annual General Meeting of Shareholders of 2015 which held on 10 April 2015, solved the remuneration of the Board of Directors and the Audit Committee for the year 2015 was set to Bt. 4.00 million. This consisted of meeting allowance for the Chairman and Directors at the amount of Bt. 50,000 per meeting and Bt. 15,000 per meeting, respectively, and meeting allowance for Chairman of the Audit Committee and the Audit Committee at the amount of Bt. 20,000 per meeting and Bt. 15,000 per meeting, respectively. A director who also serves as the Company's employee will not receive the above compensation. The shareholder meeting gives an authorization to the Board of Directors to consider special compensation or bonus to all directors as see fit but must not exceed Bt. 4.00 million per year.

Comparisionof the Directors' Remuneration

Name	Year 2014	Year 2015
1. Pol. Gen. AmnouyPhetsiri	550,000	150,000
2. Dr. KunchitSingsuwan	390,000	440,000
3. Mrs. Chintana Techamontrikul	335,000	335,000
4. Mr. Surapon Satimanont	335,000	350,000
5. Mr. Tanatat Chawaldit	350,000	260,000
6. Mr. PreedaWongsathitporn	335,000	275,000
Total	2,295,000	1,810,000

Management Remuneration: 3 Executive Directors and 5 managements

	Year 2014		Year 2015	
	Total (person)	Amount (Million Baht)	Total (person)	Amount (Million Baht)
Salary	9	12.54	8	12.50
Bonus	9	6.8	8	6.69
Others –Commission and Provident fund	9	0.45	8	0.42
Total		19.79		19.61

- **Other Remuneration**

-None-

(a) Labor dispute

The total of company employees as on December 31, 2015 were 213 persons (excluding management). This consists of the employee according to the working lines as follows:

Division		No. of employees	
		Y2014	Y2015
1.	Plant	88	88
2.	Sales and Marketing	45	41
3.	Accounting	25	25
4.	Financial	3	2
5.	Personnel	13	14
6.	Information Technology (IT)	7	8
7.	The office of Committee	1	1
8.	Internal audit	1	1
9.	Bangkok Warehouse	9	9
10.	Suratthani Warehouse	6	6
11.	Korat Warehouse	20	20
Total		218	213

As December 31, 2015, 3 subsidiaries consisted Neastern Steel Co.,Ltd., Maga Trans and LogisCo.,Ltd. and Grand Steel Pipe Co.,Ltd. have employee 188 persons which excluded management.

(b) In a period of the past 3 years, The company did not have any conflict about labor

Employee's compensation of 2015

The total compensation of the company's employees was 52.28 million baht. This compensation was the form of salary, bonus wage, overtime wage, provident fund and other welfare.

The total compensation of 3 subsidiaries, Neastern Steel Co.,Ltd., Maga Trans and LogisCo.,Ltd. and Grand Steel Pipe Co.,Ltd. was 16.92 and 7.12 and 0.52 million baht respectively. This compensation was the form of salary, bonus wage, overtime wage, provident fund and other welfare.

Good corporate governance

Corporate Governance Policy

The Company has set up the corporate governance policy in writing. The Board of Directors has revised policy and business direction regularly for the highest business value and sustainable growth, by monitoring and controlling the administrators to operate the business according to the Company's policy and also ensuring that the internal auditing system is effective and efficient. The Corporate Governance Report will be published in the Annual Report and the Information Disclosure Report (Form 56-1).

The directors offer the opportunity to shareholders to exercise their full rights. They can contact the company including its directors via letters or the company secretary or investor relations at the company's website www.ss.co.th or e-mail address: ir@irplus.in.th or by postal mail.

Section 1 The Rights of Shareholders

Section 2 Equitable Treatment of Shareholders

In practice, the directors encourage the shareholders to exercise their rights by voting in shareholders meetings regardless of whether the issue involves new appointment or removal of directors, the rights to fix directors' compensation package, the right to select and fix compensation package of external auditor or to decide on dividend payment. The shareholders have the prerogative to ask about the company's performance including information on various developments that may have an impact on the company.

In addition to the basic rights abovementioned, the company offers the opportunity to the shareholders to propose new agenda for discussion at the shareholders' meeting including proposing new directors or in case if shareholders have any question on the meeting agenda such question can be submitted to the directors in advance of the meeting together with any relevant documents. The company's secretary shall collect such questions for discussion at the meeting. Nevertheless, the directors reserve the right to screen the questions such that only the ones that benefit the shareholders in general and are manageable by the directors without violating any law, guidelines, regulations will be tabled for the meeting's discussion. For the questions that were excluded from the meeting agenda, the company's secretary shall contact and explain the reasons to the individuals who made such proposals.

Organizing annual shareholders' meeting The company will organize the meeting within 4 months from end of each year. The company will notify the annual shareholders' meeting via SET's electronic media on the day such date is finalized by the directors. The shareholders will be notified in Thai and English up to 30 days in advance before the meeting date via the company's website that enable shareholders to study the information before the meeting. Subsequently, a written notification will be sent via postal mail.

Sending of invitation letters to shareholder: The company assigned the Thailand Securities Depository Co., Ltd. which is the company's registrar to dispatch invitation letters to shareholders 7 days in advance of the meeting date and there will be similar announcement in the newspaper for 3 consecutive days of more than 7 days in advance of the meeting date.

The rights of shareholders in the shareholders' meeting The company has already informed the shareholders on the conditions and method to register for the meeting as enclosed with the invitation letter. The document reveals the time to register, explain how to empower a proxy and how to cast a vote at the meeting.

The company has been promoting the exercise of shareholders' rights at the meeting including casting votes. Those shareholders not convenient to join the meeting can give power of attorney (POA) for others to attend on their behalf. The company explains the required documents/evidence in which a proxy must show together with the POA which were also provided in English for foreigners. The conditions on using a proxy are simple and uncomplicated. In the circumstance where the shareholders are not convenient to attend the meeting and wish to give proxy to a director to exercise the voting on their behalf, the company has already proposed the names of independent directors so the shareholders can consider giving the POA to them. All above documents are enclosed with the invitation letters.

Managing the meeting To facilitate the meeting, the company will make use of computers to assist in registering the shareholders and the vote casting process which contain the names of shareholders in attendant and the eligible number of votes categorized for each agenda. The process also covers vote counting for each agenda whilst the shareholders can register to join the meeting throughout the whole meeting. The computer will update the votes during the registration and will close before the voting of the final agenda.

Before commencement of the meeting, the master of ceremony will inform the audience on the make-up of the quorum consisting of the number of attendants, the number of votes and guidelines on voting including counting. The meeting will proceed according to the order of the agenda which are informed via the invitation letter. There will not be any reshuffle of the agenda order, any addition or change without having informed the shareholders in advance.

The meeting chairman will act as the moderator to ensure that the meeting proceeds smoothly by arranging an appropriate time for each agenda to enable the participants to express their opinions, recommendations including fielding questions on various issues relating to the meeting. The chairman allows sufficient time for the directors or concerned management members to clarify the questions raised by the participants. In order to respect the rights of all participants, the chairman may have to control the meeting such that there is not excessive time spent on each issue. As such, if any issue raised is not related to the meeting agenda, the clarifications may need to be made after the meeting.

Preparing minutes of the meeting and announcement of the meeting decisions The company's secretary is responsible for preparing minutes of the meeting disclosing the date, time, quorum and place of the shareholders' meeting. This includes the number of shares and shareholders and the proxies, names of the directors attending the meeting, guidelines on vote casting and counting, meeting agenda together with the decisions based on the votes which will be divided into 'agreed', 'disagreed' or 'abstained' including details on the questions from shareholders and respective explanation from directors, opinions & recommendations from shareholders etc.

After the meeting is over, the company will disseminate the decisions by the participants via the SET system followed by submitting the meeting report to the SET which is also accessible via the company's website within 14 days after the meeting to enable those shareholders who did not attend the meeting to stay informed whilst allowing the shareholders who attended the meeting to review and express opinions without having to wait until the next meeting.

Conflict of interests

The Board of Directors has established internal guidelines to prevent anyone using internal information for personal gains in violation of business code of conduct, covering the directors, management and general staff, which forms a part of the orientation trainings for new directors, management and staff. Such code of conduct is broadcast in the company's website with the following gists:

1. The Board of Directors and management members must not derive gain or loss in engaging in business transaction with the company or in business transaction that is competing against the company regardless of whether directly or indirectly.
2. The Board of Directors and management members must perform their duty and avoid any conflict between personal's interest and the company's interest. He/she must declare any potential conflict of interest before entering into any transaction with the company or its subsidiaries. The above benefits include the followings:
 - Not derive personal gains from holding director position
 - Not use the company's confidential information in unlawful ways or unethical ways.
 - Not accepting a director position in a rival company.
 - Not derive personal gains from entering into a contract with the company.
3. The Board of Directors must not engage in or be a significant shareholder or having family members become a director or become a major shareholder in a company or any business that is similar to the company and competing against the company regardless of whether for own benefit or for other's benefits.
4. Prohibit any company's staff with conflict of interest to have the authority to enter into any contract on behalf of the company in order to prevent any conflict of interest that could happen.
5. In any meeting to consider an agenda where the participant i.e. a company's director, management member or staff has a conflict of interest with the company, that participant is not eligible to vote for that agenda.

Section 3 Roles of Stakeholders

The Company places an importance to the right of all stakeholders, either inside stakeholders, i.e. employees and administrators, or outside stakeholders, i.e. competitors, partners, and customers. The Company realizes that support and suggestion from all stakeholders are valuable and will benefit the Company's business operation and development thus the Company will abide to the related laws and regulations to make sure that stakeholders' right are being looked after. In addition, cooperation between the Company and each group of the stakeholders is promoted to build confidence in the Company in the following manners:

- | | |
|---------------|---|
| Shareholders: | The company aims on being good representative of the shareholders in managing the business to create satisfaction to shareholders by taking into account the long term growth and in transparency of information disclosure that is reliable. The shareholders can inform or file complaint on issues that may cause damage to the company via the company's website. |
| Employees: | The company is aware of the importance of the company's staff, a major asset of the company. The company will fairly appoint individuals to various positions in the company by considering the qualifications for each position, education background, experience and other necessary conditions for the job. |

- Competitors : Avoid unfair competition, and practice on business ethics.
- Business Partners: The company does transactions with business partners strictly on good faith basis, abiding by the terms of the agreement and the commitment given. Its staff will not demand any favor from any business partner and will treat all of them as equal without any bias.
- Customers: Manufacture and deliver products that meet standard quality. Emphasize product development and services to be of high quality with transactions done fairly and mutually beneficial for both parties. The company seriously commits to safeguard the customer's confidential information and not act to derive self-benefits from the privilege of knowing such information. All in all, it should create satisfaction and trust from the customers.
- Creditors: The Company realizes that maintaining good relationship with the creditors to create confidence and trust as well as honestly following loan agreement are its responsibility.
- Community and the society:
- Consistently organize activities that promote the society, community and the environment so the community nearby the company's office has a better quality of life. Such activities can be carried out by the company solely or in cooperation with the state and the community itself. The company cultivates in its staff a sense of responsibility to the society and environment including in efficiently and effectively using the natural resources.

The Company will abide to related laws and regulations to ensure that the stakeholders' right have been well looked after.

Section 4 Disclosure and Transparency

The Company realizes the importance of disclosure of such information as financial report and general information, that is accurate, complete, and transparent, according to regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other information that has an effect on the Company's stock price which has influence on decision making of the Company's stakeholders and investors. The Company has published related information through different channels and media provided by the Securities and Exchange Commission and the Stock Exchange of Thailand, and also on the Company's website at www.ss.co.th.

For investor relation, Online Access Co., Ltd. is the system software company which distribute the Company's information to the shareholders or investors and Mr. Sombat Leeswadtrakul or Mr. Sangrungsanitipawachon, is performing a task to communicate with investors, shareholders, and also analyst and government sectors.

The Board of Directors is responsible for consolidated financial statement of the Company and the Subsidiary and financial information as appeared in the Annual Report. Such financial statement has been prepared in accordance with the accounting standard of Thailand. The Company abides to appropriate accounting policy and discloses financial information sufficiently. The Audit Committee will verify the quality of financial report and internal control system, as well as sufficiently disclosing of important information in the Notes to Financial Statement.

Section 5 Responsibilities of the Board of Directors

1. The Board of Directors Structure

The Board consists of persons with knowledge, expertise, and experience who have important role in defining policy and overall image of the organization, monitor, verify, and evaluate operational result of the Company to be in line with its business plan.

At present, the Company has 9 Board members. Four of them are non-executive and independent committee members that will balance the vote in considering of any issues. In addition, the Board has appointed 3 set of sub-committee, the Audit Committee, Nomination & Remuneration and the Executive Committee, to perform particular duties and present significant information to the Board for consideration or acknowledgement. The qualification of each committee is appeared in the Selection of Committee Member section, page 35.

According to the Company's regulations, at every annual general shareholder meeting, one third of the directors must leave the Board. If the number of directors is not divisible by three, then the number of retired directors will be the closest number of one third. For the first and second year after the registration of the Company, the directors will draw lots to get the list of directors who have to retire. The following years, the directors who have been in position the longest will due to retire. However, retired directors may be reelected for another term.

2. Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors consists of persons with knowledge, expertise, experience, and also leadership, being well accepted in the business circles. The Board of Directors participates in defining vision, mission, strategy, business direction policy, and controlling and monitoring the Company's operation to conform to laws, objectives, regulations, and resolutions of the shareholder meetings. For better monitoring and controlling of the Company's operation, the Board of Directors has appointed different groups of committee for such purpose.

The Company has clearly defined roles, duties, and responsibilities amongst the Board of Directors and Executives. The Board is responsible for defining policy and monitoring executives' performance and operation. The Executives take care of management of the Company in different aspects to be in line with the Company's policy. Thus the Chairman of the Board of Directors and the Managing Directors are different person. Both positions must be selected by the Board of Directors to get the most suitable persons for the job. Further information about their scope of work, duties, and responsibilities is detailed in Committee Structure section, page 32.

3. Meetings of the Board of Directors

The directors normally meet every 3 months and may convene special meetings as necessary. The meeting dates are fixed 1 year in advance. For each meeting, the company will send invitation letter together with accompanying documents not less than 7 days before the meeting date to allow the directors sufficient time to review the information, unless there is a case of urgency. Written minutes of meeting and acknowledge documents have to be compiled for future reference and examination.

The company requires the minimum participant number to be not less than 50% of all the appointed directors and the agenda for discussion will be announced by the chairman. Chairman and the Managing Director involve in defining agenda and considering the matter for the Board of

Directors meeting. Each director has a chance to propose any issue to be considered as the meeting agenda.

The Chairman will allow directors to give their opinion freely. For some agenda, there may be executives or expertise attending to provide additional useful information and also to acknowledge the policy directly to be able to perform their task efficiently. Resolution of the meeting is decided by a majority vote. Each director has one vote. Any director who may has conflict of interest will not attend the meeting and/or not vote for that issue. If numbers of votes are equal, the Chairman will vote to make a final decision.

The Meeting attendance of the directors in 2015 are as follows:

	Attendance / Total of Meeting			
	Board of Director	Audit Committee	Nomination & Remuneration Committee	Shareholder Meeting
1. Mr. KunchitSingsuwan	6/6	4/4	2/2	1/1
2. Mr. SombatLeeswadtrakul	6/6	1/4	2/2	1/1
3. Mr. SangrungNitipawachon	6/6	1/4		1/1
4. Mr. Surapon Satimanont	6/6	4/4	2/2	1/1
5. Mrs. ChintanaTechamontrikul	5/6	4/4	2/2	1/1
6. Ms. BunsriPanyapiamsak	4/6		2/2	1/1
*7. Gen. PhairatPhoubon	-	-	-	-
8. Mr. Tanatat Chawaldit	3/6	-	-	1/1
9. Mr. PreedaWongsathitporn	5/6	-	-	1/1

* Gen PhairatPhoubon was appointed to be director on December 15, 2015

4. Compensation for Directors and Executives

The Company has set guidelines and payment rates for directors to be at appropriate levels. Remuneration for directors and executives would be based on their scope of responsibility, the Company's overall performance, and conform to similar business/industry. Directors' and executives' remuneration packages should be attractive enough to keep the qualified persons, and should be comparable to that of other companies in similar industries. Directors and Executives being assigned more duties and responsibilities will receive more compensation accordingly. Remuneration for directors and executives is made transparent and subjected to the shareholder meeting. Disclosure of remuneration for directors and executives conforms to rules and regulations set by the Securities and Exchange Commission.

5. The Board of Directors' report

The Audit Committee is appointed to reviewed the financial statements together with accounting manager and propose to the Board of directors' meeting as opinion on each quarter. The Board of Directors is responsible for the consolidated balance sheets of the Company and its subsidiaries. Such balance sheets shall be executed according to the accounting standard. The applicable accounting method shall be appropriate and consistent.

6. Orientation for new directors

A newly appointed director will be advised of the important rules & guidelines of the Board of Directors and various special director groups including the company's major policies and information e.g. director manual, good supervision practice, ethical and moral code of conducts for directors and management including an introduction to the nature of the business and the company's approach in doing business. The company encourages the new directors to participate in trainings of at least one course i.e. Directors Certification Program (DCP), Directors Accreditation Program (DAP) and Audit Committee Program (ACP).

7. Development Programs for Directors and Executives

It is the Company's policy to encourage and support directors and executives who involves in the Company's operation to take courses or engage in activities to enhance their knowledge and competence so that they might contribute to improvements in company operations. Newly appointed directors would also be provided adequate information and documents, relevant regulations and information about the Company's business and guidelines in order to help them to perform their duties.

B. Evaluation for the performance of the Board of Directors

The company has provided a self-assessment plan for the Board of Directors and committees at least once per year with the aim to focus on the evaluation that can reflect the efficiency of the operation. The nomination and remuneration committee determine the appropriate self-assessment for the Company's directors according to the Stock Exchange of Thailand. The evaluation comprise section of Board structure and qualification, Roles, Duties and responsibilities of the Board, The Board meeting, Duties of Directors, Relationship with management and Director's self improvement and management training.

so be provided adequate information and documents, relevant regulations and information about the Company's business and guidelines in order to help them to perform their duties.

Committee Structure

1. Board of Directors
2. Audit Committee
3. Nomination and Remuneration Committee
4. Executive Committee

Board of Directors

1. Mr. KunchitSingsuwan	Chairman / Independent director
2. Mr. SombatLeeswadtrakul	Chief Executive Officer
3. Mr. SangrungNitipawachon	Director and Managing Director
4. Mr. Surapon Satimanont	Vice Chairman and Independent director
5. Mrs. ChintanaTechamontrikul	Director/ Independent director
6. Ms. BunsriPanyapiamsak	Director
*7. Gen. PhairatPhoubon	Director / Independent director
8. Mr. Tanatat Chawaldit	Director
9. Mr. PreedaWongsathitporn	Director

Audit Committee

1. Mr. KunchitSingsuwan	Chairman of Audit Committee
2. Mrs. ChintanaTechamontrikul	Audit Committee
3. Mr. SuraponSatimanont	Audit Committee

* Mrs. ChintanaTechamontrikul has knowledge and experience to review creditability of the financial reports.

Nomination & Remuneration Committee

1. Mr. KunchitSingsuwan
2. Mr. SombatLeeswadtrakul
3. Mrs. ChintanaTechamontrikul
4. Mr. Surapon Satimanont

Executive Committee

1. Mr. SombatLeeswadtrakul Chairman of Executive Committee
2. Mr. SangrungNitipawachon Executive Committee
3. Ms. BunsriPanyapiamsak Executive Committee

Each committee has scope of responsibilities to get the benefit for the company and shareholders could be summarized as follows:

Duties and Responsibilities of the Board of Director

The Board of Directors shall have duties and responsibilities to manage the Company according to the laws, objectives and regulations of the Company, as well as the resolutions of the shareholder meeting, honestly and carefully to protect the Company's interest. Duties and responsibilities of the Board of Directors can be summarized as follows.

1. Define vision, mission, operation strategy, objectives, KPIs, policy planning, operation planning, budget planning, business direction, and also involve in administrative management to be in line with the Company's policy, efficiently and effectively, to ensure that administrators or any person involved perform their duties in accordance with the policy for highest benefit of the Company.
2. Arrange Board of Directors meeting at least 3 times a month.
3. Run the Company's business according to laws, objectives, and the regulations of the Company as well as the resolution of the shareholder meetings.
4. Have the authority to verify and approve policy, course and plan for large investment project of the Company as proposed by the sub-committee and/or the executives.
5. Must be responsible to shareholders and operate the business with the shareholders' highest benefit in mind, and make sure that information being disclosed to investors and shareholders is complete, accurate, meet required standard, and transparent.
6. Monitor the Company's operation to make sure that the operation is in line with the Company's action plan and budget, as well as monitor performance of the administrator continuously to ensure that the Company performs efficiently.
7. Appoint, assign, and advise sub-committee or task force to consider or perform in such cases as the Board of Directors see fit.
8. Set up an internal audit unit to work and cooperate with the Audit Committee for an efficient internal control system, including risk management and reliable financial reports.
9. Prepare the Board of Director's Annual Report and be responsible to preparing and disclosing of financial statement to report to the shareholder meetings.
10. Arrange an annual shareholder meeting within 4 months since the ending of the Company's fiscal year.
11. Directors must not run business of the same nature that is a competitor of the Company; or become a partner of an ordinary partnership or a partner without limit in a limited partnership; or be a director of a private company or other company that run business of the same nature that is a competitor of the Company. If such cases occur, the directors must inform the shareholder meetings to get an acknowledgement prior to the resolution to appoint directors.
12. Directors must inform the Company right away if directors have a vested interest in any contract, directly or indirectly, or hold more or less debenture of the Company or the Subsidiary.
13. Have the authority to consider and approve such transactions that are necessary and related to the Company or any transactions the directors see fit and bring benefit to the Company.

The following activities require an approval from the shareholder meetings.

- a) Activities that require approval from the shareholder meetings as required by relevant laws, and
 - b) Transactions that the directors may have vested interest. Such transactions require approval from the shareholder meetings as designated by relevant laws or regulations from the Stock Exchange of Thailand.
- Other than that the following transactions require approval from the shareholder meetings and at least 3 out of 4 votes from shareholders who attend the meetings and have right to vote.
- a) Selling or transferring of some significant parts or all of the Company's business to other persons.
 - b) Buying or receiving businesses from other public or private companies.
 - c) Amending or canceling contracts concerning renting out some significant parts or all the Company's business, delegating other persons to manage the Company or merging business with other persons with the objective to share profit and loss.
 - d) Editing the memorandum or the Company's regulation
 - e) Increasing capital, decreasing capital, issuing debenture of the Company
 - f) Merging or seizing the operation.
 - g) Other issues according to the laws

Directors who have a vested interest or conflict of interest with the Company or the Subsidiary in any transaction will have no right to vote in such agenda.

In addition, the directors have to make sure that the Company abides to laws and regulations of the Stock Exchange of Thailand.

Duties and responsibilities of the Audit Committee

1. Check that the company has the correct financial report and sufficiently presented by coordinating with the auditors from outside, and the responsible administrators to create a financial report, including every quarter and annually. The audit committee might suggest the auditors to investigate or check any list that seems necessary and important during the account in being investigated.
2. To review and ensure the Company's internal control and internal audit systems are appropriate and effective, and consider the independence of the internal audit work unit, as well as give consent to the appointment, rotation and termination of employment of head of internal audit work unit or any other work unit in charge of internal audit function.
3. To review the Company's compliance with laws of securities and exchange, regulations of the stock exchange, and laws relating to the Company's business.
4. To consider, select and nominate independent person/party as the Company's auditor and recommend the auditing fee by thinking of the reliability, sufficient amount of resources, and amount of investigating projects of the company's account audit office.as well as have meeting with the auditor without the participation of any management member at least once a year.
5. To consider the related transactions or transactions that could create a conflict of interest is comply to law and SET regulation to ensure that transaction is reasonable and give highest benefit to the company.
6. To prepare Audit Committee report to be published in the annual report. This report must be signed by the Chairman of the Audit Committee, and must contain at least information as follow:
 - (a) Comment about making process and revealing the information in the financial report of the company in a correct, complete and reliable way.
 - (b) Comment about the sufficiency of the internal control system within the company.
 - (c) Opinions concerning the operations according to law, including assets and stock exchange, regulation of the stock exchange or law, or law concerning the company's business.
 - (d) To opinion about qualification of auditor.
 - (e) The opinion about transactions that could create a conflict of interest.
 - (f) Time of audit committee meeting and time attendance of each audit committee member.
 - (g) Opinion or notice which audit committee had received comply to audit committee's charter.
 - (h) Other relevance information which Shareholders and general investor should acknowledge.
7. To perform any other duty as assigned by the Board of Directors and with the consent of the Audit Committee.
8. To have power to examine and investigate certain issues as deemed necessary and which may materially impair the Company's financial status and operating results, comprising:
 - a) Issue that has conflict of interest
 - b) Issue of fraud or irregularities or material defect in the internal control system
 - c) Breach or violation of the laws of securities and exchange, regulations of the stock exchange, and laws relating to the Company's business

If it's necessary, Audit Committee has an authority to seek the independent opinion from the professional consultant under the Company's expense in order to complete the mission. Audit Committee has duty to report the investigating result to the Company Board of Director in order to make an improvement within the appropriate time determined by Audit Committee.

Duties and Responsibilities of the Nomination & Remuneration Committee

1. To determine the scope of work and method on the selection and recruitment of the Company's directors or the sub-committee whose retired by rotation or seat is vacantly for approval and/or to the shareholders' meeting, as the case may be.
2. The determine necessary and appropriate compensation both in terms of money and other benefits for the directors, sub-committee's directors and the executive directors each year. The compensation proposal shall be forwarded to the Board of Directors for approval, or to the shareholders' meeting, as the case may be;
3. to consider the criteria for performance appraisal in order to determine appropriate annual compensationTo be accountable to the Company's Board of Directorsby explaining and answering the questions regarding thedirectors' compensation during the shareholders' meeting.
4. Arrange the meeting at least once a year, Teleconference is available to consider its matters.
5. To execute any other works as assigned by the Board of Directors.

Duties and Responsibilities of the Executive Committee

1. Prepare and present business policy, objectives, operation plan, business plan, investment plan, and annual budget of the Company to get an approval from the Board of Directors.
2. Follow up, manage, and monitor the Company's operation to ensure that the operation is effective and conforms to the Company's goals or business direction in order to strengthen the Company's business; screen topics to be presented to the Board for consideration; and conduct the business as assigned by the Board; as well as report the results to the Board.
3. Supervise and monitor the Company's business operation to conform to policy, objectives, operation plan, business strategy, and budget as approved by the Board.
4. Consider and determine organization structure and management authorization, compensation policy, and salary structure to cover all details including selection, employment, compensation and benefit, transfer, training, and layoff.
5. Plan and screen both long-term and short-term plan to fulfill the Company's objectives and goals.
6. Appoint or assign one person or more to conduct a business in place of the executive committee as see fit, whereas the executive committee can cancel, withdraw, change, or revise such authorization.
7. Have the authority to approve any operation or expenses for business operation which is exceed the amount of the normal operation or the amount that the administrators can authorize according to the Company's regulations or annual budget approved by the Board.
8. Consider regulations regarding authorization for management level and operation level which cover financing, accounting, procurement, investment, mortgage and loan, guaranty, selling and transferring of assets, signing contract or agreement, and other operation as see fit.
9. Perform their duties as being assigned by the Board.
10. Perform their duties according to laws, objectives, rules and regulations of the Company.
11. Plan and screen financial management for financial relief and stronger financial structure.
12. Plan and screen proactive public relation for good and sustainable image.

However, approval of any transaction by the Executive Committee will not include approval of such transactions that the Executive Committee or persons who may have conflicts of interest with the Company and/or the Subsidiary; transactions that have to get consent of the shareholders for related transactions; and trading of important assets of the Company and/or the Subsidiary; to comply with laws relating to the Company's business and regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Duties and Responsibilities of the Company Secretary

- 1) preparing and keeping the following documents:
 - a) a register of directors;
 - b) a notice calling director meeting, a minutes of meeting of the board of directors and annual report of the company
 - c) a notice calling shareholder meeting and minutes of the shareholders' meeting
- 2) Keeping a report on interest filed by a director or an executive,
- 3) Performing any other acts as specified in the notification of the Capital Market supervisory board.

Selection of Committee members and Chief Executive Officer

The qualification of Independent Directors and Audit Committee

Defination of the Independent Directors

1. Holding shares no more than 1% of registered and paid-in capital of the Company and related companies, including shares held by related persons of the committee members;
2. Having neither conflict of interest with the Company and related companies nor gain/lost in terms of financial or business management either in the past or at the present, as well as not being a member of independent committee in such nature as,
 - An executive director, an employee, a staff, an advisor who receives salary, or an authorized person of the Company.
 - A professional such as auditor, law consultant, financial consultant, or asset appraiser
 - Any related person that has business relationship with the Company such as buy/sell product and service, buy/sell assets, give/receive financial support
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company and its Subsidiary;
4. Having no business relationship with the Company, the Subsidiary, or juristic person who may have conflicts of interest, in the manner which may interfere with his/her independent judgment, and in a manner that prevents the committee member from presenting the opinion freely about the Company's operation;
5. Not being a member of the audit committee or any committee in other public companies such have type of business same the Company.
6. The term limit of the committee 9 years, when they complete their term, they can be appointed to their position by the resolution of the shareholder meeting.

Audit Committee consists of independent committee of at least three persons. The term of office is three years. In addition, at least one of the Independent Committee who is a member of the Audit Committee must has sufficient knowledge and experience in accounting or financing to be able to perform duty in examining the reliability of the financial statement. The Company will also consider other qualification such as business experience and expertise, and ethics as well.

Regulations for appointment of the Audit Committee are in accordance with regulations for appointment of the Board of Directors. A member of the Audit Committee who is due to retire by

expiration of term may be reelected for another term. If there is a vacant seat in the Audit Committee because of a particular reason other than expiration of terms, the Board of Directors shall select a person who meets qualification to fill the seat. The new acting member will be in position for the remaining term of the member being replaced. The Company has to inform the Stock Exchange of Thailand when one of the committee members resigns or being deposed before the end of the term.

- Selection of the Board of Directors and Top Executive

Director, according to the Company's regulations, at every annual general shareholder meeting, one third of the directors must leave the Board. Every year the Company will invite the Company's shareholders to propose person to be elected as the Company's director which will be considered the qualification of the candidate by the Nomination and Remuneration Committee for propose the Annual General Shareholders Meeting.

1. The directors must perform their duties according to laws, objectives, and regulations of the Company, as well as the resolutions of the shareholder meetings.
2. The Board of Directors must consist of no less than five persons and more than half of the Board members must be residences of Thailand. All of the Board members must have qualification as required by laws.
3. The Board of Directors must compose of independent committee members of no less than one third of all members and no less than three persons. The Independent Committee must hold shares no more than 1% of the registered and paid-up capital of the Company and related companies, including shares held by related persons of the committee members. Directors who are independent committee members of other related companies must disclose such information and remuneration receiving form that company as well.
4. The shareholder meeting is responsible for appointing directors on the basis of majority votes under the following rules and methods,
 - 4.1 A shareholder shall have one vote for each share held.
 - 4.2 Committee election can be made through an individual or a group to be committee according to shareholder meeting. To vote, no matter individual or group who the shareholder vote will be the voice according to the number of stocks that the shareholder holds under Item 1 in which the mentioned shareholder cannot divide their voices to any individual more or less than others.
 - 4.3 Candidates shall be decided on the basis of majority of the vote cast. In case of a tie of votes, the Chairman presiding over the meeting shall have the casting vote to decide who will win the tie.
5. In case there is a vacant seat in the Board because of a particular reason other than expiration of terms, the Board shall select a person who meets qualification and qualified by laws according the Public Company Limited Act B.E. 2535 to be an acting board member for the next meeting, unless the term of the Board is less than two months. The acting board member will be in position for the remaining term of the member being replaced. The resolution of the Board of Directors must be from the vote of no less than three-fourth of the remaining members of the Board.

6. The shareholder meeting may vote to have any of the directors to leave the Board of Directors before the end of the term. The vote must be no less than three-fourth of the number of shareholders attending the meeting and having rights to vote with the total number of shares no less than half of total numbers of shares of all shareholders who attend the meeting and have rights to vote.

Nomination of Chief Executive Officer Nomination and Remuneration Committee will nominate qualified candidate with skills, competence, expertise and experience in the specific field of the Company's business, under the following criteria:

1. Have qualifications according to Section 68 of the Public Limited Companies Act, B.E. 2535 (1992) and notifications or regulations of the Stock Exchange of Thailand ("SET") and Office of the Securities and Exchange Commission ("SEC").
2. Have specific skills, competence and expertise and diversified experience beneficial to the efficient business operation of the Company.
3. Have personal traits that support corporate governance principles, such as be a person with morality, independence, assertiveness, creativity, prudence, honesty and full dedication to performance of duty for the Company.

Supervision the operations of subsidiaries

3 subsidiaries consist of Neastern Steel Co., Ltd., Mega Trans and Logis Co., Ltd., and Grand Steel Pipe Co.,Ltd. was held by the company more 90% of registered capital. Hence the management policy will be set by the company to match the business. The directors in subsidiaries are the representatives from the company to determine the operation policy

Supervision of Inside Information Usage

The Company has drawn up policies to prohibit the company's directors and management from using unreleased information for personal gain and investment or selling purposes.

- The company's directors and management is obligated to report their shareholding status including those of their spouse and children who are under the age of 20 to the Office of the Securities and Exchange Commission and SET according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535
- The company's directors and management is obligated to report their shareholding status to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535 as well as send a copy of such document to the company on the same date.
- The company will distribute a memo to inform the Management that executives who receive any significant internal information that may affect the stock's price are refrained from any trading activities for 1 month before such information or the financial statements are made public. In this regard, the company's directors and management are prohibited from releasing such information.

The company has set the penalties concerning the use of internal information for personal gain and for releasing such information in a wrongful manner. Penalties include verbal warning, written warning, probation and dismissal depending on a case by case basis.

Audit Fee

The Company and its subsidiary paid for an audit fee to the auditor of Baht 1,320,000 and Baht 1,920,000 in year 2014 and 2015 respectively.

Further, according to the resolution of the AGM 2015 has approved the audit remuneration of year 2015 for amount 810,000 Baht. Due to the company enter into a share purchase of the common shares of a company that is registered under the law of Lao PDR. that the remuneration was increased to 1,410,000 Baht for preparation of the company's consolidated financial statements.

Non-audit fee

The Company and its subsidiary paid for accommodation and travel expenses of the auditor of Baht 136,102 and Baht 174,772 in 2014 and 2015 respectively.

Corporate Social Responsibility (CSR)

Policy Overview

The Company is well aware that the society and the environment are the key factors leading to the sustainable development in the long run. The Board of Directors intends to apply to its business management the 8 principles of the criteria and framework for report of social and environmental responsibility ("CSR") for all stakeholders, and to promote employees' awareness and consciousness of initiating CSR activities starting from the society and community closest to them, which would be developed as a corporate culture.

Business operation and preparation of reports

The company prepares reports along the line of the SET's Responsibility To The Society report in order to demonstrate the approach taken by the company and its subsidiaries which are vigilant on those who may gain or lose and develop each area for sustainable business growth. The company has compiled the information in 2015 to inform the shareholders and investors so they can understand how accountable the company is in each dimension i.e. economic, society and environment that has been referred to by this report.

Clause 1. Conduct of business with fairness

Business ethics policy has been put in place to support the Company's business operation with ethics, compliance with laws, having no beneficial interest or conflict of interest, keeping confidentiality of inside information, and prevention of use of inside information for personal benefits. It comprises code of conduct for directors and management members, code of conduct for employees, and that toward stakeholders. Such policy and procedure information has been disseminated via the Company website for acknowledgment and adherence by all stakeholders, i.e. directors, management members, employees, business partners and other concerned parties of both the Company and its subsidiaries. Training courses on this issue have also been provided for orientation of new joiners and as refreshing courses for management members and employees organization-wide to ensure their awareness and understanding.

Clause 2.Anti-corruption

In August 2014, the Board of Directors resolved for the Company to participate in the declaration of intention to join the Private Sector Collective Action Coalition against Corruption (“CAC”), and was accordingly recognized as a CAC member. The management has then publicized the Company's intention and practice procedure for dissemination to all parties both inside and outside the organization via the announcement boards of its office and branches, intranet of the Company and subsidiaries, and training provided in orientation course for new joiners, as well as circular letters to business partners of the Company and its subsidiaries in order to express their determination to take part in the national economic and social development.

The company has created another channel for whistle blower to allow them to participate in shaping the company's operating procedure to become more effective by providing protection to those who file the report or petition. The company is setting the stage to become a member of the private sector in the fight against corruption with an aim of attaining membership within 2016.

Clause 3.Respect for human rights

The Company has set employee regulations under the principle of respect for basic human rights according to international standards, without discrimination as regards birth place, race, religion, sex, age, skin color, disability, status, educational institute, or any other status not related directly to the work performance, including also respect for individuals and human dignity, as part of business ethics toward stakeholders. So far, the Company has had no record of being complained of violating human rights.

Clause4. Fair labor treatment

The Company has always realized that employees are an essential resource and key driver to the achievement of business targets. Therefore, it has set as part of the business ethics for stakeholders procedure and practice for fair treatment of employees in respect of career opportunity, compensation, promotion, rotation and fair and appropriate benefits such as:

- With respect to developing workers' capability, the company has established a plan to develop human resource based on annual training curriculum appropriate for each type of job, both internally(in-house) and externally (public training) including training via video conferencing so that the workers can apply the knowledge to improve work efficiency and effectiveness.
- On work safety and the well-being of the workers/staffs, the company shows a concern about the health of all its workers by organizing morning exercise before starting work for their good health which is necessary as the company's operations relies heavily on using machinery. As such, the company has established a dedicated unit tasked with overseeing the health and working environment for the benefit of the workers. This even exceeds the standard requirements for a factory of this nature.
- Get together parties between the management and workers/staffs of the company and its subsidiaries are organized under 2 formats i.e. monthly parties in which announcements and information are shared and the birthday celebration of workers/staffs in any particular month. Another get together party is the New Year party with focus on rewarding the dedication and sacrifice of workers/staffs for their work throughout the past year.

Clause 5. Responsibility for consumers

The company accords high importance in serving customers and is conscientious of their needs and their satisfaction. The company conducts annual survey to assess the customers' satisfaction on its products and services. The feedback is used to improve the product quality and enhance efficiency of the services in the future. In 2015, the outcome of the random survey on customer's satisfaction of a sample of 200 customers from all branches including Had Yai, Bangkok and Korat achieve average satisfaction score of 75%. The customers rated their interests on three main issues: prompt delivery of goods, reasonable price and quality of the products.

Apart from this, the company arranged many channels to disseminate useful information to customers about the product or its business and on the safety of steel products. Customers can conveniently use the same channel to lodge any complaint or feedback to the company.

Clause 6. Taking care of the environment

The Company also values the environment in respect of both noise and air pollution. The factory and production line conditions are inspected every year. Moreover, carbon dioxide emission from the production line is at very low level under close control and monitoring at all times.

Main measures to conserve energy. The company has two measures in energy savings i.e. measures for office section and production section. For the office section, the company has been driving the staffs to help conserve electricity and shut the computer monitor during lunch break from 12.00-13.00 hrs. For the production section, the company has gradually change light bulbs to LED since 2014 until the present. Inverter motors were installed and inspections conducted for any air leakage in the machinery followed by necessary repairs. Such measures helped reduce the use of electricity.

Clause 7. Participation in community and social development

Community and social development activities in various areas have been categorized to facilitate supports and development thereof.

Society and environment category starts from factory internal environment and nearby community through volunteering i.e. Organize blood donation, activities in emergency case, flooding

Education category as the Company holds activities that support and promote appropriate education for both nearby and remote schools, donates old computers to colleges for use as teaching and learning equipment, and gives financial support for repairing or improving school buildings.

Religion and culture category as the company promotes the mindset of employees to maintain cultures and religions, make donation to restore or reconstruct temples, build sermon halls, and hold merit-making events.

Clause 8. Use and sharing of innovation from the operation that is responsible for the society, the environment and stakeholders

At present, the Company has studied and planned for procuring new innovations to optimize the business development under a sound control process to benefit the society, the environment and stakeholders.

Business Operation That May Affect Social Responsibility

The Company and its subsidiaries give priority to and conduct factory and environmental inspection according to the standard procedure regularly every year. Furthermore, for protection against noise pollution, all concerned employees are instructed to wear safety equipment such as earmuffs all the time while working.

Therefore, both the Company and its subsidiaries have never been charged, sued or received warnings from state agencies for causing damage to the environment against the Factory Act and the Enhancement and Conservation of the National Environment Quality Act.

Internal Control and Risk Management

1. In the Board of Director's meeting no. 1/2016 on 25 February 2016, the Board of Directors evaluated internal control system from the evaluation report prepared by the Audit Committee and concluded that the five components i.e. organizational internal control, risk assessment, operation control, IT system and communication and monitoring system have adequate internal control system in place.
2. The Audit Committee and the Board of Directors has considered and opined that the company and its subsidiaries complied with the general accepted accounting principles and the announcements of the Securities and Exchange Commission in the preparation of financial statements with no significant deficiency which deviates from the proper business supervision practice. The company and its subsidiaries have a proper and sufficient internal control system for the type of the business. It can safeguard the company's assets and that of its subsidiaries from any improper use by the management. In addition, the company's external auditor has evaluated the efficiency of the internal control system and reviewed the company's financial statements and that of its subsidiaries as of 31 December 2015 without finding any lapse in the internal control system which may significantly impact on the opinions of the company and its subsidiaries' financial statements.
3. The company has assigned Ms. Karawan Maitreepirom, Head of Internal Inspection Department with the duty and responsibility on the internal inspection of the company and its subsidiaries. She reports to the directors of the Audit Committee and the company's Board of Directors. Her duty is to review for the correctness and reliability of information from accounting and finance departments, control and oversee the storage and utilization of the company's assets, assess the adequacy and efficiency of the internal control system of various departments and prepare inspection plan together with ensuring the implementation of the recommendations by the Audit Committee. The company has considered the qualifications of the Head of Internal Inspection Department and deemed that she has the capability to undertake such job responsibly and effectively.

Apart from this, in order to promote internal control and good corporate governance, the Board of Directors encourages the management to continue to develop the internal control system. The Board is supportive of the management and staffs at all levels to practice good corporate governance for the long term success of the company.

Risk Management

Risk management and internal control is an important issue and useful in managing the organization to achieve the target and objective efficiently and effectively. Having good control of the entire operational process helps to reduce the chance of damage or lessensuch severity to the organization at acceptable or controllable level in the future. The policy on risk management and internal control was initiated for the purpose of guiding the task of risk management and internal control and as an important tool to cope with the quick change of external environment which will have impacts on internal operations.

The Board of Directors has established risk management policy and related guidelines by assigning the executive directors to supervise the risk management process and the inspection and evaluation. They are to regularly propose the outcome of the risk evaluation to the Board of Directors for consideration and to review measures for implementation accordingly.

In 2015, the management in different departments of the company assessed all risk factors which may impact the achievement of objectives in all 4 areas i.e. strategic risk, operational risk, financial risk, and compliance risk including specifying measures to control the risk. There were 4 measures to mitigate the risks i.e. acceptable risk, risk reduction, risk avoidance and risk sharing. The internal inspector conducted an assessment on risk management in each area, as follows:

1. The organization has adequately established a clear objective in order to specify and evaluate the various risks involved in achieving the company's objectives.
2. The organization has specified and analyzed all risks which may impact the achieving of objectives covering the whole organization.
3. The organization has considered potential fraud in risk evaluation in achieving the objectives of the organization.
4. The organization can specify and assess the change which may have impacts on the internal control system.

Related transaction

The Company and subsidiary may has conflict of interest transactions. By the fiscal year of 2015, the related transaction as follows:

- Normal business transaction of steel product

	Nature of Relationship	Nature of Transaction	Value (Bt.million)	Necessity and Reasonableness
Neastern Steel Co., Ltd.	The subsidiary, holding by Company 99%	The Company has sold the finished products such as square tube , round tube for production	0.07	The sale is a transaction arising in the normal course of business with pricing set on a cost plus basis.
		- accounts receivable -	0.00	
Grand Steel Pipe Co.,Ltd.	The subsidiary, holding by Company 90%	The Company has sold the raw material for production	6.83	The sale is a transaction arising in the normal course of business with pricing set on a cost plus basis.
		- accounts receivable -	5.11	

Opinion of the Audit Committee:

The Audit Committee has reviewed the above transactions and viewed that they are necessary and reasonable, and have been carried out in the normal course of business with pricing set at market price. The Company has set more stringent policy on such transaction pricing and ensured that persons with possible conflict of interest are not involved in the decision making.

- Others

	Nature of Relationship	Nature of Transaction	Value (Bt.million)	Necessity and Reasonableness
Mega Trans &Logis Co., Ltd.	The subsidiary, holding by Company 99%	Transportation the Company's products	75.35	For transportation the Company Raw Material and steel products, Whicharised the normal course of business with pricing set at market price
		- accounts payable -	0.95	

Opinion of the Audit Committee::

The Audit Committee has reviewed the above transactions and viewed that they are necessary and reasonable, and have been carried out in the normal course of business with pricing set at market price. The Company has set more stringent policy on such transaction pricing and ensured that persons with possible conflict of interest are not involved in the decision making.

Approval Process of Related Transactions

At present, the Company's approval process of related transactions is in line with Securities and Exchanges Act, and regulations, announcements, directions, and provisions of the Stock Exchange of Thailand. Directors or related parties who may have a vested interest or conflict of interest with the Company or the Subsidiary in any transaction have no right to vote in such matter.

Future Related Transactions

Normal business transactions and other supporting transactions with general business conditions

- Selling and purchasing of steel products between the related companies and the Company and the Subsidiary occur continuously because there are some steel products that cannot be produced by the Company and the Subsidiary or not worthwhile to produce. Moreover, transaction of products for trading or inventories of products for trading can still occur in the future. The Company and the Subsidiary will take necessary action when consider that there is a necessity to meet the customers' demand and benefit can be gained from such transactions at an appropriate rate.
- The Company and the Subsidiary purchase motor oil, furniture and other equipments used in the factories from related companies since the Company and the Subsidiary have necessity to order such goods to use in production process. Moreover, such companies can provide convenience with delivery of the products to the Company and the Subsidiary.
- The Company and the Subsidiary hire related companies to transport steel products occasionally since the Company and the Subsidiary do not have enough trucks to haul steel products from Bangkok to its plants.

The Company and the Subsidiary place policy in related transactions to comply with normal course of business. Price and conditions are clear and justified and can be compared to market price of unrelated persons thus transfer of profit cannot occur. However, the internal audit department will review and inspect such transactions and prepare reports for the Audit Committee to consider and give opinion about price and transaction reasonability in every quarter.

As the persons with possible conflict of interest of the Company and/or the Subsidiary are largely involved in the steel industry and the Company and the Subsidiary have high possibility to make the related transaction of the steel product. Therefore, the Company has set stringent measure on delegation of approval authority for such related transactions of the Company and the Subsidiary to ensure transaction transparency and reasonableness and pricing appropriateness, as summarized below.

<u>The total amount per approval of 1 related transaction per 1 person with possible conflict of interest</u>	<u>Authorized persons</u>
Not exceed Bt. 10,000,000 per week	The Managing Director Reports to the Board of Directors in a meeting in which the Audit Committee is also attending. Such transactions will be reported quarterly.
More than Bt. 10,000,000 but not exceed 25,000,000 per week	The Board of Directors Reports to the Board of Directors in a meeting in which the Audit Committee is also attending. Such transactions will be reported quarterly.
More than Bt. 25,000,000 per week	The Board of Directors Informs the Audit Committee about details of such transactions prior to processing of the transaction.

Note: An initial approval of transaction by an authorized person will not include an approval of a transaction that an authorized person or a person with possible conflict of interest is a stakeholder or a person that has any conflict of interest with the Company and/or the Subsidiary; a related transaction that must receive a written consent of shareholders; and an acquisition or disposition of important assets of the Company and/or the Subsidiary. So it is conforming to regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, or any regulations related to the business.

All members of the Audit Committee are aware of such duty regarding approval of related transactions. In case of an appointing of a new audit committee member in the future, the Board of Committee or the Managing Director will inform the candidate about this duty prior to the nomination.

Normal business transactions and other supporting transactions without general business conditions

The Company expects that in the future such transactions may occur in both the Company and the Subsidiary. Therefore, the Company and the Subsidiary will ensure transaction transparency and fairness and make sure that there is no transfer of profit related to such transactions in order to comply with Securities and Exchanges Act, and regulations, announcements, directions, and provisions of the Stock Exchange of Thailand. The Company and the Subsidiary will also follow regulations regarding disclosure of related transactions and acquisition or disposal of corporate assets. Stringent measurement on delegation of approval authority for such related transactions will be set so that persons with conflicts of interest will have no involvement in considering and approving of such matters. The Audit Committee shall give opinion regarding the related transactions and present to the Board of Directors and/or the shareholders meeting to use as support information for consideration and approval of the transaction. In addition, disclosure of related transactions shall be followed up to make sure its compliance to the Company's policy and the result shall be reported in the Notes to Financial Statements audited by the Company's auditors, as well as Form 56-1 and Annual Report.

Management Discussion and Analysis (MD&A)

Operating Results

In 2015, the company generated net profits of 33.72 million baht, reduced by 19.52% compared to the net profits in 2014 attributable to the average price of steel in the market declined in the third and fourth quarters causing net profits in 2015 to reduce compared to the prior year.

Revenue from sales

Sales in 2015 registered 3,698.07 million baht, a decline of 12.69% compared to 2014. Sales volume rose by 6.67% but average price contracted by 18.15%. Sales revenue is derived from 2 types of businesses i.e. steel processing and sourcing & sales of steel products in the ratio of 78% and 22% respectively.

In 2015, the company earned lower income from steel processing of 542.02 million baht, or a decline of 15.74% compared to similar period in 2014 whilst the revenue from sourcing & sales of steel products rose by 1.25%. Products with lower sales compared to 2014 were: steel pipes, C-form steel, steel sheets and others, declining by 2%, 26.39%, 31.95% and 81.41% respectively.

In 2015, revenue from local sales by the Head Office branch (southern region) surged by 5.71%, Korat branch (northeastern region) surged by 6.55% and Bangkok increased by 8.58%.

Cost of sales

In 2015, the company had cost of sales of 3,503.76 million baht, reduced by 12.96% compared to 2014 in line with the reduction of raw materials.

Cost of sales can be divided into cost of sales from steel processing i.e. 80%-85%, most of which is the cost of raw materials i.e. hot-rolled steel sheets which increased or declined in line with world markets and other cost of sales e.g. import transportation cost, direct labor, cost of production etc.

Cost of sales from sourcing & sales of steel products is around 15%-20% of the total costs in which any change is driven by the value of steel products that the company sells.

Gross profit

The company earned gross profits of 194.31 million baht, or 5.25% of revenue, higher than 2014's gross profit margin of 4.96% attributable to the lower cost of raw material in line with fierce competition from the major overseas suppliers who dumped the products to reduce inventory.

Selling and administrative expenses

The major selling expenses consist of transportation, fuel, and sales promotion. Despite sales in 2015 having increased by 6.67% from the prior year, the selling expenses totaled 74.04 million baht, a decline of 0.04% from 2014.

Administrative expenses totaled 73.88 million baht, or 2% of total revenue, consisting of salary, director compensation, bonus and employees' benefits (per accounting standards volume 19) including provision for bad debts and foreign exchange losses.

Financial cost - interest expense

The company incurred interest cost of 16.95 million baht, a decline of 16.91% from 2014. This consists of the cost of borrowings from financial institutions for its working capitals which had declined.

Financial Status

Assets

The company has total assets of 1,210.54 million baht, an increase of 0.29% compared to 2014, divided into current assets of 732.93 million baht or 60.55% of total assets, consisting of inventory 321.41 million baht, a decline of 36.22% from 2014 and deposits on purchase of goods of 92.45 million baht, an increase of 253.22%. For long-term assets of 477.62 million baht, an increase of 47.16 million baht from 2014 attributable to the higher appraised value of land, goodwill land/buildings of subsidiaries.

As such, the return on assets in 2015 equals 2.75%, declining from 2014's 3.45% due to the higher assets abovementioned.

Trade account and note receivables - net

In 2015, the company has trade receivables and notes receivables of 239.82 million baht or 19.81% of total assets which declined by 25.94 million baht or a decline of 9.76% compared to 2014 and there were additional bad debt provision from 2014 for certain trade debtors.

For sales and credit policies, the Company has a clear policy to consider giving credit term for each customer. For a new customer, the Company will sell products for cash until a certain period of business transactions, then a credit term will be given for 7-60 days. The Company has criteria in place to analyzing of trade accounts and assessment to be done by the Managers of Accounting Department and Marketing Department and proposed to Managing Director for approval before setting allowance for doubtful accounts. Criteria for setting allowance for doubtful accounts consist of:

1. Trade accounts with over 4 months up to 6 months overdue receivables, who are still contactable and show intention to pay, will be monitored closely and sales may be suspended temporarily probably together with other acceleration measures to be taken. However, if there is a tendency that the debt may not be collected in full, 25% of total overdue debt value will be set aside as allowance. In case of accounts that cannot be contacted, legal actions will be taken and 50% of total overdue debt value will be set aside as allowance for doubtful accounts.
2. In case of trade accounts with over 6 months up to 1 year of overdue receivables, who are still contactable and show intention to pay, 50% of the total overdue debt value will be set aside as allowance for doubtful accounts. However, if there is a tendency that the customers cannot be reached, or show intention to avoid payment, or are under prosecution and possibly be unable to pay the debt in full, 75% of the total overdue debt value will be set aside as allowance for doubtful accounts. In the worst case, if the debt could possibly be completely uncollectable, 100% allowance will be set aside.
3. In all cases of trade accounts with over 1 year of overdue receivables, 100% allowance will be set aside.

Inventories

The company has net inventory of 321.41 million baht, a decline of 36.22% from 2014, consisting of raw materials, work in process, finished goods and goods in transit, all of which had contracted from the prior year.

For steel price in 2015, there was a reduction in value from middle of the year until the fourth quarter resulting in the loss of inventory value as at end of 2015 of 3.01 million baht (please see additional details in the heading “losses from the cost of inventory being higher than the sales value”) with average period of 20 days. The company has a policy to maintain inventory efficiently in line with the sales volume by considering the direction of product prices and demand together.

Property, building and equipment

Land, buildings and machinery – net as of end of 2015 totaled 435.50 million baht, an increase from 2014 of 133.52 million baht or up 44.21% attributable to the revaluation of land and additional land/buildings and equipment of subsidiaries.

Liquidity

For 2015, the company had net cash from operations of 237.86 million baht, derived from pre-tax profits of 45.37 million baht and adjusted cash inflow (outflows) from net profits from operations in which the majority consists of depreciation of 30.47 million baht resulting in net profits from operations from the change in assets and liabilities of 87.20 million baht and adjusted for the change in assets and liabilities which consist of the reduction of trade debtors 23.92 million baht and the deposits on the purchase of goods which increased by 55.95 million baht and adjusted for the reduction of cash received from operations with interest expenses and corporate income tax of 15.91 million baht and 9.30 million baht respectively. On the other hand, the company had net cash outflow from investment of 30.16 million baht. On the net cash outflow from financing operations of 211.44 million baht, 181.14 million baht was for repayment of loans from financial institutions and 30 million

baht for dividend payments resulting in net cash and cash-equivalents position in 2015 declining by 3.72 million baht and cash and cash-equivalents position of 61.75 million baht.

The Current ratio in 2015 was 1.76 times and Quick cash ratio was 0.72 times due to the company having utilized working capital marginally to support higher sales and lower investment outflows.

Capital structure

The financing structure in 2013-2015 shows the ratio of liabilities to shareholders' equity of 0.77 times, 0.72 times and 0.59 times respectively. Apart from the past performance, such ratio indicates that the company has strong financial position.

Liabilities

As of 2015, the company has total liabilities of 449.45 million baht consisting of current liabilities of 416.63 million baht and long term liabilities of 32.82 million baht. Total liabilities in 2015 declined by 57.43 million baht or a decline of 11.33% compared to end of 2014. The majority of the reduction is due to lower short term borrowings from financial institutions.

Shareholders' equity

As of end of 2015, the company has shareholders' equity of 761.09 million baht or 62.88% of total assets. Upon considering the return on equity, it can be found that in 2015 the ratio stood at 4.54% which is in line with the company's ability to generate net profits from different periods and the key factors abovementioned.

Factors that May Affect Financial Position and Operating Result

- *Risk from fluctuations of raw material prices*

Prices of hot rolled coil, the main raw material in production, change according to the global supply and demand situation. If the raw material prices increase, and the Company cannot, partially or fully, pass on the rising cost to the customers through selling price adjustment, the Company's future profitability would be affected. The company's gross profit margin during 2013-2015 was 5.55%, 4.96% and 5.25%, respectively.

Report of the Audit Committee

The Audit Committee, appointed by the company's Board of Directors, consists of 3 independent directors. Each one possesses the required qualifications according to the guidelines of the Securities and Exchange Commission. During 2015, the Audit Committee convened 4 times and performed independently, under the scope, duty and responsibility prescribed in the Audit Committee's charter and as assigned by the company's Board of Directors with cooperation provided by all parties concerned. The task performed by the audit committee can be summarized as follows:

1. Review pertinent quarterly financial information and annual report including disclosure in the notes accompanying financial statements in terms of accuracy and completeness and to be in line with general accepted accounting principle. Such financial statements must comply with the revised standards reporting of financial information and the new standards reporting of financial information issued by the Federation of Accounting Professions. Such compliance would ensure that the financial reports reflect the financial position and performance of the company correctly as it should be with adequate disclosure that the readers find useful.
2. Review the performance of internal auditors to ensure that they perform in line with the approved audit plan 2015. Monitor the internal audit reports prepared by the company's internal auditors and the progress on implementing various improvements suggested by external and internal auditors.
3. Review the company's performance to ensure compliance with the securities and exchange laws, regulations or laws relating to the company's business.
4. Select, recommend for appointment, propose compensation package of external auditor for 2016 to the Board of Directors for final approval by shareholders.
5. Consider any connected transactions or transactions with potential conflict of interest so they fall in line with the relevant laws and regulations of the Stock Exchange of Thailand. Ensure that the company discloses information accurately and completely and such information complies with the company's policy and procedure on intercompany transactions and such transactions are considered normal, in line with general business conditions, reasonable, fair and do not cause any conflict of interest.

The Audit Committee opines that in 2015 the company has appropriately conducted its internal operations. Its financial statements were prepared according to the accepted general accounting standards and the information disclosure was in line with the relevant laws and regulations.

Mr. Kunchit Singsuwan

Chairman of the Audit Committee

The responsibility of the company's Board of Directors on the financial reporting

The financial statements as reflected in the annual reports consists of the Profit and Loss statements, the statement of changes in shareholders' equity, Cash Flow statements and notes accompanying the financial statements prepared according to the general accepted accounting standards. The directors lend their supports in providing information and various documents sufficiently in order to enable the auditors to conduct a review and express an opinion in line with the general accounting standards and to record transactions with care and using judgments in making assumptions such that the financial reports reflect the company's true performance with adequate disclosure of essential information.

The Board of Directors appointed the Audit Committee which comprises independent directors not responsible for the day to day management of the company. The Audit Committee is entrusted with the responsibility to 1) Review and oversee that the company prepares correct financial statements with adequate disclosure of pertinent information and 2) Ensure the company has in place efficient and proper internal audit control system. The opinion of the Audit Committee on this matter is shown in the Audit Committee's report included in this annual report.

The company's management and internal control structure overall is regarded as satisfactory and creates confidence with supporting rationales that the company and its subsidiary's financial statements for 2015 ending 31 December 2015 portrays correct financial position, performance and cash flow position prepared according to the generally accepted accounting principles.

Mr. KunchitSingsuwan
Chairman

Report of Independent Auditor

To the Shareholders of 2S Metal Public Company Limited

I have audited the accompanying consolidated financial statements of 2S Metal Public Company Limited and subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosure summarizing significant accounting policies and other explanatory information. I have also audited the separate financial statements of 2S Metal Public Company Limited which comprise the separate statement of financial position as at 31 December 2015, the related separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosure summarizing significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to present fairly, in all material respects, the consolidated financial position as at 31 December 2015 and the consolidated results of operations and cash flows for the year then ended of 2S Metal Public Company Limited and subsidiaries, and the separate financial position as at 31 December 2015 and the results of operations and cash flows for

the year then ended of 2S Metal Public Company Limited, in accordance with Thai Financial Reporting Standards.

Other matter

The consolidated financial statements of 2S Metal Public Company Limited and subsidiaries and the separate financial statements of 2S Metal Public Company Limited for the year ended 31 December 2014, presented as comparative information, were audited by an auditor in the same office as mine, who issued his audit report dated 26 February 2015 expressed an unqualified opinion.

Miss SansaneePoolsawat

Certified Public Accountant

Registration No. 6977

Bangkok, Thailand

25 February 2016

2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
	Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	61,744,865	65,467,772	57,653,713	62,944,649
Trade accounts receivable - general customers	10	239,823,867	265,761,090	238,223,253	265,691,828
- related company	9	-	-	5,109,081	-
Other receivable - general customers		8,808	48,320	-	31,544
Inventories - net	11	321,413,733	503,924,482	314,588,452	504,563,400
Deposits for merchandise - general suppliers		92,452,289	36,505,357	92,452,289	36,505,357
Loan to subsidiaries	9	-	-	104,612,811	32,722,000
Refundable value added tax		10,125,556	5,682,162	10,069,723	5,597,670
Refundable income tax		1,410,635	2,500,374	-	1,065,437
Other current assets		5,950,143	2,567,706	4,942,272	2,052,219
Total Current Assets		732,929,896	882,457,263	827,651,594	911,174,104
NON - CURRENT ASSETS					
Investment in subsidiaries	12	-	-	116,999,670	115,999,670
Property, plant and equipment - net	13, 29	435,497,783	301,977,850	175,470,249	125,596,305
Prepaid land rental expense - net	14	6,203,354	3,535,182	2,957,821	3,535,182
Leasehold rights - net	15	2,959,819	-	-	-
Intangible assets - net	16	712,350	668,995	643,622	576,881
Goodwill	5	15,085,563	-	-	-
Restricted deposit with banks	17	16,979,765	16,746,699	16,979,765	16,746,699
Deferred tax assets - net	18	-	1,454,201	-	1,335,507
Other non-current assets		175,100	175,100	173,600	173,600
Total Non - Current Assets		477,613,734	324,558,027	313,224,727	263,963,844
TOTAL ASSETS		1,210,543,630	1,207,015,290	1,140,876,321	1,175,137,948

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

1

2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short - term loans from financial institutions	19	344,890,010	459,975,300	344,890,010	459,975,300
Trade accounts payable - general suppliers		25,967,132	12,962,222	25,281,448	8,882,452
- related companies	9	-	-	7,717,971	9,785,709
Other payables - general suppliers		4,588,838	3,627,742	790,174	622,244
- related companies	9	18,636	8,841	92,303	66,726
Current portion of liabilities under					
- finance lease agreements	20	165,426	304,207	165,426	304,207
- employee benefits obligation	21	2,605,440	426,920	2,605,440	426,920
Accrued estimated taxation	22	2,508,841	-	-	-
Accrued income tax		1,932,642	-	1,932,642	-
Accrued expenses		31,224,142	21,101,302	25,195,203	16,482,155
Other current liabilities		2,724,102	1,081,627	1,943,621	556,785
Total Current Liabilities		416,625,209	499,488,161	410,614,238	497,102,498
NON - CURRENT LIABILITIES					
Liabilities under finance lease agreements - ne	20	383,065	548,491	383,065	548,491
Employee benefits obligation	21	5,871,645	6,844,086	5,183,451	6,250,615
Deferred tax liabilities - net	18	26,570,556	-	9,537,720	-
Total Non - Current Liabilities		32,825,266	7,392,577	15,104,236	6,799,106
TOTAL LIABILITIES		449,450,475	506,880,738	425,718,474	503,901,604
SHAREHOLDERS' EQUITY					
Share capital - common share at Baht 1 par value					
- Registered 300,000,000 shares		300,000,000	300,000,000	300,000,000	300,000,000
- Issued and paid - up 299,999,971 shares		299,999,971	299,999,971	299,999,971	299,999,971
Premium on share capital		121,760,624	121,760,624	121,760,624	121,760,624
Retained earnings					
- Appropriated for legal reserve	23	30,000,000	30,000,000	30,000,000	30,000,000
- Unappropriated	24	280,107,486	276,385,823	219,015,260	219,475,749
Other components of equity					
- Discount from restructuring under common control	3.14	(28,011,866)	(28,011,866)	-	-
- Surplus on revaluation of land	13	59,322,118	-	44,381,992	-
Shareholders' equity of the Company		763,178,333	700,134,552	715,157,847	671,236,344
Non-controlling interests	7	(2,085,178)	-	-	-
NET SHAREHOLDERS' EQUITY		761,093,155	700,134,552	715,157,847	671,236,344
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		1,210,543,630	1,207,015,290	1,140,876,321	1,175,137,948

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

2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARENDED 31 DECEMBER

(Unit : Baht)					
		Consolidated F/S		Separate F/S	
	Notes	2015	2014	2015	2014
REVENUE FROM SALES					
Revenue from sales		3,632,916,829	4,165,834,242	3,631,011,898	4,165,834,242
Revenue from sales of by-product		65,153,415	69,558,537	65,153,415	69,558,537
Total revenue from sales	26, 27	3,698,070,244	4,235,392,779	3,696,165,313	4,235,392,779
COSTS OF SALES					
Costs of sales	25	(3,503,758,809)	(4,025,430,092)	(3,520,623,267)	(4,041,614,557)
Gross income		194,311,435	209,962,687	175,542,046	193,778,222
Interest income	27	1,965,209	2,074,273	5,076,910	3,174,989
Gain on exchange rate		6,361,485	-	5,823,886	-
Other income		7,598,479	8,973,863	2,848,712	5,528,702
Income before expenses		210,236,608	221,010,823	189,291,554	202,481,913
Selling expenses	25	(74,041,341)	(74,073,314)	(72,652,897)	(73,326,936)
Administrative expenses	25	(73,876,492)	(72,340,812)	(63,488,831)	(59,898,845)
Total expenses		(147,917,833)	(146,414,126)	(136,141,728)	(133,225,781)
Income before financial costs		62,318,775	74,596,697	53,149,826	69,256,132
Financial costs		(16,945,365)	(20,400,696)	(16,523,000)	(20,560,379)
Income before income tax		45,373,410	54,196,001	36,626,826	48,695,753
Income tax	18	(12,172,065)	(12,298,105)	(7,087,518)	(11,221,670)
Income for the year		33,201,345	41,897,896	29,539,308	37,474,083
OTHER COMPREHENSIVE INCOME					
Actuarial gains - net of tax	18	-	3,551,148	-	3,365,022
Surplus on revaluation of land - net of tax	18	59,322,118	-	44,381,992	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		92,523,463	45,449,044	73,921,300	40,839,105
ALLOCATION OF INCOME					
Portion of the Company's shareholders		33,721,460	41,897,896	29,539,308	37,474,083
Portion of non-controlling interests	7	(520,115)	-	-	-
		33,201,345	41,897,896	29,539,308	37,474,083
ALLOCATION OF COMPREHENSIVE INCOME					
Portion of the Company's shareholders		93,043,578	45,449,044	73,921,300	40,839,105
Portion of non-controlling interests	7	(520,115)	-	-	-
		92,523,463	45,449,044	73,921,300	40,839,105
BASIC EARNINGS PER SHARE					
Income of the Company's shareholders (Baht : Share)		0.11	0.14	0.10	0.12
Weighted average number of common shares (Unit : Shares)		299,999,971	299,999,971	299,999,971	299,999,971

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

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2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

Shareholders' equity of the Company							
Notes	Retained earnings			Other components of equity			
	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated (Restated)	Discount from restructuring under common control	Surplus on revaluation of land	Non-controlling interests
<u>Consolidated F/S</u>							
Balance as at 1 January 2014							
23	299,999,971	121,760,624	27,500,000	269,436,776	(28,011,866)	-	-
	-	-	2,500,000	(2,500,000)	-	-	-
24	-	-	-	(35,999,997)	-	-	-
Transactions with owners							
	-	-	2,500,000	(38,499,997)	-	-	-
	-	-	-	41,897,896	-	-	-
18	-	-	-	3,551,148	-	-	-
Total comprehensive income for the year							
	-	-	-	45,449,044	-	-	-
Balance as at 31 December 2014							
	299,999,971	121,760,624	30,000,000	276,385,823	(28,011,866)	-	-
Balance as at 1 January 2015							
	299,999,971	121,760,624	30,000,000	276,385,823	(28,011,866)	-	-
24	-	-	-	(29,999,797)	-	-	-
7	-	-	-	-	-	-	(1,565,063)
Transactions with owners							
	-	-	-	(29,999,797)	-	-	(1,565,063)
	-	-	-	33,721,460	-	-	(520,115)
18	-	-	-	-	-	59,322,118	-
Total comprehensive income (loss) for the year							
	-	-	-	33,721,460	-	59,322,118	(520,115)
Balance as at 31 December 2015							
	299,999,971	121,760,624	30,000,000	280,107,486	(28,011,866)	763,178,333	761,093,155

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

2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER

		Retained earnings				Other components of equity		(Unit : Baht)
		Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated (Restated)	Surplus on revaluation of land	Total	
Notes								
Separate F/S								
Balance as at 1 January 2014								
23	Appropriated for legal reserve	299,999,971	121,760,624	27,500,000	217,136,641	-	-	666,397,236
24	Dividend payment	-	-	2,500,000	(2,500,000)	-	-	-
	Transactions with owners	-	-	-	(35,999,997)	-	-	(35,999,997)
	Income for the year	-	-	2,500,000	(38,499,997)	-	-	(35,999,997)
18	Other comprehensive income	-	-	-	37,474,083	-	-	37,474,083
	Total comprehensive income for the year	-	-	-	3,365,022	-	-	3,365,022
	Balance as at 31 December 2014	299,999,971	121,760,624	30,000,000	40,339,105	-	-	40,839,105
					219,475,749	-	-	671,236,344
Balance as at 1 January 2015								
24	Dividend payment	299,999,971	121,760,624	30,000,000	219,475,749	-	-	671,236,344
	Transactions with owners	-	-	-	(29,999,797)	-	-	(29,999,797)
	Income for the year	-	-	-	(29,999,797)	-	-	(29,999,797)
18	Other comprehensive income	-	-	-	29,539,308	-	-	29,539,308
	Total comprehensive income (loss) for the year	-	-	-	-	44,381,992	44,381,992	44,381,992
	Balance as at 31 December 2015	299,999,971	121,760,624	30,000,000	29,539,308	44,381,992	44,381,992	715,157,847

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

2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Cash Flows From Operating Activities				
Income before income tax	45,373,410	54,196,001	36,626,826	48,695,753
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:				
Allowance for doubtful debts	2,019,568	3,380,100	2,023,568	3,380,100
(Gain) loss from the cost of goods anticipated to be higher than net realizable value	(5,008,450)	5,572,182	(5,008,450)	5,572,182
Depreciation	30,471,022	26,274,247	10,197,608	10,278,865
(Gain) loss on disposal of fixed assets	(27,450)	348,780	12,424	290,091
Amortization prepaid land rental expense	959,966	577,361	577,361	577,361
Amortization intangible assets	235,712	334,165	212,326	263,139
Interest income	(1,965,209)	(2,074,273)	(5,076,910)	(3,174,989)
Interest expense	13,939,860	20,400,697	15,741,191	20,560,379
Provision for employee benefits obligation	1,206,079	1,237,336	1,111,356	1,149,641
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	87,204,508	110,246,596	56,417,300	87,592,522
Decrease (increase) in operating assets;				
Trade accounts receivable	23,917,655	18,252,975	25,445,007	18,158,327
Trade accounts receivable - related company	-	-	(5,109,081)	-
Inventories	187,519,199	(69,521,203)	194,983,398	(70,155,310)
Deposits for merchandise	(55,946,932)	95,568,154	(55,946,932)	95,568,154
Other receivable	39,512	(38,512)	31,544	1,261,078
Refundable value added tax	(4,443,394)	(2,482,571)	(4,472,053)	(2,751,286)
Other current assets	(1,686,683)	(1,483,371)	(1,133,563)	(791,521)
Other non-current assets	-	(1,900)	-	(400)
Increase (decrease) in operating liabilities:				
Trade accounts payable	13,004,910	3,550,146	14,331,258	3,080,890
Other payables	970,891	504,449	193,507	(32,732)
Accrued expenses	8,702,444	(4,598,541)	8,847,984	(4,750,022)
Other current liabilities	1,642,475	(647,611)	1,386,836	(508,652)
Paid for employee benefits obligation	-	(353,547)	-	(353,547)
Cash Received from Operations Activities	260,924,585	148,995,064	234,975,205	126,317,501
Interest payment	(15,909,090)	(20,443,173)	(15,876,127)	(20,607,485)
Income tax paid	(9,299,329)	(22,442,907)	(5,377,147)	(20,395,210)
Income tax refund	2,158,123	-	1,065,437	-
Net Cash Provided from Operations Activities	237,874,289	106,108,984	214,787,368	85,314,806

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

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2S METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER

					(Unit : Baht)
		Consolidated F/S		Separate F/S	
	Note	2015	2014	2015	2014
Cash Flows from Investing Activities					
Cash received from interest		199,249	2,074,813	3,320,420	3,198,873
Purchase of building and equipment		(29,128,272)	(81,866,919)	(4,620,467)	(8,579,119)
Increase in prepaid land rental expense		(3,060,421)	-	-	-
Cash received from sales of equipment		110,215	298,075	13,981	281,841
Purchase of intangible assets		(279,067)	(412,316)	(279,067)	(352,216)
Increase in restricted deposit with banks		(233,066)	(341,983)	(233,066)	(341,983)
Increase in loans to subsidiaries		-	-	(71,890,811)	(22,001,000)
Cash received from (paid for) acquisition of subsidiary	5	2,234,940	-	(1,000,000)	-
Net Cash Used in Investing Activities		(30,156,422)	(80,248,330)	(74,689,010)	(27,793,604)
Cash Flows from Financing Activities					
Decrease in short - term loans from financial institutions		(181,136,770)	(11,594,289)	(115,085,290)	(11,594,289)
Decrease in short - term loan from subsidiary		-	-	-	(13,000,000)
Cash paid for liabilities under finance lease agreement		(304,207)	(407,801)	(304,207)	(407,801)
Dividend payment		(29,999,797)	(35,999,997)	(29,999,797)	(35,999,997)
Net Cash Used in Financing Activities		(211,440,774)	(48,002,087)	(145,389,294)	(61,002,087)
Decrease in cash and cash equivalents - net		(3,722,907)	(22,141,433)	(5,290,936)	(3,480,885)
Cash and cash equivalents at beginning of year		65,467,772	87,609,205	62,944,649	66,425,534
Cash and cash equivalents at end of year		61,744,865	65,467,772	57,653,713	62,944,649
Supplemental disclosures for cash flows information					
Non - cash items :					
Purchase assets under finance lease agreement		-	833,000	-	833,000

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015

1) GENERAL INFORMATION

2S Metal Public Company Limited was registered as a limited company under the Civil and Commercial Code on 29 May 1992 and was later converted to a limited public company on 21 May 2008. The Company's head office is located at 8/5 Moo 14, TambonThachang, AmphurBangklam, Songkhla. The Company has three warehouses located in NakhonRatchasima, Bangkok and Suratthani.

Its main business activities are production of steel pipes, steel plates, light lip channel and steel wire mesh, together with selling steel construction material and transportation service for goods.

Details of the Company's subsidiaries as at 31 December 2015 and 2014 are given in Note 6.

2) BASIS OF FINANCIAL STATEMENT

2.1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. They are officially prepared in Thai. The translation of these financial statements to other language must conform to the official report in Thai.

2.2 New Accounting Standards

The Federation of Accounting Professions has issued new and revised TFRS effective for accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies as follow;

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management believes that the above standards do not have any significant impact on the current year financial statements.

In addition to the above new and revised TFRSs, the FAP has issued a number of other new and revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements.

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRSs that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Company does not plan to early adopt these TFRSs.

TFRS	Topic
Framework for financial reporting (revised 2015)	
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes

TFRS	Topic
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 27 (revised 2015)	Separate Financial Statements
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 25 (revised 2015)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Land	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 21

2.4 Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 13 Revaluation of land

Note 18 Income tax and deferred income tax

Note 21 Liabilities under employee benefits obligation

These financial statements have been approved by the Company's board of directors on 25 February 2016.

3) SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Revenue recognition

Revenue from sales is recognised on the basis of invoiced value (excluding value added tax) of goods sold and delivered after deducting discounts and returns.

Sales of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Interest Income

Other income is recognised on accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have a restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

3.3 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. The Company provides allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection process. The estimated losses are based on historical collection experiences coupled with a review of the current status of receivables.

3.4 Inventories

Inventories are presented at the lower of cost or net realisable value and net of allowance for defective inventories (if any). Costs are calculated as follows:

- Raw materials and work in process is calculated by using the weighted average method.
- Finished goods are calculated by using the moving average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.5 Investments in subsidiaries

Investment in subsidiary in the separate statement of financial position is accounted for by the cost method. The Company recognizes gain or loss on sale of investment in the statement of profit or loss and other comprehensive income in the year the investment is sold. In the case of impairment, the Company will recognize loss from impairment as expense in the statement of profit or loss and other comprehensive income. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

3.6 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For business combination, the Company measures the non-controlling interest, in the acquire either at fair value or at the proportionate share of the seller's identifiable net assets.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

A contingent liability of the acquire is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs incurred in connection with a business combination, such as legal fees, and professional and other consulting fees are expensed as incurred.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset that brings the assets to the location and condition necessary for its intended use. Plant and equipment are presented at cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are disposed from the accounts and any gain/loss from their disposals is included in the statement of profit or loss.

The group company has recorded the difference arose from revaluation by recognized in the financial statements with a credit directly to other components of shareholders' equity as "Surplus on revaluation of land". However, had such land been previously appraised downward and the decreased value been formerly expended, the revaluation increment will be recognized as income to the extent that it reverses a revaluation decrease of previously recognized expense. Any excess amount is to be credited to "Surplus on revaluation of land" in other components of shareholders' equity.

The revaluation increment in the value of land can neither be offset against deficit nor used for dividend payment.

Depreciation of plant and equipment are calculated on a straight-line method over the estimated useful lives of the assets as follows:

Land improvement	5 - 20 years
Buildings and construction	15 - 20 years
Machinery and factory tool	5 - 20 years
Furniture and office equipment	5 - 10 years
Vehicles	5 - 15 years

Expenditure incurred in addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalized. Repair and maintenance costs are recognised as expenses when incurred.

3.8 Prepaid land rental expenses

Prepaid land rental expenses consist of capital expenditure for construction of assets to obtain the leasehold right on the lease land, bearing the condition for the lessee to transfer the ownership of the construction to the lessor at the end of contracts and held as prepaid lease payments of the compensation for beneficial usage of such land. It will be amortized as cost of rental on the straight-line basis over the beneficial year based on the lease period.

3.9 Leaseholdrights

Leasehold right in land is surplus from market price of land rental and contract price which is appraised for subsidiary acquisition. Leasehold right in land is presented at cost less accumulated amortization and allowance for impairment (if any). Amortization is charged to the statement of profit or loss on a straight-line method over economic benefit of leasehold rights for 15 and 30 years.

3.10 Intangible assets

Computer software is presented at cost less accumulated amortization. Amortization is calculated by reference to cost on a straight-line basis over the estimated time frame of 5 - 10 years. The computer software will be disposed when there is indication of impairment.

3.11 Impairment of assets

The Company and subsidiaries assess whether there is an indication that any asset may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of profit or loss. An asset recoverable amount is the higher of fair value less costs to sell and value in use.

3.12 Lease – where the Company and subsidiaries are the lessees

Leases of equipment where the Company and subsidiaries substantially assume all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of leased assets or estimated present values of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments deducted by financial charges are recognised as liabilities under finance lease agreements. The financial expense is charged to the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets where the lessor effectively retains all risks and benefits of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

3.13 Dividends

Dividends are recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors of the Company.

3.14 Discount from restructuring under common control

Discount from restructuring under common control is caused by the difference between the price of common shares for capital increase issued by the Company to exchange with common shares of the subsidiary and book value of assets and liabilities of the subsidiary company. This discount amount is presented in shareholders equity and will decrease if the Company disposes or decreases the portion of shareholding in the subsidiary.

3.15 Related companies

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

3.16 Foreign currency transactions

Foreign currency transactions are translated into Thai Baht for bookkeeping purposes at the exchange rates prevailing at the date of transactions. The balances of monetary assets and liabilities, denominated in foreign currencies, at the date of the end of year are translated into Baht at the rates of exchange prevailing at that date. Gains and losses resulting from the settlements of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognised in the statement of profit or loss.

3.17 Employee benefits

The Company and subsidiaries are recognised salaries, wages, bonuses and contribution to the social security as expenses when incurred.

3.18 Provident fund

The Company and subsidiaries sets up a registered provident fund that is contributed to by employees and by the Company and subsidiaries for which assets are held in a separate trustee fund and managed by an authorised fund manager.

The Company and subsidiaries contributions are charged to the statement of profit or loss for the related period.

3.19 Post-employment benefits

The Company has recognised the provision for employee benefits obligation for employees' retirement in compliance with the Thai labour law. The defined benefits obligation is measured by actuary of the Company with the actuarial technique. The employee benefits expenses are recognised in the statement of comprehensive income to allocate the expense throughout the hiring period. Actuarial gains or losses arising from changes in actuarial assumptions are recognised in other comprehensive income when incurred.

3.20 Income tax

Income tax expense for the year comprises the current taxable and deferred income tax. Current income taxes are recognised in profit or loss, except for the portion related to items recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax represents tax that is expected to be payable or claimable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary timing differences between the carrying amounts of assets and liabilities and the amounts used for tax computation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary timing differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.21 Basic earnings per share

Basic earnings per share are calculated by dividing the income for the year by the weighted average number of common shares outstanding during the year.

3.22 Provisions for liabilities and expenses, and contingent assets

Provisions for liabilities and expenses are recognised when the Company and subsidiaries have a present legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent assets will be recognised as separate assets only when the realisation is virtually certain.

4) CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

a. Impairment of receivables

The Company provides allowances for doubtful accounts to reflect impairment of trade accounts receivable to estimated losses resulting from the inability of customers to make required payments. The allowances are based on consideration of historical collection experiences coupled with a review of outstanding receivables at the end of year.

b. Allowance for obsolete, slow-moving and defective inventories

The Company provides allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowances are based on consideration of inventory turnover and deterioration of each category. The Company's management believes that the Company's inventories at the year-end do not require allowance for obsolescence and defective.

c. Property, plant and equipment and intangible assets

Management determine the estimated depreciation and amortization method, useful lives and residual values for the Company's plant and equipment and computer software at the end of the year, and revise the depreciation and amortization charges where the depreciation and amortization method, useful lives and residual values previously estimated have changed or are subject to be written down for their obsolescence or if they are no longer in use.

d. Impairment of assets

The Company treats asset as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

e. Post – employee benefits

The employee benefits obligation for employees retirement in compliance with the Thai labour law is measured by actuarial of the Company and management of the subsidiary with the projected unit credit method in accordance with Actuarial Technique for the present value of the estimated future cash outflows based on the interest rates of government bonds, which have terms to maturity approximating the term of the related obligations, based on salary, turnover rate, mortality rate, length of service and others.

f. Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised. In addition, management's judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

g. Lease

Indetermining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment as to whether significant risk and rewards of ownership of the leased asset have been transferred to the Company and its subsidiaries, taking into consideration terms and conditions of the arrangement.

4.2 Capital risk management

The Company's objectives in the management of capital is to safeguard its 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 dividend payment policy or issue new shares or new debentures to finance debts, or sell assets to reduce debts.

5) SUBSIDIARY ACQUISITION

On 8 October 2015, the group company has controlling interest over Grand Steel Pipe Industry Co., Ltd., a manufacturer and distributor of steel pipes, steel plates and C steel. The company acquired common shares and voting rights of subsidiary as 90%. The Group company will be able to expand customer base from such controlling interest.

Transferred assets and liabilities

	(Unit: Baht)
	Fair value
Cash and cash equivalents	3,234,940
Leasehold rights in property, plant and equipment - net	63,752,619
Prepaid land rental - net	567,717
Long term loan from financial institution	(66,051,480)
Accrued expenses	(3,389,626)
Loan from director	(70,205)
Deferred income tax liability	(13,694,591)
Net liabilities	(15,650,626)
Non-controlling interests	(1,565,063)
Net liabilities acquired	(14,085,563)
Goodwill	15,085,563
Consideration value	1,000,000

	(Unit: Baht) Fair value
Net cash and cash equivalents	3,234,940
Cash paid	(1,000,000)
Cash received from acquisition of subsidiary - net	2,234,940

Measurement of fair value as following are considered from use of estimates

- The fair values of leasehold rights of property plants and equipment which are measured by independent appraiser consist of:
 - Leasehold rights on lands amounting of Baht 2.96 million are calculated from present value of surplus on market price and contract price of land rental.
 - Buildings amounting of Baht 40.88 million and machines amounting of Baht 19.91 million are measured by cost approach.
- Deferred income tax liability is calculated by tax rate at 24% of surplus on revaluation of leasehold property, plants and equipment.

Non-controlling interests is measured by fair value at investment date.

Goodwill

Fair value of controlling interests of the Group company of 90% amounted Baht 15.08 million (Baht 1.00 million deduct book value of shareholders' equity at investment date amount of Baht (14.08) million) presents under non-current assets as "Goodwill".

Goodwill mainly occurred from the expanding customer base opportunity of Grand Steel Pipe Industry Co., Ltd. which is expected to be profitable from operation in the future. No goodwill is expected to be deductible from income tax expense.

Costs related to the acquisition

The Group company has expense related to the acquisition amounting of Baht 0.63 million which is about legal consulting fees and the cost of monitoring financial status. Such related expenses have been included in administrative expense in the statement of profit or loss of the Group.

6) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of 2S Metal Public Company Limited and subsidiaries where 2S Metal Public Company Limited has investments, as follows:

Subsidiary companies	Establis h in	Percentage of Shareholding		Type of businesses
		2015	2014	
Neastern Steel Co., Ltd.	Thai	99.99	99.99	Manufacturing service and Sale for steel pipe, steel plate, light lip channel and steel wire mesh
Mega Trans and Logis Co., Ltd.	Thai	99.99	99.99	Transportation service for goods
Grand Steel Pipe Industry Co., Ltd.	Lao	90.00	-	Manufacturing and Sale for steel pipe, steel plate and light lip channel

Subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Significant intercompany transactions with subsidiaries included in the consolidated financial statements have been eliminated.

The consolidated financial statements have been prepared with the same accounting policies as for the separate financial statements for the same accounting transactions or accounting events.

7) NON – CONTROLLING INTERESTS(NCI)

The following table summarises the information relating to the Company's subsidiary for the period from 8 October 2015 to 31 December 2015.

Name	Proportion of ownership interests and voting rights held by the NCI	Total comprehensive income (loss) allocated to NCI	(Unit: Thousand Baht)	
			Accumulated NCI	
			31 December 2015	8 October 2015
Grand Steel Pipe Industry Co., Ltd.	10.00%	520	2,085	1,565

The following table summarises the information relating to the Company's subsidiary as at 31 December 2015 and for the period from 8 October 2015 to 31 December 2015.

	(Unit: Baht)
	Subsidiary F/S
	As at 31 December 2015
Non-controlling interest percentage	10%
Current assets	12,002,431
Non-current assets	65,605,352
Current liabilities	(6,689,795)
Non-current liabilities	(91,769,764)
Net liabilities	(20,851,776)
Carrying amount of non-controlling interest	(2,085,178)
	For the period from 8 October 2015 to 31 December 2015
Revenue	4,165,461
Loss for the year	(5,201,150)
Other comprehensive income	-
Total comprehensive income	(5,201,150)
Loss allocated to non-controlling interest	(520,115)
Other comprehensive income allocated to non-controlling interest	-
Total comprehensive loss of non-controlling interest	(520,115)
Net cash used in operating activities	(8,803,615)
Net cash used in investing activities	(3,060,420)
Net cash provided from financing activities	10,278,570
Net decrease in cash and cash equivalents	(1,585,465)

No dividends were paid to the non-controlling interest for the period from 8 October 2015 to 31 December 2015.

8) CASH AND CASH EQUIVALENTS

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2015	2014	2015	2014
Cash on hand	89	89	30	48
Cash at banks				
- Current account	23,557	20,389	23,365	20,296
- Saving account	38,099	44,990	34,259	42,601
Total	61,745	65,468	57,654	62,945

9) RELATED PARTY TRANSACTIONS

The Company has transactions with related parties that are related through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which might be different from the basis used for transactions with unrelated parties.

Entity name	Relationship	Nature of relationship
Neastern Steel Co., Ltd.	Subsidiary company	Direct shareholders
Mega Trans and Logis Co., Ltd.	Subsidiary company	Direct shareholders
Grand Steel Pipe Industry Co., Ltd.	Subsidiary company	Direct shareholders
Nana Watsadu Furniture Co., Ltd.	Related company	Co-shareholders
Panichsawad Co., Ltd.	Related company	Co-related party
S.S. Veneer Co., Ltd.	Related company	Co-directors and shareholders
KwangphaLohakit	Related company	Co-shareholders

Significant balances with related parties as at 31 December 2015 and 2014 are as follows:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2015	2014	2015	2014
Other receivables				
<u>Subsidiary company</u>				
Grand Steel Pipe Industry Co., Ltd.	-	-	5,109	-
Short – term loans to				
<u>Subsidiary companies</u>				
Neastern Steel Co., Ltd.	-	-	2,000	8,000
Mega Trans and Logis Co., Ltd.	-	-	27,561	24,722
Grand Steel Pipe Industry Co., Ltd.	-	-	75,052	-
Total	-	-	104,613	32,722
Accrued interest income				
<u>Subsidiary companies</u>				
Neastern Steel Co., Ltd.	-	-	-	10
Mega Trans and Logis Co., Ltd.	-	-	6	6

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Grand Steel Pipe Industry Co., Ltd.	-	-	1,818	-
Total	-	-	1,824	16
Prepaid land rental expense - net				
<u>Related person</u>	3,246	-	-	-

Significant movements in loans to subsidiaries for the year ended 31 December 2015 are as follows :

	(Unit : Thousand Baht)			
	1 January	During the year		31 December
	2015	Increase	Decrease	2015
<u>Subsidiary companies</u>				
Neastern Steel Co., Ltd.	8,000	-	(6,000)	2,000
Mega Trans and Logis Co., Ltd.	24,722	2,839	-	27,561
Grand Steel Pipe Industry Co., Ltd.	-	75,052	-	75,052
Total	32,722	77,891	(6,000)	104,613

Loan to Neastern Steel Co., Ltd. and Mega Trans and Logis Co., Ltd. has been granted a without collateralized, bear interest rate at MMR percent per annum and repayment on demand.

Loan to Grand Steel Pipe Industry Co., Ltd. has been granted a collateralized by leasehold rights in land at NakornVientiane in repayment the loan, bear interest rate at 12 percent and repayment on demand.

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Tradeaccounts payable				
<u>Subsidiary companies</u>				
Neastern Steel Co., Ltd.	-	-	6,766	6,045
Mega Trans and Logis Co., Ltd.	-	-	952	3,740
Total	-	-	7,718	9,785
Other payables				
<u>Subsidiary company</u>				
Neastern Steel Co., Ltd.	-	-	74	58
<u>Related parties</u>				
KwangfhaLohakit	3	2	3	2
Nana Watsadu Furniture Co., Ltd.	15	7	15	7
Total	18	9	18	9
Total other payables	18	9	92	67
Employee benefits obligation				
<u>Key management personnel</u>				
- Post-employment benefits	6,065	4,715	5,685	4,393

Significant transactions with the related parties for the years ended 31 December 2015 and 2014 were as follows:

		Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing policy	2015	2014	2015	2014
Revenue from sales <u>Subsidiary company</u>	Market price	-	-	6,827	303
Rental assets and other service income <u>Subsidiary company</u>	Mutually agreed	-	-	410	241
Interest income <u>Subsidiary company</u>	As specified in agreement	-	-	3,128	1,124
Purchase of goods and service <u>Related parties</u>	Market price	116	154	116	154
Manufacturing Cost <u>Subsidiary company</u>	Cost plus margin 24%	-	-	74,906	71,383
Transportation service <u>Subsidiary company</u>	Market price	-	-	75,179	84,820
Rental assets and other service expenses <u>Subsidiary company</u>	Mutually agreed	-	-	5,427	2,902
<u>Related person</u>	Mutually agreed	383	-	-	-
		383	-	5,427	2,902
Interest expense <u>Subsidiary company</u>	As specified in agreement	-	-	158	190
<u>Key management personnel compensation</u>					
Short-term employee benefits		24,681	24,611	19,947	19,908
Post-employment benefits		803	745	746	692
Total		25,484	25,356	20,693	20,600

As at 31 December 2015, the collateralized with related companies are as follow:

- The subsidiary company's credit facility was collateralized by the Company totaling Baht 65 million.
- The subsidiary company jointly guaranteed the Company's credit facility from a financial institution totaling Baht 37.98 million by mortgaging of land amounting to Baht 6 million as secondary guarantee.

10) TRADE ACCOUNTS RECEIVABLE-NET

Aging analysis of the trade accounts receivable as at 31 December 2015 and 2014 are as follow:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2015	2014	2015	2014
<u>Trade accounts receivable - general customers</u>				
Not yet due	205,461	169,614	204,053	169,598
Past due				
Less than 3 months	32,688	90,512	32,545	90,459
3 - 6 months	1,289	3,046	1,289	3,046
6 - 12 months	1,133	1,802	1,091	1,802
Over 12 months	8,321	7,837	7,292	6,811
Total	248,892	272,811	246,270	271,716
<u>Less</u> Allowance for doubtful accounts	(9,069)	(7,050)	(8,047)	(6,024)
Trade accounts receivable - general customers - net	239,823	265,761	238,223	265,692

During the year, the movements in allowance for doubtful accounts are as follows :

	Consolidated F/S	(Unit : Thousand Baht) Separate F/S
Balance as at 1 January 2015	(7,050)	(6,024)
<u>Add</u> Allowance for doubtful accounts during the year	(3,161)	(3,161)
<u>Less</u> Reversal of allowance for doubtful accounts	1,142	1,138
Balance as at 31 December 2015	(9,069)	(8,047)

11) INVENTORIES – NET

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2015	2014	2015	2014
Raw materials	149,356	201,272	149,356	201,272
Work in process	33,363	45,497	33,363	45,497
Finished goods	132,058	259,908	133,058	261,506
Goods in transit	56	2,364	56	2,364
Factory supplies	9,592	2,903	1,767	1,944
Total	324,425	511,944	317,600	512,583
<u>Less</u> Allowance for devaluation of inventories	(3,012)	(8,020)	(3,012)	(8,020)
Net	321,413	503,924	314,588	504,563

During the year, the movements in allowance for devaluation of inventories are as follows :

	(Unit : Thousand Baht) Consolidated/ Separate F/S
Balance as at 1 January 2015	(8,020)
<u>Add</u> Additional allowance during the year	(21,873)
<u>Less</u> Reversal of allowance during the year	26,881
Balance as at 31 December 2015	(3,012)

12) INVESTMENT IN SUBSIDIARIES

	(Unit : Thousand Baht) Separate F/S							
	Paid-up capital		Percentage of shareholding		2015 Investment		2014 Investment	
	2015	2014	2015	2014	At cost	Dividend income	At cost	Dividend income
Neastern Steel Co., Ltd.	90,000	90,000	99.99	99.99	99,000	-	99,000	-
Mega trans and Logis Co., Ltd.	17,000	17,000	99.99	99.99	17,000	-	17,000	-
Grand Steel Pipe Industry Co., Ltd.	31,680	-	90.00	-	1,000	-	-	-
Total					117,000	-	116,000	-

On 8 October 2015 the Company acquired ordinary shares of Grand Steel Pipe Industry Co., Ltd. from shareholder 900,000 shares. Therefore, the Company had percentage of shareholding at 90%, (at price of Baht 1 \$ per share) totaling Baht 1.00 million.

13) PROPERTY, PLANT AND EQUIPMENT-NET

	(Unit :ThousandBaht) Consolidation F/S						
	Land and improvement	Building and construction	Machinery and factory tools	Furniture and office equipment	Vehicle	Asset in transit and In progress	Total
Cost							
1 January 2014	90,935	94,817	278,595	20,789	47,872	18,642	551,650
Acquisitions	1,488	11,225	5,906	920	16,547	46,613	82,699
Disposals	-	(91)	(1,195)	(789)	-	-	(2,075)
Transfer in / (out)	5,833	34,630	24,361	383	-	(64,207)	-
31 December 2014	98,256	140,581	307,667	21,303	64,419	48	632,274
Acquisitions	470	-	5,258	653	8,077	14,671	29,129
Surplus on revaluation of lands	74,152	-	-	-	-	-	74,152
Increase from Business combination	-	81,549	60,446	-	-	-	141,995
Disposals	-	-	-	(599)	(1,975)	-	(2,574)
Transfer in / (out)	1,284	237	363	11	-	(1,895)	-
31 December 2015	174,162	222,367	373,734	21,368	70,521	12,824	874,976
Accumulated depreciation							
1 January 2014	(7,026)	(53,051)	(197,779)	(15,628)	(31,967)	-	(305,451)
Depreciation for the year	(723)	(5,699)	(14,564)	(1,798)	(3,490)	-	(26,274)
Depreciation for disposals	-	19	659	750	-	-	1,428
31 December 2014	(7,749)	(58,731)	(211,684)	(16,676)	(35,457)	-	(330,297)

(Unit :ThousandBaht)

	Consolidation F/S						Total
	Land and improvement	Building and construction	Machinery and factory tools	Furniture and office equipment	Vehicle	Asset in transit and In progress	
Depreciation for the year	(965)	(7,369)	(16,621)	(1,552)	(3,964)	-	(30,471)
Depreciation for Increase from Business combination	-	-	-	573	1,919	-	2,492
Depreciation for disposals	-	(40,668)	(40,534)	-	-	-	(81,202)
31 December 2015	(8,714)	(106,768)	(268,839)	(17,655)	(37,502)	-	(439,478)
Net book value							
31 December 2014	90,507	81,850	95,983	4,627	28,962	48	301,977
31 December 2015	165,448	115,599	104,895	3,713	33,019	12,824	435,498

Depreciation for the year 2014

Cost of goods sold	19,865
Administrative expenses	6,409
Total	26,274

Depreciation for the year 2015

Cost of goods sold	22,913
Administrative expenses	7,558
Total	30,471

(Unit :ThousandBaht)

	Separate F/S						Total
	Land and improvement	Building and construction	Machinery and factory tools	Furniture and office equipment	Vehicle	Asset in transit and in progress	
Cost							
1 January 2014	51,371	58,735	161,719	10,962	8,089	5,749	296,625
Acquisitions	-	4,742	2,457	822	833	558	9,412
Disposals	-	-	(1,073)	(662)	-	-	(1,735)
Transfer in / (out)	-	5,443	816	-	-	(6,259)	-
31 December 2014	51,371	68,920	163,919	11,122	8,922	48	304,302
Acquisitions	469	-	963	512	939	1,737	4,620
Surplus on revaluation of lands	55,477	-	-	-	-	-	55,477
Disposals	-	-	-	(532)	(1,275)	-	(1,807)
Transfer in / (out)	1,283	17	363	11	-	(1,674)	-
31 December 2015	108,600	68,937	165,245	11,113	8,586	111	362,592
Accumulated depreciation							
1 January 2014	(2,671)	(30,356)	(121,348)	(8,840)	(6,375)	-	(169,590)
Depreciation for the year	(10)	(2,922)	(5,460)	(952)	(935)	-	(10,279)
Depreciation for disposals	-	-	536	627	-	-	1,163
31 December 2014	(2,681)	(33,278)	(126,272)	(9,165)	(7,310)	-	(178,706)
Depreciation for the year	(75)	(3,015)	(5,601)	(751)	(755)	-	(10,197)
Depreciation for disposals	-	-	-	505	1,276	-	1,781
31 December 2015	(2,756)	(36,293)	(131,873)	(9,411)	(6,789)	-	(187,122)

(Unit :ThousandBaht)

	Separate F/S					
	Land and improvement	Building and construction	Machinery and factory tools	Furniture and office equipment	Vehicle	Asset in transit and in progress
Net book value						
31 December 2014	48,690	35,642	37,647	1,957	1,612	48
31 December 2015	105,844	32,644	33,372	1,702	1,797	111

Depreciation for the year 2014

Cost of goods sold	6,409
Administrative expenses	3,870
Total	10,279

Depreciation for the year 2015

Cost of goods sold	6,474
Administrative expenses	3,723
Total	10,197

The group company hired independent appraiser to re-appraise the value of lands in March 2015 by using the market approach. The group company recognized the surplus on revaluation of lands in other comprehensive income for the year ended 31 December 2015, with the details as follows:

	(Unit: Million Baht)					
	Cost	Market Price	Recognized surplus on revaluation	Deferred tax liability	Net surplus on revaluation	Year
Consolidated	77.77	151.92	74.15	14.83	59.32	2015
F/S						
Separate F/S	48.68	104.16	55.48	11.10	44.38	2015

As at 31 December 2015 and 2014, the Company and its subsidiary have mortgaged land and construction and machinery for manufacturing book values at Baht 87.46 million and Baht 92.61 million, respectively, in the consolidated financial statements, and at Baht 73.44 million and Baht 74.19 million, respectively, in the separate financial statements, as collateral for bank overdrafts, loans and other credit facilities with financial institutions as mentioned in Notes 19 and 28.4.

As at 31 December 2015 and 2014, the carrying amount of assets under the finance lease agreement as mentioned in Notes 20 in the consolidated and separate financial statements, were amount of Baht 0.83 million and Baht 0.80 million, respectively.

As at 31 December 2015 and 2014, the costs of fully depreciated assets that are still in use are Baht 167.44 million and Baht 137.21 million, respectively, in the consolidated financial statements and of Baht 120.35 million and Baht 118.00 million, respectively in the separate financial statements.

14) PREPAID LAND RENTAL EXPENSE – NET

During the year ended 31 December 2015, the Company has the following movements in prepaid land rental expense:

	Consolidated F/S			(Unit : Thousand Baht) Separate F/S		
	Building	Land improvement	Total	Building	Land improvement	Total
Cost						
1 January 2014	8,656	67	8,723	8,656	67	8,723
31 December 2014	8,656	67	8,723	8,656	67	8,723
Increase from Business combination	-	568	568	-	-	-
Incremental paid	-	3,060	3,060	-	-	-
31 December 2015	8,656	3,695	12,351	8,656	67	8,723
Accumulated depreciation						
1 January 2014	(4,543)	(67)	(4,610)	(4,543)	(67)	(4,610)
Depreciation for the year	(578)	-	(578)	(578)	-	(578)
31 December 2014	(5,121)	(67)	(5,188)	(5,121)	(67)	(5,188)
Depreciation for the year	(577)	(383)	(960)	(577)	-	(577)
31 December 2015	(5,698)	(450)	(6,148)	(5,698)	(67)	(5,765)
Net book value						
31 December 2014	3,535	-	3,535	3,535	-	3,535
31 December 2015	2,958	3,245	6,203	2,958	-	2,958
Depreciation for the year 2014						
Administrative expenses			578			578
Depreciation for the year 2015						
Administrative expenses			960			577

The prepaid land rental expenses represented the construction cost of two warehouses on the land leased under two lease agreements from an outsider for 15 years and until the expiration of the agreements. The ownership of the said warehouses will automatically transfer to the lessor as mentioned in Note 28.1. The Company has amortized prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

The prepaid land rental expenses of a subsidiary in Laos represented the construction cost and the right of use in land under two lease agreements from a related person for 15 - 30 years and until the expiration of the agreements. The ownership of the said warehouses will automatically transfer to the lessor as mentioned in Note 28.2. The Company has amortized prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

15) LEASEHOLD RIGHT –NET

As at 31 December 2015, land leasehold right amounting to Baht 2.96 million increased from subsidiary acquisition during the year 2015.

16) INTANGIBLE ASSETS-NET

The movements of computer software for the year ended 31 December 2015 and 2014 are as follow:

	Consolidated F/S	(Unit:Thousand Baht) Separate F/S
Cost		
At 1 January 2014	3,907	3,380
Addition	412	352
At 31 December 2014	4,319	3,732
Addition	279	279
At 31 December 2015	4,598	4,011
Accumulated amortisation		
At 1 January 2014	(3,316)	(2,892)
Amortisation for the year	(334)	(263)
At 31 December 2014	(3,650)	(3,155)
Amortisation for the year	(235)	(212)
At 31 December 2015	(3,885)	(3,367)
Net book value		
At 31 December 2014	669	577
At 31 December 2015	713	644

17) RESTRICTED DEPOSIT WITH BANKS

As at 31 December 2015 and 2014, the fixed deposits have a maturity for 3 months and 12 months and with bear interest at 1.50 - 2.25 percent per annum and 2.25 - 2.73 percent per annum, respectively. The Company had pledged as collateral for the loan from financial institutions as mentioned in Note 19.

18) DEFERRED TAX AND INCOME TAX*Deferred income tax asset and liability*

The movements in deferred income tax assets/liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated F/S				
	Recognised as income (expense)				
	1 January 2015	Increased from Business combination	Statement of income	Other comprehensive income	31 December 2015
Deferred tax assets from:					
Employee benefits obligation	1,454	-	241	-	1,690
Deferred tax liabilities from:					
Surplus from fair value land, buildings and equipment	-	(13,694)	258	(14,829)	(28,265)
Deferred tax assets (Liabilities) from:	1,454	(13,694)	499	(14,829)	(26,570)

(Unit: Thousand Baht)

	Consolidated F/S		
	Recognised as income (expense)		31 December 2014
	1 January 2014	Statement of income	
			Other comprehensive income
Deferred tax assets from:			
Employee benefits obligation	2,165	178	(889)
			1,454

(Unit: Thousand Baht)

	Separate F/S		
	Recognised as income (expense)		31 December 2015
	1 January 2015	Statement of income	
			Other comprehensive income
Deferred tax assets from:			
Employee benefits obligation	1,335	222	-
			1,557
Deferred tax liabilities from:			
Surplus from fair value land	-	-	(11,095)
			(11,095)
Deferred tax assets (Liabilities) from:	1,335	222	(11,095)
			(9,538)

(Unit: Thousand Baht)

	Separate F/S		
	Recognised as income (expense)		31 December 2014
	1 January 2014	Statement of income	
			Other comprehensive income
Deferred tax assets from:			
Employee benefits obligation	2,017	159	(841)
			1,335

Income tax recognised in profit or loss

Reconciliation of income tax expenses are as follows:

	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Accounting profit before tax	45,373	54,196	36,627	48,696
Applicable tax rate	20	20	20	20
Tax multiplied by applicable tax rate	9,075	10,839	7,325	9,739
Effects :				
Exemption of income	223	1,829	357	1,972
Additional expense deductions allows	(169)	(221)	(372)	(221)
Profit from promoted operation	(561)	(790)	-	(109)
Related transaction	(870)	195	-	-
Unrecognized deferred tax assets	1,155	624	-	-
Income tax	8,853	12,476	7,310	11,381
Income tax consisted of :				
Current income tax	8,853	12,476	7,310	11,381
Previous year income tax	3,818	-	-	-
Deferred tax from temporary differences	(499)	(178)	(222)	(159)
Total income tax	12,172	12,298	7,088	11,222

Income tax recognised in other comprehensive income

(Unit : Thousand Baht)

	Consolidated F/S					
	2015			2014		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Defined benefit plan actuarial gains	-	-	-	4,440	(889)	3,551
Surplus on revaluation of land – net of tax	74,151	(14,829)	59,322	-	-	-

(Unit : Thousand Baht)

	Separate F/S					
	2015			2014		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Defined benefit plan actuarial gains	-	-	-	4,206	(841)	3,365
Surplus on revaluation of land – net of tax	55,477	(11,095)	44,382	-	-	-

As at 31 December 2015, the company does not record deferred tax assets in consolidated financial statements for taxable losses of subsidiaries amounting of Baht 6.20 million (2014: Baht 3.12 million) and gain on sale of assets between related parties amount of Baht 7.05 million (2014: Baht 9.42 million) as they are determined that the subsidiaries may not have sufficient future taxable income to benefit such temporary difference and losses.

In addition the consolidated and separate financial statements do not record deferred tax assets for allowance of doubtful account amounting of Baht 9.07million and Baht 8.05 million, respectively (2014 : Baht 7.05 million and Baht 6.02 million, respectively) because the chance of using future tax benefit is low.

19) SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated and Separate F/S	
	2015	2014
Promissory notes	344,890	401,006
Discounted promissory notes	-	58,969
Total	344,890	459,975

As at 31 December 2015 and 2014, the Company has short - term loan from financial institutions with bear interest rate at MLR - 3 to MRR and MLR-3.75to MMR per annum, respectively.

These are collateralized by the pledge of the Company's fixed deposits as mentioned in Note 17, land and construction and machinery as mentioned in Note 13, and include transferring the Company's right of insurance for collateral to the credit facility, personally guaranteed by the Company's shareholders and directors, and cross guaranteed among all related companies totaling Baht 740 million.

20) LIABILITIES UNDER FINANCE LEASE AGREEMENT - NET

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Due within one year	205	360	205	360
Due later than one year but not later than 5 year	418	623	418	623
Total	623	983	623	983
<u>Less</u> Deferred interest	(75)	(131)	(75)	(131)
Present value of liabilities under finance lease Agreement	548	852	548	852
<u>Less</u> Current portion	(165)	(304)	(165)	(304)
Liabilities under finance lease agreements - net	383	548	383	548

The Company has financial lease agreement for vehicle which has installment period of 5 years and has been granted a collateralized by related assets.

21) EMPLOYEE BENEFITS OBLIGATION

During the years ended 31 December 2015 and 2014, movements in employee benefits obligation are as follow:

	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Balance as at 1 January	7,271	10,826	6,678	10,088
Provision expense for the period in statements of profit or loss	852	902	788	840
Interest expense for period in statements of profit or loss	354	336	323	309
Paid during the year	-	(353)	-	(353)
Gain from actuarial estimated in statement of other comprehensive income	-	(4,440)	-	(4,206)
Balance as at 31 December	8,477	7,271	7,789	6,678
<u>Less</u> Current portion	(2,605)	(427)	(2,605)	(427)
Net balance as at 31 December	5,872	6,844	5,184	6,251

Principal actuarial assumptions are as follows:

	2S Metal Public Company Limited	Neastern steel Company Limited
Discount rate for salary	4.59 percent per annum	4.62 percent per annum
Discount rate for wage	4.67 percent per annum	4.83 percent per annum
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008
Future salary expense increment rate	6.73 percent per annum	6.93 percent per annum
Future wage expense increment rate	9.17 percent per annum	5.59 percent per annum
Normal retirement age	55 years	60 years
Number of employees	222 persons	121 persons

Actuarial gains or losses occurred from the change in the salaries and wages and other factors for the computation of post-employee benefits are presented under shareholders' equity.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(Unit: Baht)	
	Increase (decrease) in the defined benefit obligation	
	Consolidated F/S	Separate F/S
Discount rate (0.5% increment)	(220,881)	(193,872)
Discount rate (0.5% decrement)	232,101	203,162
Future salary growth (0.5% increment)	211,539	183,376
Future salary growth (0.5% decrement)	(201,428)	(174,857)
Employee turnover (1.0% increment)	482,581	(420,399)
Employee turnover (1.0% decrement)	305,489	233,867

22) ACCRUED ESTIMATED TAXATION

As at 31 December 2015, the subsidiary estimated accrued taxation as follow:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
	31 December 2015	31 December 2014
Corporate income	1,752	-
Value Added tax	175	-
Penalties and surcharges	582	-
Total	2,509	-

Neastern Steel Co., Ltd.'s (subsidiary) corporate income tax and value added tax has been assessed, as the Revenue Department considered the subsidiary's income was not acquired under the condition of its BOI certificate. As at 31 December 2015, the subsidiary estimated accrued taxation for the tax year 2013-2015 of Baht 2.51 million and has recognized such liability into the financial statements. However, the subsidiary is in the process of Central Tax Court with the Revenue Department to argue such assessed corporate income.

23) LEGAL RESERVE

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

24) DIVIDEND PAYMENT

At the Annual General Meeting for the year 2015 held on 10 April 2015, shareholders passed a resolution to pay dividend from income from operations for the year ended 31 December 2014 of non-promoted business for 300 million common shares at Baht 0.10 per share totaling Baht 30 million. The dividend has been paid on 8 May 2015.

At the Annual General Shareholder Meeting for the year 2014 held on 24 April 2014, shareholders passed a resolution to pay the dividend from income from operations for the year ended 31 December 2013 of non-promoted business for 300 million common shares at Baht 0.12 per share totaling Baht 36 million.

25) EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	For the years ended 31 December			
	2015	2014	2015	2014
Salaries, wages and other employee benefits	77,013	70,658	52,279	48,263
Executives' remuneration	25,571	25,356	20,695	20,600
Depreciation and amortization	31,636	27,186	10,987	11,119
Transport expenses	44,679	47,951	53,690	54,499
Manufacturing service costs	-	161	74,906	71,545
(Reversal) loss from cost of goods exceeding net realizable value	(5,008)	5,572	(5,008)	5,572
Loss from exchange rate	-	2,523	-	2,447
Raw material and supplies used	2,664,119	3,287,573	2,654,192	3,277,586
Purchase of finished goods	627,294	692,992	618,479	692,992
Change in finished goods and work in process	139,984	(42,260)	140,582	(43,234)

26) INVESTMENT PROMOTION PRIVILEGES

The Company and subsidiary has been granted an investment certificate under the Promotion of Investment Act B.E. 2520 (A.D. 1977), as follows:

Certificate No.	Date	Promoted activity types	Commence date of revenues generated	Expire date
<u>The Company</u> 2150(2)/2549	10 November 2006	Production of steel wire mesh	18 September 2006	17 September 2014
<u>The subsidiary</u> 1573(5)/2554	14 February 2011	Production of metal products including metal parts	31 July 2011	30 July 2019

The Company and subsidiary has obtained privileges as follows:

- Exemption from import duty on approved imported machinery.
- Exemption from corporate income tax on profits from the promoted activity for a period of eight years commencing the date that income was first derived.
- Exemption from income tax on dividends paid to the shareholders from the profit of the promoted operations during the period in which the corporate income tax is exempted.

As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

Based on the Announcement of the Board of Investment No.Por 14/1998 dated 30 December 1998 regarding revenue reporting of a promoted industry, the Company is required to report the revenues separately for promoted and the non – promoted businesses for the years ended 31 December 2015 and 2014 in the consolidated financial statements are follows:

Thousand Baht			
	Promoted business	Non - promoted business	Total
2015			
Revenue from sales	21,659	3,676,811	3,698,070
2014			
Revenue from sales	41,096	4,194,297	4,235,393

27) SEGMENT REPORTING

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and subsidiaries' business operations are categorized mainly into 2 principal segments : (1) trading and (2) production and distribution of steel products. Below are revenues of the Company and subsidiaries for the years ended 31 December 2015 and 2014.

(Unit : Million Baht)							
Consolidated F/S							
For the years ended 31 December							
	Trading (Raw material included)		Production and distribution of steel products		Eliminated		Total
	2015	2014	2015	2014	2015	2014	2015 2014
Revenues from external customers	732.69	721.67	2,965.38	3,513.72	-	-	3,698.07 4,235.39
Revenues from transactions with other operating segments	2.26	-	74.91	71.38	(77.17)	(71.38)	- -
Total revenue from sales	734.95	721.67	3,040.29	3,585.10	(77.17)	(71.38)	3,698.07 4,235.39
Interest income	0.99	0.58	4.10	2.81	(3.13)	(1.31)	1.96 2.08
Interest expense	3.91	3.70	16.16	18.01	(3.13)	(1.31)	16.94 20.40
Depreciation and amortization expenses	-	-	34.02	29.56	(2.38)	(2.38)	31.64 27.18
Segment profits	7.35	(5.74)	29.41	50.66	(3.56)	(3.02)	33.20 41.90
Segment assets	-	-	1,210.54	1,207.02	-	-	1,210.54 1,207.02
Increased of segment non-current assets	-	-	153.05	54.91	-	-	153.05 54.91
Segment liabilities	-	-	449.45	506.88	-	-	449.45 506.88

(Unit : Million Baht)							
Separated F/S							
For the years ended 31 December							
	Trading (Raw material included)		Production and distribution of steel products		Eliminated		Total
	2015	2014	2015	2014	2015	2014	2015 2014
Revenues from external customers	730.78	721.67	2,965.38	3,513.72	-	-	3,696.17 4,235.39
Total revenue from sales	730.78	721.67	2,965.38	3,513.72	-	-	3,696.17 4,235.39
Interest income	1.00	0.54	4.07	2.63	-	-	5.08 3.17
Interest expense	3.27	3.50	13.26	17.06	-	-	16.52 20.56
Depreciation and amortization expenses	-	-	10.99	11.12	-	-	10.99 11.12
Segment profits	6.73	(6.66)	22.81	44.13	-	-	29.54 37.47
Segment assets	-	-	1,140.88	1,175.14	-	-	1,140.88 1,175.14
Increased of segment non-current assets	-	-	49.26	(2.27)	-	-	49.26 (2.27)
Segment liabilities	-	-	425.72	503.90	-	-	425.72 503.90

The Company does not present segment information as geographies because the segment in Laos is insignificant.

Major Customer

The Company does not have revenue generated from any customer more than 10 percent of revenue in consolidated financial statements.

28) COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Company has commitments and contingent liabilities as follows:

28.1 The Company entered into two land-lease agreements with other person for construction of two warehouses located in Surattani province on 5 January 2004 and 19 November 2007 for 15 years. The rental fee is Baht 0.40 million per annum. When the land-lease agreement will terminate, the ownership will transfer to the lessor except the building's equipments.

28.2 The Subsidiary entered into two land-lease agreements with related person for construction of warehouses and right to use land which located in Vientiane, Laos on 2 August 2011 and 1 August 2015 for 15 and 30 years, respectively. Totally rental fee is Baht 0.46 million per annum. When the land-lease agreement will terminate, the ownership will transfer to the lessor.

28.3 The Company has purchase orders for raw materials and finished goods which have not yet been received of Baht 333.68 million and Baht 30.01 million, respectively, in the consolidated and separate financial statements.

28.4 As at 31 December 2015 and 2014 the credit facilities of the Company and subsidiary are as follows: -

(Unit : Million)

Currency		Consolidated F/S					
		2015			2014		
		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	9.61	2.61	7	9.55	2.21	7.34
Bank overdraft	Baht	14.94	-	14.94	15	-	15
Short-term loans	Baht	300	300	-	300	300	-
Joint other credit facility	Baht	545	45	500	545	160	385
Forward foreign currency	Baht	200	68.40	131.60	200	-	200
Forward foreign currency	USD	8.57	-	8.57	8.57	-	8.57

(Unit: Million)

Currency		Separate F/S					
		2015			2014		
		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	8.05	1.05	7	8.05	1.05	7
Bank overdraft	Baht	10	-	10	10	-	10
Short-term loans	Baht	300	300	-	300	300	-
Joint other credit facility	Baht	540	45	495	540	160	380
Forward foreign currency	Baht	200	68.40	131.60	200	-	200
Forward foreign currency	USD	8.57	-	8.57	8.57	-	8.57

The above obligation is guaranteed by jointly using the same collaterals as the credit facilities received from the financial institution as mentioned in Note 19.

29) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, restricted deposits with banks, trade and other accounts receivable and payable, loans and investments. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3 to the financial statements.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The significant financial assets and liabilities are classified below, according to interest rate type:

(Unit : Thousand Baht)

	Consolidated F/S						
	2015						
	Fixed interest rate			Floating	Non	Total	Interest Rate (% per annum)
	Within	More than	More than	Interest	Interest		
	1 year	1 to 5 years	5 years	rate	rate		
Financial assets							
Cash at banks	-	-	-	38,099	23,757	61,856	0.00 - 0.75%
Restricted deposit with banks	16,979	-	-	-	-	16,979	2.25 - 2.75%
Trade and other accounts receivable - net	-	-	-	-	239,833	239,833	-
Total	16,979	-	-	38,099	263,390	318,468	

(Unit : Thousand Baht)

	Consolidated F/S						
	2015						
	Fixed interest rate			Floating	Non	Total	Interest Rate (% per annum)
	Within	More than	More than	Interest	Interest		
	1 year	1 to 5 years	5 years	rate	rate		
Financial liabilities							
Short - term loans from financial institutions	-	-	-	344,890	-	344,890	MLR – 3 to MRR
Trade and other accounts payable	-	-	-	-	30,575	30,575	-
Liabilities under finance lease agreement	165	383	-	-	-	548	7.04
Total	165	383	-	344,890	30,575	376,013	

(Unit : Thousand Baht)

	Consolidated F/S						
	2015						
	Fixed interest rate			Floating	Non	Total	Interest Rate (% per annum)
	Within	More than	More than	Interest	Interest		
	1 year	1 to 5 years	5 years	rate	rate		
Financial assets							
Cash at banks	-	-	-	44,990	20,389	65,379	0.00 - 0.75
Restricted deposit with banks	16,747	-	-	-	-	16,747	2.25 - 2.73
Trade and other accounts receivable - net	-	-	-	-	265,809	265,809	-
Total	16,747	-	-	44,990	286,198	347,935	

(Unit : Thousand Baht)

	Consolidated F/S						(Unit: Millions of Rupees)
	2015						
	Fixed interest rate			Floating Interest	Non Interest		Interest Rate
	Within 1 year	More than 1 to 5 years	More than 5 years	rate	rate	Total	(% per annum)
Financial liabilities							
Short - term loans from financial institutions	-	-	-	459,975	-	459,975	MLR - 3.75 to MMR
Trade and other accounts payable	-	-	-	-	16,599	16,599	-
Liabilities under finance lease agreement	304	548	-	-	-	852	5.32
Total	304	548	-	459,975	16,599	477,426	

(Unit : Thousand Baht)

(Unit : Thousand Baht)

	Separate F/S						
	2015						
	Fixed interest rate			Floating	Non		Interest
	Within	More than	More	Interest	Interest		Rate
	1 year	1 to 5	than	rate	rate	Total	(% per
		years	5 years				annum)
Financial assets							
Cash at banks	-	-	-	34,259	23,365	57,624	0.00 – 0.75
Restricted deposit with banks	16,980	-	-	-	-	16,980	1.50 – 2.25
Trade accounts receivable and other - net	-	-	-	-	243,332	243,332	-
Loan to subsidiary company	104,613	-	-	-	-	104,613	-
Total	121,593	-	-	34,259	266,697	422,549	

Financial liabilities

Short - term loans from financial institutions	-	-	-	344,890	-	344,890	MLR – 3 to MRR
Trade and other accounts payable	-	-	-	-	33,882	33,882	-
Liabilities under finance lease agreement	165	383	-	-	-	548	7.04
Total	165	383	-	344,890	33,882	379,320	

(Unit : Thousand Baht)

(Unit : Thousands Rupee)

	Separate F/S						
	2015						
	Fixed interest rate			Floating	Non		Interest
	Within	More than	More	Interest	Interest		Rate
	1 year	1 to 5	than	rate	rate	Total	(% per annum)
		years	5 years				
Financial assets							
Cash at banks	-	-	-	42,601	20,296	62,897	0.00 - 0.75
Restricted deposit with banks	16,747	-	-	-	-	16,747	2.25 - 2.73
Trade accounts receivable and other - net	-	-	-	-	265,723	265,723	-
Loan to subsidiary company	32,722	-	-	-	-	32,722	-
Total	49,469	-	-	42,601	286,019	378,089	
Financial liabilities							
Short - term loans from financial institutions	-	-	-	459,975	-	459,975	MLR - 3.50 to MMR
Trade and other accounts payable	-	-	-	-	19,357	19,357	5.32
Liabilities under finance lease agreement	304	548	-	-	-	852	
Total	304	548	-	459,975	19,357	480,184	

Exchange rates risk

Regarding risks on exchange rates of the Company and subsidiaries, there is some involved with purchases and sales of goods in foreign currencies. However, as at 31 December 2015 and 2014, the Company and subsidiaries had no assets and liabilities in the foreign currencies.

Liquidity risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company within the normal terms of trade. To manage this risk, the Company periodically assesses the financial viability of customers.

Risk on credit provision

The Company is exposed to risk from credit provision. However, the Company considers the majority of its sales to be to companies with a sound financial position and a good record of debt payment capability. The Company has also established the a long-term relationship with these companies. Moreover, the appropriate allowance for doubtful debt has been set by the Company. The Company believes that accounts receivable at the end of the year present recoverable value.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Financial assets measured at fair value as at 31 December 2015 is as following;

(Unit: Thousand Baht)			
Consolidated F/S			
Level 1	Level 2	Level 3	Total
Financial assets			
Revaluation of land	-	151,921	-
	-	-	151,921

(Unit: Thousand Baht)

	Separate F/S		
	Level 1	Level 2	Level 3
Financial assets			
Revaluation of land	-	104,157	-
			Total
			104,157

The group company re-measured lands by using fair value in the consolidated financial statements and separate financial statements as at 31 December 2015. The fair value calculated based on Market Approach. Market Approach calculates from finding comparable land price, then consider factors which impact to both the land and the comparable land and finally use Weighted Quality Score (WQS) to evaluate fair value.

As at 31 December 2015 and 2014, the Company has forward exchange contract with a commercial bank to hedge receipt and payment of foreign currencies. The Company has not recorded financial assets and liabilities in the financial statements. The maturity dates of open forward exchange contract not over 1 year are detailed as follow:

Contract Value		Contract Value	
USD currency		BAHT currency	
CONSOLIDATED and SEPARATE F/S		CONSOLIDATED and SEPARATE F/S	
2015	2014	2015	2014
2.00	-	68.40	-

The fair value, which is fair value at level 2, of derivatives balance with open status on the gain as follow:

	Consolidated / Separate F/S	
	31December 2015	31December 2014
Fair value of forward foreign currency contract	0.28	-

In addition, other financial assets and liabilities are classified as current portion and interest rate is quietly same as market rate. The managements of the Company and its subsidiaries believed that the carrying amounts of such assets and liabilities present the insignificant value differ from fair value.

30) PROVIDENT FUND

The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and subsidiary and their employees contributed to the fund monthly at the rate of 3.00% of basic salaries. The fund is managed byKasikom Asset Management Co., Ltd. and SCB Asset Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund rules.

For the years ended 31 December 2015 and 2014, the Company and its subsidiaries contribution amounted to Baht 0.92 million and Baht 0.88 million, respectively, in the consolidated financial statements and Baht 0.68 million and Baht 0.61 million, respectively, in the separate financial statements.

31) EVENT AFTER REPORTING PERIOD

At the Board of Directors Meeting No. 1/2016 on 25 February 2016, to propose dividend payment to shareholder from income from retained earnings and operation for the year ended 31 December 2015 from non-promoted business for 300 million common shares at Baht 0.10 per share totaling Baht 30 million.

