

**Lohakit Metal Public Company Limited**

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Public Company Registration No. 0107548000315

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June 18, 2010

**Subject** Notice of the Annual General Meeting of Shareholders No. 1/2010

**To** All Shareholders

- Enclosures:**
- (1) Copy of the Minutes of the Annual General Meeting of Shareholders No. 1/2009
  - (2) Annual report of the year 2009
  - (3) Financial highlight, including the balance sheet, profit and loss statement, cash flow statements, which ended on March 31, 2010 and the auditor's report.
  - (4) Preliminary information on retired director by rotation, and who proposed to be re-elected
  - (5) Proxy form and list of documents or other evidences required to confirm eligibility to attend the meeting.
  - (6) Details about the Independent Director
  - (7) Articles of Association on the Shareholders Meeting
  - (8) A location map of the Shareholder Meeting's venue

The Board of Directors of Lohakit Metal Public Company Limited (the "Company") has resolved that the Annual General Meeting of Shareholders No. 1/2010 will be called and held at 2.00 p.m. on July 22, 2010 at Arnoma Room 1, Arnoma Hotel, 99 Rajdamri Road, Patumwan, Bangkok. The meeting agenda is as follows:

**Agenda Item 1      Consideration to certify the Minutes of the Annual General Meeting of Shareholders No. 1/2009.**

Board's Opinion: The Board confirms that the Minutes of the Annual General Meeting of Shareholders No. 1/2009, as appeared in Enclosure (1), is accurate and will be proposed for further certify by the Shareholders Meeting.

**Agenda Item 2      Consideration to acknowledge the Company's operating report, which ended on March 31, 2010.**

Board's Opinion: The Board recommends the Company's operating report, which ended on March 31, 2010, to be further acknowledge by the Shareholders Meeting. Details of the report as appeared in the Company's Annual Report of the year 2009, Enclosure (2).

**Agenda Item 3      Consideration to approve the Company's Financial Statement, consisting of Balance Sheet, Income Statement, and Cash Flow Statement, which ended on March 31, 2010 and the auditor's report.**

Board's Opinion: The Board recommends that the Financial Statement, consisting of Balance Sheet, Income Statement, and Cash Flow Statement which ended on March 31, 2010 and the auditor's report, as appeared in Enclosure (3), be propose for further approval by the Shareholders Meeting.

**Agenda Item 4      Consideration to approve the allocation of profit and dividend payment**

Board's Opinion: The net profit of the Company as of 31st December 2010 was Baht 74,590,727 therefore the Board recommends the meeting to consider and approve dividend payments for 2009 operating results at the rate of Baht 0.15 per share to the Company's Shareholders, totaling Baht 48,000,000. The dividend for the year 2010 operating results will be paid to shareholders whose names appear on Record date for rights to receive the dividend on 30<sup>th</sup> June 2010 and gathering shareholders' name under the Section 225 of the Securities and Exchange Act by the book closing date on July 2<sup>nd</sup>, 2010. The dividend will be paid on August 20<sup>th</sup> 2010.

**Agenda Item 5      Consideration for appointment of directors in replacement of those retired by rotation and determination the authorized directors**

Board's Opinion:

- 5.1 The Board recommends that Mr. Prasarn Akarapongpisak, Mr. Teera Na Wangkanai and Mr. Somnuik Thanasarn retiring director who remained in office for the longest time, be re-elected:

Details of age, educational background, work experience, are as appeared in Enclosure (4).

The election of Company's directors is to be determined by a majority of votes in accordance with the Articles of Association of the Company.

- 5.2 The Authority of directors for signing on behalf of the Company should be retained as follows:

"Mr. Prasarn Akarapongpisak jointly signs with Mr. Somnuik Thanasarn or Mr. Anan Manatchinapisit and affix the Company's seal."

**Agenda Item 6      Consideration for payment of directors' remuneration for the year 2010.**

Board's Opinion: The Board recommends the Shareholders Meeting to approve the designation of directors' remuneration in the same amount as of the year 2010 as follows:

- (1) Remuneration of the Meeting for the Board of directors
  - Baht 20,000 per Meeting for Chairman of the Board.
  - Baht 10,000 per person / Meeting for Director. Directors who are the Company executives, Mr. Prasarn Akarapongpisak, Mr. Anan Manatchinapisith, Mr. Somnuik Thanasarn shall not receive this remuneration.
- (2) Remuneration of the Meeting for the Audit Committee
  - Baht 20,000 per Meeting for Chairman of Audit Committee
  - Baht 10,000 per person / Meeting for Audit Committee
- (3) Bonus shall not exceed Baht 4,000,000 and assigned the Board of Directors to allocate.

**Agenda Item 7      Consideration for appointment of Company's auditor and approval of auditors' fee for the year 2010.**

Board's Opinion:    The Board recommends that the following auditors from Ernst & Young Office Ltd. shall be proposed for appointment by the Shareholders Meeting:

1. Ms. Sumalee Reevarabandith  
C.P.A. License No. 3970
2. Mr. Sophon Permsirivallop  
C.P.A. License No. 3182
3. Mrs. Gingkarn Asawangsarit  
C.P.A. License No. 4496

Anyone of the above may carry out the work for the company. The auditor's fee for annual audit would be 1,000,000.

	2010 Audit Fee (As proposed)	Increase / (Decrease) Per cent (%)	2009 Audit Fee
Total Audit Fee	1,000,000 Baht / Year	-	1,000,000 Baht / Year

**Agenda Item 8      Other matters, (if any)**

The record date on which the recorded shareholders have the right to attend the Annual General Shareholders' Meeting No. 1/2010 will be on June 30, 2010. The collection of shareholders' name in accordance with Section 225 of The Securities and Exchange Act by closing the share registration will be on July 2, 2010.

Kindly attend the meeting on the date, time and place as specified above. If you are unable to attend the meeting, you may appoint :

- |                           |   |
|---------------------------|---|
| 1. Mr. Wanchai Umpungart  | Independent Director, Chairman of the Board of Directors, Chairman of the Audit Committee |
| 2. Mr. Lert Nitheranont   | Independent Director, Member of the Audit Committee                                       |
| 3. Mr. Teera Na Wangkanai | Independent Director, Member of the Audit Committee                                       |

The Proxy Form is enclosed herewith; please complete, sign the Form B Proxy as appeared in Enclosure (5) and affix 20 Baht stamp duty and return to the Company at least one day before the meeting date, or hand in the completed and signed proxy to the Chairman of the Board or the designated person at the meeting on the meeting date. The meeting registration will start at 1.00 p.m.

Yours sincerely,



Mr. Wanchai Umpungart  
Chairman  
Lohakit Metal Public Company Limited



**Minutes of Annual General Meeting of Shareholders for the Year 2009  
of  
Lohakit Metal Public Company Limited**

The Meeting was held on July 21, 2009 at 2:00 p.m. at the Arnoma Room 1, Arnoma Hotel, 99 Rajdamri Road, Patumwan, Bangkok.

**Attending Directors**

- |                               |   |
|-------------------------------|---|
| 1. Mr. Wanchai Umpungart      | Chairman of the Board / Chairman of the Audit Committee           |
| 2. Mr. Prasarn Akarapongpisak | Director/Chairman of the Executive Director/<br>Managing Director |
| 3. Mr. Anan Manatchinapisit   | Director / Executive Director / Board Secretary                   |
| 4. Mr. Somnuik Thanasarn      | Director / Executive Director                                     |
| 5. Mr. Lert Nitheranont       | Director / Audit Committee  |

**Absent Director**

- |    |                        |                            |
|----|------------------------|----------------------------|
| 1. | Mr. Anurut Vongvanij   | Director                   |
| 2. | Mr. Teera Na Wangkanai | Director / Audit Committee |

**Auditor**

- |    |                              |                           |
|----|------------------------------|---------------------------|
| 1. | Mrs. Gingkarn Asawarangsarit | Ernst & Young Office Ltd. |
| 2. | Ms. Weena Chokechaithanakul  | Ernst & Young Office Ltd. |
| 3. | Ms. Pussadee Charoenwijet    | Ernst & Young Office Ltd. |

**Legal Consultant**

- |    |                          |                         |
|----|--------------------------|-------------------------|
| 1. | Mrs. Nittaya Kiatserikul | Seri Manop & Doyle Ltd. |
|----|--------------------------|-------------------------|

There were 45 shareholders attended the meeting, both in person and by proxy, together represented 214,363,781 shares with equivalent to 66.99% of the total issued shares, thus forming a quorum according to Article 39 of the Articles of Association. The Chairman then appointed Mr. Anan Manatchinapisit, Company Secretary to inform the meeting of the voting procedures on each agenda as follows:

Each shareholder shall have the vote equal to the amount of shares held in person or by proxy and may place the vote to adopt the resolution, objecting to, or abstaining on each agenda in equal to the amount of shares held in person or by proxy as stated on the voting card received upon registration.

On counting the votes, the Company's officials would count only the shareholder's votes objecting to, or abstaining on each agenda. The shareholders may raise their hands for the official to collect voting cards for objecting vote, or abstaining vote. Those objecting votes or abstaining votes would be subtracted from the total votes that attend the meeting. Non-vote should be deemed approval of the agenda. If the majority of vote adopts the resolution and the voting is conformed to the Company's regulation regarding the vote, it would be deemed that the meeting has adopted or approved such agenda. This is with an exception to the agenda No. 5 regarding the appointment of new director to replace the retired director, which must collect the objecting and abstaining votes before collecting the adopting votes. Non-vote shall be considered approval of the agenda. For any shareholder who wish to leave the meeting early or absent from the meeting

in any agenda, such shareholder may place the vote by submit the voting card to the Company's official in advance.

In addition, it is permissible for the shareholder to reasonably inquire regarding the issue concerning the agenda before voting time of such agenda. The shareholder who wishes to place the inquiry must inform the meeting of his full name or present his received number each time before placing inquiry or giving opinion.

The Company reserves the right to collect the voting cards from all shareholders at the end of the meeting as evidences. The Chairman then proceeded as according to the following agendas:

**Agenda 1. Consideration to certify the Minutes of the Annual General Meeting of Shareholders No. 1/2008**

The Chairman presented the Minutes of the Annual General Meeting of Shareholders No. 1/2008, held on July 23, 2008, for approval by the Meeting.

Mr. Hungchai Akkawassakul, shareholder, commented to the meeting as follow:

- (1) Notice of the Shareholder Meeting should include page numbers for easy reference;
- (2) Minutes of the Meeting should include the inquiries-replies that were referred to during the meeting as the issue may benefit the Company.

The Meeting unanimously resolved to approve the minutes of the Annual General Meeting of Shareholders No. 1/2008 with 214,363,781 votes, equivalent to 100% of the total votes of shareholders attending the meeting and having the right to vote. There were no objecting or abstaining votes from the shareholders.

**Agenda 2. Consideration to acknowledge the Company's operating report, which ended on March 31, 2009**

The Chairman has assigned Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, to propose the Meeting to consider the Company's operating report, which ended on March 31, 2009 as appeared in the enclosure (2), which had already been sent to the Shareholders with the Notice to call the meeting. Details are as follow:

**Total income:** the Company has a net income of 2,065.86 million Baht which is 20.90% less than the previous year. The income was greatly reduced in the last 6 months in corresponding to the downturn of economy, arising from the Subprime crisis originated in the USA and spread worldwide. Such economic crisis combined with recent unstable political turmoil affected the buyer confidence.

**Gross profit:** the Company has gross profit of 71.47 million Baht. During the first 6 months that was unaffected by the economic crisis, the Company had gross margin of 111 million Baht. However, the gross margin of the last 6 months was -39 million Baht due to severe reduction of selling prices according to the market, while the production cost is fixed. In addition, for the last quarter, the Company had to increase the reserve to compensate for reduction in value of the unsold goods at approximately 30 million Baht. This process would adjust the value of unsold goods to equal the market price and enable the Company to be deemed competitive for the subsequent year.

**Net profit:** Due to greatly depreciate gross margin and despite intensive reduction of cost in sales and management of the Company at approximately 12.60 million Baht comparing to the previous year, including the fact that the Company has reduced the interest payment for approximately 21.20 million Baht, the Company still lost -52.93 million Baht.

**Profit per share:** due to such loss of profit, the Company has loss per share equal to Baht -0.17/share.

Return on Asset (ROA) = -3.77%

Return on Equity (ROE) = -7.60%

However, with consideration to the Company's liquidity, it is noted that the Company has increasingly better liquidity, with current liquidity at 1.49 times.

The Debt to Equity Ratio (D/E RATIO) has decreased to 0.84 times, due to lower liability. The stronger financial condition of the Company enables more payment to debt loan, resulted in lower interest payment. The debt to total assets = 0.45 times.

Mr. Hungchai Akkawassakul, shareholder, enquired to the meeting as follow:

- 1) As the economic situation continues to shift, what would be the Company's business plan for this year?
- 2) What are the preventive measures against the risk from currency exchange rates?

Mr. Prasarn Akarapongpisak Chairman of the Executive Director, proposed to reply these inquiries at the end of the Meeting.

The Meeting unanimously acknowledged the operating report which ended on March 31, 2008 with 214,363,781 votes, equivalent to 100% of the total votes of shareholders attending the meeting and having the right to vote. There were no objecting or abstaining votes from the shareholders.

**Agenda 3.      Consideration to approve the Company's Financial Statement, consisting of Balance Sheet, Income Statement, and Cash Flow Statement, which ended on March 31, 2009 and the auditor's report**

The Chairman proposed the Meeting to consider and approve the Company's Financial Statement, consisting of Balance Sheet, Income Statement and Cash Flow Statement, which ended on 31 March 2009 as appeared in the enclosure (3), which had already been sent to the Shareholders with the Notice to call the meeting.

The Meeting has unanimously resolved to approve the financial statement, which ended on 31 March 2009 as proposed, with 214,363,781 votes, equivalent to 100% of the total votes of shareholders attending the meeting and having the right to vote. There were no objecting or abstaining votes from the shareholders.

**Agenda 4.      Consideration on dividend**

The Chairman has assigned Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, to report to the Meeting. Mr. Prasarn report the Meeting that according to the Company's Profit and Loss Statement ended on 31 March 2009, the Company has a net loss of Baht 47,974,017, hence no dividend shall be paid. However, as the Board of Directors' Meeting No.6/2551 held on November 13, 2008 resolved to approve the interim dividend payment by considering from the Company Financial Statement ended on 30 September 2008, which the Company had a net profit of Baht 20,908,000.00 and the Company has already paid the interim dividend of Baht 0.04 per share, totaling Baht 12,800,000, to its shareholders on December 12, 2008. Thus, the Meeting was proposed to consider taking the dividend already paid as dividend paid out from the accumulated profits of past year.

Mr. Supote Auechailertkul, the shareholder, has inquired the Meeting regarding the measure in case that the Company does not have the Earn Surplus and the issue regarding payment of withholding tax, as these matters affect the tax credits that each shareholder received.

Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, clarified to the Meeting that if there is no claim from the Company's creditor against the shareholder to return the dividend, the shareholder does not have to return the dividend received. Regarding the tax credit, the Company would clarify the fiscal years of the accumulated profits and the Company's tax rates.

After due consideration, the Meeting has unanimously approved on non dividend payment for the fiscal year, ended on 31 March 2009, and approved to take the dividend of Baht 12,800,000 paid on December 12, 2008 as payment of dividend from accumulated profits of past year as proposed, with 214,363,781 votes, equivalent to 100% of the total votes of shareholders attending the meeting and having the right to vote. There were no objecting or abstaining votes from the shareholders.

**Agenda 5. Consideration for appointment of the directors in replacement of those retired by rotation and determination of the authorization**

The Chairman declared to the Meeting that at the first Annual General Meeting of each year, one-third of the directors must be retired by rotation. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the director who has been in office for the longest term shall retire. As Mr. Anan Manatchinapisit has been in office for the longest term, he will be retired by rotation. The Chairman then proposed the Meeting to appoint new director in replacement of the retired directors.

The Authority of directors should be retained as follows:

"Mr. Prasarn Akarapongpisak jointly signs with Mr. Somnuik Thanasarn or Mr. Anan Manatchinapisit and affix the Company's seal."

After due consideration, the Meeting had resolved with the majority votes to re-appointed Mr. Anan Manatchinapisit as director of the Company and retained the authority of directors, with the following results:

- Approved, representing 214,353,781 votes, equivalent to 99.996% of the total votes of shareholders attending the meeting and having the rights to vote;
- Disapproved, representing 0 vote, equivalent to 0.00% of the total votes of shareholders attending the meeting and having the rights to vote;
- Abstained, representing 10,000 votes, equivalent to 0.004% of the total votes of shareholders attending the meeting and having the rights to vote

**Agenda 6. Consideration for payment of directors' remuneration for the year 2009**

The Chairman has assigned Mr. Anan Manatchinapisit, Company Secretary proposed the Meeting to consider the payment of directors' remuneration for the year 2009, in the same rate as of the year 2008 as follows:

- (2) Remuneration of the Meeting for the Board of directors
  - Baht 20,000 per Meeting for Chairman of the Board.
  - Baht 10,000 per person / Meeting for DirectorDirectors who are the Company executives, Mr. Prasarn Akarapongpisak, Mr. Anan Manatchinapisit, Mr. Somnuik Thanasarn shall not receive this remuneration.
- (2) Remuneration of the Meeting for the Audit Committee
  - Baht 20,000 per Meeting for Chairman of Audit Committee
  - Baht 10,000 per person / Meeting for Audit Committee
- (3) Bonus shall not exceed Baht 4,000,000 and assigned the Board of Directors to allocate.



Mr. Hungchai Akkawassakul, shareholder, sent his thanks to the Directors for not receiving bonus on the previous year and hope for better performance this year.

Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, informed the Meeting that by listing the Company on the Stock Exchange greatly benefits the Company due to the required Auditing Committee, who worked with precision. In previous fiscal year ended on March 31, 2009 the Directors did not receive bonus despite the fact that the Company had profit. In addition, the Directors worked more responsibly and are considerably more transparent.

After due consideration, the Meeting unanimously resolved with the majority votes to approve the remuneration payment as proposed with 214,363,781 votes, equivalent to 100% of the total votes of shareholders attending the meeting and having the right to vote. There were no objecting or abstaining votes from the shareholders.

**Agenda 7. Consideration for appointment of Company's auditor and approval of auditors' fee for the year 2009**

The Chairman has assigned Mr. Anan Manatchinapisit, Company Secretary proposed the Meeting to approve the appointment of auditor and the auditors' fee.

Mr. Hungchai Akkawassakul, shareholder, sent his thanks to Ernst & Young Office Ltd. for lowering the Company's auditing cost.

Mr. Supote Auechailertkul, shareholder, sent his thanks to the Auditing Committee for cooperating and communicating with the Company's auditor.

After due consideration, the Meeting unanimously resolved to appoint Ms. Sumalee Reevarabandith, CPA License No. 3970 or Mr. Sophon Permsirivallop, CPA License No. 3198 or Mrs. Nonglak Pumnoi, CPA License No. 4172 of Ernst & Young Office Ltd. to be the Company's auditor. The audit fee for annual audit would be Baht 670,000, the quarterly review would be Baht 110,000, totaling Baht 1,000,000, with 214,363,781 votes, equivalent to 100% of the total votes of shareholders attending the meeting and having the right to vote. There were no objecting or abstaining votes from the shareholders.

**Agenda 8 Other matters**

Mr. Wanchai Umpungart, Chairman of the Board, inquired whether any shareholder having any question or suggestion.

1) Mr. Hungchai Akkawassakul, shareholder, inquired as follows:

- (1) In this economic situation, what would be the Company's preparation to manage the Company's business and the risk management?
- (2) As the US currency fluctuates, what is the Company's procedure to manage the risks?

Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, informed of the Business Direction and Business Highlight for the year 2009-2010. Regarding the risk from fluctuated currency rates, the Company had no intention to make profit from currency exchange. In order to protect the risk, the Company has entered into the Forward Contract and opened foreign bank account to support payment in foreign currencies.

2) Mr. Thammarat Opassathien, shareholder, suggested as follows:

- (1) To compliment the Company for debt collection as there is no bad debt and the Company holds large amount of cash;
- (2) Performance evaluation should include the amount of goods sold;
- (3) For reduction of cost and overtime payment, the Company should demonstrate the amount that has been saved and the manufacturing performance;

(4) Regarding the expansion of market into India, be careful of debt payment.

Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, acknowledges receipt of the suggestion and would be taken into consideration

3) Mr. Supote Auechailertkul, shareholder, suggested that the voting card should be printed for all agendas in one card to save cost.

Mr. Prasarn Akarapongpisak, Chairman of the Executive Director, acknowledges receipt of the suggestion and would be taken into consideration

4) Mr. Sakchai Sakulsrimontri, shareholder, would like to receive clarification regarding the change in completed products and related works, under the Clause for expenses in the footnote No.17 of the budget, which consisted of numbers that are deemed clearly different between the year 2551 and 2552.

Mrs. Kingkarn Assawarangrit, auditor of Ernst & Young Office Ltd., clarified regarding the detailed disclose of the budget as according to the new accounting standard, which required the Company to disclose the expenses in detail. The change in completed products and related works is the change in value of the completed goods at the end of the present accounting year in comparison to the previous year. Such change is deemed part of the Company's cost of sale, which is demonstrated in the income statement.

Mr. Sakchai Sakulsrimontri, shareholder, further inquired whether the goods are of lower quality.

Mrs. Kingkarn Assawarangrit, auditor of Ernst & Young Office Ltd., replied that the goods are not of lower quality.

Mr. Wisit Worayosgovit, Accounting and Finance Manager of the Company, further clarified that the increase in completed goods and related works indicated that the Company had less completed goods at the end of the current accounting year in comparison to the previous year. This demonstrated that the Company managed to increase the turnover rates of the completed goods and reduced the amount of stocks, reflecting in increasing cash flow.

No other business was raised by the shareholders. Therefore, the Chairman declared the Meeting closed at 3.20 p.m.

Signed \_\_\_\_\_ Chairman  
(Mr. Wanchai Umpungart)  
Chairman

**Information on retired directors by rotation, and who proposed to be re-elected**

**Name/Surname** : Mr. Prasarn Akarapongpisak  
**Age** : 51 Years  
**Proposed Position** : Chairman of Executive Committee, Director and Managing Director  
**Educational Background** : MBA, Sasin Graduate Institute of Business of Business Administration of Chulalongkorn University  
: Bachelor of Technology and Industrial Management, King Mongkut's University of Technology North Bangkok  
**Director Training** : Thai Institute of Directors Association (IOD) Director Accreditation Program DAP 37/2005 Director Certification Program DCP 60/2005  
**Work Experience (within 5 years)** : 2009 – present  
: Director, Mory Lohakit (Thailand) Co., Ltd.  
: 2005 – present  
: Director, Alternative Stainless Co., Ltd.  
: 2004 – present  
: Director, Auto Metal Co., Ltd.  
**Position in Director of the Board of the Company** : Chairman of Executive Committee and Director  
(Years in director position with the Company) (1989 – Present)  
**Meetings Attended Record** : Board of Directors 4/4 (or 100%)  
**Shareholding in the Company** : 36,046,100 shares (or 11.27% of total issued shares)  
(as at July 3, 2009)

Proposed Candidate	ther Listed Companies		Other Organizations (Non-listed Companies)		Position in other Organization that Compete with/related to The Company
	Number	Position	Number	Position	
Mr. Prasarn Akarapongpisak	- None -		3	1. Director Mory Lohakit (Thailand) Co., Ltd. 2. Director Alternative Stainless Co., Ltd. 3. Director Auto Metal Co., Ltd.	- None -

Criminal offense record during the past 10 years	Qualification
1. Being adjudged of convicting a crime or being on trial for convicting a crime	None
2. Being adjudged bankrupt or a receiver is appointed	None
3. Being a management in the company of partnership which is adjudged Bankrupt or a receiver is appointed	None

## Information on retired directors by rotation, and who proposed to be re-elected

**Name/Surname** : Mr. Teera Na Wangkanai  
**Age** : 53 Years  
**Proposed Position** : Director, Independent Director and Member of Audit Committed  
**Educational Background** : Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University  
: Sugar Technology College, Queensland, Australia  
: Western Australian Institute of Technology, Australia  
**Director Training** : Thai Institute of Directors Association(IOD) Director Certification Program DCP 54/2005  
**Work Experience (within 5 years)** : Detail is in Annual Report 2009  
**Position in Director of the Board of the Company** : Chairman of Executive Committee and Director  
(Years in director position with the Company) (2005 – Present)  
**Meetings Attended Record** : Board of Directors 4/4 (or 100%)  
**Shareholding in the Company** : None (or 0% of total issued shares)  
(as at July 3, 2009)

Proposed Candidate	ther Listed Companies		Other Organizations (Non-listed Companies)		Position in other Organization that Compete with/related to The Company
	Number	Position	Number	Position	
Mr. Teera Na Wangkanai	- None -			Detail is in Annual Report 2009	- None -

Criminal offense record during the past 10 years	Qualification
1. Being adjudged of convicting a crime or being on trial for convicting a crime	None
2. Being adjudged bankrupt or a receiver is appointed	None
3. Being a management in the company of partnership which is adjudged Bankrupt or a receiver is appointed	None

## Information on retired directors by rotation, and who proposed to be re-elected

**Name/Surname** : Mr. Somnuik Thanasarn  
**Age** : 45 Years  
**Proposed Position** : Director, Member of Executive Committee  
**Educational Background** : Bachelor of Economics  
 Thammasat University  
**Director Training** : Thai Institute of Directors Association (IOD)  
 Director Certification Program DCP 106/2008  
**Work Experience (within 5 years)** : 2005 – present  
 Director, Alternative Stainless Co., Ltd.  
 : 2004 – present  
 Director, Auto Metal Co., Ltd.  
**Position in Director of the Board of the Company** : Chairman of Executive Committee and Director  
 (Years in director position with the Company) (2008 – Present)  
**Meetings Attended Record** : Board of Directors 4/4 (or 100%)  
**Shareholding in the Company** : None (or 0% of total issued shares)  
 (as at July 3, 2009)

Proposed Candidate	ther Listed Companies		Other Organizations (Non-listed Companies)		Position in other Organization that Compete with/related to The Company
	Number	Position	Number	Position	
Mr. Prasarn Akarapongpisak	- None -		2	1. Director Alternative Stainless Co., Ltd. 2. Director Auto Metal Co., Ltd.	- None -

Criminal offense record during the past 10 years	Qualification
1. Being adjudged of convicting a crime or being on trial for convicting a crime	None
2. Being adjudged bankrupt or a receiver is appointed	None
3. Being a management in the company of partnership which is adjudged Bankrupt or a receiver is appointed	None

Lohakit Metal Public Company Limited  
and its subsidiaries

Report and consolidated financial statements  
31 March 2010 and 2009

**Report of Independent Auditor**

To the Shareholders of Lohakit Metal Public Company Limited

I have audited the accompanying consolidated balance sheets of Lohakit Metal Public Company Limited and its subsidiaries as at 31 March 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Lohakit Metal Public Company Limited for the same years. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lohakit Metal Public Company Limited and its subsidiaries and of Lohakit Metal Public Company Limited as at 31 March 2010 and 2009, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 26 May 2010

**Lohakit Metal Public Company Limited and its subsidiaries**
**Balance sheets**
**As at 31 March 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		45,221,159	23,375,052	37,976,652	22,258,204
Trade accounts receivable					
Related parties	7	3,274,666	5,088,760	125,176,202	77,163,906
Unrelated parties		529,554,808	335,771,351	362,271,014	263,692,543
Less: Allowance fro doubtful accounts		-30,008,222	-32,760,938	-30,008,222	-32,760,938
Trade accounts receivable - net	6	502,821,252	308,099,173	457,438,994	308,095,511
Inventories - net	8	463,050,633	465,971,030	385,358,600	431,336,266
Short-term loan to and interest receivable					
from related party	7	-	-	90,283,794	91,370,630
Other current assets		16,076,575	16,253,029	10,302,551	10,129,872
<b>Total current assets</b>		<b>1,027,169,619</b>	<b>813,698,284</b>	<b>981,360,591</b>	<b>863,190,483</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	140,998,600	140,998,600
Investment in associated company	10	6,184,521	-	4,900,000	-
Property, plant and equipment - net	11	341,587,887	375,452,151	137,093,651	159,129,777
Intangible assets - net	12	4,035,660	6,555,807	3,186,968	5,421,560
Restricted deposit at financial institution		5,000,000	5,000,000	5,000,000	5,000,000
Other non-current assets		2,225,629	2,327,329	1,862,900	1,964,600
<b>Total non-current assets</b>		<b>359,033,697</b>	<b>389,335,287</b>	<b>293,042,119</b>	<b>312,514,537</b>
<b>Total assets</b>		<b>1,386,203,316</b>	<b>1,203,033,571</b>	<b>1,274,402,710</b>	<b>1,175,705,020</b>

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



**Lohakit Metal Public Company Limited and its subsidiaries**

**Balance sheets (continued)**

**As at 31 March 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	13	323,194,228	397,909,254	273,924,166	365,077,798
Trade accounts payable - unrelated parties		262,403,967	87,441,867	194,049,430	81,536,370
Current portion of long-term loans	14	5,500,000	36,500,000	-	5,000,000
Current portion of financial lease payables	15	3,778,665	3,901,575	2,786,140	2,468,572
Corporate income tax payable		4,585,074	9,502	4,585,074	-
Other accounts payable - related party	7	3,544,550	-	-	-
Other current liabilities	7	25,807,313	21,142,944	13,713,496	11,850,506
Total current liabilities		628,813,797	546,905,142	489,058,306	465,933,246
Non-current liabilities					
Financial lease payables	15	3,646,847	3,657,469	3,328,283	2,346,380
Other non-current liabilities		1,400	1,400	-	-
Total non-current liabilities		3,648,247	3,658,869	3,328,283	2,346,380
Total liabilities		632,462,044	550,564,011	492,386,589	468,279,626

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

**Lohakit Metal Public Company Limited and its subsidiaries**

**Balance sheets (continued)**

**As at 31 March 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered					
320,000,000 ordinary shares of Baht 1 each		320,000,000	320,000,000	320,000,000	320,000,000
Issued and paid-up					
320,000,000 ordinary shares of Baht 1 each		320,000,000	320,000,000	320,000,000	320,000,000
Premium on ordinary shares		330,672,600	330,672,600	330,672,600	330,672,600
Retained earnings					
Appropriated - statutory reserve	16	13,924,457	10,194,921	13,924,457	10,194,921
Unappropriated (deficit)		89,144,215	-8,397,961	117,419,064	46,557,873
Total shareholders' equity		753,741,272	652,469,560	782,016,121	707,425,394
Total liabilities and shareholders' equity		1,386,203,316	1,203,033,571	1,274,402,710	1,175,705,020
		0	0	0	-0

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

Directors

**Lohakit Metal Public Company Limited and its subsidiaries**
**Income statements**
**For the years ended 31 March 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Revenues					
Sales and service income		1,970,408,138	2,036,963,577	1,681,992,427	1,859,703,015
Other income		30,075,278	28,903,821	31,054,171	29,301,385
Total revenues		2,000,483,416	2,065,867,398	1,713,046,598	1,889,004,400
Expenses					
Cost of sales and services		1,782,522,511	1,965,489,159	1,546,306,818	1,803,344,656
Selling expenses		40,061,450	37,633,378	25,639,964	32,064,498
Administrative expenses		31,255,940	33,045,939	28,870,244	30,859,555
Management benefit expenses	7	23,924,795	21,001,117	17,172,571	16,309,922
Loss from foreign exchange		-	17,672,114	-	16,156,080
Total expenses		1,877,764,696	2,074,841,707	1,617,989,597	1,898,734,711
Income (loss) before finance cost and					
corporate income tax		122,718,720	-8,974,309	95,057,001	-9,730,311
Finance cost		-13,920,552	-36,673,266	-11,655,297	-31,005,147
Share of profit from investment in associate		1,284,521	-	-	-
Income (loss) before corporate income tax		110,082,689	-45,647,575	83,401,704	-40,735,458
Corporate income tax	18	-8,810,977	-7,275,061	-8,810,977	-7,238,559
Net income (loss) for the year		101,271,712	-52,922,636	74,590,727	-47,974,017
Basic earnings per share					
Net income (loss)	20	0.32	-0.17	0.23	-0.15
Weighted average number of ordinary shares (shares)		320,000,000	320,000,000	320,000,000	320,000,000

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

**Lohakit Metal Public Company Limited and its subsidiaries**
**Statements of cash flows**
**For the years ended 31 March 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>				
Net income (loss) before tax	110,082,689	-45,647,575	83,401,704	-40,735,458
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:				
Depreciation	58,501,793	58,381,574	30,104,394	35,476,178
Amortisation	2,649,074	2,634,539	2,234,592	2,234,539
Allowance for doubtful accounts	-2,752,716	390,878	-2,752,716	390,878
Allowance of diminution in value of inventories (reversal)	-38,420,696	24,118,592	-38,279,200	23,984,218
Gain on sales of equipment	-617,222	-614,287	-511,726	-614,287
Effect of foreign exchange	-2,510,428	11,778,687	-2,243,686	10,901,972
Share of profit from investment in associated	-1,284,521	-	-	-
Interest income	-102,600	-212,590	-5,380,549	-4,191,251
Interest expense	13,496,496	34,369,681	10,699,315	28,926,354
Income from operating activities before changes in operating assets and liabilities	139,041,869	85,199,499	77,272,128	56,373,143
Decrease (increase) in operating assets				
Trade accounts receivable - unrelated parties	(193,927,280)	182,996,817	(98,722,294)	118,801,543
Trade accounts receivable - related parties	1,814,094	11,405,988	(48,012,296)	44,593,008
Inventories	41,341,093	164,509,799	84,256,865	161,585,637
Other current assets	176,454	4,637,958	8,638,296	5,177,594
Income tax refund	-	19,079,384	-	19,079,384
Other non-current assets	101,700	(500)	101,700	(500)
Increase (decrease) in operating liabilities				
Trade accounts payable - unrelated parties	175,851,743	(62,743,890)	113,394,551	(53,996,376)
Other accounts payable - related party	3,544,550	-	-	(1,081)
Other current liabilities	4,193,792	(4,445,942)	(6,650,491)	(8,481,672)
Cash flows from operating activities	172,138,015	400,639,113	130,278,459	343,130,680
Cash paid for interest expenses	-12,961,450	-35,615,282	-10,978,291	-29,062,577
Cash paid for corporate income tax	-4,316,618	-28,782,680	-4,225,903	-28,274,783
<b>Net cash from operating activities</b>	<b>154,859,947</b>	<b>336,241,151</b>	<b>115,074,265</b>	<b>285,793,320</b>

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

**Lohakit Metal Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

**For the years ended 31 March 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in short-term loan to related party	-	-	1,000,000	(66,000,000)
Cash paid for investment in associated company	(4,900,000)	-	(4,900,000)	-
Acquisition of equipment	(21,170,548)	(69,026,004)	(4,113,324)	(3,001,870)
Acquisition of intangible assets	(128,927)	(49,500)	-	(49,500)
Interest income	102,600	212,590	5,467,385	3,073,395
Proceeds from sales of equipment	1,105,191	1,885,514	511,733	1,885,514
<b>Net cash used in investing activities</b>	<b>-24,991,684</b>	<b>-66,977,400</b>	<b>-2,034,206</b>	<b>-64,092,461</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(72,824,720)	(187,316,510)	(89,557,176)	(165,819,603)
Repayment of long-term loans	(31,000,000)	(50,000,000)	(5,000,000)	(24,000,000)
Dividend paid	-	(35,200,000)	-	(35,200,000)
Repayment of financial lease payables	(4,088,482)	(7,106,156)	(2,655,478)	(4,603,227)
<b>Net cash used in financing activities</b>	<b>-107,913,202</b>	<b>-279,622,666</b>	<b>-97,212,654</b>	<b>-229,622,830</b>
<b>Effect of exchange rate to cash and cash equivalents</b>	<b>-108,954</b>	<b>11,589</b>	<b>-108,957</b>	<b>11,589</b>
Net increase (decrease) in cash and cash equivalents	21,846,107	-10,347,326	15,718,448	-7,910,382
Cash and cash equivalents at beginning of year	23,375,052	33,722,378	22,258,204	30,168,586
<b>Cash and cash equivalents at end of year</b>	<b>45,221,159</b>	<b>23,375,052</b>	<b>37,976,652</b>	<b>22,258,204</b>
	0	0	0	0
<b>Supplemental cash flows information</b>				
<b>Non-cash items:</b>				
Motor vehicles purchased under financial lease agreement	6,590,000	5,832,710	6,590,000	3,300,000

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

# **Lohakit Metal Public Company Limited and its subsidiaries**

## **Notes to financial statements**

**For the years ended 31 March 2010 and 2009**

### **1. General information**

#### **1.1 Corporate information**

Lohakit Metal Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand and listed on the Stock Exchange of Thailand in January 2008. The Company is principally engaged in the cutting and distribution of iron and metal products and its registered address is 66/1 Moo 6 Suksawad Road, Bangjak, Prapradaeng, Samutprakarn.

### **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### **2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of the Company ("the Company") and the following subsidiary companies ("the subsidiaries"):

<u>Company's name</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>		<u>Assets as a percentage to the consolidated total assets as at 31 March</u>		<u>Revenues as a percentage to the consolidated total revenues for the year ended 31 March</u>	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Percent	Percent	Percent	Percent	Percent	Percent
Auto Metal Company Limited	Production, smelting and assembly for all types of metal	Thailand	100	100	29	24	19	11
Alternative Stainless Company Limited (Formerly known as "D-Stainless Company Limited")	Distribution and assembly for all types of metal	Thailand	100	100	5	3	12	13

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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

### 3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

### **3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year**

Framework for the Preparation and Presentation of Financial Statements  
(revised 2007)

TAS 36 (revised 2007)                      Impairment of Assets

TFRS 5 (revised 2007)                      Non-current Assets Held for Sale and Discontinued  
Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current period.

### **3.2 Accounting standards which are not effective for the current year**

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.



## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

### **4.2 Cash and cash equivalents**

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

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (weighted average basis) and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Allowance for stock obsolescence is made for damaged, slow-moving and obsolete stock.

#### **4.5 Investments**

Investments in subsidiaries and associated company in the Company's separate financial statements are stated at cost less allowance for loss on impairment of assets (if any).

Investment in associated company is accounted for in the consolidated financial statements using the equity method.

#### **4.6 Property, plant, equipment and depreciation**

Land is stated at cost, buildings and equipment are stated at cost less accumulated depreciation, and less allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to the income statements. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the income statements.

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives.

Buildings and fixture	- 20 years
Machinery and equipment	- 5 years
Furniture and office equipment	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and construction in progress.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.8 Intangible assets**

Intangible assets are measured at cost on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	5 years
-------------------	---------

#### **4.9 Related party transactions**

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.

#### **4.10 Long-term leases**

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

#### **4.11 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

#### **4.13 Employee benefits**

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **4.14 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.15 Income tax**

Income tax is provided in the accounts based on the taxable profits determined in accordance with tax legislation.

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows:

#### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's and its subsidiaries' plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

## Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## 6. Trade accounts receivable

The balances of trade accounts receivable as at 31 March 2010 and 2009, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts receivable - unrelated companies</b>				
<b><u>Age of receivables</u></b>				
Not yet due	352,549,068	221,553,125	237,140,140	169,506,845
Past due				
Not over 3 months	146,982,907	81,457,288	95,108,041	61,424,760
Over 3 months to 6 months	3,070	-	3,070	-
Over 6 months to 12 months	26,322	492,219	26,322	492,219
Over 12 months	29,993,441	32,268,719	29,993,441	32,268,719
Total	529,554,808	335,771,351	362,271,014	263,692,543
Less: Allowance for doubtful accounts	(30,008,222)	(32,760,938)	(30,008,222)	(32,760,938)
Trade accounts receivable - unrelated companies, net	499,546,586	303,010,413	332,262,792	230,931,605
<b>Trade accounts receivable - related parties</b>				
<b><u>Age of receivables</u></b>				
Not yet due	693,092	153,740	63,754,840	35,321,110
Past due				
Not over 3 months	2,581,574	4,935,020	42,016,421	23,138,218
Over 3 months to 6 months	-	-	19,404,941	18,704,578
Trade accounts receivable - related parties	3,274,666	5,088,760	125,176,202	77,163,906
<b>Total trade accounts receivable - net</b>	<b>502,821,252</b>	<b>308,099,173</b>	<b>457,438,994</b>	<b>308,095,511</b>

## 7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	For the years ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	327,722	314,711	Sale of goods: Market price less discount 2%, and cost plus a margin at rate of 5% Service income: Closed to the market price
Interest income	-	-	5,278	3,979	MLR per annum
Service expenses	-	-	243	164	Closed to the market price
<u>Transactions with related party</u>					
Sales of goods and service Income	50,132	74,744	41,575	50,298	Sales of goods Closed to the net selling price that is sold to major customers Service income: Closed to the market price
Rental income	240	-	240	-	Fixed fee per month
Commission expenses	7,685	273	187	250	Not over 2% of sales

As at 31 March 2010 and 2009, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Trade accounts receivable - related parties</u></b>				
<b><u>Subsidiaries</u></b>				
Auto Metal Company Limited	-	-	62,536,020	38,609,122
Alternative Stainless Company Limited (Formerly known as "D-Stainless Company Limited")	-	-	60,555,249	34,080,740
	-	-	123,091,269	72,689,862
<b><u>Related company</u></b>				
Ngeck Seng Chiang Metal Company Limited	3,274,666	5,088,760	2,084,933	4,474,044
Total trade accounts receivable - related parties	3,274,666	5,088,760	125,176,202	77,163,906
<b><u>Short-term loan to and interest receivable from related party</u></b>				
<b><u>Subsidiary</u></b>				
Auto Metal Company Limited				
Principal	-	-	89,000,000	90,000,000
Interest receivable	-	-	1,283,794	1,370,630
Total short-term loan to and interest receivable from related party	-	-	90,283,794	91,370,630

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Other payable - related party</u></b>				
<b>Related Company</b>				
Mory Lohakit (Thailand) Company Limited	3,544,550	-	-	-
Total other payable - related party	<u>3,544,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Other current liabilities</u></b>				
<b>Related companies</b>				
Accrued commission				
Ngeck Seng Chiang Metal Company Limited	79,673	17,398	79,673	17,398
Mory Lohakit (Thailand) Company Limited	378	-	378	-
Total other current liabilities	<u>80,051</u>	<u>17,398</u>	<u>80,051</u>	<u>17,398</u>

During the year ended 31 March 2010, movements of short-term loan to related party were as follows:

(Unit: Baht)

		During the year		
	Balance as at			Balance as at
	1 April 2009	Increase	Decrease	31 March 2010
<b><u>Short-term loan to related party</u></b>				
<b>Subsidiary</b>				
Auto Metal Company Limited	90,000,000	19,500,000	(20,500,000)	89,000,000

## 8. Inventories

(Unit: Baht)

	Consolidated financial statements							
	Allowance of diminution in value of inventories							
	Cost		Reduction cost to net realisable value		Stock obsolescence		Inventories-net	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished goods	200,465,712	221,565,868	(12,699,217)	(34,314,881)	(9,245,878)	(22,540,132)	178,520,617	164,710,855
Work in process	-	451,230	-	-	-	-	-	451,230
Raw materials	230,342,554	296,701,760	(10,272,822)	(13,783,600)	-	-	220,069,732	282,918,160
Supplies	3,020,354	2,697,061	-	-	-	-	3,020,354	2,697,061
Goods in transit	61,439,930	15,193,724	-	-	-	-	61,439,930	15,193,724
Total	<u>495,268,550</u>	<u>536,609,643</u>	<u>(22,972,039)</u>	<u>(48,098,481)</u>	<u>(9,245,878)</u>	<u>(22,540,132)</u>	<u>463,050,633</u>	<u>465,971,030</u>



(Unit: Baht)

Separate financial statements								
Allowance of diminution in value of inventories								
	Cost		Reduction cost to net realisable value		Stock obsolescence		Inventories-net	
	2010	2009	2010	2009	2010	2009	2010	2009
Finished goods	163,590,158	208,799,114	(12,684,984)	(34,156,780)	(9,181,772)	(22,478,398)	141,723,402	152,163,936
Work in process	-	-	-	-	-	-	-	-
Raw materials	200,665,974	275,065,145	(10,272,822)	(13,783,600)	-	-	190,393,152	261,281,545
Supplies	3,020,354	2,697,061	-	-	-	-	3,020,354	2,697,061
Goods in transit	50,221,692	15,193,724	-	-	-	-	50,221,692	15,193,724
Total	<u>417,498,178</u>	<u>501,755,044</u>	<u>(22,957,806)</u>	<u>(47,940,380)</u>	<u>(9,181,772)</u>	<u>(22,478,398)</u>	<u>385,358,600</u>	<u>431,336,266</u>

## 9. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost method	
	2010	2009	2010	2009	2010	2009
	Million Baht	Million Baht	Percent	Percent		
Auto Metal Company Limited	140.0	140.0	100	100	139,999,300	139,999,300
Alternative Stainless Company Limited	1.0	1.0	100	100	999,300	999,300
Total					<u>140,998,600</u>	<u>140,998,600</u>

On 1 October 2009 D-Stainless Company Limited registered with the Ministry of Commerce for the change of its name to "Alternative Stainless Company Limited".

## 10. Investments in associated company

In April 2009, the Company invested in the ordinary shares of Mory Lohakit (Thailand) Co., Ltd.

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage	Separate financial statements	Consolidated financial statements
				Cost method	Carrying amount based on equity method
				31 March 2010	31 March 2010
			%		
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	4,900,000	6,184,521

## 11. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and fixture	Machinery and equipment	Furniture and office equipment	Motor Vehicles	Construction in progress	
<b>Cost</b>							
31 March 2009	94,260,639	150,699,939	484,615,763	14,194,286	49,996,536	40,605,103	834,372,266
Acquisitions	-	-	2,550,131	441,350	6,688,439	15,445,578	25,125,498
Disposals	-	-	-	(41,726)	(2,826,000)	-	(2,867,726)
Transfer in (out)	-	34,726,656	14,035,322	-	-	(48,761,978)	-
31 March 2010	94,260,639	185,426,595	501,201,216	14,593,910	53,858,975	7,288,703	856,630,038
<b>Accumulated depreciation</b>							
31 March 2009	-	81,635,570	331,515,561	12,261,227	33,507,757	-	458,920,115
Depreciation for the year	-	8,043,894	42,555,714	930,593	6,971,592	-	58,501,793
Depreciation for disposals	-	-	-	(41,720)	(2,338,037)	-	(2,379,757)
31 March 2010	-	89,679,464	374,071,275	13,150,100	38,141,312	-	515,042,151
<b>Net book value</b>							
31 March 2009	94,260,639	69,064,369	153,100,202	1,933,059	16,488,779	40,605,103	375,452,151
31 March 2010	94,260,639	95,747,131	127,129,941	1,443,810	15,717,663	7,288,703	341,587,887
<b>Depreciation for the year</b>							
2009 (Baht 52 million included in manufacturing cost, and the balance in selling and administrative expenses)							58,381,574
2010 (Baht 53 million included in manufacturing cost, and the balance in selling and administrative expenses)							58,501,793

(Unit: Baht)

	Separate financial statements						Total
	Land and land improvement	Buildings and fixtures	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	
<b>Cost</b>							
31 March 2009	73,061,639	107,224,390	330,269,048	12,634,731	40,710,838	-	563,900,646
Acquisitions	-	-	918,201	275,886	6,688,439	185,748	8,068,274
Disposals	-	-	-	(41,726)	(1,378,000)	-	(1,419,726)
Transfer in (out)	-	-	185,748	-	-	(185,748)	-
31 March 2010	73,061,639	107,224,390	331,372,997	12,868,891	46,021,277	-	570,549,194
<b>Accumulated depreciation</b>							
31 March 2009	-	75,113,304	288,889,119	11,364,476	29,403,970	-	404,770,869
Depreciation for the year	-	4,975,784	19,272,664	612,958	5,242,988	-	30,104,394
Depreciation for disposals	-	-	-	(41,720)	(1,378,000)	-	(1,419,720)
31 March 2010	-	80,089,088	308,161,783	11,935,714	33,268,958	-	433,455,543
<b>Net book value</b>							
31 March 2009	73,061,639	32,111,086	41,379,929	1,270,255	11,306,868	-	159,129,777
31 March 2010	73,061,639	27,135,302	23,211,214	933,177	12,752,319	-	137,093,651
<b>Depreciation for the year</b>							
2009 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses)							35,476,178
2010 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)							30,104,394

The subsidiary's new factory building completely constructed in September 2009 cost approximately Baht 34.7 million. Construction of the factory building has been financed with a loan from the Company and borrowing costs totaling approximately Baht 0.81 million were capitalised during the year ended 31 March 2010. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was MLR.

Motor vehicles have been pledged as collateral against liabilities under finance lease agreements, amounting to Baht 12 million (31 March 2009: Baht 13 million) (Separate financial statements: Baht 10 million, 31 March 2009: Baht 9 million).

As at 31 March 2010, certain equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 273 million (31 March 2009: Baht 248 million).

The Company and its subsidiary have pledged machinery with carrying value as at 31 March 2010 amounting to Baht 65 million (31 March 2009: Baht 106 million) (Separate financial statements: Baht 2 million, 31 March 2009: Baht 31 million) and mortgaged all of their land with structures thereon with banks to secure loans and other credit facilities granted to the Company and its subsidiary by the banks.

## 12. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cost	13,884,190	13,755,263	11,755,263	11,755,263
Accumulated amortisation	<u>(9,848,530)</u>	<u>(7,199,456)</u>	<u>(8,568,295)</u>	<u>(6,333,703)</u>
Net book value	<u>4,035,660</u>	<u>6,555,807</u>	<u>3,186,968</u>	<u>5,421,560</u>
Amortisation expenses included in the income statements for the year	<u>2,649,074</u>	<u>2,634,539</u>	<u>2,234,592</u>	<u>2,234,539</u>

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bank overdrafts	-	2,831,456	-	-
Short-term loans from banks	110,000,000	240,000,000	80,000,000	210,000,000
Trust receipts	213,194,228	155,077,798	193,924,166	155,077,798
	<u>323,194,228</u>	<u>397,909,254</u>	<u>273,924,166</u>	<u>365,077,798</u>

Short-term loans from banks represent promissory notes maturing within 1 month (31 March 2010: 3 months) and carrying interest at rates of 3.55% to 3.56% per annum (31 March 2009: 4.20% to 4.25% per annum).

Bank overdrafts facilities, short-term loans facilities and trust receipts facilities are secured by the mortgage of the Company's and its subsidiary's land with structures thereon, as described in Note 11, and by the guarantee provided by a director of the subsidiary.

### 14. Long-term loans

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Long-term loans	5,500,000	36,500,000	-	5,000,000
Less: Current portion	(5,500,000)	(36,500,000)	-	(5,000,000)
Long-term portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The long-term loan of the Company of Baht 65 million is obtained from a local bank and carries interest rate at MLR per annum. It is to be paid as from December 2006, in quarterly installments of Baht 6 million. The loan is secured by the pledge of the Company's machinery. The loan agreement contains certain covenants, relating to matters such as the maintenance of certain financial ratios. As at 31 March 2010, the Company repaid the loan in full.

The long-term loan of the subsidiary of Baht 130 million is obtained from a local bank and carries interest rate at MLR per annum. This loan is to be repaid in quarterly installments of Baht 6.5 million for the first to seventeenth installment, Baht of 9.5 million for the eighteenth installment and Baht of 10 million for the nineteenth installment, commencing from February 2007. The subsidiary repaid this loan in advance in December 2007 amounting to Baht 40 million. It is secured by the mortgage of the subsidiary's land with structures thereon, the pledge of the subsidiary's machinery as described in Note 11, and a guarantee provided by the subsidiary's director. The loan agreement contains certain covenants, relating to matters such as the maintenance of certain financial ratios.

#### 15. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Liabilities under finance lease agreements	8,226,632	8,146,330	6,864,986	5,190,339
Less : Deferred interest expenses	(801,120)	(587,286)	(750,563)	(375,387)
Total	7,425,512	7,559,044	6,114,423	4,814,952
Less: Portion due within one year	(3,778,665)	(3,901,575)	(2,786,140)	(2,468,572)
Liabilities under finance lease agreements - net of current portion	<u>3,646,847</u>	<u>3,657,469</u>	<u>3,328,283</u>	<u>2,346,380</u>

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 years.

As at 31 March 2010, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Less than 1 year	1-3 years	Total
Future minimum lease payments	3,778,665	3,646,847	7,425,512
Deferred interest expenses	532,792	268,328	801,120
Present value of future minimum lease payments	<u>4,311,457</u>	<u>3,915,175</u>	<u>8,226,632</u>

During the year ended 31 March 2010, the Company recognised rental expenses of Baht 0.6 million in the income statement.

## 16. Statutory reserve

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

As at 31 March 2009, the Company has transferred net income amounting to Baht 3.7 million to the statutory reserve.

## 17. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salary and wages and other employee benefits	73,509,932	72,563,684	54,274,650	57,553,661
Depreciation expenses	58,501,793	58,381,574	30,104,394	35,476,178
Amortisation expenses	2,649,074	2,634,539	2,234,592	2,234,539
Loss on exchange	-	17,672,114	-	16,156,080
Raw materials used	1,652,836,211	1,709,799,579	1,443,052,878	1,591,487,636
Consumables used	31,793,702	28,849,498	28,505,285	27,312,059
Changes in inventories of finished goods and work in progress	21,551,386	98,040,279	45,208,956	92,192,119
Allowance of diminution in value of inventories (reversal)	(38,420,696)	24,118,592	(38,279,200)	23,984,218

## 18. Corporate income tax

Corporate income tax of the Company were calculated at the rate of 25 percent on net income for the years, after adding back certain expenses and deducting income which are not disallowable for the tax computation purposes and deducting tax loss brought forward from previous years (if any).

During the year 2009, a tax officer examined the Company's payment of corporate income tax for the year ended 31 March 2006 and assessed additional corporate income tax, including surcharges, amounting to Baht 7.2 million. The Company made payment of those expenses and recorded them as a corporate income tax expense in the year 2009. No corporate income tax of the Company was payable for the year ended 31 March 2009, since the Company's operation result was tax loss.

Corporate income tax of one subsidiary has been calculated based on following rate of taxable income.

<u>Taxable profits (Baht)</u>	<u>Tax rate (%)</u>
1 - 150,000	0
150,001 - 1,000,000	15
1,000,001 - 3,000,000	25
Over 3,000,001	30

Corporate income tax of another subsidiary which operates the promoted operations (as described in Note 19) were calculated at the rate of 30 percent on net income of the subsidiary from non-promoted activities, after adding back certain provisions and expenses which are disallowed for tax computation purposes and deducting tax loss brought forward from previous years (if any).

#### **19. Promotional Privileges**

The Company has received promotional privileges from the Board of Investment for the manufacture of coil center, pursuant to the promotion certificate No. 3007/Wo./2550 issued on 25 May 2007. Subject to certain imposed conditions, the privileges include an exemption from import duty on articles and essential raw materials imported for use in manufacturing for export sales and an exemption from import duty on items imported for re-export, for a period of 1 year commencing as from the first importation date.

A subsidiary has received promotional privileges from the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 1407(2)/2548 issued on 23 March 2005. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 7 years from the date the promoted activity commenced generating revenues, and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the subsidiary as a deduction against net income of future years, for up to 5 years after the expiry of the tax exemption period. In addition, the privileges include an exemption from income tax on dividends received from promoted operations which have been granted corporate income tax exemption, throughout the period for which the tax exemption privilege is granted.

The subsidiary's revenue in 2010 and 2009 were derived from sales and service of BOI promoted products amounted to Baht 376 million and Baht 220 million, respectively.

## 20. Basic earnings per share

Basic earnings (loss) per share is calculated by dividing net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

## 21. Dividend

			(Unit: Baht)
Dividends	Approve by	Dividend paid	Dividend per Share
Dividends for the year ended 31 March 2008	Annual General Meeting of Shareholders on 23 July 2008	22,400,000	0.07
Interim dividends from accumulated profits of past year	Board of Director's meeting on 13 November 2008	12,800,000	0.04
Total for the year ended 31 March 2009		35,200,000	0.11

On 21 July 2009, the Annual General Meeting of the shareholders approved on non dividend payment from the operating results of the fiscal year ended 31 March 2009 due to its operation loss and approved that the interim dividend payment on 12 December 2008 of Baht 0.04 per share, totaling Baht 12,800,000, according to the Board of Directors' Meeting No.6/2551 held on 13 November 2008, deemed as the payment of dividend from accumulated profits of past year.

## 22. Segment information

The Company and its subsidiaries operate in the single industry segment of distribution and provision of service related to iron and metal products and their principal operations are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating income (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area. Export sales of the years ended 31 March 2010 and 2009 amounted to Baht 63 million and Baht 86 million, respectively.



## **23. Provident fund**

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 March 2010, the Company and its subsidiaries contributed Baht 1.2 million (31 March 2009: Baht 1.5 million) (Separate financial statements: Baht 1 million, 31 March 2009: Baht 0.8 million) to the fund.

## **24. Commitments and contingent liabilities**

### **24.1 Operating lease commitments**

The Company has entered into a lease agreement in respect of the office building space. The terms of the agreements are generally 3 years.

As at 31 March 2010, future minimum lease payments required under these non-cancellable operating leases contracts were Baht 1.1 million. They were payable within 1 year.

### **24.2 Other service commitment**

As at 31 March 2010, the Company had commitments of approximately Baht 4.6 million relating to technical assistance agreement and other service agreement.

### **24.3 Credit facilities**

As at 31 March 2010, the Company has been granted credit facilities by various financial institutions for which it has placed collaterals, as follows:-

- Letter of credit facilities, guarantee facilities and short-term and long-term term loan facilities totaling to Baht 1,460.5 million, of which Baht 432 million of the utilised amounts is outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon, the pledge of machinery and fixed deposits of the Company
- Overdraft facilities of Baht 30 million. The facility has not yet been utilised. The credit facilities are secured by the mortgage of the Company's land with structures thereon and the pledge of machinery and fixed deposits of the Company.

- Forward exchange contract facilities of Baht 1,000 million, of which Baht 37 million of utilised amounts is outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon, the pledge of machinery and fixed deposits of the Company.

As at 31 March 2010, the subsidiary has been granted credit facilities by a financial institution for which it has placed collaterals, as follows: -

- Letter of credit facilities and long-term loan facilities totaling Baht 210 million, of which Baht 85 million of the utilised amounts is outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon, the pledge of the subsidiary's machinery and a guarantee provided by the subsidiary's director.
- Overdraft facilities of Baht 10 million. The facility has not yet been utilised. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and a guarantee provided by the subsidiary's director.
- Forward exchange contract facilities of Baht 80 million, of which Baht 8 million of utilised amounts is outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon, the pledge of the subsidiary's machinery and a guarantee provided by subsidiary's director.

#### **24.4 Guarantees**

As at 31 March 2010, there was no outstanding bank guarantees issued by banks on behalf of the Company.

### **25. Financial instruments**

#### **25.1 Financial risk management**

The Company's and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, short-term lending, short-term and long-term borrowings and financial lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

### **Credit risk**

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loan. The Company and subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the balance sheet.

### **Interest rate risk**

The Company's and subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term and long-term borrowings. However, since most of the Company's and subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 March 2010 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements as at 31 March 2010						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years				
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	1.2	-	2.4	41.6	45.2	0.25 - 0.50
Trade accounts receivable	-	-	-	502.8	502.8	-
Restricted deposit at financial institution	5.0	-	-	-	5.0	1.75
	6.2	-	2.4	544.4	553.0	
<b>Financial liabilities</b>						
Overdrafts and short-term loans from financial institutions	323.2	-	-	-	323.2	3.55 - 3.78
Trade accounts payable	-	-	-	262.4	262.4	-
Long-term loans from financial institutions	-	-	5.5	-	5.5	5.85
Financial lease payables	3.8	3.6	-	-	7.4	5.61 - 8.88
	327	3.6	5.5	262.4	598.5	

Separate financial statements as at 31 March 2010

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within					
	1 year	1 - 5 years				
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	1.2	-	2.4	34.4	38.0	0.25 - 0.50
Trade accounts receivable	-	-	-	457.4	457.4	-
Short-term loan to related party	-	-	89.0	-	89.0	5.85
Restricted deposit at financial Institution	5.0	-	-	-	5.0	1.75
	6.2	-	91.4	491.8	589.4	
<b>Financial liabilities</b>						
Overdrafts and short-term loans from financial institutions	273.9	-	-	-	273.9	3.55 - 3.78
Trade accounts payable	-	-	-	194.0	194.0	-
Long-term loans from financial Institutions	-	-	-	-	-	-
Financial lease payables	2.8	3.3	-	-	6.1	5.61 - 8.88
	276.7	3.3	-	194.0	474.0	

**Foreign currency risk**

The Company's and subsidiaries' exposure to foreign currency risk arises mainly from sales and purchase transactions that are denominated in foreign currencies. The Company and subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2010 are summarised below.

Foreign currency	Consolidated financial statements	Separate financial statements	Average exchange rate as at 31 March 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
<b>Financial Assets</b>			
US dollar	0.13	0.13	32.37
Japanese yen	4.28	4.28	0.35
<b>Financial Liabilities</b>			
US dollar	2.95	2.58	32.37
Japanese yen	22.05	2.85	0.35

<u>Foreign currency</u>	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>	<u>Average exchange rate as at 31 March 2010</u>
Singapore dollar	0.03	0.03	23.10

Forward exchange contracts outstanding at 31 March 2010 which mature within one year are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements	
	Bought	Contractual	Bought	Contractual
	amount	exchange rate bought	amount	exchange rate bought
	(Million)	(Baht per 1 foreign currency unit)	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.17	32.37 - 32.56	1.12	32.37 - 32.56
Japanese yen	19.20	0.35	-	-
Singapore dollar	0.03	23.26	0.03	23.26

## 25.2 Fair values of financial instruments

Since the majority of the Company's and subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## 26. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 March 2010, the Group's debt-to-equity ratio was 0.84:1 (31 March 2009: 0.84:1) and the Company's was 0.63:1 (31 March 2009: 0.66:1).

## 27. Subsequent event

On 26 May 2010, the Company's Board of Directors passed a resolution to propose to the Group's Annual General Meeting of for resolution to pay a dividend of Baht 0.15 per share.

## 28. Reclassification

Certain amounts in the financial statements for the year ended 31 March 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net loss or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Selling expenses	37,633,378	38,552,481	32,064,498	32,064,498
Administrative expenses	33,045,939	55,431,538	30,859,555	49,248,270
Management benefit				
expenses	21,001,117	-	16,309,922	-
Finance cost	36,673,266	34,369,681	31,005,147	28,926,354

## 29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 May 2010.

**Proxy (Form B)****(Duty Stamp of Baht 20 is required)**

Share registrar no. \_\_\_\_\_

Written at \_\_\_\_\_

Date \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_

(1) I/We \_\_\_\_\_ Nationality \_\_\_\_\_ residing at \_\_\_\_\_  
 Road \_\_\_\_\_ Tambol/Khwaeng \_\_\_\_\_ Amphur/Khet \_\_\_\_\_  
 Province \_\_\_\_\_ Postal Code \_\_\_\_\_

(2) Being a shareholder of Lohakit Metal Public Company Limited ("the Company")  
 holding the total amount of \_\_\_\_\_ shares and have the rights to  
 vote equal to \_\_\_\_\_ votes as follows:

Ordinary share \_\_\_\_\_ shares and have the right to vote  
 equal to \_\_\_\_\_ votes.

Preference share \_\_\_\_\_ shares and have the right to vote  
 equal to \_\_\_\_\_ votes

(3) Hereby appoint

1. ☐ Name \_\_\_\_\_ age \_\_\_\_\_ years,  
 Residing at \_\_\_\_\_ Road \_\_\_\_\_ Tambol/Khwaeng \_\_\_\_\_  
 Amphur/Khet \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_ **or**
2. ☐ Name \_\_\_\_\_ age \_\_\_\_\_ years,  
 Residing at \_\_\_\_\_ Road \_\_\_\_\_ Tambol/Khwaeng \_\_\_\_\_  
 Amphur/Khet \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_ **or**
3. ☐ Name \_\_\_\_\_ age \_\_\_\_\_ years,  
 Residing at \_\_\_\_\_ Road \_\_\_\_\_ Tambol/Khwaeng \_\_\_\_\_  
 Amphur/Khet \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Only one of them as my/our proxy to attend and vote on my/our behalf at the meeting of **the Annual General Meeting of Shareholders for the year 2010 on July 22, 2010 at 2.00 p.m. at Arnoma Room 1, Arnoma Hotel Bangkok** or such other date, time and place as the meeting may be adjourned.

(4) I/We hereby authorize the Proxy to vote on my/our behalf in this meeting as follows:



**Agenda 1                    Consideration to certify the Minutes of Annual General Meeting of Shareholders No. 1/2009.**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
  - ☐ Approve                                  ☐ Disapprove                                  ☐ Abstain

**Agenda 2                    Consideration to acknowledge the Company's operating report, which ended on March 31, 2010.**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
  - ☐ Approve                                  ☐ Disapprove                                  ☐ Abstain

**Agenda 3                    Consideration to approve the Company's Financial Statement, consisting of Balance Sheet, Profit and Loss Statement and Cash Flow Statement which ended on 31 March 2010.**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
  - ☐ Approve                                  ☐ Disapprove                                  ☐ Abstain

**Agenda 4                    Consideration on dividend**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
  - ☐ Approve                                  ☐ Disapprove                                  ☐ Abstain

**Agenda 5                    Consideration for appointment of directors in replacement of those retired by rotation and determination the authorized directors**

**5.1                    To consider and approve the election of director to replace those retired by rotation**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
  - ☐ Approve                                  ☐ Disapprove                                  ☐ Abstain

**5.2                    To consider and determine the authorized directors of the Company**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
  - ☐ Approve                                  ☐ Disapprove                                  ☐ Abstain

**Agenda 6          Consideration for payment of directors' remuneration for the year 2010.**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
- ☐ Approve                      ☐ Disapprove                      ☐ Abstain

**Agenda 7          Consideration for appointment of Company's auditor and approval of auditors' fee for the year 2010.**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
- ☐ Approve                      ☐ Disapprove                      ☐ Abstain

**Agenda 8          Consideration on other business (if any)**

- ☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects
- ☐ (b) To grant my/our proxy to vote at my/our desire as follows:
- ☐ Approve                      ☐ Disapprove                      ☐ Abstain

(5) Any of my votes in any agenda performed by the proxy does not act as my voting intention stated in this proxy shall consider as faulty vote and not the vote of shareholder.

(6) In case I/We have not specified my/our voting intention in any agenda or not clearly specified or in case the meeting considers or passes resolutions in any matters other than those specified above, including in case there is any amendment or addition of any fact, the proxy shall have the right to consider and vote on my/our behalf as he/she may deem appropriate in all respects.

Any acts performed by the proxy in this meeting shall be deemed to be the actions performed by myself/ourselves. Exception in case of the proxy has abstained vote as specified in this proxy form.

Signed	_____	Grantor
	( _____ )	
Date	_____	
Signed	_____	Proxy
	( _____ )	
Date	_____	
Signed	_____	Proxy
	( _____ )	
Date	_____	
Signed	_____	Proxy
	( _____ )	
Date	_____	

**Remarks**

1. The shareholder appointing the proxy must authorize only one proxy to attend and vote at the meeting and may not split the number of shares to many proxies for splitting votes.
2. The proxy may split the votes. In this regard, if the content is too long, it can be specified in the attached supplemental proxy form.

### Supplemental Proxy Form

The Proxy is granted by a shareholder of Lohakit Metal Public Company Limited.

For the Annual General Meeting of Shareholders No. 1/2010 shall be held on 22 July 2010 at 2.00 p.m. at Arnoma Room 1, Arnoma Hotel, 99 Rajdamri Road, Patumwan, Bangkok. or such other date, time and place as the meeting may be adjourned.

Agenda\_\_\_\_\_ Re :\_\_\_\_\_

☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects

☐ (b) To grant my/our proxy to vote at my/our desire as follows:

☐ Approve

☐ Disapprove

☐ Abstain

Agenda\_\_\_\_\_ Re :\_\_\_\_\_

☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects

☐ (b) To grant my/our proxy to vote at my/our desire as follows:

☐ Approve

☐ Disapprove

☐ Abstain

Agenda\_\_\_\_\_ Re :\_\_\_\_\_

☐ (a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects

☐ (b) To grant my/our proxy to vote at my/our desire as follows:

☐ Approve

☐ Disapprove

☐ Abstain

I/We certify that the statements in this Supplemental Proxy Form are correct, complete and true in all respects.

Signed \_\_\_\_\_ Grantor  
( \_\_\_\_\_ )  
Date \_\_\_\_\_

Signed \_\_\_\_\_ Proxy  
( \_\_\_\_\_ )  
Date \_\_\_\_\_

Signed \_\_\_\_\_ Proxy  
( \_\_\_\_\_ )  
Date \_\_\_\_\_

Signed \_\_\_\_\_ Proxy  
( \_\_\_\_\_ )  
Date \_\_\_\_\_

Signed \_\_\_\_\_ Proxy  
( \_\_\_\_\_ )  
Date \_\_\_\_\_

## **Documents or Evidence Showing an Identity of the Shareholder or a Representative of the Shareholder Entitled to Attend the Meeting**

The policy of the Board of The Stock Exchange of Thailand, dated 19th February 1999, relating to good practices for holding of a shareholders' meeting, aims to establish guidelines for listed companies to follow. This will create confidence to shareholders, investors and all relevant parties. Accordingly, the Company believes that an inspection of documents or evidence showing an identity of the shareholder or a representative of the shareholder entitled to attend the meeting which should be observed by the shareholders, would cause transparency, fair and benefits to the shareholders. However, the Company reserves the right to waive any of these requirements for some of the shareholders on a case by case basis, at the Company's sole discretion.

### **1. Natural person**

#### ***1.1 Thai nationality***

- (A) identification card of the shareholder (personal I.D. or identification card of government officer or identification card of state enterprise officer); or
- (B) in case of proxy, identification card of the shareholder and identification card or passport (in case of a foreigner) of the proxy.

#### ***1.2 Non-Thai nationality***

- (A) passport of the shareholder; or
- (B) in case of proxy, passport of the shareholder and identification card or passport (in case of a foreigner) of the proxy.

### **2. Juristic person**

#### ***2.1 Juristic person registered in Thailand***

- (A) corporate affidavit, issued within 30 days by Commercial Registration Department, Ministry of Commerce; and
- (B) identification card or passport (in case of a foreigner) of the authorized director(s) who sign(s) the proxy form including identification card or passport (in case of a foreigner) of the proxy.

#### ***2.2 Juristic person registered outside of Thailand***

- (A) corporate affidavit; and
- (B) identification card or passport (in case of a foreigner) of the authorized director(s) who sign(s) the proxy form including identification card or passport (in case of a foreigner) of the proxy.

A copy of the documents must be certified true copy. In case of any documents or evidence produced or executed outside of Thailand, such documents or evidence should be notarized by a notary public.

A shareholder or a proxy may register and submit the required documents or evidence for inspection at the meeting from 1.00 p.m. on 22 July 2010.

## **Name List and Details of Independent Director**

1. Mr. Wanchai Umpungart

Independent Director, Chairman of the Board of Directors, Chairman of the Audit Committee

**Age :** 62 years

**Address :** Lohakit Metal Public Company Limited  
66/1 Moo 6 Suksawad Rd., Bangjak, Prapadang, Samutprakarn 10130

**Interest in any agenda :**

Agenda 6 - Consideration for payment of directors' remuneration for the year 2010

2. Mr. Lert Nitheranont

Independent Director, Member of the Audit Committee

**Age :** 48 years

**Address :** Lohakit Metal Public Company Limited  
66/1 Moo 6 Suksawad Rd., Bangjak, Prapadang, Samutprakarn 10130

**Interest in any agenda :**

Agenda 6 - Consideration for payment of directors' remuneration for the year 2010

2. Mr. Teera Na Wangkanai

Independent Director, Member of the Audit Committee

**Age :** 53 years

**Address :** Lohakit Metal Public Company Limited  
66/1 Moo 6 Suksawad Rd., Bangjak, Prapadang, Samutprakarn 10130

**Interest in any agenda :**

Agenda 5 - Consideration for appointment of directors in replacement of those retired by rotation and determination the authorized directors

Agenda 6 - Consideration for payment of directors' remuneration for the year 2010

## **The Company's article of association with regard to the shareholder's meeting**

### **Chapter 5 : The board of directors**

**Article 21** At every annual general meeting, one-third of the number of directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from office.

The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the director who has been in office for the longest term shall retire. A retiring director is eligible for re-election.

### **Chapter 6 : Shareholder Meeting**

**Article 37** The Board of Directors shall convene an annual general meeting of shareholders within four (4) months from the last day of the accounting period of the Company.

Meetings other than those specified above shall be called the extraordinary meetings. The Board of Directors may summon an extraordinary meeting whenever it deems appropriate.

Shareholders holding shares in aggregate not less than one-fifth of the total number of shares sold, or shareholders numbering not less than twenty-five persons holding shares in aggregate not less than one-tenth of the total number of shares sold, may at any time subscribe their names in a letter requesting the Board of Directors to call an extraordinary meeting, provided that they must clearly give the reasons for such request in the letter. In this case, the Board of Directors shall arrange the shareholders' meeting within 1 month from the date of receipt of such a letter from the shareholders.

**Article 38** In summoning the shareholders' meeting, the Board of Directors shall prepare a notice of the meeting specifying the place, date, time, agenda and the matters to be submitted to the meeting together with appropriate details stating clearly which issues will be for acknowledgement, for approval or for consideration, including the opinions of the Board of Directors on the said matters and shall send the same to the shareholder and the company registrar for information not less than 7 days prior to the meeting. Publication of a notice of the meeting shall also be made in a newspaper for 3 consecutive days at least 3 days prior to the meeting.

The shareholders' meeting may be held at the head office of the company or locality in which the Company's head office is situated or other place where the Board of Directors deems appropriate.

**Article 39** In order to constitute a quorum, there shall be shareholders and proxies (if any) attending at a shareholder meeting amounting to not less than twenty-five (25) persons or not less than one half of the total number of shareholders and in either case such shareholders shall hold shares amounting to not less than one-third (1/3) of the total number of shares sold of the Company.

At any shareholder meeting, if one hour passed since the time specified for the meeting and the number of shareholders attending the meeting is still inadequate for a quorum as defined in the first paragraph, and if such shareholder meeting was called as a result of a request by the shareholders, the meeting shall be cancelled. If such meeting was not called as a result of a request by the shareholders, the meeting shall be called once again and the notice calling such

meeting shall be delivered to shareholders not less than seven (7) days prior to the date of the meeting. In the subsequent meeting a quorum is not required.

**Article 40**

The chairman of the board shall be the chairman of shareholder meetings. If the chairman of the board is not present at a meeting or cannot perform his duty, the vice-chairman present at the meeting shall be the chairman of the meeting. If there is no vice-chairman or there is a vice-chairman who is not present at the meeting or cannot perform his duty, the shareholders present at the meeting shall elect one shareholder to be the chairman of the meeting.

**Article 41**

The shareholders may appoint any other person to attend the meeting and cast their votes. The proxy form shall be dated and signed by the shareholders where the form shall be in compliance with the form specified by the Registrar.

The eligible proxy form shall be submitted to the chairman of the meeting or to any person assigned and at the place specified by the chairman before attending the meeting.

**Article 42**

The resolution of the shareholders' meeting shall comprise the following votes:

- (1) In normal case, the majority of votes of shareholders who attend the meeting and cast votes. In case of equality of votes, the Chairman of the Board shall have an additional casting vote;
- (2) In the following cases, a resolution shall be passed by votes of not less than three-fourths of the total number of votes of shareholders who attend the meeting and are entitled to vote:
  - (a) the sale or transfer of the whole or important parts of the business of the Company to other persons;
  - (b) the purchase or acceptance of transfer of the business of other companies or private companies by the Company;
  - (c) the making, amending or terminating of contracts with respect to the granting of a lease of the whole or important parts of the business of the Company, the assignment of the management of the business of the Company to any other persons or the amalgamation of the business with other persons with purpose of profit and loss sharing;
  - (d) any amendments or addition of the Memorandum of Association or the Articles of Association of the Company;
  - (e) any increase or decrease of registered capital or any issuance of debentures;
  - (f) the issuance of preferred share, debenture, collateral debenture, convertible debenture, warrant to buy share or debenture or other securities which legalize to issue.
  - (g) the amalgamation or dissolution of the Company

## Arnoma Hotel Map

