

LOHAKIT

In Quality, We Trust

Annual Report

2013

as at March 31, 2014

Lohakit Metal Public Company Limited

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Message from Chairman and Managing Director

Thailand economic during 2013 was slowdown mainly due to weak demand in the domestic market. Especially in the second half of year, private spending has begun to slow due to the expiry of government's stimulus such as product price intervention, tax refund for the 1st car policy. In addition, household debt has accelerated and as the result, households start taking care spending. Financial institutions tightened their lending. Economic and political were instability. Investors delay investment to await the clarification of situations. However, country has been starting to the direction of recovery but the recovery is moving in areas, which are not the main business of the company.

Although in past years, there are factors of both global and domestic that creates the volatility and impact company performance for instant, commodity prices declined in the second half as well as the situation of economic slowdown. They impacted on performance of the company unavoidably. But as seen from the results of operations in 2556, the company and its subsidiaries remained net profit for the period ended as of March 31, 2557 of 148.65 million baht as the result of preparation by the management and all employees of the Company and its subsidiaries who have commitment to develop progress in business and well cope with economic fluctuations. The company will still focus on risk surveillance that causes the impacts on the Company, both direct and indirect.

Lastly, on behalf of the Board of Directors, management and all employees, we appreciate our shareholders, investors, customers, stakeholders, including public and relevant private for the support and trust. The management team and all our employees will further dedicate knowledge at full ability to response the needs of our customers. This is in order to maximize the benefits to the shareholders.



Mr. Wanchai Umpungart

Chairman



Mr. Prasarn Akarapongpisak

Managing Director

Report of Director's Responsibilities Over the Financial Statement

The Board of Directors is responsible for the financial statements of Lohakit Metal Public Company Limited and the consolidated financial statements of Lohakit Metal Public Company Limited and its subsidiaries, including the financial information contained in the Annual Report. The financial statements are prepared in accordance with financial reporting standards, appropriate accounting policies and consistency, cautious discretion apply with the best estimation for the preparation of financial statements including also the adequate disclosure in the notes to the financial statements. The objective is for the benefits to shareholders and investors with transparency.

The Board has established a monitoring system and to maintain proper and effective internal control system. This is to ensure that account information is accurate and complete and enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In this regard, the Board has appointed the Audit Committee with the duty to review the accounting policies, quality of financial reporting, the internal control system, internal audit tasks done as well as the disclosure of information inter-transactions. The opinions of the Audit Committee are listed in the annual report.

Financial statements and consolidated financial statements of the Company and its subsidiaries have been audited by the auditors of the Company "EY Office Limited". The Board has supporting information and documents to enable the auditor to audit and express an opinion as auditing standards. The opinion of the auditor in the auditor report is listed in the annual report.

The Board is of the opinion that the Company's internal control system in overall is in good level and satisfactory. This provides the reasonably confident that financial statements of Lohakit Metal Public Company Limited and consolidated financial statements of Lohakit Metal Public Company Limited and its subsidiaries for the year ended as of 31 March 2557 are reliable by complying with the financial reporting standards and legal and related regulations.



Mr. Wanchai Umpungart

Chairman

Audit Committee's Report

The board of directors appointed the audit committee who were considered from the criteria of experiences, capability, independent and other regulations. The selected audit committees are Mr. Wanchai Ampungard, the chairman of the audit committee, Mr. Teera Na Wangkanai and Mr. Lert Nittheeranon. Those 3 members of the audit committee have never taken part in the Company's operation and have never been employed by the Company and the subsidiary.

During the year ended on March 31, 2014, the audit committee had 4 meetings in every quarter, together with internal auditor and the certified external auditor to clarify and follow up audit results and relevant issues, including also preparing the minutes for each meeting. The agendas discussed over the meetings were in compliance with the scope of authorities and responsibilities to the board of directors which can be summarized as follows:

1. Reviewed and approved the quarter and annual financial statements, by questioning and listening to the external auditor clarifications, concerning the correctness and completeness of the financial statements and the adequacy of information disclosure. The Audit Committee agreed with the certified external auditor that the financial statement were correct adhering to the general accepted accounting principles before proposed to the board of directors for their approvals.
2. Considered and give opinion to the disclosure of the connected transactions and/or other transactions that may have the conflict of interest and the obligations of the Company as disclosed in financial statements and notes to the financial statement. The Audit Committee had opinion that such transactions were reasonable and gave benefits to the business of the Company.
3. Considered and give opinion to the sufficiency of internal control system of the Company, by considered the scope of work, duties and responsibilities, independency of A.M.T. Services Office Limited the Company's internal audit and approved annual audit results conducted during the year according to approved audit plan. The Audit Committee had opinion that the Company had the internal control that was adequate and appropriate with no significant flaw.
4. Considered, reviewed and revised the charter of Audit Committee to ensure the compliance of duty and responsibility to objective of board of directors and the revision of regulation for internal audit committee of Stock Exchange of Thailand (if any).
5. Reviewed compliance with the Securities and Exchange Acts, Regulations of Stock Exchange of Thailand (SET) and any others relevant laws. The Audit Committee did not find any significant incompliance to the law and regulations.
6. Considered appointing and recommended the board of directors to nominate the external auditors and their audit fee to propose to the shareholder's approval, which the Audit Committee considered the performance, independency and audit fee and concluded to propose appointing Mr. Sophon Permsirivallop, CPA License No. 3182 or Mrs. Gingkarn Atsawarangsalit, CPA License No. 4496 or Ms.Pimjai Manitkajohnkit, CPA License No. 4521 of EY Office Ltd. to serve as the Company external auditor with the proposal of audit fee at Baht 1,110,000.

The Audit Committee has considered and deemed that the Company's financial reports were complied with the general accepted accounting principle with sufficient information disclosure. The internal control system was efficient and in compliance with the relevant laws and regulations. Moreover, corrections to any audit issues as stating in audit reports from internal and external auditors have been properly followed up and done to ensure the outcome of good corporate governance.



Mr. Wanchai Ampungard

Chairman of the audit committee

General Information

Lohakit Metal Public Company Limited (the Company) and the subsidiaries including Auto Metal Company Limited and Alternative Stainless Company Limited (formerly D-Stainless Company Limited) and NSC Metal Co., Ltd. (formerly Ngeck Seng Chiang Metal Company Limited, On 1 April 2014, the company has changed the registered name) and Mory Lohakit (Thailand) Co., Ltd. (related company) engage in procuring stainless steel coil products where the Supply Chain Management has been adopted to manage the raw material, the procurement, the distribution and the services provided to the customers.

Head office : 66/1 Moo 6 Soi Suksawad 76, Suksawad Rd.,
Bangjak, Prapradang, Samutprakarn 10130,
Telephone 0-24630-0158
Facsimile 0-2463-7299
Homepage www.lohakit.co.th,
The registration number 0107548000315

The Company branch : 889 Thai CC Tower, room no 167-169,
16th floor, South Sathorn Road, Yannawa,
Sathorn, Bangkok 10120,
Telephone 0-2673-9559
Facsimile 0-2673-9577-8

Auto Metal Company Limited : 700/650, Moo 1, Panthong subdistrict,
(the subsidiary) Panthong district, Chonburi,
Telephone 0-3821-0270-77
Facsimile 0-3821-0268-9

Alternative Stainless Company Limited : 66/1 Moo 6, Soi Suksawas 76, Suksawas Road,
(the subsidiary) Bangjak, Prapradang, Samutprakarn 10130,
Telephone 0-2463-0158
Facsimile 0-2463-7299

Mory Lohakit (Thailand) Co., Ltd. : 700/650, Moo 1, Panthong subdistrict,
(related company) Panthong district, Chonburi,
Telephone 0-3821-0270-77
Facsimile 0-3821-0268-9

NSC Metal Co., Ltd. : 108/8 Yotra Road, Talan Noi, Samphanthawong,
(the subsidiary) Bangkok, Thailand 10100
(formerly Ngeck Seng Chiang Metal Telephone 0-2693-4151
Company Limited, On 1 April 2014, Facsimile 0-2693-4159
the company has changed
the registered name)

Registrar : Thailand Securities Depository Company Limited
The Stock Exchange of Thailand building,
62 Ratchadapisek Road, Klongtoey,
Klongtoey, Bangkok 10110,
Telephone 0-2229-2800
Facsimile 0-2654-5599

Accounting Auditor : EY Office Limited
33th floor, Lake Ratchada building, 193/136-137,
Ratchadapisek Road, Klongtoey, Bangkok 10110,
Telephone 0-2264-0777
Facsimile 0-2264-0789-90

Legal Advisor : Seri, Manop and Doyle Company Limited
21 Suthisarn-Ratchadapisek Road, Samsennok,
Huaykwang, Bangkok 10320,
Telephone 0-2693-2036
Facsimile 0-2693-4189

Investor Relation officer : 889 Thai CC Tower, room no 167-169,
16th floor, South Sathorn Road, Yannawa,
Sathorn, Bangkok 10120,
Telephone 0-2673-9559 Ext. 208
Facsimile 0-2673-9577-8
E-mail : ird@lohakit.co.th

Performance at a Glance

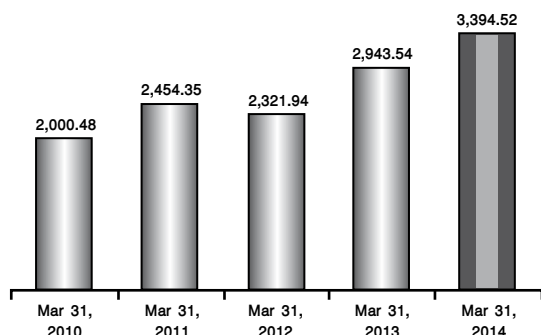
Financial summary of Lohakit Metal Public Company Limited and the subsidiaries:

	For the year ended 31 st March				
	2010	2011	2012	*2013	2014
Profit and loss statement (Baht millions)					
Total revenue	2,000.48	2,454.35	2,321.94	2,943.54	3,394.52
Revenue from the sales of good and services	1,970.41	2,415.00	2,287.87	2,889.38	3,358.67
Gross profit	187.89	277.84	250.18	347.32	371.56
Net profit provided by operating activities	122.72	196.65	166.24	254.20	232.11
Net profit	101.27	139.11	96.72	165.90	148.65
Balance Sheet (Baht millions)					
Total assets	1,386.20	1,493.00	1,541.23	2,459.88	2,297.37
Total liabilities	632.46	582.22	533.99	1,072.66	845.43
Total shareholders' equity	753.74	910.78	1,007.24	1,387.22	1,451.94
Per ordinary share (Baht), at Par 1.00					
Book Value per share (Baht)	2.36	2.64	2.73	3.17	3.32
Earning per share (Baht)	0.32	0.43	0.30	0.50	0.39
Dividend per share (Baht)	0.15	0.22	0.14	0.22	0.22
Ratio Analysis					
Gross profit margin (%)	9.54%	11.50%	10.94%	12.02%	11.06%
Net profit margin (%)	5.06%	5.67%	4.17%	5.64%	4.38%
Return on equity (%)	14.40%	17.40%	11.26%	15.91%	11.97%
Return on Assets (%)	7.82%	9.66%	6.38%	8.29%	6.25%
Liquidity ratio (times)	1.63	1.98	2.27	1.84	2.06
Debt to equity ratio (times)	0.84	0.64	0.53	0.77	0.58

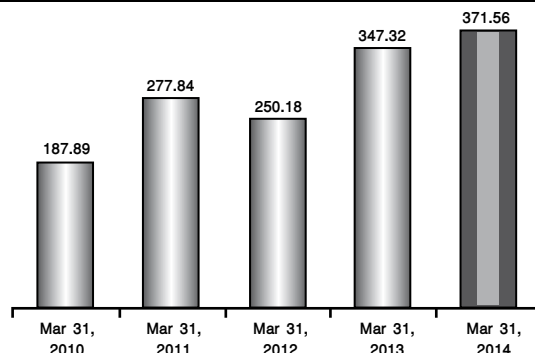
* 2013 - Restating from apply the new accounting standard "Income Tax"

Consolidated Results of Fiscal years as of March 31, 2010 - March 31, 2014

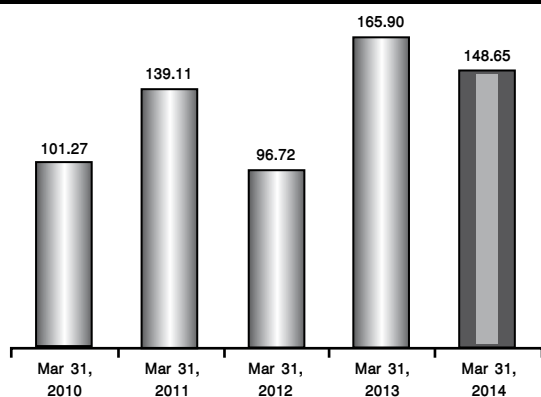
Total Revenue (Baht Millions)



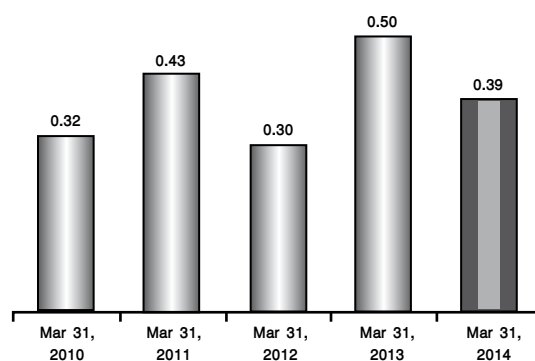
Gross Profit (Baht Millions)



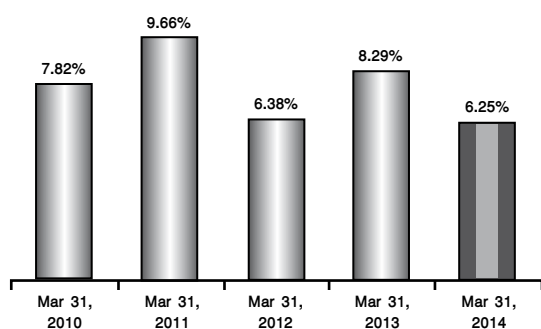
Net Profit (loss) (Baht Millions)



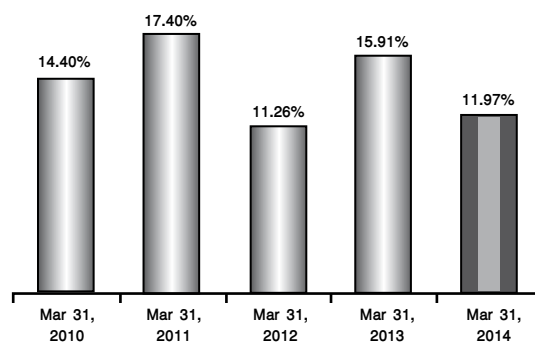
Earning Per Share (Baht)



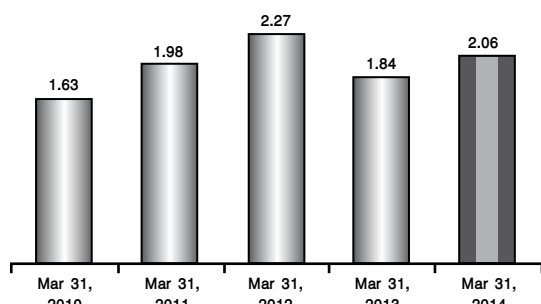
Return on Assets (%)



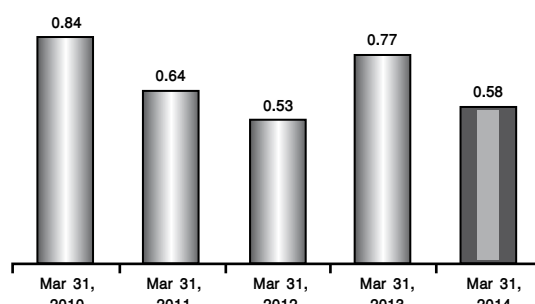
Return on Equity (%)



Liquidity Ratio (Times)



Debt to Equity Ratio (Times)



Nature of Business

Background

Lohakit Metal Public Company Limited (“the Company”) (previously known as Lohakit Metal Service Center Company Limited before changing to Lohakit Steel Company Limited on January 2, 2003) was founded on April 12, 1989 with the register capital of Baht 20 million under the former name of Lohakit Metal Service Center Company Limited to engage in stainless products trading business. The founded shareholder was the Akarapongpisak family who accumulate held 80 percent of total revenue of the Company’s shares.

Subsequently on May 22, 1989, the Company entered into a joint venture with Tomen Corporation Company Limited, an affiliate of Tomen Group ¹ which engages in steel trading business. The Company increased its capital to Baht 39.22 million where Tomen Corporation Company then held 49 percent of total revenue of the Company’s shares. The shareholding percentage of the Akarapongpisak family was diluted to 40.80 percent of total revenue. The proceed of such capital increase was used to acquire assets such as land, machines and inventory from Lohakit Shearing Company Limited., ² the company whose major shareholder was also the Akarapongpisak family. Subsequently, Lohakit Shearing Company Limited. was dissolved and liquidated in 1992.

In August 2002, the Company increased its capital to Baht 117.22 million then on August 30, 2002, Tomen Corporation Company Limited sold all of its shares to the Akarapongpisak family and Mr. Nucha Wattanopas owing to its termination of steel business worldwide. Consequently, the major shareholders of the Company then became the Akarapongpisak family holding 80 percent of total revenue and Mr. Nucha Wattanopas holding 20percent of total revenue. On January 2, 2003, the Company changed its name to Lohakit Steel Company Limited.

In January 2005, the Company increased its capital to Baht 240 million. Subsequently on April 29, 2005, the Company converted its status to a public company and changed its name to Lohakit Metal Public Company Limited.

In January 2008, the Company increased its capital to Baht 320 million where 80 million shares were offered to public through the Stock Exchange of Thailand.

In January 2013, the Company increased its capital to Baht 383 million where 63 million shares were privately offered to ex-shareholders of a new subsidiary company “Ngeck Seng Chiang Metal Company Limited” to settle acquisition deal of said subsidiary company.

As of March 31, 2014 the Akrapongpisak family who is the Company’s major shareholder held 68.76 of the Company’s shares

¹ Tomen Group includes Tomen Enterprises (Thailand) Co., Ltd. (previously known as Lakana Visahakit Co., Ltd.) and Tomen Corporation Co., Ltd. (previously known as Toyomenga Kysa Limited). The Tomen group is a multinational company listed on the stock exchange of Japan with the head office in Japan and 800 branches worldwide. The Tomen group is one of the leaders in information system, telecommunication, chemicals, plastic and garment.

² Lohakit Shearing Company Limited. was founded in 1981 by the Akrapongpitak family to engage in distributing of stainless and other steel. Lohakit Shearing Co.,Ltd. had transferred most of its assets to Lohakit Metal Public Company Limited in 1989 before it was dissolved on September 4, 1992 and was liquidated on November 27, 1992.

Business Overview

The group of Lohakit Metal Public Company Limited as of March 31, 2014 can be shown as follows:



The Company and the subsidiaries engage in procuring stainless coil products where the Supply Chain Management has been adopted to manage the raw material, the procurement, the distribution and the services provided to the customers. A new subsidiary is the importer and authorized distribution of semi-products like Copper, Aluminum and Stainless steel. Supply Chain Management model is cooperation among (1) Suppliers who are manufacturers and distributors of raw material; (2) the Company and its subsidiaries who are procurer, distributor and servicer and (3) customers in various industries. The Company and the subsidiaries act as a mediator who gathers information of raw material manufacturers and distributors and information of customer's demand then uses such information to manage raw material sourcing, to plan production processing and to deliver products to the customers. The Supply Chain Management system allows the Company and the subsidiaries to be able to order the adequate quantity of raw materials, to manufacture products that match the customers's requirements and to deliver the products in time. Such system has enhanced the Company's efficiency in various aspects including (a) production cost saving as the system allows the Company and its subsidiaries to order raw materials in the quantity that they requires to use where the Company can plan its on-time delivery raw material purchasing without any raw material shortage probles, (b) maintaining the appropriate level of inventory that is sufficient to be delivered to the customers, (c) cost saving for the customers where the on-time delivery service can help the customers reduce the expense of holding more inventory than the amount required. The Supply Chain Management of the Company has created the maximum benefits for every party including suppliers, the Company and the subsidiaries and the customers. The Company and its subsidiaries are able to manage their costs and inventory efficiently which shall create the good relationship and negotiation power with the suppliers. As a result, the selling prices of the Company and its subsidiaries are appropriate which shall lead to the expansion of the customer base.

The businesses that the Company and its subsidiaries undertake include:

- (1) Procuring, processing and distributing stainless steel sheets and coils.
- (2) Manufacturing and distributing stainless steel pipe such as stainless steel tube for decoration or automotive industry.
- (3) Processing and distributing galvanized steel and electro-galvanized steel sheets and coils.
- (4) Provide stainless steel fabrication services as per the customer's request.
- (5) Distribution of Copper, Brass, Aluminum in form of coil, sheet, axle and pipe

The 3 subsidiaries and 1 relates of the Company and are as follows:

- (a) Auto Metal Company Limited engages in manufacturing and distributing stainless steel pipe for automotive usage including exhaust pipes from car and motorcycle. Auto Metal Company Limited was founded on October 14, 2004 with the paid-up capital of Baht 40 million. Currently Auto Metal Company Limited has a paid-up capital of Baht 240 million and the Company holds 59.99 percent of total revenue of the paid-up capital and Mory Industrial Inc, hold 40.00 percent of total revenue of the paid-up capital of Auto Metal Company Limited respectively.

- (b) Alternative Stainless Company Limited distributes stainless products of specific grades. D-Stainless Company Limited was founded on June 2, 2005 with the paid-up capital of Baht 1 million where the Company holds 99.93 percent of total revenue of D-stainless Company Limited.
- (c) Mory Lohakit Company Limited was found on April 1, 2009 with 49 percent of total revenue shareholding by the company and another 49 percent of total revenue shareholding by Mory Industries, Inc. as major shareholders. The main business is the sale and marketing agent in local and abroad to the shareholders and group business.
- (d) Ngeck Seng Chiang Metal Company Limited who is the importer and distributor of Stainless Steel Aluminum Brass Copper galvanized steel and electro-galvanized steel in various form like Coil, Sheet, Slab, Axle and Pipe with standard and special size in which difficult to find in market. The company currently has its paid up capital of Baht 230 million. Lohakit Metal Public Company invested 100% share in this subsidiary. On 1 April 2014, the company has changed the registered name and address to be NSC Metal Company Limited and to be at 108/8 Yotha Road, Talad Noi, Samphanthawong, Bangkok, Thailand.

The Company and its subsidiaries have 2 factories including

- (1) The Company's factory: situated on 27 Rais 3 Ngan and 28 Square Wah of land on Suksawat Road, Prapradang district, Samutprakarn. The factory area includes office building, processing factory, pipe and tube production factory, raw material warehouse, finished good warehouse, maintenance building, oil storage building and wooden package storage.
- (2) The factory of Auto Metal Company Limited: situated on 7 Rais 1 Ngan and 53 Square Wah of Amata Nakorn Industrial Estate in Chonburi. The factory area includes office building, pipe and tube production factory, raw material warehouse, finished good warehouse and distribution center.

In 2011, a subsidiary company (Auto Metal Company Limited) buy an additional piece of land adjacent to the existing land. This is in order to support the growth of capacities in Automotive industry. The size of additional land is 1 Rai 3 Ngan 92 Sqr wah.

The products and services of the Company and its subsidiaries include:

- (1) Cold-rolled stainless steel sheets and coils of various sizes according to the customer's request. The products are used in construction, food, electrical appliance and automotive industries.
- (2) Round and rectangular stainless steel tubes of various sizes according to the customer's request. This group of products is used in automotive, food, petrochemical and construction industries.
- (3) Stainless steel pipe for automotive usage such as exhaust pipes for car and motorcycle which are the products of Auto Metal Company Limited, the subsidiary, used for the manufacturing of car and motorcycle.
- (4) Specific graded stainless steel which is the product of D-Stainless Company Limited, the subsidiary. These groups of products are imported from Japanese manufacturer, Nisshin Steel Co., Ltd. These special grade stainless steels have specific mixture of which their corrosion resistances are in the same level as 304 stainless steel.³ With those qualifications,⁴ the special grade products can be used in various industries such as cloth lines or stair lines, computer parts, food processing machine, household appliances, etc.

- (5) Galvanized steel sheets and coils of various sizes as per the customer's request where these products are used in electrical appliance and construction industries.
- (6) Electro-Galvanized steel sheets and coils of various sizes as per the customer's request where these products are used in electrical appliance, construction and automotive industries.
- (7) Aluminum sheets, coils, axles and pipes of various sizes as per the customer's request where the products are used in electrical appliance and automotive industries.
- (8) The stainless steel fabrication as per the customer's request
- (9) Copper coils, sheets, axles and pipes with standard and special size where the products are used in electrical appliance and electronic industries.

³ 304 stainless steel's major qualifications of nonmagnetic and corrosion resistance has made them be popular to be used in various industries including construction, food and automotive. The major components of 304 stainless steel include (1) 18% of Chromium to enhance their corrosion resistance and (2) 8% of nickel to enhance the ability to be processed. As nickel's price is high, the price of 304 stainless steel with nickel component is also high.

⁴ The special grade stainless steel or D-Stainless is a stainless steel containing Manganese, Copper, Chromium and Nickel. Presently, the Nickel infused percentages are ranging from 2 to 5.5, therefore, the price of this product is lower than that of 304 stainless steel. However, the qualifications and the corrosion resistance are still maintained at the same level as 304 stainless steel. Consequently, this product can be used as a substitutional product to 304 stainless steel.

Revenue Structure

The revenue structure of the Company and its subsidiaries during 2012 - 2014 can be shown as follows:

Revenue	Operated by	% holding	2012		2013 ***		2014 ****	
			(01/04/11 - 31/03/12)		(01/04/12 - 31/03/13)		(01/04/13 - 31/03/14)	
			Million Baht	%	Million Baht	%	Million Baht	%
By type of Revenue								
1. Revenue from sales								
1.1 Cold-rolled stainless steel sheet and coil of grades 430, 304, 300, 316, 409, 436 and others	The Company The Subsidiary (NSC Metal Co., Ltd.)	- 100.00	771.27	33.21	927.62	31.51	1,049.97	30.93
1.2 special grade stainless steel sheet and coil	Alternative Stainless Co., Ltd. The Company	99.93 -	213.32	9.18	133.31	4.53	82.39	2.43
1.3 Special grade stainless steel - HDD project	The Company	-	65.67	2.82	121.84	4.14	147.60	4.35
1.4 Stainless steel tube (round and rectangular) of grades 304, 316L	The Company The Subsidiary (NSC Metal Co., Ltd.)	- 100.00	218.02	9.38	301.29	10.24	200.07	5.89
1.5 Special grade stainless steel tube	Alternative Stainless Co., Ltd. The Company	99.93 -	22.13	0.96	20.35	0.69	6.84	0.20
1.6 stainless steel pipe for exhaust pipes for car and motorcycle of grades 409 and 436	Auto Metal Co., Ltd. The Company	59.99* -	643.08	27.70	907.08	30.82	793.85	23.39
1.7 Stainless bars and other type	The Company The Subsidiary (NSC Metal Co., Ltd.)	 100.00					48.48	1.43
1.8 Galvanized steel coil and sheet	The Company The Subsidiary (NSC Metal Co., Ltd.)	 100.00	232.09	10.00	194.34	6.60	187.92	5.54
1.9 Electro-galvanized steel coil and sheet	The Company The Subsidiary (NSC Metal Co., Ltd.)	 100.00	90.96	3.92	94.06	3.20	76.99	2.27
1.10 Aluminium coil and sheet	The Company The Subsidiary (NSC Metal Co., Ltd.)	 100.00	22.67	0.98	80.33	2.73	151.66	4.47
1.11 Copper - coil, sheet, axle and pipe	The Company The Subsidiary (NSC Metal Co., Ltd.)	 100.00			100.41	3.41	541.88	15.96
1.12 Brass - coil, sheet, axle and pipe	The Subsidiary (NSC Metal Co., Ltd.)	100.00					62.68	1.85

Revenue	Operated by	% holding	2012		2013 ***		2014 ****	
			(01/04/11 - 31/03/12)		(01/04/12 - 31/03/13)		(01/04/13 - 31/03/14)	
			Million Baht	%	Million Baht	%	Million Baht	%
2. Revenue from service	The Company	-	8.66	0.38	8.75	0.30	8.34	0.25
Total sales and service	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,287.87	98.53	2,889.38	98.16	3,358.67	98.94
3. Gain from exchange rate	The Company and its subsidiaries	59.99*, 99.93 and 100.00	-	-	6.64	0.23	-	-
4. Other Income**	The Company and its subsidiaries	59.99*, 99.93 and 100.00	34.07	1.47	47.52	1.61	35.85	1.06
Total Revenue	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,321.94	100.00	2,943.54	100.00	3,394.52	100.00
By Source of Revenue								
(a) Revenue from domestic sales	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,236.00	96.29	2,863.00	99.09	3,336.01	99.09
(b) Revenue from international sales	The Company and its subsidiaries	59.99*, 99.93 and 100.00	51.87	3.71	26.38	0.91	22.66	0.91
Total Revenue	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,287.87	100.00	2,889.38	100.00	3,358.67	100.00

Remark * The Company hold 59.99 percent of total revenue percent in shares after selling of 40 percent of total revenue of shares of a subsidiary company on Oct 1, 2010.

** Other revenues include interest income and revenue from selling scrap, gain from sale of investment and gain from bargaining in price

*** Year 2013 revenue included sales and other income for 2 months (Feb - Mar 2013) of NSC Metal Co., Ltd. as part of total revenue after acquisition done by January' 31, 2013

****Year 2014 revenue included yearly sales and other income of NSC Metal Co., Ltd. as part of total revenue.

Business Goals

The Company and its subsidiaries share a business goal to become the leader in stainless steel processing who have full services including product procurement, stainless steel processing by slitting into required sizes or coil, polishing, punching and stamping as well as manufacturing and distributing stainless steel pipes/tubes and special grade stainless steel distribution to customers from various industries. Beside, new metals and non-ferrous metals likes Copper, Brass, Aluminium have been added as additional goal to widely serve all industrial customers. The Company and the subsidiaries share the goal to expand the customer base to the multinational companies whose production hubs are in Thailand including major manufacturer of electrical appliances industry, automotive industry, food processing industry and electronic industry. The Company and the subsidiaries also planned to expand the distribution channel of the special grade stainless steel abroad. In addition, the Company and the subsidiaries realized the importance of the customer's services. The Company's goals are to manufacture internationally accepted quality products, to deliver products on-time and to reduce the purchasing lead time of the customers which can help save cost of inventory keeping for the customers. The Company also has a goal to develop the products to serve the customer's demands.

Risk Factors

1. Economic risk and industry, Thailand in 2013

Thailand's economic growth slowed down in 2013 due to weak demand in the domestic market. In the second half of 2013, the private spending has begun to slow due to the government's stimulus started out. The first automobile tax refunds. In addition, household debt has accelerated. As a result, households start taking care spending. Financial institutions tightened lending. Economic and political were instability. Investors delay investment to wait for the clarity of the situation. Although the main industrial countries will begin with a clear direction for improvement and economic recovery, but it does not impact on the delivery Thailand exports much. Because the recovery is moving in groups of products, which are not the main export products of Thailand and the technology to produce remain limitations to producers.

In main industrialized economies begin to recover more clearly, especially the United States, European economies starting out of recession, stimulating Japanese economy by government sector and economy in Asian countries including China was also the expansion by domestic demand.

Risk factors for Thailand's economy in the next phase remain with weak domestic consumption, investment slowing down including insufficient government spending. Political stability is needed to ensure the implementation of the government as to its fullest.

However, the company still closely monitors the economic development & possible impacts, focus to diversify business to various industries and looking for new offshore market.

2. Risk in Thai Baht fluctuation

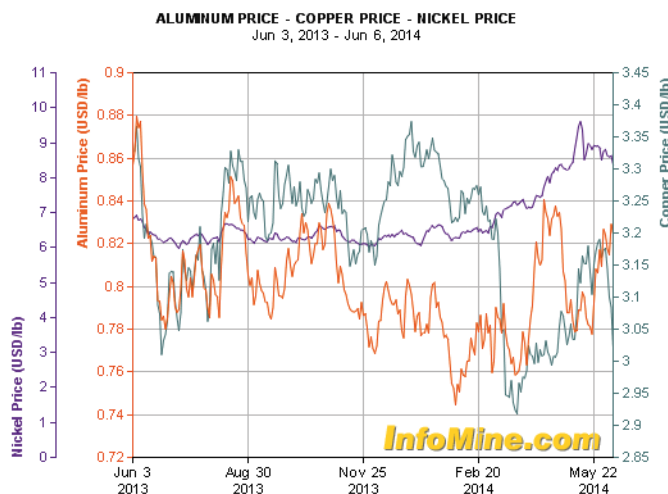
The policy implementation of high economic power countries make fund movement between countries as investor try to avoid the risks and switching between risk and safe assets as well as seeking for international profit. This result to the fluctuation in money and capital markets as well as Baht currency has been moving up and down rapidly.



However, the fluctuation in Baht currency is the temporary status in which main customers of company are able to manage the fluctuation and keep their competitiveness. Moreover, the company has continue, closely monitored risks and impacts and do forward hedging of currency exchange over material imports.

3. Risk from the price volatility of Nickel, Copper and Aluminum

Stainless steel, Copper and Aluminum are major raw materials with high turnover volume for the Company and its subsidiaries. Their prices change according to the global demand and supply. In case of Stainless Steel, its components including chromium, nickel and carbon, in which nickel as the major component has volatility in price and consequently drive volatility in stainless steel price too.



However, the company closely monitors the price of the raw materials in order to assess the situation and predict the trend for proper managing the purchase and inventory and also quickly response to the volatility of raw material market prices in order to reduce the significant effects over the Company's operating performance. In addition, the company focus in creating value added in business for the sake of benefit to customers with high quality of products and service.

4. Risk from reliance on the producers and distributors of main materials

The cold rolled stainless steel coil, copper, aluminium and gravalnized steel are the company's major raw materials in which company is relying on the sole or few local producers and distributors. This nature brings risk to company in reliance to local material sourcing. For instance, the accounting years of 2013 and 2014 (Include 2 months purchase of a new subsidiary in 2013), the company ordered the cold rolled stainless steel coil from major local producers, Posco-Thainox PLC, which accounted for 36.75% and 36.31% of the total purchasing amount. Since Posco-Thainox PLC, is the only local producers of the cold rolled stainless steel and the transportation from abroad is time-consuming, there is a risk that the company may face a raw material shortage if such major local producers fail to deliver the raw materials on schedule and the company cannot acquire the raw materials from any other sources to fulfill the customer demand.

However, through the supply chain management system, the company has installed a plan to pre-order materials from relevant producers. Moreover, the company has the strong relationship with relevant producers. Until now, there has never been a case of material shortage. Therefore, the company is confident that its operation will not be affected by such material shortage. Beside, the company has ability in importing stainless steel from oversea manufacturer.

5. Risk from relocation of the customers' production in various industries

The customers of the Company and its subsidiaries are mainly foreign companies whose productions are based in Thailand; these include multinational companies in various industries such as electrical appliance, construction, computing and automobile. During the accounting years of 2013 and 2014, the revenues from domestic sale of the Company and its subsidiaries stood at Baht 2,863 million, or 99.99% of the total revenue, and Baht 3,336 million, or also 99.99% of the total revenue respectively. Consequently, there is a risk from relocation of the customer's production hub to other countries and that shall affect the revenues of the Company and its subsidiaries.

However, considering Thailand relatively advantage of ability to provide the necessary raw materials, labor, infrastructure and transportation. Moreover, the Company and its subsidiaries shall be informed by such customers and their subsidiaries no less than 1 year in advance if they decide to relocate their production bases; which is a sufficient period to adjust the production plan. The Company and its subsidiaries closely and continuously monitor the investment plans of the customers in various industries so that they can adjust the production plan according to the changes. The Company and its subsidiaries also diversify its business by providing products and service with quality material and qualify process to customers in various industries. This is in order to reduce its dependency on any specific industry. Furthermore, Auto Metal Co., Ltd., a subsidiary, has diversified the risk by providing stainless pipes and exhaust pipes to the auto and motorcycle industries. Alternative-Stainless, another subsidiary and distributor of special grade stainless steel, has the potential to provide products to the electrical appliance, automobile, computer and food industries. Ngeck Seng Chiang Metal Company Limited, a new subsidiary, who is the authorized distributor of Copper, Brass, Stainless and Aluminum to customers in construction, electronic, electrical appliance and automotive industries.

6. Risk from the entry of new competitors

Currently, there are 2 or 3 local companies that conduct similar business to that of the Company. Furthermore, Auto Metal Co., Ltd., a subsidiary, produces and distributes stainless exhaust pipes for the auto industry that applies the FFX technology machinery from Japan; which is the first and the only to do so in Southeast Asia. Alternative-Stainless, another subsidiary, is Thailand's sole distributor of special grade stainless with low nickel component from Japan. Therefore, the Company and its subsidiaries are faced with the risk from the entry of new competitors, which may have an adverse effect on their sales revenues and market shares. However, the business of the Company and its subsidiaries are reliant on several factors as following.

- (1) Specialized expertise and the long experience in developing quality products that is in accordance with the target customers' demands in various industries, which the Company has longer than 20 years of experience in the business
- (2) Personnel with knowledge, expertise and experience in the business
- (3) Continuous strong relationship with the producer, distributor of raw materials and target customers
- (4) Investment in acquiring the state-of-the art machinery by the company and its subsidiaries.
- (5) The Company and a subsidiary (Auto Metal Co., Ltd.) are currently receiving several incentives from the Board of Investment such as special tax privilege that include waivers on the duty on imported raw materials and the necessary packaging and on the duty on imported machinery.
- (6) The company and its subsidiary are continually receiving the technical support in producing the good quality products and extending the new products to wider the market base. The company's business alliances are Mory Industries Inc. who is the minority shareholder in a subsidiary company.

Such factors have given the Company and its subsidiaries the advantage over any new competitors.

7. Risk from inventory management

The Company and its subsidiaries have been operating the main business over the full conversion of stainless products. Main business consists of procurement, conversion, production and distribution of stainless products. The major assets are inventories, as of 31 March 2014, the outstanding inventory cost was baht 831.65 million or accounting for 36.20% of total assets cost. Due to its sizable asset in working capital, the company and its subsidiary have the risk of suitable inventory turnover which can effect to the liquidity and financial status.

However, The Company and its subsidiaries have been continually developing and adopting the supply chain management in controlling the proper procurement of raw material, do the production and delivering at the customer requirement and schedule. The system helps the Company and its subsidiary in managing costs of doing business and effective inventory management. As a result of the effective inventory management, the Company and its subsidiaries have suitable liquidity flow and good standing of inventory proportion as well as proper material average costs in line to their market prices.

Capital Structure

The Company's securities

As of March 31, 2014 the Company's registered and paid-up capital stood at Baht 383 million divided into 383,000,000 ordinary shares with a par value of Baht 1 per share.

Shareholders

The shareholding structure as of March 31, 2014

Names	As of March 31, 2014	
	Number of shares	Percentage (%)
1. Mr. Kasem Akarapongpisak	97,787,780	25.53
2. Mr. Prasarn Akarapongpisak	52,413,700	13.69
3. Mr. Prasert Akarapongpisak	44,046,300	11.50
4. Mr. Vittawat Akarapongpisak	31,580,200	8.25
5. Ms. Wassana Akarapongpisak	21,750,020	5.68
6. Mr. Pongthep Akarapongpisak	15,750,000	4.11
The Akarapongpisak Family	263,328,000	68.76
7. Mr. Nucha Wattanopas	24,190,900	6.32
8. Mrs. Yupha Mankhong	7,945,200	2.07
9. Mr. Manwat Choksuwatsakun	7,900,000	2.06
10. Mrs. Thitima Iamsakun	6,877,000	1.80
Total	310,241,100	81.01

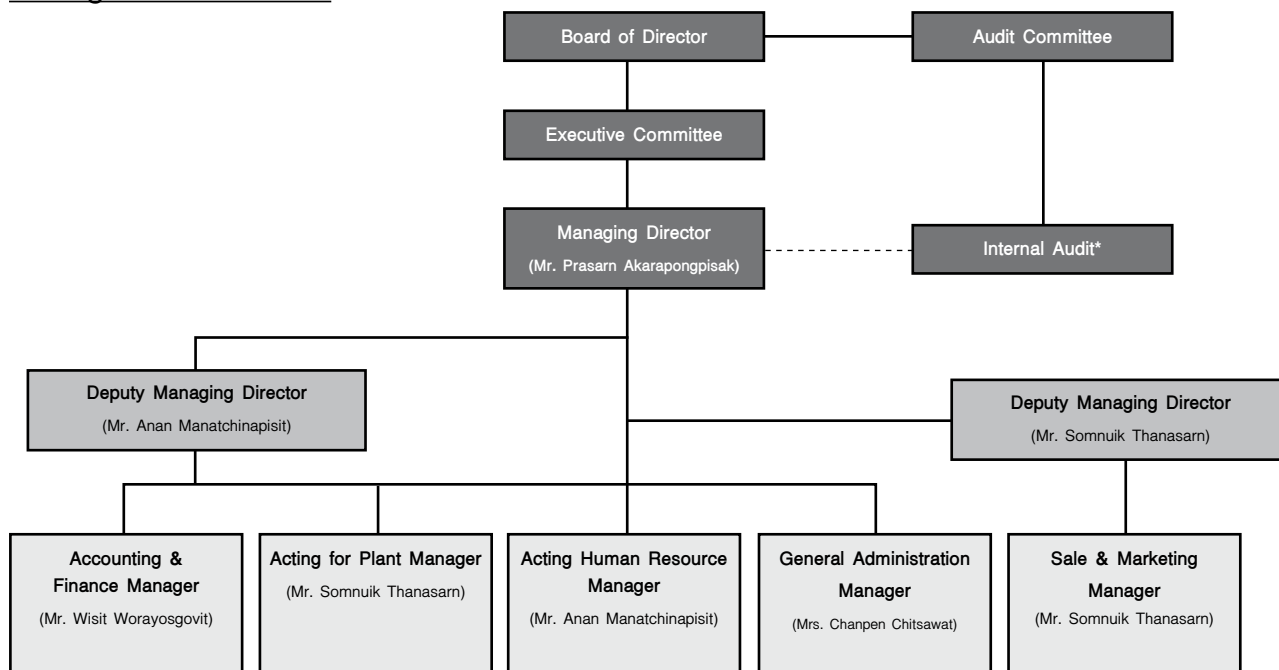
Dividend Policy

The Company's dividend policy is to pay out not less than 40% of the net profit after income tax. However, the Company may payout less than the above ratio in case that the Company needs to use such net profit to expand its business expansion.

Auto Metal Company Limited and Alternative Stainless Company Limited and Ngeck Seng Chiang Metal Company Limited, the Company's three subsidiaries, also have the dividend policy to payout not less than 40% of their net profits. However, the subsidiaries may pay dividends of less than the above ratio in case that the subsidiaries need such net profits for their business expansions. Meanwhile, the long-term loan contract that Auto Metal Company Limited had entered into with one of the commercial bank has specified that Auto Metal Company Limited shall not pay dividend unless the lender sees that such dividend payment will not affect the repayment ability of Auto Metal Company Limited.

Management

Management Structure



* Internal Auditor is A.M.T. Services Office Limited

Details of the Company's board of directors, executive directors and audit committee are as follows:

- (a) The board of directors consists of 7 members including
- | | |
|-------------------------------|--|
| 1. Mr. Wanchai Umpungart | Chairman of the Board, Independent Director and
Chairman of the Audit Committee |
| 2. Mr. Prasarn Akarapongpisak | Director |
| 3. Mr. Anan Manatchinapisit | Director |
| 4. Mr. Somnuik Thanasarn | Director |
| 5. Mr. Anurut Vongvanij | Director |
| 6. Mr. Teera Na Wangkanai | Director, Independent Director and Member of the Audit Committee |
| 7. Mr. Lert Nittheranont | Director, Independent Director and Member of the Audit Committee |

Where Mr. Anan Manatchinapisit served as the Company's secretary.

The Authorised Director

The Company's authorized directors include Mr. Prasarn Akarapongpisak signed with Mr. Somnuik Thanasarn and Mr. Anan Manatchinapisit with the Company's seal.

Scope of authorities, duties and responsibilities of the board of directors

The board of directors has the authorities, duties and responsibilities to manage the Company to be in compliance with laws, the Company's objectives, the articles of association and the legitimate shareholder's resolutions with honest and care for the benefits of the Company. The major duties and responsibilities can be summarized as follows:

- (1) To convene the annual ordinary general shareholder meeting within 4 months after the end of the accounting period.

- (2) To convene the board of director's meeting at least every 3 month.
- (3) To prepare a balance sheet and a profit and loss statement of the Company as of the end of the accounting period and to propose such reports which are audited by the external auditor to the shareholder's meeting for their consideration and approval.
- (4) The board of directors shall authorize one or many of director(s) or any other person to perform the duties on behalf of the board of directors under the board of directors's supervision or delegate such persons to have authorities and over the period the board of directors deems appropriate where the board of directors can revoke or alter such delegation of authorities as they deem appropriate.

However, the board of directors may delegate their authorities to the management to perform the duties as per the scope of the duties of the management where such delegation must not incur the authorities for the management to consider and approve the transactions that might lead to any conflicts of interest between the management or their related persons and the Company and its subsidiaries except for the transactions that are complied with the policies or procedures considered and approved by the board of directors.

- (5) To set goals, procedures, policies, plans and budgets of the Company, to govern the administration of the management to be in compliance with the specified policies except for the transactions which the board of directors must have the approval from the shareholder's meeting including the transactions required by laws to have the shareholder's approval such as the capital increase, the capital decrease, the issuance of debentures, the disposition or transfer of the part or the whole of the Company to others, the acquisition of the part or the whole of others, the revision of the memorandum of association, etc.

In addition, the board of directors shall have the duty and responsibility to govern the Company to comply with the laws related to the securities and the stock exchange including the undertaking of the connected transaction and the acquisition and disposition of major assets as per the rules and regulations of the stock exchange of Thailand and other relevant laws.

- (6) To consider the organization structure, to nominate the management and other committee as appropriate.
- (7) To evaluate the operation and ensure that the plan and budget are followed.
- (8) The directors must not operate or compete in the same business as the Company, or be a partner in an ordinary partnership, or be a unlimited partner in a partnership limited, or be a director of a private company and other companies that engage in the same business as and compete with the Company unless the directors have disclosed such facts to the shareholder's meeting before the nomination.
- (9) The directors must report to the Company promptly in case that they have any direct or indirect conflict of interest with any of the Company's contracts or in case of the changes in their shareholding/debenture holding in the Company or its affiliates.
- (b) The Executive Committee consist 3 members including:

1. Mr. Prasarn Akarapongpisak	Executive Chairman
2. Mr. Somnuik Thanasarn	Executive Director
3. Mr. Anan Manatchinapisit	Executive Director

(c) The delegation of authorities from the board of directors

The board of directors's meeting No. 1/2007 dated February 21, 2007 which the independent directors and the audit committee were present had considered and approved the scope of authorities, duties and responsibilities of the Executive Committee as follows:

Scope of Authorities, duties and responsibilities of the Executive Committee

The Executive Committee have the authorities, duties and responsibilities to manage the normal business operation and administration of the Company, to set policies, business plan, budget, organization structure and administrative authorities of the Company in accordance with the economic condition to propose for the consideration and approval of the board of directors and to review and evaluate the Company's operation to follow the business plan. The authorities, duties and responsibilities of the Executive Committee are as follows:

- (1) To consider and allocate the annual budget as proposed by the management before proposing for consideration and approval of the board of directors as well as to consider and approve the alteration and increase of the annual budget during the period where no urgent board of director's meeting is convened and to report such matter to the next board of director's meeting.
- (2) To approve the normal business transaction of not exceeding Baht 200 million per transaction and not exceeding Baht 600 million per month.
- (3) To approve the investment expenditure (including the maintenance of machine and equipment) that is not included in the annual budget in the amount not exceeding Baht 10 million.
- (4) To approve the major capital expenditure that is included in the annual budget approved by the board of directors or the one which its concept is approved by the board of directors.
- (5) To be the advisor of the management with regard to the policies in finance, marketing, human resource and other operations.
- (6) To allocate the bonus approved by the board of directors to the employees of the Company.
- (7) To operate the Company's businesses.

After the Executive Committee has approved any of the above transactions, such transactions shall be report to the board of directors's meeting.

However, the authorities of the Executive Committee shall not include the approval of any transaction that may lead to a conflict of interest between the Executive Committee or their related parties and the Company or the subsidiaries as per the rules and regulations of the Stock Exchange of Thailand. Such connected transactions shall be proposed to the board of director's meeting and/or the shareholder's meeting for their consideration and approval in accordance to the article of association or the relevant laws except the approval of the normal business transactions as per the procedure clearly set by the board of directors.

The board of directors's meeting No. 4/2007 dated August 15, 2007 which the independent directors and the audit committee were present had considered and set the scope of authorities, duties and responsibilities of the Managing Director as follows:

Scope of Authorities, Duties and Responsibilities of the Managing Director

- (1) To govern and manage the day-to-day operation and administration of the Company.
- (2) To perform and operate the Company as per the policies, business plans and budget approved by the board of directors and/or the Executive Committee.
- (3) To approve the normal business transaction in the amount of not exceeding Baht 100 million per transaction or not exceeding Baht 250 million per month.
- (4) To approve the investment expenditure (including the maintenance of machine and equipment) that is not included in the annual budget in the amount not exceeding Baht 5 million.
- (5) To be authorised to manage the Company under the objectives, article of association, policies, procedures, regulations, orders and/or the resolutions of the shareholders, the board of directors and the Executive Committee.

However, the authorities of the Managing Director shall not include the approval of any transaction that may lead to a conflict of interest between the Managing Director or his related parties and the Company or the subsidiaries as per the rules and regulations of the Stock Exchange of Thailand. Such connected transactions shall be proposed to the board of director's meeting and/or the shareholder's meeting for their consideration and approval in accordance with the article of association or the relevant laws except the approval of the normal business transactions as per the procedure clearly set by the board of directors.

- (d) The audit committee consists of 3 members including:
1. Mr. Wanchai Umpungart Chairman of the Audit Committee
 2. Mr. Teera Na Wangkanai Member of the Audit Committee
 3. Mr. Lert Nitheranont Member of the Audit Committee

Where Ms. Somanas Pengkla serves as the secretary of the audit committee.

The office period of the audit committee

Chairman of the audit committee	3	Years
Member of the audit committee	3	Years

After the end of the office period, chairman and member(s) of the audit committee can be re-elected to serve the positions.

Scope of Authorities, Duties and Responsibilities of the audit committee

- (1) To review and ensure that the Company's financial reports are accurate and sufficiently disclosed where the audit committee shall cooperate with the external auditor and the management who is responsible for the preparation of the quarter and annual financial reports. The audit committee may request the external auditor to review or audit any transactions as appropriate and necessary.
- (2) To review and ensure that the Company's internal control system and internal audit system are appropriate and efficient, independent in auditing. To give the resolution in selecting, rotating and dismissing the internal audit chief or the audit organization that responsible for internal audit.
- (3) To review and ensure that the Company's operation is complied with the Securities and Stock Exchange laws, the rules and regulations of the Stock Exchange and other relevant laws.
- (4) To select and nominate the Company's external auditor and to consider the remuneration of such auditor by taking into consideration their reputation, capability and workload of such office, the experiences of the auditor who is responsible for the Company's accounting audit as well as join the meeting with external auditor at least once a year.

- (5) To consider the disclosure of the Company with regard to the connected transactions or any transactions that may lead to the conflict of interest and to ensure that such disclosure is sufficient and complete.
- (6) To perform any other duties delegated by the board of directors and agreed to do so by the audit committee such as to review the financial and risk management policies, to review the management compliance to the business ethics and to review the major reports required to be disclosed to public i.e. the management discussion and analysis.
- (7) To prepare the report with regard to the activities of the audit committee and disclose such report which is signed by chairman of the audit committee in the Company's annual report. The report must retain at least the following information.
- (a) The opinion in regarding to the correctness, completeness and reasonably reliable of the financial statements of the Company.
 - (b) The opinions in regarding to the sufficient internal control in placed
 - (c) The opinions in regarding to the company's compliance to the Securities and Stock Exchange laws or the rules and regulations from stock exchange of Thailand and other relevant laws.
 - (d) The opinions for the appropriateness of external auditor
 - (e) The opinions for the connected transactions that may have the conflict of interest.
 - (f) The numbers of audit committee meeting and the attendance of individual audit committee director during the year.
 - (g) The general opinions or notices that audit committee obtain during the audit performing according to the charter.
 - (h) Disclosure under the assignment from board of director of any information deemed necessary to be known by shareholders or investors.
- (8) To report the audit committee's activities and results to the board of directors at least once every quarter.
- (9) To report to the board of director of the finding or suspect of any transactions that may have the significant impacts to the financial status and operating performance of the Company such as conflict of interest, fraud or dishonest practices, unusual or weakness in internal controls, breach against Securities and Stock Exchange laws or the rules and regulations from stock exchange of Thailand and other relevant laws to the normal business of the Company.
- (e) The 3 Independent Directors include
- | | |
|---------------------------|----------------------|
| 1. Mr. Wanchai Umpungart | Independent Director |
| 2. Mr. Teera Na Wangkanai | Independent Director |
| 3. Mr. Lert Nitheranont | Independent Director |
- (f) Management
- The Company's management includes
- | | |
|-------------------------------|---|
| 1. Mr. Prasarn Akarapongpisak | Managing Director |
| 2. Mr. Anan Manatchinapisit | Deputy Managing Director and Acting Human Resource Manager |
| 3. Mr. Somnuik Thanasarn | Deputy Managing Director and Acting for Plant Manager and Sales Marketing Manager |
| 4. Mrs. Chanpen Chitsawat | General Administrative Manager |
| 5. Mr. Wisit Worayosgovit | Accounting and Finance Manager |

The Nomination of Directors and Management

(a) The nomination of directors

Although the Company has no nomination committee to be responsible for the director nomination, the Company has a policy to elect and nominate the appropriate persons to serve as the Company's directors by taking into consideration their knowledge, ability, and relevant experiences that can contribute to the Company's business in the future. The board of directors shall consider and propose such nomination to the shareholder's meeting. The criteria of the director's nomination are as follows:

- (1) The board of directors shall consist of at least 5 directors where not less than half of the directors must be the residents of the Country and must hold the qualifications as specified by law.
- (2) The shareholder's meeting shall elect the directors as per the following procedure:
 - (2.1) Each shareholder shall have the number of votes equal to the number of shares held.
 - (2.2) The shareholder shall be able to exercise the entire votes as described in 2.1 for one person or a group of persons as director or directors but shall not allot his/her votes to any person in any number.
 - (2.3) The voting results of each candidate shall be ranked in order from the highest number of votes received to the lowest, and those candidates shall be appointed as directors in that order until all of the director positions are filled. In case of a tied vote, the chairman of the shareholder's meeting shall vote.
- (3) 1/3rd of the directors shall resign on the annual general shareholder's meeting, however, in case that the number of directors is not dividable by 3, the number of directors closest to 1/3rd shall resign.

The directors resigning in the first and second years after the registration of the Company shall be selected by drawing. In subsequent years, the director who has been in the post longest shall resign. A director who resigns under this procedure may be re-elected.

(b) The nomination of independent directors and audit committee

The independent directors and the audit committee consist of 3 directors who shall be elected by the board of directors's meeting and/or the shareholder's meeting. The term of the independent directors and the audit committee shall be 3 years. The Company has a policy to elect the appropriate person(s) by considering their independence, the capability to represent the minor shareholders, knowledge and relevant experience. The nomination criteria are as follows:

- (1) Holding not more than 5 percent of the paid up shares of the Company, sister companies, affiliates and other related parties where the shareholding of the related parties shall be included
- (2) Neither be a managerial director of the Company, parent company, sister companies, affiliates and other related parties nor be an employee or advisor who receives normal salary from the Company, parent company, sister companies, affiliates, other related parties and major shareholder of the Company.
- (3) Not having any conflict of interests directly or indirectly with regard to the financial and operation affairs of the Company, parent company, sister companies, affiliates, and major shareholder within 1 year before the nomination except for the case that the board of directors have determined that such interests shall not intervene the independence of the audit committee.
- (4) Not being related to the management and the major shareholders.
- (5) Not being a representative of the directors, the major shareholders, or any other shareholders related to the major shareholders.
- (6) Being able to perform duties, provide opinion on and report results of the assignments delegated by the board of directors independently. Not being under the control of management, major shareholder and their related parties.

- (c) The numbers of director representing the major shareholder.

There are 3 directors who represent the Akrapongpisak family including Mr. Prasarn Akrapongpisak Mr. Anan Manaschinapisith and Mr. Somnuik Tanasarn.

Management's Remuneration

- (a) Cash Remuneration

- Director's Remuneration

Directors	2013 (01/04/12 - 31/03/13)		2014 (01/04/13 - 31/03/14)	
	Meeting Allowance (Baht)	Bonus (Baht)	Meeting Allowance (Baht)	Bonus (Baht)
	1. Mr. Wanchai Umpungart	240,000	-	160,000
2. Mr. Prasarn Akrapongpisak	40,000	-	80,000	-
3. Mr. Anan Manatchinapisit	40,000	-	80,000	-
5. Mr. Somnuik Thanasarn	40,000	-	40,000	-
6. Mr. Anurut Vongvanij	30,000	-	30,000	-
7. Mr. Teera Na Wangkanai	100,000	-	40,000	-
8. Mr. Lert Nitheranont	100,000	-	40,000	-
Total	590,000	-	470,000	-

- Management's Remuneration (Management whose names is in management list)

Remuneration	2013 (01/04/12 - 31/03/13)		2014 (01/04/13 - 31/03/14)	
	Number of Person	Amount (Baht)	Number of Person*	Amount (Baht)
Salary	7	19,145,817	7	19,824,014
Bonus	7	3,694,785	7	2,897,120
Other Remuneration (Communication expenses)	1	18,000	1	18,000
Total	7	22,858,602	7	22,739,134

Remark : The Seven management staffs shown here does not fully agree to management list in management structure topic which shown five person due to the resign of two new management staffs since April 2014.

- (b) Other Cash Remuneration

The provident fund for the Company's employee was founded where the Company contributes 5% of the salary to such fund.

Good Corporate Governance

The Company has realized the importance of the operation under the good corporate governance where the board of directors is determined to comply with the code of good corporate governance specified by the Stock Exchange of Thailand under the Code of Best Practice for Directors of Listed Companies.

Moreover, the Company is complied with the 5 Principle of Good Corporate Governance set by the Stock Exchange of Thailand for the benefit of the Company's business operation and for the transparency and efficiency enhancement. This should build up the creditability of the Company for the shareholder, the investors and other relevant parties. The details of the Company's good corporate governance practice are as follows:

(1) Shareholder's Rights

The Company has realized the importance of the equitable treatment to the shareholders where at each shareholder's meeting, the invitation letter and the relevant information shall be sent to the shareholders for not less than 21 days in advance. Moreover, the Company shall equitably encourage the shareholders to review the

performance and to express their opinions and/or recommendations. Furthermore, the Company has an effective shareholder's meeting minutes filing system which is easy to refer and check.

For the shareholders who cannot be present at the shareholder's meeting, they can delegate their power of attorney to the independent director and the audit committee to vote for them.

During the shareholder's meeting, the chairman shall equitably encourage all shareholders to raise questions and to express their opinions and other recommendations.

(2) The Equitable Treatment to Shareholders

The Company treats the shareholders equitably in allowing them to check and express their opinions toward the Company's operation. The Company has a policy to comply with the article of association where the shareholders who cannot be present at the shareholder's meeting can delegate their power of attorney to the independent director and the audit committee to vote for them.

In order to avoid the conflict of interests, the delegation of the board of directors specifies that the delegated person must not approve any transactions that may lead to the conflict of interests. In addition, the Company and the subsidiaries shall comply with the regulations of the Stock Exchange of Thailand with regard to the connected transaction and the acquisition and disposition of assets of listed companies as the case may be.

The Company has set the procedure to undertake the related transaction as follows:

- (a) In case of the normal business transactions or the transactions to support the normal business with general terms and conditions and compensations that can be calculated from assets or reference prices, the procedure to undertake those transactions shall be in accordance with the regulations of the SEC office and the Stock Exchange of Thailand with regard to the connected transaction. The undertaken transactions shall be reported to the audit committee on a quarterly basis.
- (b) In case of other related transactions apart from those described in (a), the audit committee shall provide their opinions with regard to the necessity of the transaction and the reasonableness of the transaction's price by considering the normal business practice of the industry and comparing the undertaken price with the price of others or the market price. In case that the audit committee has no expertise on any transaction, the Company would hire an independent specialist or an auditor to provide their opinion on such transaction for the consideration of the audit committee, the board of directors or the shareholders as the case may be. The directors who may have any conflict of interests of the transaction will not be able to vote on such transaction.

The Control of the use of internal information for the benefit of the management, the Company has a procedure to control the use of the undisclosed information for the benefit of the management or their related parties as follows:

- (a) The Company has prevented the use of internal information by specifying that the departments which are accessible to such information must keep the information confidential to other irrelevant departments or parties.
- (b) The management who has accessed the Company's financial information must not use such information for their own benefits before the disclosure of such information to public. The management is prohibited to trade the Company's securities within one month before the public disclosure of the Company's financial statements.
- (c) The Company shall guide the management to report the change of their shareholdings to the SEC office as per clause 59 of the Securities and Exchange Act B.E. 2535. In addition, the management and employees who have accessed to the internal information are prohibited to share such information to others or irrelevant parties. They are also prohibited to trade the Company's securities within 30 days before the public disclosure of the financial statements.

(3) Roles of Stakeholders

The Company has taken into account the rights of all stakeholders as follows:

- (a) Employees: The Company treats all employees with equitable and fair. The Company also provides appropriate remunerations and trainings.
- (b) Suppliers and Creditors: The Company treats all suppliers and creditors equitably and fairly under mutual terms and/or contracts to create the valuable relationship which shall benefit all parties.
- (c) Customers: The Company takes good care and responsibility of the customers by sourcing, fabricating, manufacturing and distributing quality products as well as by taking into consideration the customer's recommendations and opinions.
- (d) Competitors: The Company complies with the framework of fair competition and avoids the use of dishonest means to destroy the competitors's reputations.
- (e) Shareholders: The Company focuses on the sustainable growth in terms of of revenue and profit. As a result, the shareholders will receive the appropriate returns according to the business condition.
- (f) Community and Society: The Company takes the responsibility towards to environment of the community and society by taking part in the social activities.

The Company has issued the Code of Ethics for the directors, management and all employees to comply with honest and integrity. The Company shall govern and ensure that such Code of Ethics is strictly complied. The Code of Ethics and the penalty are approved by the board of directors No. 4/2007 on August 15, 2007.

The company has been giving the important on operation with responsibility to social and environment. By that, company in cooperation with stock exchange of Thailand has set up the activities for social.

The Company has enhanced the efficient internal control and audit systems for both the management and operational levels by issuing the statement of duties and authorities of the management and the employees. The duties of execution, control and evaluate are segregated for the check and balance of power purpose. Moreover, the Company has undertaken the internal control over the financial system with the financial report system for the responsible management. The Company has the internal control system audited where on May 16, 2013 the Company appointed A.M.T. Services Office Limited as the Company's internal auditor for year 2013 (April 1, 2013 - March 31, 2014). The auditing shall emphasize on the internal control system and the analysis of the system risks. The summary of the auditing is as follow:

1. To evaluate the sufficiency of the internal control system.
2. To review the procedure of each working system.
3. To review the accounting transactions with the related parties.
4. To review the obligations.
5. To review the contingent liabilities.
6. To report the sufficient of internal controls during the year

The internal auditor shall report the result of the auditing to the audit committee on a quaterly basis. In addition, the internal auditor shall review the significant related transactions as per the request of the audit committee. The secretary of the audit committee shall coordinate between the internal auditor and the audit committee.

The Risk Management: The board of directors has emphasized the risk management system. The Company has evaluated the risks associated with the Company and specified the measures to prevent and manage those risks including the risks associated with the Company's businesses in risk factors.

The committee for good governance realized the important of the participation of all associated group in monitoring the said good governance. By that, company has set up the channel to receive any clue or complains from employee and other stakeholders like shareholders, customers, counterparts and communities. The information can be any related matters to illegal, business ethic, dishonest to position, ignorant to duty or policies or regulations, conflict of interest, misreporting of financial information, weak internal control or any actions that make informer or company in damages. The information can be filed via e-mail: ird@lohakit.co.th or by phone at 0-2673-9559 ext 208. The information will give the chance for company to have the better understand over the problem, make analysis, find solving solution and putting more right measures to protect the problems and that will result to have more efficient management of the company.

(4) The information disclosure and the transparency

The Corporate Governance Policy: the board of directors has specified the corporate governance policy as they deemed that such policy is necessary for the sustainable growth of business. The board of directors is determined and intended to comply with such code of conducts where the business policies and directions have emphasized the importance of the internal control system and internal audit to govern the management to efficiently operate for the long-term benefit of the shareholders under the scope of laws and business ethics. The board of directors is also determined to emphasize the appropriate transparency of business operation, the information disclosure and the risk management.

The board of directors's meeting: The board of directors's meetings shall normally be convened once every quarter where the additional board of directors's meetings can be convened as necessary. The Company's secretary shall submit the invitation letter and the meeting agendas to the directors 7 days in advance thus the directors shall have sufficient time to study the information before the meeting. The minutes of the meetings are recorded in writing where the past minutes which have been approved by the board of directors are filed for the reference of the directors or other relevant parties.

In 2013 and 2014, the details of the board of director's meeting are as follows:

Directors	2013 (01/04/12 - 31/03/13)	2014 (01/04/13 - 31/03/14)
	Number of meetings convened / Number of meetings attended	Number of meetings convened / Number of meetings attended
1. Mr. Wanchai Umpungart	6/6	4/4
2. Mr. Prasarn Akarapongpisak	6/6	4/4
3. Mr. Anan Manatchinapisit	6/6	4/4
4. Mr. Somnuik Thanasarn*	6/6	4/4
5. Mr. Anurut Vongvanij	6/3	4/3
6. Mr. Teera Na Wangkanai	6/4	4/4
7. Mr. Lert Nitheranont	6/5	4/4

Director's report: The board of directors is responsible for the Company's financial statements and financial information disclosed in the annual report. The Company's financial statements are prepared in accordance with the general accepted accounting principles where the appropriate accounting policies are adopt and regularly complied with care and the best financial forecasts are prepared. The significant information is sufficiently disclosed in the notes to the financial statements.

In addition, the audit committee is responsible to consider the information and the disclosure of the financial statements.

Investor's Relation: The board of directors shall assign a person to be responsible for the information disclosure of the Company that is accurate, timely and transparently. In the near future, the board of directors shall consider to set up the Investor Relation department to be responsible to communicate with the institutional investors, shareholders and securities analysts.

The committee also gives important on disclosing the complete information with covering both general and financial information. There are press conferences to reporter and 3rd parties through the event of SET Opportunity Day every quarter. The company has also assigned investor relation staff to responsible for disclosure the important information and acting for company to relate the communication with institution investor, shareholders and general analysts. All general investors are welcome to contact for company information by phone at 0-2673-9559 ext 208 or by e-mail at ird@lohakit.co.th.

(5) Director's Responsibility

The Company's board of directors participates in setting vision, mission, strategy, business goal, business plan and budget. The board also governs the management to run the business according to the goal, plan and budget efficiently and effectively to increase the economic value of the Company and the stability of the shareholders.

The balance of power of non-executive directors

The Company's board of directors consists of 7 members including

- 3 Executive Directors
- 1 Non-Executive Directors
- 3 Independent Directors

The proportion of the independent directors equals to 42.86% of the board of directors.

As for the segregation and aggregation of positions, the chairman position is segregated from the Managing Director position to separate the duties of policy governance and day-to-day operation.

In addition, the company also gave orientation to new directors by providing and presenting all information in relating to business to all new and first time directors into company.

The board of director supported a director who is Mr.Lert Nitheranont (Member No.GM6655) to participate in the seminar of the Directors Forum on subject "Family Business: How to supervise the corporate sustainability" organized by the IOD.

The remuneration of directors and management

Director's remuneration: The Company has clearly and transparently set the policy for director's remuneration where the Company's remuneration is in line with the industry's remuneration. The experience, duties and scope of responsibilities are taken into account to maintain the qualified directors. The director's remuneration policy has been approved by the shareholder's meeting.

Management's remuneration: The management's remuneration is complied with the policy set by the board of directors. The performances of the Company and each management are taken into consideration. Currently, the Company does not have the remuneration committee.

Sub-Committee

The board of directors appointed the audit committee to assist governing the Company where the scope of authorities has been clearly specified. The Company has no remuneration committee; however, the Company has the appropriate procedure to fix the remuneration where the remunerations of others in the same industry and size as well as the Company's performance are taken into consideration.

Corporate Social Responsibilities : CSR

The Company intends to apply the principles and the framework for corporate social responsibility reporting, integrated and deployed in the administration and enterprise management. The Company recognizes the importance of social responsibility with the confidence that social responsibility is an approach that will lead to sustainable development in the future.

Policy and Overview

The Board of Directors has a policy to keep the business of the Company and its subsidiaries are subject with responsibility to society, environmental and group of stakeholders in accordance with the 8 core practices in the business process in order to contribute to the sustainability of the business.

1. The operation with fairness.
2. Anti-corruption
3. Respect for human rights.
4. Treating employee fairly.
5. Responsibilities to consumers.
6. Environmental care
7. The development of a community or society.
8. The innovation and dissemination of innovations derived from operations with responsibility to society, environment and stakeholders

In addition to conducting business in an ethical manner which is the important principal of The company, Good governance which the Company keep instilling employees the clear corporate culture. The company also has commitment for the social responsibility by undertaking various public utilities on the continuous basis. That is the aim to raise awareness for being the supporters to society by giving the opportunities to all employees to participate in various public utilities and social activities. Each social activity has working group to responsible the activity in order to ensure the objective meet following the policy to return value to sustain community and society.

The operations to ensure compliance with the policy

Company policy in overall is not only writing but strict compliance

1. The operation with fairness

Ethics in business operations of the Company cover the law respectful, no conflicts of interests, confidentiality and use of data, to treat customers and consumers, dealing with Competitors, procurement and practicing to business partners, responsibility to the community and society as a whole, to treat employees, the control and internal audit, to get or to give the asset and any other benefit, safety in health and environment and intellectual property and computer systems. The Company also ensures to give employee the orientation, training and also developing the suitable courses for existing employees. This is in order to ensure that all employees aware and understand. It also covers the process of measuring the effectiveness of the system to improve even further. The company has also provided a continuing awareness throughout the organization through communication media and events to ensure that employees can be ethical in their business applications to work effectively.

2. Anti-corruption policies

The Company has policy to operate legally and beneficially to society. The company support employees to work with integrity and being the good citizen of the nation, including encouraging suppliers of the group to operates correctly with transparency as well in order to ensure society as a whole to be conducted in peace. The Company has determined that the anti-corruption and anti-bribery policy is another important policy of the Company and setting up policies and practices relating to giving the gift and asset. This is to ensure that policies are conducted adequately and correctly. Corporate governance committee is considering policy, guidelines and detailed plans and operations, including various time frames to suit the circumstances of the Company.

3. Respect for human rights

The Company has policy to comply with all laws and regulations pertaining to employees and principles of basic human rights following international criteria without distinction of origin, race, sex, age, color, religion, disability, personal status, education or else that is not directly related to operations, including also respect for the individuality and dignity of the human person. The past, the Company never had any complaints about violations of human rights.

4. To treat employee fairly

The Company has always recognized that. All employees are the company's most valuable resource as the success factor in achieving the goals of the Company. The Company treat employee fairly in terms of remuneration, opportunities, promotions, rotation, proper facilities as following.

- Remuneration and benefits Management, taking into account the remuneration as the source of employee motivation to work in their full capability and fairness to them following the requirements of the law and practice on the same standard. There are evaluation and analyze job value to have updated status and remain suitable to the duty and responsibility that in line with business and also ensure the level of competitive or comparable remuneration of other companies in the same business.
- To develop employees potential by giving important to develop knowledge, capability and management skill through training, seminar and keep developing personnel to increase the ability of all employee level and on the continuing basis.
- In term of employment, business operation, career move, the company has set clear guidelines as standard which based on the principle of non-discrimination and compliance with various relevant laws. By giving the opportunity to everyone equally, regarding to proportion of women, men, ethnic, origin, religion, age, disability, social status or education background.
- Safety and hygiene at work, the company has concerns in life and health of all employees so that the management of safety and work environment has to follow the standard as defined by relevant law. In addition, the Company also supports and encourages the ongoing security activities as well.

5. Responsibilities to consumers

The company has focused on providing service to the customers and have been surveying of customer satisfaction every year. This is for the evaluation and improve the better work efficiency.

6. Environmental care in business

The Company has embarked on a campaign to save energy and natural together with raising awareness of employees.

- The campaign for employees transitioning to the transportation of company, arranging for the convenience, the savings in travel costs for employees, the environment care and to reduce air pollution.
- A campaign to turn off power and off computer screen during the lunch break between 12.00 - 13.00 hours in order to save energy and train employee to apply in everyday life, including publishing ways to save energy in their own society.

7. Developing community or social

The company has developed a community or a social under the linkages of urban life and the forests and social current wetlands providing important habitat for animals. Currently, habitat areas are overrun by social and human and that affect populations of aquatic animals. The Company recognizes the importance to preserve and maintain populations of aquatic animals and mangroves, which is consistent with the policies of the Company. Details of the project can be viewed on this topic.

Scope	Projects	The Beneficialry	Outcome/Impact
Education	A scholarship to the University of Technology Thonburi.	Students	Create opportunities for students to have a good profession in the future.
Environment	Project in planting trees in mangrove forest	Aquatic Animal	To create more space and increase the number of mangrove aquatic

8. The innovation and dissemination of innovations derived from operations with social responsibility, environment and stakeholders

The Company is currently studying and t for ideas on innovation to improve the operations of the Company by maximizing efficiency process under good control and to develop the Company's business.

The Control of the Use of Internal Information

The Company has set the strict procedure to control the use of internal information especially the financial information which has to be audited by the certified auditor and approved by the audit committee before being proposed to the board of directors and disclosed to the Stock Exchange of Thailand and to public.

The Company's policy to control the use of internal information is as follows:

- (1) The directors, management and their spouses or minor child are prohibited to use the internal information to trade or transfer the Company's securities before the public disclosure of such information especially 30 days before the disclosure of the Company's financial statement. In addition, after the disclosure of any information, those specified persons are also prohibited to trade the Company's securities until the public has sufficient period of time to analyst such information (within 7 days after the disclosure).
- (2) The directors and management who are responsible to report the shareholding of them together with their spouses and minor child are educated with the shareholding report procedure in case that any of the directors, management, their spouses or their minor child have purchased, sold, transferred or received the Company's securities as per the regulation of the SEC office, Sor. Jor. 14/2540, Re, The preparation and disclosure of securities holding report and the penalty as per the Securities and Exchange Act B.E. 1992.

In case of violation, the appropriate penalties shall be enforced such as written warning, salary reduction, suspension or employment termination.

Personels

- (a) Number of personnel as of March 31, 2013 consist of 209 person and March 31, 2014 consist of 208 person dividing into the following :

Department	2013 (01/04/12 - 31/03/13)	2014 (01/04/13 - 31/03/14)
Purchase	3	5
Finance/MIS/Audit	11	9
Sales & Marketing	26	30
Administrative	2	2
Human resource	7	4
Quality assurance	17	18
Planning/Inventory/Logistics	60	55
Production	83	85
Total	209	208

- (b) Labor dispute in past three years (31 March 2011 - 31 March 2014)
- None -

(c) Remunerations to non-executive personnel

Remunerations	2013 (01/04/12 - 31/03/13)	2014 (01/04/13 - 31/03/14)
Salary/wages	45,966,211	51,207,768
Bonus	3,783,136	3,994,146
Other benefits	5,654,624	5,957,034
Total	55,403,971	61,158,948
No. of personel	202	201

(d) Personel development policy

The company and its subsidiaries main business are in the full service of stainless steel manufacturing. The business requires procurement, manufacturing, servicing and selling of stainless steel products to industrial customers. The company has policy in focusing to development personel in deliver the utmost benefits to satisfy customers.

Human resource department has duty to host the inhouse training by having inside and outside guest speaker as subject lecturers. In respect of outside training, the attendee will be considered from position and responsibility to determine the proper subject and trainer.

The Internal Control System

Summary of the board of directors's opinion on the sufficiency and appropriateness of the Company's internal control system

The board of director's meeting No.2/2014 dated May 28, 2014 which 3 independent directors and the audit committee were present, has evaluated the internal control system of the Company's 5 aspects including the organization and environment, the risk management, the control of the management's operation, the information and communication system and the monitoring system. The board of directors deemed that the Company has sufficient internal control system for the undertaking of related transactions with the major shareholders, directors, management and their related parties. The board of directors also deemed that the internal control systems for other aspects are sufficient as follows:

1. The Organization and environment

The Company has a clear organization chart where the scope of authorities of each management level is clearly specified. Each department shall convene a meeting to set its goals in order to get the mutual organization's goals. The Company specifies the business goals annually where the actual performance is taken into consideration and reviewed with the business goals in board of director every quarter. In addition, the Company has issued the clear job description according following the line of command and also issued the sale policy in equal and fair treating to customers.

2. Risk Management

The management constantly evaluates the economic condition and overall situation of the country to specify risk factors associated with the Company. The management shall monitor the risks with all relevant departments at least every month. The meeting have been set and conducted to analyse the performance as well as the situations and risks associating to operation and financial performance, including also the risk preventive measures.

3. The Control of the management's operation

The Company has clearly specified the table of authority for each level of management and segregation of duties and responsibility among functions and departments. In addition, the internal auditor audited the company activities and transactions throughout the year. Presently, the Company's internal control system for undertaking the transactions with the major shareholder, directors, management and their related parties is sufficient and stricted. The audit committee shall review those transactions on a quarterly basis where they shall assign the internal auditor to review those transactions and report directly to them. Such transactions including details and terms of the transactions must be disclosed in the notes to the audited financial statements.

4. The information and communication systems

The Company shall convene the board of directors's meeting at least once every quarter where the invitation letter and relevant documents shall be distributed to the directors at least 7 days before the meeting. For the filing and accounting systems, the Company appointed EY Office Limited as the Company's external auditor to ensure that the Company's accounting policies are in compliance with the general accepted accounting principles and report the information especially the accounting and finance information to the management and the board of directors for their acknowledgement and decision making purposes.

5. The monitoring system

The Company has a policy to specify the business goals and to compare the actual performance with such goals where the reasons of the differences shall be identified. Any operational errors must be promptly reported to the management for their actions.

The opinions of the external auditor, the internal auditor and the audit committee over the Company's internal control system

(a) The opinion of the external auditor over the internal control system

After auditing the Company's financial statements for the period ended on March 31, 2014, the external auditor studied and evaluated the efficiency of the internal control system of the Company's accounting system and found that the internal control system of the Company's accounting system is sufficient in good level.

(b) The opinion of the internal auditor over the internal control system

A.M.T Services Office Limited has been appointed as the Company's internal auditor where the results of the internal control assessment in corporate level were presented to the audit committee's meeting No. 2/2014 dated May 28, 2014. The evaluation of the internal control systems of the organization and environment, the risk management, the control of management's operation, the information and communication system and the monitoring system found that the Company's system is in the good level.

In addition, internal auditor had audits over company internal controls over the activities and presented the internal audit report to the audit committee every quarter according to quarterly internal audit plans for the year 2013 (April 1, 2013 - March 31, 2014) and found that the audit result according to the audit plans showed the proper and sufficient internal controls.

(c) The opinion of the audit committee over the internal control system

The audit committee's meeting No. 2/2014 dated May 28, 2014 considered and acknowledged the reports of the internal auditor and the results of the internal auditing as per the 2013 plan (April 1, 2013 - March 31, 2014) of the major activities which found that the Company has sufficient and appropriate internal control systems of such activities. The audit committee deemed that the Company has sufficient internal control systems.

Related Transactions

1. Summary of related transactions of the Company, the subsidiary, related companies and other parties who may have conflicts of interest with the Company for the accounting period ended on March 31, 2014.

Related Parties	Relationship	Details of Transaction	Amount (million baht)	Opinion of the Audit Committee
			01/04/13 - 31/3/14	
(1) 499 Service partnership	499 Service partnership and NSC Metal Company Limited has the same managing director and who is the sole owner of said partnership since Feb 1, 2011	499 Service partnership service a personal rental car. By January 1, 2013 NSC Metal enter into rental contract for 1 year. The contract has a clause for renewal for an another year in case no parties take action to terminate the contract.	0.43	The rental fee is in line with market price by 3 rd party operator who does this kind business.
(2) Mr. Kasem Akarapongpisak	The father of managing directors of Lohakit Metal Public Company Limited and NSC Metal Company Limited Mr. Kasem Akarapongpisak holds 25.53 % of the Company (information as of Mar 31, 2014)	1. Rent the warehouse no. 602-604 at Sripraya Road, space is 783 squaremetre 2. Rent the commercial houe no. 947-949, Charoenkrung road, space is 595 squaremetre - Space rental fee	2.98	The rental fee is considered low comparing to rental rate/ square metre around that location.

Remark: Lohakit Metal Public Company invested 100% share in this subsidiary. On 1 April 2014, the company has changed the registered name and address to be NSC Metal Company Limited and to be at 108/8 Yotha Road, Talad Noi, Samphanthawong, Bangkok, Thailand.

2. The necessity and reasonableness of the transactions

The audit committee deemed that those related transactions are necessary and reasonable as the undertaken prices were in accordance with the normal business practice where those prices were close to the prices offered to the major customers of the Company. The commission fee of 2% was in the same range as the commission fee paid to the international dealers of 1.5 - 2% of total revenue. Beside, other types of related transactions were in line with market price by outside 3rd parties operators.

In addition, the audit committee found that during the period ended on March 31, 2014, none of the customers of NSCM has ever been the customers of the Company.

3. Procedure to undertake the related transactions

The related transactions must be considered by the board of directors or the shareholders as the case may be. The board of directors or the person(s) delegated by the board of directors must not approve any transactions that may lead to the conflict of interests between them, their related parties and the Company or its subsidiaries.

The procedure to undertake the related transactions between the Company, the subsidiaries (if any) or the affiliates (if any) and the related parties is as follow:

- (1) In case of the normal business transactions or the transactions to support the normal business with general terms and conditions and compensations that can be calculated from assets or reference prices, the procedure to undertake those transactions shall be in accordance with the regulations of the SEC office and the Stock Exchange of Thailand with regard to the connected transaction. The undertaken transactions shall be reported to the audit committee on a quarterly basis.
- (2) In case of other related transactions apart from those described in (1), the audit committee shall provide their opinions with regard to the necessity of the transaction and the reasonableness of the transaction's price by considering the normal business practice of the industry and comparing the undertaken price with the price of others or the market price. In case that the audit committee has no expertise on any transaction, the Company would hire an independent specialist or an auditor to provide their opinion on such transaction for the consideration of the audit committee, the board of directors or the shareholders as the case may be. The directors who may have any conflict of interests of the transaction will not be able to vote on such transaction.
- (3) The Company shall disclose the related transaction in the notes to the audited financial statements, form 56-1 and the annual report.
- (4) The Company shall comply with the securities and exchange laws and in case that the Company has its securities listed on the Stock Exchange of Thailand, the Company shall comply with rules, announcements, order and regulations of the Stock Exchange of Thailand as well as the regulation with regard to the disclosure of the connected transaction and the acquisition and disposition of assets.

4. The policy to undertake the future related transactions

The policy to undertake the future related transaction, the board of directors shall consider the necessity and reasonableness of the transaction as well as the maximum benefit of the Company. The transaction price and terms shall be in accordance with normal business practice which must be comparable to the price offered to the outsiders. The Company shall direct the audit committee, the accounting auditor or the independent specialist to consider, review and provide their opinions on the appropriateness of the price and the reasonableness of the transactions. Also, the Company shall comply with the regulations with regard to the connected transaction of relevant authorities such as the SEC office and the Stock Exchange of Thailand.

Details of Directors and Executive Management

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2014)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name/Type of Business
1.	Mr. Wanchai Umpungart Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee	66 years	- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University - BA Accounting, Chulalongkorn University - Director Accreditation Program DAP 35/2005 on April 1, 2005	-	-	2005 - Present 2002 - Present 2005 - Present 2006 - 2011 2007 - Present 2004 - 2007 2008 - 2009 2013 - Present 2013 - Present	- Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee - Independent Director and Audit Committee - Independent Director and Chairman of the Audit Committee - Director - Independent Director and Member of Audit Committee - Chairman of Executive Committee - Director and Member of Audit Committee - Independent Director and Member of Audit Committee - Independent Director	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Muramoto Electron (Thailand) Plc. / Manufacturer and exporter electronic parts - Sahapattana Inter Holding Plc. / Investment Business - Marketing Organization of Farmers - Thanulux Public Company Limited / Manufacturer clothes and leather accessories - Thai Herbal Products Co., Ltd. / Manufacturer and distributor Thai Herbal Products - Metropolitan Electricity Authority - OCC Public Company Limited - Charoen Pokphand Food Public Company Limited
2.	Mr. Prasarn Akarapongpisak* Director, Chairman of Executive Committee and Managing Director	56 Years	- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University - Bachelore of Technology and Industrial Management King Mongkut's University of Technology North Bangkok - Director Accreditation Program DAP 37/2005 on May 20, 2005 - Director Certification Program DCP 60/2005	11.50 %	-	1989 - Present 2001 - Present 2005 - Present 2002 - Present 2004 - Present	- Director, Chairman of Executive Committee and Managing Director - Director - Director - Director - Director	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Zoom Room Co., Ltd. / Organize Business - Alternative Stainless Co., Ltd. / Distributor Special grade stainless (D-Stainless) - Truemind & Partners Co., Ltd. / Business Consultant - Auto Metal Co., Ltd. / Manufacturer and Distributor Automotive Pipes

Remark : * The Company's authorized directors

Details of Directors and Executive Management

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2014)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name/Type of Business
3.	Mr. Anan Manatchinapisit* Director, Member of Executive Committee, Deputy Managing Director	51 years	- MAcc, Chulalongkorn University - BA Accounting, Chulalongkorn University - Director Certification Program DCP 92/2007	-	-	2005 - Present 2008 - Present 2008 - Present 2000 - 2005	- Director, Member of Executive Committee, Deputy Managing Director - Director - Director - Financial Director	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Auto Metal Co., Ltd. / Manufacturer and Distributor Automotive Pipes - Alternative Stainless Co., Ltd. / Distributor special grade stainless steel products - Schneider (Thailand) Co., Ltd. / Manufacturer electrical distribution and automation control equipment utilizing
4.	Mr. Somnuik Thanasarn* Director, Member of Executive Committee, Deputy Managing Director and Sales & Marketing Manager	48 years	- Bachelor of Economics Thammasat University - Director Certification Program DCP 106/2008	-	-	2008 - Present 2008 - Present 2008 - Present 1999 - Present	- Director, Member of Executive Committee, Deputy Managing Director - Director - Director - Sales & Marketing Manager	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Auto Metal Co., Ltd. / Manufacturer and Distributor Automotive Pipes - Alternative Stainless Co., Ltd. / Distributor special grade stainless steel products - Lohakit Metal Public Company Limited / Procuring stainless steel coils products
5.	Mr. Anurut Vongvanij Director	52 years	- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University - BA. in Economics and Political Science, Hawaii University, Hawaii, U.S.A.	-	-	2005 - Present 1996 - Present 2004 - Present 1996 - Present 2008 - Present	- Director - President - President - President - President	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - The British Dispensary (L.P.) Co., Ltd. / Manufacturer, Cosmetic and Pharmacy - Vongvanij Holding Co., Ltd. / Investment Business - The British Dispensary Co., Ltd. / Distributor, Cosmetic and Pharmacy - Pharmacosmet Public Company Limited / Distributor Body Care products and Cosmetic

Remark : * The Company's authorized directors

Details of Directors and Executive Management

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2014)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name/Type of Business
6.	Mr. Teera Na Wangkanai Director, Independent Director and Member of Audit Committee	57 years	<ul style="list-style-type: none"> - Senior Executive Program Sasin Graduate Institute of Business Administration of Chulalongkorn University - Sugar Technology College, Queensland, Australia - Western Australian Institute of Technology, Australia - Director Certification Program 54/2005 March 2005 - Audit Committee Program (ACP 6/2005) from IOD - Monitoring the System of Internal Control and Risk Mgn (MIR 15/2013) from IOD - Monitoring of the Internal Audit Function (MIA 15/2013) from IOD - Monitoring the Quality of Financial Reporting (MFR 18/2013) from IOD - Role of Nomination and Governance Committee (RNG 5/2013) from IOD 	-	-	<ul style="list-style-type: none"> 2005 - Present - Director, Independent Director and Member of Audit Committee 2003 - Present - Director 1987 - Present - Director 2012 - Present - Managing Director 1994 - Present - Director 1998 - Present - Director 1992 - Present - Director 1992 - Present - Director 1992 - Present - Director 1988 - Present - Director 1988 - Present - Director 1991 - Present - Director 1992 - Present - Director 1992 - 2008 - Director 1987 - Present - Director 2012 - Present - Director 2012 - Present - Director 2012 - Present - Director 	<ul style="list-style-type: none"> - Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Estima Consulting Co., Ltd. / Dealers of wines, spirits, liquor, alcoholic, beer etc. - Sugar Industry Trading Co., Ltd. / Exporter Sugar - Credence Co., Ltd. / Wholesale Sugar - Chaochom Warehouse Co., Ltd. / Sugar Warehouse Servicer - Mahawang Sugar Co., Ltd./ Sugar manufacturer and distributor - Ratchasima Sugar Co., Ltd. / Sugar manufacturer and distributor - Chaimongkol Refined Sugar Co., Ltd. / Sugar manufacturer and distributor - Wangkanai Sugar Co., Ltd. / Sugar manufacturer and distributor - Wangkanai Co., Ltd. / Commercial and agricultural business - Wangkanai Terminal Co., Ltd. / Ship loader for sugar transportation - Wang Business Co., Ltd. / Handle customs procedures for import and export operation - Ang Thong Warehouse Co., Ltd. / Warehouse and transfer service - Aow Thai Warehouse Co., Ltd. / Sugar warehouse - T.N. Sugar Industry Co., Ltd. / - Angvian Industry Co., Ltd. / Sugar manufacturer and distributor - Wang Sugar Holding Co., Ltd. - Wang Chainart Co., Ltd. 	

Details of Directors and Executive Management

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2014)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name/Type of Business
7.	Mr. Lert Nitheranont Director, Independent Director and Member of Audit Committee	52 years	- Master of Business Administration (International Business) University of Southern California U.S.A. - Bachelor of Science Mechanical Engineering and Applied Mechanics University of Pennsylvania U.S.A. - Director Accreditation Program DAP 35/2005 on April 1, 2005	-	-	2005 - Present 1996 - Present	- Director, Independent Director and Member of Audit Committee - Director	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Royal Concord Interrade Co., Ltd. / Trading Business
8.	Mrs. Chanpen Chitsawat General Administration Manager	43 years	- High Vocational Certificate, Wiboon Business Administration College, Business Computer	-	-	2007 - Present 2002 - 2006	- General Administration Manager - Purchasing Manager	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Lohakit Metal Public Company Limited / Procuring stainless steel coils products
9.	Mr. Wisit Worayosgovit Accounting and Finance Manager	47 years	- MBA, Thammasat University - Bachelor of Accounting Thammasat University	-	-	2009 - Present 2008 - 2009 2004 - 2007 1998 - 2004	- Accounting and Finance Manager - Hub Finance Manager - Finance Controller - Finance Controller	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - East-West Seed (ROH) Limited / Manufacturer and distributor seeds - Alfa Laval (Thailand) Ltd. / Distributor machine and engineering appliance - Roche Diagnostics (Thailand) Co., Ltd. / Distributor Chemical medicinal liquid and medical appliance

Management Discussion and Analysis

1. Operating Performance

(Unit: Baht millions)

Consolidated financial statement	For the year ended 31 st March			
	Apr 2013 - Mar 2014 *	Apr 2012 - Mar 2013 **	Change	% Change
Revenue from sales & service	3,358.67	2,889.38	469.29	16.2%
Other income ***	35.85	54.16	-18.31	-33.8%
Total revenue	3,394.52	2,943.54	450.98	15.3%
Cost of goods sold & service	2,987.11	2,542.06	445.05	17.5%
Selling expenses	69.51	63.29	6.22	9.8%
Administrative expenses	105.79	83.99	21.80	26.0%
Total expenses	3,162.41	2,689.34	473.07	17.6%
Earning before interest and tax	232.11	254.20	-22.09	-8.7%
Finance cost	-16.59	-17.94	1.35	7.5%
Share of profit from investment in associate	1.09	2.11	-1.02	-48.3%
Corporate Income tax expenses ***	-42.01	-28.47	-13.54	47.6%
Net profit	174.60	209.90	-35.30	-16.8%
Minority interest in subsidiary	-25.95	-44.00	18.05	-41.0%
Net profit of the Company ***	148.65	165.90	-17.25	-10.4%

* Including full year performance of a new subsidiary

** Including two month performance (Feb'13 & Mar'13) of a new subsidiary

*** Restating from apply the new accounting standard "Income Tax"

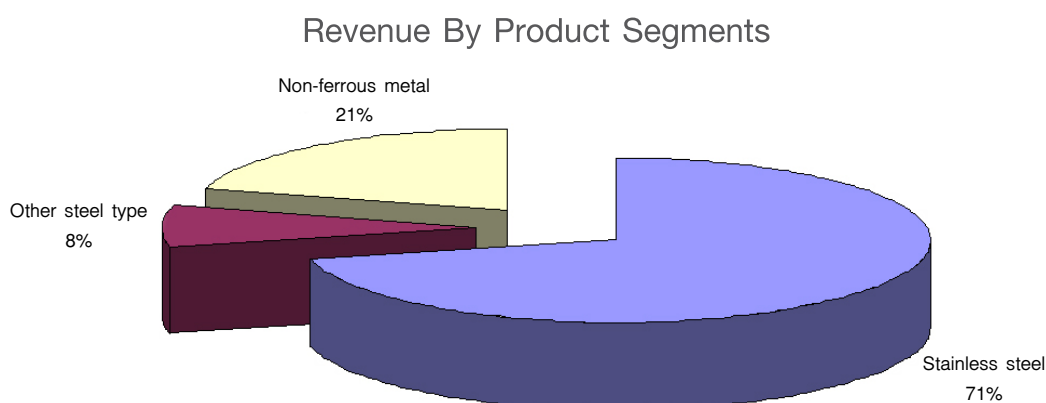
For the year ended 31st March 2014, the Company and its subsidiaries had net profit of Baht 148.65 million or decreased by 17.25 million or 10.4 percent from previous year, compared with the net profit of Baht 165.90 million in previous year. Sales growth came by including full performance of a new subsidiary whereas only two month included in previous year. The current profit performance decreased due mainly to the decrease in sales and gross margin of a subsidiary who is the manufacturer of exhausted pipe in the automotive industry, in which this year the industry suffered from big slowing down. Beside, there was no gain from the merger of the current year, as in previous years of Baht 14.50 million. In addition the Company and its subsidiaries have been affected by the loss of the exchange rate, mainly due to the sharp depreciation of the baht in the first three months. The corporate tax also increased from a subsidiary, who is the manufacturer of exhausted pipe in automotive industry, due to the expiration of income tax exemption for investment promotion since June 2013. The current year performance included full year net profit of a new subsidiary for Baht 31.05 million whereas there was two month (Feb-Mar 2013) net profit of Baht 6.40 million of a new subsidiary in previous year, as part of the total performance.

The profit before interest and tax decreased by Baht 22.09 million whereas corporate tax increased by Baht 13.54 million after restating, financial cost decreased by Baht 1.35 million and profit sharing to minority shareholders also decreases by Baht 18.05 million in current year.

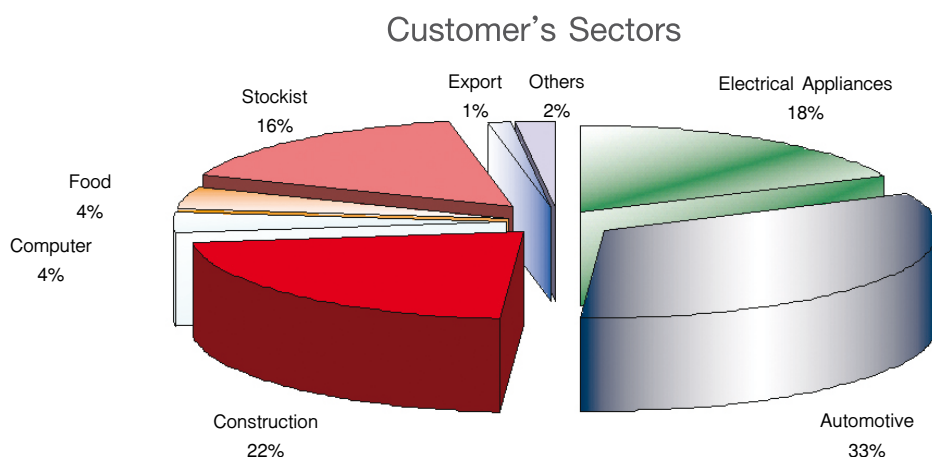
1.1 Revenue

For the year ended 31st March 2014, the Company and its subsidiaries had revenue from sales and service of Baht 3,358.67 million compared with Baht 2,889.38 million in the same period of the previous year, which increased by 16.2 percent. The increased was due mainly to the including full year sales of a new subsidiary where as there was two month included in previous year. The company and its old subsidiaries had negative impacts in volumes of automotive parts and exhaust pipe following to the slowing down in automotive industry. In addition, average selling price in some products for the company and its old subsidiaries decreased following to global market prices of raw materials.

The sales of a new subsidiary company mostly came from Copper and Aluminum whereas Stainless steel products were the main products of Company and its old subsidiaries.



The Company and its subsidiaries' revenue from the sales of goods are mostly revenue from domestic sales. For the year ended 31st March 2014, the Company and its subsidiaries had revenue from domestic sales of 99.33 percent of total revenue from sales. The higher proportion of domestic sale to port was due to the lower in export of exhausted automotive. Apart from that, domestic sale was also supported by combining sale from a new subsidiary.



1.2 Other income

Other income consists of interest income, gain from asset sales and revenue from scrap sales. For the year ended 31st March 2014, the Company and its subsidiaries had other income of Baht 35.85 million or decreased by 33.80 percent from the same period previous year. This was owing to the realization of gain from bargaining in acquisition price of Baht 14.50 million (after restating) in previous year whereas there was no such transaction in current year.

The significant other income is income from scrap sales which are the results from the processing of cold rolled stainless steel sheet and coil such cut to length as per customers' requirements. The Company and its subsidiaries therefore sold scrap and recorded as the other income.

1.3 Cost of goods sold

Major cost of goods sold are cost of raw material such cold rolled stainless steel sheet and coil and D-Stainless which the Company and its subsidiaries process. For the year ended 31st March 2014, the Company and its subsidiaries had cost of goods sold of Baht 2,987.11 million, or accounting for 88.00 percent of the total revenue in comparing with Baht 2,542.06 million, or accounting for 86.36 percent of total revenue of previous year. Cost of goods sold increased by 17.5 percent whereas sales & service increased by 16.2 percent.

1.4 Selling expenses

Selling expenses consist of sale staff expenses, transportation expenses, promotional expenses. For the year ended 31st March 2014, the Company and its subsidiaries had selling expenses of Baht 69.51 million, compared with selling expenses of Baht 63.29 million in the same period of the previous year which increased by 9.8 percent. The increase in expenses was mainly due to the inclusion of the full year expenses of the new subsidiary whereas there was selling expense from a new subsidiary for only two month in the previous year.

For the period of year ended 31st Mar 2014, the selling expenses were 2.05 percent, slightly decreased when comparing to 2.15 percent of total revenue in the same period of previous year.

1.5 Administrative expenses

Administrative expenses consist of executive expenses and staff expenses other than sale department, office rental expenses and other management and administrative expenses. For the year ended 31st March 2014, the Company and its subsidiaries had administrative expenses of Baht 105.79 million, compared with administrative expenses of Baht 83.99 million in the same period of the previous year which increased by 26.0 percent. The increase in expenses was mainly due to the inclusion of the full year expenses of the new subsidiary whereas there was selling expense from a new subsidiary for only two month in the previous year.

For the year ended 31st March 2014, the administrative expenses were 3.12 percent of total revenue, increased in compared with administrative expenses of 2.86 percent of total revenue in the same period the previous year.

1.6 Earning (loss) before interest and tax and Net Profit (loss)

For the year ended 31st March 2014, the Company and its subsidiaries had profit before interest and tax of Baht 232.11 million. After deducting the finance cost of Baht 16.59 million, income tax of Baht 42.01 million, net profit sharing to minority shareholders of subsidiary of Baht 25.95 million and adding the profit sharing from investment in related of Baht 1.09 million, the net profit of the Company and its subsidiaries stood at Baht 148.65 million. When comparing to the profit before interest and tax and the net profit of the same period of the previous year which stood at Baht 254.20 million and Baht 165.90 million respectively, the net profit of the present year decreased by 10.4 percent.

1.7 Share of income from investment in associate

In April 2009, the Company invested in the ordinary shares of Mory Lohakit (Thailand) Co., Ltd. by holding 49 percent of total shares. As for the accounting year ended 31st March 2014 and 2013, the company and its subsidiary recognized share of profit by equity method of Baht 1.09 million and Baht 2.11 million respectively. The decrease in share of profit for period was due mainly to the lower service rate since 1 April 2013 as well as the declining in sales of a new subsidiary who is the manufacturer of exhausted pipe in automotive industry.

1.8 Corporate income tax

For the year ended 31st March 2014, the Company and its subsidiaries had corporate tax of Baht 42.01 million or increase by 47.6 percent. Although, company was benefit from new lower tax rate 20.0 percent in current year from 23% in previous year. However, BOI exemption of corporate tax for a subsidiary company was end by June 2013, such subsidiary company start to recognized corporate tax in current period. In addition, the company and its subsidiaries also recorded additional corporate tax from a new subsidiary as a part of consolidated performance.

1.9 Profit sharing to minority shareholders of subsidiary company

On Oct 1 2010, the company sold partial investment in a subsidiary company to Japanese alliance, Mory Industrial Inc., As of 31st March 2014, the Company and its subsidiaries recognized profit sharing to minority shareholders according to the percentage of its shareholding in full year which was amount by 25.95 million, decreased from amount by 18.05 million of previous year by 41.0 percent. The decreased was due mainly to the slowing in sales and profit of a new subsidiary who is the manufacturer of exhausted pipe in automotive industry.

1.10 Profitability

For the year ended 31st March 2014 the Company and its subsidiaries had gross profit margin of 11.06 percent compared with gross profit margin of 12.02 percent in the same period the previous year. The decrease in gross profit margin was owing to the declining in profitable product sales in automotive industry.

For the year ended 31st March 2014, the Company and its subsidiaries had net profit margin of 4.38 percent compared with net profit of 5.64 percent in the same period of the previous year. The decrease in net profit was mainly from the lower in gross margin as well as increase in selling and administrative expenses.

(Unit: Baht million)

Consolidated balance sheets	As at 31 st Mar 2014		As at 31 st Mar 2013	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	63.94	2.78%	87.28	3.55%
Short-term investment	5.00	0.22%	70.51	2.87%
Account receivable, trade and others	758.19	33.00%	855.39	34.77%
Inventories, net	831.65	36.20%	896.04	36.43%
Other current assets	7.64	0.34%	6.66	0.27%
Total current assets	1,666.42	72.54%	1,915.88	77.89%
Non-current assets				
Investment in related company	7.44	0.32%	11.25	0.46%
Long-term investment	3.01	0.13%	3.21	0.13%
Other long-term investment	-	-	5.00	0.20%
Property, plant and equipment, net	549.01	23.90%	447.90	18.21%
Intangible assets - net	0.35	0.02%	0.48	0.02%
Restricted fixed deposits	46.00	2.00%	46.00	1.87%
Deferred tax assets *	21.80	0.95%	26.99	1.09%
Other non-current assets	3.34	0.14%	3.17	0.13%
Total non-current assets	630.95	27.46%	544.00	22.11%
TOTAL ASSETS	2,297.37	100.00%	2,459.88	100.00%

(Unit: Baht million)

Consolidated balance sheets	As at 31 st Mar 2014		As at 31 st Mar 2013	
	Amount	%	Amount	%
LIABILITIES				
Current liabilities				
Bank overdraft and borrowing from financial institutions	273.37	11.90%	469.90	19.10%
Account payables, trade and others	499.23	21.73%	531.50	21.61%
Current portion of financial lease	7.59	0.33%	4.35	0.18%
Accrued corporate income tax	17.00	0.74%	25.11	1.02%
Other current liabilities	12.76	0.56%	8.44	0.34%
Total current liabilities	809.95	35.26%	1,039.30	42.25%
Non-current liabilities				
Financial lease obligations	7.52	0.32%	8.03	0.32%
Provision for employee benefit	27.96	1.22%	25.33	1.03%
Total non-current liabilities	35.48	1.54%	33.36	1.35%
TOTAL LIABILITIES	845.43	36.80%	1,072.66	43.60%
SHAREHOLDERS' EQUITY				
Shareholder equity				
Registered capital	383.00		383.00	
Issued and Paid up capital	383.00	16.67%	383.00	15.57%
Premium on stock	519.67	22.62%	519.67	21.13%
Retained earnings				
Legal reserve	48.49	2.11%	38.05	1.55%
Un-appropriated	318.93	13.88%	272.85	11.09%
Non-controlling interest of a subsidiary	181.85	7.92%	173.65	7.06%
Total shareholders' equity	1,451.94	63.20%	1,387.22	56.40%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,297.37	100.00%	2,459.88	100.00%

* - Restating from apply the new accounting standard "Income Tax"

2. Financial Status

2.1 Assets

As for the assets value as at 31st March 2014 and 2013 the Company and its subsidiaries had total assets of Baht 2,297.37 million and Baht 2,459.88 million respectively. The decrease was Baht 162.51 million mainly decreased in trade receivable and inventories. Since the Company and its subsidiaries operated integrated stainless center which provided many kinds of services such as procurement, transformation, manufacture and stainless products wholesale and a new subsidiary who is the trader of metal and non-ferrous metal. Therefore, the Company and its subsidiaries' major assets are inventories, account receivables, land, plant and equipment as details below:

2.1.1 Inventories: As at 31st March 2014 and 2013 the Company and its subsidiaries had net inventories of Baht 831.65 million (or 36.20 percent of total assets) and Baht 896.04 million (or 36.43 percent of total assets) respectively. The decrease in value of inventory was resulted from more domestic procurement, thus the turnover of inventories was better.

2.1.2 Trade account receivables, net - other parties: As at 31st March 2014 and 2013, the Company and its subsidiaries had Trade account receivables, net - other parties of Baht 758.19 million (or 33.00 percent of total assets) and Baht 855.39 million (or 34.77 percent of total assets) respectively. The decreased in trade account receivables was the result of slowing down of sales in some major customers following their industry, especially automotive industry.

2.1.4 Land, plant and equipments--Land and improvements, building, machinery, office equipments, vehicles and work on progress of construction: As at 31st March 2014 and 2013, the Company and its subsidiaries had Land, plant and equipments - net of Baht 549.01 million (or 23.90 percent of total assets) and Baht 447.90 million (or 18.21 percent of total assets) respectively. The increase in value was due to the investment of new construction of plant and production infrastructure.

2.1.5 Restricted fix deposit: As at 31st March 2014 and 2013 the Company and its subsidiaries had net value of Baht 46.00 million (2.00 percent and 1.87 percent of total assets respectively). The restricted fix deposit was used as guarantee for loans from financial institution.

2.1.6 Deferred tax assets: As at 31st March 2014 and 2013 the Company and its subsidiaries had net value of Baht 21.80 million and Baht 26.99 million respectively (0.95 percent and 1.09 percent of total assets respectively). The Company and its subsidiaries apply a new reporting standard this year in subject of corporate tax and restating the comparative number of previous year. As such, the Company and its subsidiary realize the deferred tax assets following to its accounting treatment.

2.2 Liabilities

The total liabilities of the Company and its subsidiaries as at 31st March 2014 and 2013 stood at Baht 845.43 million and Baht 1,072.66 million respectively. The major decreasing in liabilities was trade payable, short term loan and trust receipt.

2.3 Shareholders' equity

As at 31st March 2014 and 2013, shareholders' equity was Baht 1,451.94 million and Baht 1,387.22 million respectively. The major changes were from the net profit amounting to Baht 148.65 million, dividend payment by Baht 109.68 million and non-controlling interest portion stood by Baht 181.85 million for the share capital and earnings of minority shareholders in a subsidiary.

Debt to Equity ratio, as at 31st March 2014 and 2013, the ratios were at 0.58 times and 0.77 times respectively.

(Unit: Baht million)

Consolidated cash flows statement	As at 31 st Mar 2014	As at 31 st Mar 2013
Net cash from (used in) operating activities	376.45	180.29
Net cash used in investing activities	-85.17	-52.81
Net cash from (used in) financing activities	-314.69	-94.07
Effect of exchange rate to cash and cash equivalent	0.07	0.02
Net increase (decrease) in cash	-23.34	33.43

3. Cash flows

For the year ended 31st Mar 2014, the Company and its subsidiaries generated net increase in cash from operating activities of Baht 376.45 million, consisting of baht 259.91 million positively from operating performance and net of baht 116.53 million increase in working capital due to the decreases of trade receivable, inventories, following the slowing down in sales. There were also net pay in investing activities of Baht 85.17 million, partly receiving from sale short term investment and dividend received of Baht 70.97 million and Baht 5.11 million respectively and to net with payment for capital investment of Baht -166.18 million for the new construction of plant and upgrading the plant equipment to support production. The other part of cash flow was decreased by Baht -314.68 million in financing activities, due mainly to the settlement in short term loan and trust receipt. In total, company had the net decrease in cash flow for year ended 31th Mar 2014 by Baht -23.34 million.

Lohakit Metal Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2014

Independent Auditor's Report

To the Shareholders of Lohakit Metal Public Company Limited

I have audited the accompanying consolidated financial statements of Lohakit Metal Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 March 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Lohakit Metal Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



Building a better
working world

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lohakit Metal Public Company Limited and its subsidiaries and of Lohakit Metal Public Company Limited as at 31 March 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the consolidated and separate financial statements for the year ended 31 March 2013, presented herein as comparative information, to reflect the adjustments resulting from such change.

The Company has also presented the consolidated and separate statements of financial position as at 1 April 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 28 May 2014

Lohakit Metal Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2014

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements			
	31 March 2014	31 March 2013 (Restated)	1 April 2012	31 March 2014	31 March 2013 (Restated)	1 April 2012	
Assets							
Current assets							
Cash and cash equivalents	8	63,940,845	87,280,600	53,847,848	33,614,677	52,668,017	45,689,800
Current investments	9	5,000,000	70,512,620	-	-	-	-
Trade and other receivables	10	758,192,857	855,392,834	541,542,247	443,277,702	458,454,451	377,789,620
Inventories	11	831,654,789	896,034,793	553,949,706	498,831,569	518,095,917	375,461,027
Other current assets		7,635,011	6,657,557	7,029,010	6,447,031	5,626,647	6,386,915
Total current assets		1,666,423,502	1,915,878,404	1,156,368,811	982,170,979	1,034,845,032	805,327,362
Non-current assets							
Restricted bank deposits	12	46,000,000	46,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Investments in subsidiaries	13	-	-	-	403,237,145	403,237,145	144,998,600
Investment in associated company	14	7,439,678	11,250,578	9,140,526	4,900,000	4,900,000	4,900,000
Long-term investment	15	3,008,237	3,210,471	-	-	-	-
Other long-term investment	15	-	5,000,000	-	-	-	-
Property, plant and equipment	16	549,006,024	447,901,459	349,495,109	272,709,789	152,435,879	126,140,477
Intangible assets	17	352,002	478,313	376,927	31,841	64,139	175,714
Deferred tax assets	4, 25	21,804,895	26,985,326	18,384,270	13,424,282	10,441,527	7,174,514
Other non-current assets		3,338,218	3,176,629	2,462,564	2,434,490	2,372,900	1,863,835
Total non-current assets		630,949,054	544,002,776	384,859,396	701,737,547	578,451,590	290,253,140
Total assets		2,297,372,556	2,459,881,180	1,541,228,207	1,683,908,526	1,613,296,622	1,095,580,502

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

Lohakit Metal Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 March 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March 2014	31 March 2013 (Restated)	1 April 2012	31 March 2014	31 March 2013 (Restated)	1 April 2012
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	18	273,371,359	469,895,915	266,171,794	199,242,786	142,800,464	138,671,174
Trade and other payables	19	499,231,956	531,499,387	223,115,441	343,515,001	355,899,696	116,385,814
Current portion of financial lease payables	20	7,590,127	4,348,875	3,633,151	5,842,004	2,155,708	2,315,710
Income tax payable		16,996,339	25,108,426	9,348,906	11,484,747	17,294,187	9,348,906
Other current liabilities		12,757,798	8,440,279	6,069,717	8,812,787	3,510,202	4,410,691
Total current liabilities		809,947,579	1,039,292,882	508,339,009	568,897,325	521,660,257	271,132,295
Non-current liabilities							
Financial lease payables - net of current portion	20	7,518,811	8,033,339	9,569,111	6,815,125	4,658,966	5,963,414
Provision for long-term employee benefits	21	27,959,605	25,328,478	16,075,911	15,894,857	12,137,983	11,332,102
Other non-current liabilities		1,400	1,400	1,400	-	-	-
Total non-current liabilities		35,479,816	33,363,217	25,646,422	22,709,982	16,796,949	17,295,516
Total liabilities		845,427,395	1,072,656,099	533,985,431	591,607,307	538,457,206	288,427,811
Shareholders' equity							
Share capital							
Registered							
383,000,000 ordinary shares of Baht 1 each							
(1 April 2012: 320,000,000 ordinary shares							
of Baht 1 each)							
	22	383,000,000	383,000,000	320,000,000	383,000,000	383,000,000	320,000,000
Issued and fully paid-up							
383,000,000 ordinary shares of Baht 1 each							
(1 April 2012: 320,000,000 ordinary shares							
of Baht 1 each)							
		383,000,000	383,000,000	320,000,000	383,000,000	383,000,000	320,000,000
Share premium		519,672,600	519,672,600	330,672,600	519,672,600	519,672,600	330,672,600
Retained earnings							
Appropriated - statutory reserve	23	48,492,335	38,047,435	24,457,435	31,207,335	25,707,335	21,237,335
Unappropriated		319,110,173	272,823,962	197,310,209	158,421,284	146,459,481	135,242,756
Other components of shareholders' equity	15	(176,955)	25,279	-	-	-	-
Equity attributable to owners of the Company		1,270,098,153	1,213,569,276	872,440,244	1,092,301,219	1,074,839,416	807,152,691
Non-controlling interests of the subsidiary		181,847,008	173,655,805	134,802,532	-	-	-
Total shareholders' equity		1,451,945,161	1,387,225,081	1,007,242,776	1,092,301,219	1,074,839,416	807,152,691
Total liabilities and shareholders' equity		2,297,372,556	2,459,881,180	1,541,228,207	1,683,908,526	1,613,296,622	1,095,580,502

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

Directors

Lohakit Metal Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 March 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Profit or loss:					
Revenues					
Sales and service income		3,358,667,861	2,889,378,413	1,858,175,753	1,854,100,182
Dividend income		210,071	24,774	31,539,871	7,718,362
Gain from purchase of investment	2.3	-	14,499,647	-	-
Other income		35,640,844	39,639,118	25,845,018	27,436,681
Total revenues		3,394,518,776	2,943,541,952	1,915,560,642	1,889,255,225
Expenses					
Cost of sales and services		2,987,113,673	2,542,056,786	1,681,016,906	1,673,589,193
Selling expenses		69,504,915	63,293,402	42,141,052	38,446,565
Administrative expenses		105,787,827	83,985,140	55,230,358	50,263,166
Total expenses		3,162,406,415	2,689,335,328	1,778,388,316	1,762,298,924
Profit before share of profit from investment					
in associate, finance cost and income tax expenses		232,112,361	254,206,624	137,172,326	126,956,301
Share of profit from investment in associate	14	1,089,100	2,110,052	-	-
Income before finance cost and income tax expenses		233,201,461	256,316,676	137,172,326	126,956,301
Finance cost		(16,588,397)	(17,945,134)	(7,951,937)	(7,839,038)
Profit before income tax expenses		216,613,064	238,371,542	129,220,389	119,117,263
Income tax expenses	25	(42,010,620)	(28,468,877)	(19,838,586)	(26,630,538)
Profit for the year		174,602,444	209,902,665	109,381,803	92,486,725
Other comprehensive income:					
Gain (loss) on changes in value of available-for-sale investment		(202,234)	25,279	-	-
Total comprehensive income for the year		174,400,210	209,927,944	109,381,803	92,486,725
Profit attributable to:					
Equity holders of the Company		148,651,241	165,903,792	109,381,803	92,486,725
Non-controlling interests of the subsidiary		25,951,203	43,998,873		
		174,602,444	209,902,665		
Total comprehensive income attributable to:					
Equity holders of the Company		148,449,007	165,929,071	109,381,803	92,486,725
Non-controlling interests of the subsidiary		25,951,203	43,998,873		
		174,400,210	209,927,944		
Earnings per share					
27					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.39	0.50	0.29	0.28
Weighted average number of ordinary shares (shares)		383,000,000	330,356,164	383,000,000	330,356,164

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

Lohakit Metal Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 March 2014

(Unit: Baht)

Consolidated financial statements								
Equity attributable to owners of the Company								
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated				
Balance as at 1 April 2012 - as previously reported	320,000,000	330,672,600	24,457,435	183,316,018	-	858,446,053	130,412,453	988,858,506
Cumulative effect of changes in accounting policy for income taxes (Note 4)	-	-	-	13,994,191	-	13,994,191	4,390,079	18,384,270
Balance as at 1 April 2012 - as restated	320,000,000	330,672,600	24,457,435	197,310,209	-	872,440,244	134,802,532	1,007,242,776
Increase share capital (Note 22)	63,000,000	189,000,000	-	-	-	252,000,000	-	252,000,000
Dividend paid (Note 30)	-	-	-	(76,800,039)	-	(76,800,039)	(5,145,600)	(81,945,639)
Total comprehensive income for the year - as restated	-	-	-	165,903,792	25,279	165,929,071	43,998,873	209,927,944
Transferred to appropriated retained earnings - statutory reserve (Note 23)	-	-	13,590,000	(13,590,000)	-	-	-	-
Balance as at 31 March 2013 - as restated	383,000,000	519,672,600	38,047,435	272,823,962	25,279	1,213,569,276	173,655,805	1,387,225,081
Balance as at 1 April 2013 - as previously reported	383,000,000	519,672,600	38,047,435	250,130,514	25,279	1,190,875,828	169,363,927	1,360,239,755
Cumulative effect of changes in accounting policy for income taxes (Note 4)	-	-	-	22,693,448	-	22,693,448	4,291,878	26,985,326
Balance as at 1 April 2013 - as restated	383,000,000	519,672,600	38,047,435	272,823,962	25,279	1,213,569,276	173,655,805	1,387,225,081
Dividend paid (Note 30)	-	-	-	(91,920,130)	-	(91,920,130)	(17,760,000)	(109,680,130)
Total comprehensive income for the year	-	-	-	148,651,241	(202,234)	148,449,007	25,951,203	174,400,210
Transferred to appropriated retained earnings - statutory reserve (Note 23)	-	-	10,444,900	(10,444,900)	-	-	-	-
Balance as at 31 March 2014	383,000,000	519,672,600	48,492,335	319,110,173	(176,955)	1,270,098,153	181,847,008	1,451,945,161

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

Lohakit Metal Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 March 2014

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 April 2012 - as previously reported	320,000,000	330,672,600	21,237,335	128,068,242	799,978,177
Cumulative effect of changes in accounting policy					
for income taxes (Note 4)	-	-	-	7,174,514	7,174,514
Balance as at 1 April 2012 - as restated	320,000,000	330,672,600	21,237,335	135,242,756	807,152,691
Increase in share capital (Note 22)	63,000,000	189,000,000	-	-	252,000,000
Dividend paid (Note 30)	-	-	-	(76,800,000)	(76,800,000)
Total comprehensive income for the year - as restated	-	-	-	92,486,725	92,486,725
Transferred to appropriated retained earnings					
- statutory reserve (Note 23)	-	-	4,470,000	(4,470,000)	-
Balance as at 31 March 2013 - as restated	383,000,000	519,672,600	25,707,335	146,459,481	1,074,839,416
Balance as at 1 April 2013 - as previously reported	383,000,000	519,672,600	25,707,335	136,017,954	1,064,397,889
Cumulative effect of changes in accounting policy					
for income taxes (Note 4)	-	-	-	10,441,527	10,441,527
Balance as at 1 April 2013 - as restated	383,000,000	519,672,600	25,707,335	146,459,481	1,074,839,416
Dividend paid (Note 30)	-	-	-	(91,920,000)	(91,920,000)
Total comprehensive income for the year	-	-	-	109,381,803	109,381,803
Transferred to appropriated retained earnings					
- statutory reserve (Note 23)	-	-	5,500,000	(5,500,000)	-
Balance as at 31 March 2014	383,000,000	519,672,600	31,207,335	158,421,284	1,092,301,219

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

Lohakit Metal Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 March 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Cash flows from operating activities				
Profit before tax	216,613,064	238,371,542	129,220,389	119,117,263
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	80,788,789	66,642,714	22,979,037	15,212,767
Amortisation	166,311	184,669	32,298	111,574
Reversal of allowance for doubtful accounts	(3,242,975)	(239,906)	-	-
Decrease of inventories to be at net realisable value	11,984,563	17,177,062	11,156,901	15,529,183
Gain on sales of current investments	(459,913)	-	-	-
Loss (gain) on sales of equipment	(3,721,540)	928,561	(3,158,867)	222,169
Gain from purchase of investment in subsidiary	-	(14,499,647)	-	-
Movements in provision for long-term employee benefits	2,631,127	1,793,454	3,756,874	805,881
Unrealised loss (gain) on foreign exchange	2,575,128	(104,349)	905,817	(273,420)
Unrealised gain from changes in value of current investments	-	(291,595)	-	-
Share of profit from investment in associate	(1,089,100)	(2,110,052)	-	-
Dividend income	(210,071)	(24,774)	(31,539,871)	(7,718,362)
Interest income	(1,186,460)	(321,938)	(138,343)	(160,359)
Interest expenses	15,437,722	15,686,795	7,237,751	6,197,337
Income from operating activities before changes in operating assets and liabilities	320,286,645	323,192,536	140,451,986	149,044,033
Decrease (increase) in operating assets				
Trade and other receivables	100,445,916	(118,228,318)	15,191,364	(80,692,303)
Inventories	52,395,441	(212,414,109)	8,107,447	(158,164,072)
Other current assets	(3,245,021)	405,317	(820,384)	760,268
Other non-current assets	(161,589)	(690,065)	(61,590)	(509,065)
Increase (decrease) in operating liabilities				
Trade and other payables	(39,495,999)	266,484,684	(19,648,548)	240,035,832
Other current liabilities	6,595,945	(40,652,656)	5,302,585	(900,490)
Cash flows from operating activities	436,821,338	218,097,389	148,522,860	149,574,203
Cash paid for interest expenses	(15,423,067)	(15,850,090)	(7,183,343)	(6,267,817)
Cash paid for income tax	(44,953,135)	(21,956,907)	(28,630,781)	(21,952,270)
Net cash from operating activities	376,445,136	180,290,392	112,708,736	121,354,116

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

Lohakit Metal Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 March 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
Cash flows from investing activities				
Cash paid for purchase of current investments	(30,000,000)	-	-	-
Proceed from sales of current investments	100,972,533	12,000,000	-	-
Cash received from dividends	5,110,071	24,774	31,539,871	7,718,362
Cash received from purchase of investment in subsidiary	-	45,496,863	-	-
Cash paid for investment in subsidiary	-	-	-	(6,238,545)
Cash paid for acquisitions of land equipment and intangible assets	(166,180,553)	(114,951,611)	(127,494,296)	(43,006,277)
Proceeds from sales of equipment	3,727,403	4,191,555	3,158,879	3,343,939
Cash received from interest income	1,197,945	427,433	138,343	160,359
Net cash used in investing activities	(85,172,601)	(52,810,986)	(92,657,203)	(38,022,162)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(198,712,124)	(7,048,138)	55,919,432	3,957,579
Repayment of financial lease payables	(6,293,183)	(5,074,010)	(3,177,452)	(3,532,449)
Dividend paid	(109,680,130)	(81,945,639)	(91,920,000)	(76,800,000)
Net cash used in financing activities	(314,685,437)	(94,067,787)	(39,178,020)	(76,374,870)
Effect of exchange rate to cash and cash equivalents	73,147	21,133	73,147	21,133
Net increase (decrease) in cash and cash equivalents	(23,339,755)	33,432,752	(19,053,340)	6,978,217
Cash and cash equivalents at beginning of year	87,280,600	53,847,848	52,668,017	45,689,800
Cash and cash equivalents at end of year	63,940,845	87,280,600	33,614,677	52,668,017

Supplemental cash flows information

Non-cash items:

Increase (decrease) in revaluation surplus in investments	(202,234)	25,279	-	-
Motor vehicles purchased under financial lease agreements	9,019,907	3,897,439	9,019,907	2,068,000
Constructions of factory building which are not yet due	6,738,756	-	6,738,756	-
Share issued to exchange of common share in subsidiary	-	-	-	252,000,000

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

Lohakit Metal Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 March 2014

1. General information

Lohakit Metal Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the processing, distribution and shearing of stainless steel, steel and metal products. The registered office of the Company is at 66/1 Moo 6 Suksawad Road, Bangjak, Prapradaeng, Samutprakarn.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance Thai Financial Reporting 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 28 September 2011, 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 Lohakit Metal Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 (Percent)	2013 (Percent)
Auto Metal Company Limited	Production, smelting and assembly for all types of metal	Thailand	60	60
Alternative Stainless Company Limited	Distribution of metal products	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 (Percent)	2013 (Percent)
Ngeck Seng Chiang Metal Company Limited	Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products	Thailand	100	100

- b) Subsidiaries are fully consolidated, 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 using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 On 21 January 2013, the Extraordinary Shareholders' Meeting No. 1/2013 of the Company passed resolutions to:

- Acquire ordinary shares of Ngeck Seng Chiang Metal Company Limited ("NSCM") of 2.3 million ordinary shares at Baht 107.37 per share, totaling Baht 246.96 million. As a result of the share acquisition, the Company hold 99.99 percent of ordinary shares of NSCM.
- Increase its share capital from Baht 320 million (320 million ordinary shares with a par value of Baht 1 each) to Baht 383 million (383 million ordinary shares with a par value of Baht 1 each) by issuing 63 million ordinary shares of Baht 1 each through private placement. The Company allocated 63 million of ordinary shares to NSCM's former shareholders for payment of the investment in ordinary shares of NSCM.

The Company and NSCM had completed the above transactions on 31 January 2013 and the Company registered the increase of paid up share capital on 1 February 2013.

Fair value amount of the assets acquired and the liabilities of NSCM as at the acquisition date are as follows:

	(Restated)
	(Unit: Thousand Baht)
Cash and cash equivalents	45,497
Current investments	82,221
Trade and other receivables	195,524
Inventories	146,848
Restricted bank deposits	41,000
Long-term investment	3,185
Other long-term investment	5,000
Property, plant and equipment	51,320
Deferred tax assets	4,903
Intangible assets	286
Short-term loans from financial institutions	(210,591)
Trade and other payables	(42,363)
Other assets (other liabilities) - net	<u>(56,330)</u>
Net assets from acquisition of subsidiary company	266,500
Fair value of common share of the Company as of the exchange date	<u>252,000</u>
Gain from purchase of investment	<u>14,500</u>

The total cost of acquisition of Baht 6 million was recorded as expense under the caption of "Administrative expenses" in the consolidated statements of comprehensive income for the year ended 31 March 2013.

Revenue and profit for the period as from 1 February 2013 to 31 March 2013 of Ngeck Seng Chiang Metal Company Limited which included in the consolidated statements of comprehensive income is Baht 133 million and Baht 6 million, respectively.

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

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014

		<u>Effective date</u>
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014

		<u>Effective date</u>
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policy due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 *Income Taxes*. The cumulative effect of the changes in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	31 March 2014	31 March 2013	1 April 2012	31 March 2014	31 March 2013	1 April 2012
Statements of financial position						
Increase in deferred tax assets	21,805	26,985	18,384	13,424	10,442	7,175
Increase in unappropriated retained earnings	21,805	26,985	18,384	13,424	10,442	7,175

(Unit: Thousand Baht)

	For the year ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Statements of comprehensive income				
Profit or loss:				
Increase in gain from purchase of investment	-	4,903	-	-
Increase (decrease) in income tax expenses	5,180	(3,698)	(2,982)	(3,267)
Increase (decrease) in profit attributable to equity holders of the Company	(2,490)	8,699	2,982	3,267
Increase (decrease) in basic earnings per share (Baht)	(0.01)	0.03	0.01	0.01

5. Significant accounting policies

5.1 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.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 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.

5.3 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.

5.4 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. Cost of purchased finished goods consists of purchase cost and related direct expenses less discounts and sale rebate.

Raw materials and supplies are valued at the lower of cost (weighted average basis) 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.

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, which expected to be held to maturity, are recorded at amortised cost.
- d) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of unit trusts is determined from their net asset value. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association

The weighted average method is used for computation of the cost of investments.

5.6 Property, plant, equipment/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).

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

Buildings, fixture and building improvement	-	20 and 5	years
Machinery and equipment	-	5 and 10	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 assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 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 year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and 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 profit or loss. The Company and its subsidiaries have computer software amortised over the economic useful life of 5 years.

5.9 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.

5.10 Long-term leases

Leases of property, plant, equipment or 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 profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant, equipment or motor vehicles which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's and subsidiaries' functional currency.

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 end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

At the end of each reporting period, 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.

An impairment loss is recognised in profit or loss.

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

5.14 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.

5.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards 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 from these estimates. 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 have 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.

Allowance for diminution in value of inventories

In determining an allowance for diminution in value of inventories, the management needs to make judgment in estimating the loss that will be incurred on the sale of the inventories, taking into account net realisable value, aging profile of outstanding inventories and the stock conditions, among other factors.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's and its subsidiaries' plant and equipment and to review estimate useful lives and residual 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.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of securities investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Impairment of investments in subsidiaries and associates

The Company treats investments in subsidiaries and associates as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

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				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	180,507	232,083	Sale of goods: Market price less discount 2%, and cost plus a margin at rate of 5%
Service income	-	-	4,800	4,800	Service income: Closed to the market price Accordingance with the negotiation fee
Dividend income	-	-	26,640	7,718	As approved by shareholders' meeting
Purchases of goods	-	-	2,712	397	Market price
Purchase of land	-	-	20,163	-	Accordance with the negotiation price
Commission expenses	-	-	71	13	Not over 2% of sales
<u>Transactions with related companies</u>					
Sales of goods and service income	-	38,726	-	32,081	Sales of goods: Closed to the net selling price that is sold to major customers Service income: Closed to the market price
Rental income	300	300	300	300	Fixed fee per month
Dividend income	-	-	4,900	-	As approved by shareholders' meeting
Commission	6,010	11,069	-	196	Not over 2% of sales
Vehicle rental expenses	432	72	-	-	Contract price
<u>Transactions with related parties</u>					
Building rental expenses	2,975	496	-	-	Contract price that closed to the market price

As at 31 March 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	34,737	45,594
<u>Trade and other payables - related parties (Note 19)</u>				
Associated company	1,717	3,145	-	-
Subsidiary	-	-	-	450
Total trade and other payables - related parties	<u>1,717</u>	<u>3,145</u>	<u>-</u>	<u>450</u>

Directors and management's benefits

For the years ended 31 March 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	41,402	38,640	23,209	23,449
Post-employment benefits	1,674	823	2,953	375
Total	<u>43,076</u>	<u>39,463</u>	<u>26,162</u>	<u>23,824</u>

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	125	125	55	55
Bank deposits	63,816	87,156	33,560	52,613
Total	<u>63,941</u>	<u>87,281</u>	<u>33,615</u>	<u>52,668</u>

As at 31 March 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.38 and 1.70 percent per annum (2013: between 0.63 and 1.95 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2014		2013	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	-	-	70,221	70,513
Total trading securities	-	-	70,221	70,513
Add: Changes in fair value	-		292	
Total trading securities	-		70,513	
<u>Investments in debt securities, due within one year</u>				
Debentures (Note 15)	5,000		-	
Total	5,000		70,513	

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<u>Trade receivables - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	-	-	26,539	34,653
Past due				
Up to 3 months	-	-	8,198	10,941
Total trade receivables - related parties	-	-	34,737	45,594
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	577,498	652,003	308,941	309,109
Past due				
Not over 3 months	180,181	203,213	99,493	103,707
Over 3 months but less than 12 months	150	-	-	-
Over 12 months	22,214	25,947	17,426	17,426
Total	780,043	881,163	425,860	430,242
Less: Allowance for doubtful accounts	(22,289)	(25,947)	(17,426)	(17,426)
Total trade receivables - unrelated parties, net	757,754	855,216	408,434	412,816
Total trade receivables - net	757,754	855,216	443,171	458,410
<u>Other receivables</u>				
Other receivables	340	67	107	45
Interest receivables	99	110	-	-
Total other receivables	439	177	107	45
Total trade and other receivables - net	758,193	855,393	443,278	458,455

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	476,257	454,077	(60,449)	(46,032)	415,808	408,045
Raw materials	394,366	422,427	(3,386)	(5,819)	390,980	416,608
Supplies	9,065	7,632	-	-	9,065	7,632
Goods in transit	15,802	63,749	-	-	15,802	63,749
Total	895,490	947,885	(63,835)	(51,851)	831,655	896,034

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	230,267	222,208	(47,840)	(34,251)	182,427	187,957
Raw materials	300,386	282,764	(3,386)	(5,819)	297,000	276,945
Supplies	6,200	6,174	-	-	6,200	6,174
Goods in transit	13,205	47,020	-	-	13,205	47,020
Total	550,058	558,166	(51,226)	(40,070)	498,832	518,096

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 12 million (2013: Baht 25 million) (Separate financial statements: Baht 11 million (2013: Baht 16 million)), to reflect the net realisable value. This was presented as cost of sales.

12. Restricted bank deposits

As at 31 March 2014, the Company and its subsidiary have deposits with banks of Baht 46 million (2013: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 31.5 to the financial statements.

13. Investments in subsidiaries

13.1 Details of subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost method	
	<u>2014</u> (Million Baht)	<u>2013</u> (Million Baht)	<u>2014</u> (%)	<u>2013</u> (%)	<u>2014</u>	<u>2013</u>
Auto Metal Company Limited	240	240	60	60	144,000	144,000
Alternative Stainless Company Limited	1	1	100	100	999	999
Ngeck Seng Chiang Metal Company Limited	230	230	100	100	258,238	258,238
Total					<u>403,237</u>	<u>403,237</u>

13.2 Dividend income

(Unit: Thousand Baht)

For the year ended 31 March

Company's name	<u>2014</u>	<u>2013</u>
Auto Metal Company Limited	<u>26,640</u>	<u>7,718</u>

On 19 June 2013, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 18.50 per share from the operating results of the year ended 31 March 2013. The dividend was paid on 27 June 2013.

13.3 Acquisitions of subsidiary

During the year 2013, the Company purchased common shares of NSCM by increase its share capital and allocate 63 million of ordinary shares to the existing shareholders of NSCM on 31 January 2013 and the Company registered the increase of paid up share capital on 1 February 2013 as described in Note 2.3 to the financial statements.

13.4 Change in subsidiary

On 1 April 2014, Ngeck Seng Chiang Metal Company Limited has changed the registered name and address to be NSC Metal Company Limited and to be at 108/8 Yotha Road, Talad Noi, Samphanthawong, Bangkok.

14. Investments in associated company

14.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding		Separate financial statements		Consolidated financial statements	
			percentage		Cost method		Carrying amount based on equity method	
			2014	2013	2014	2013	2014	2013
			(%)	(%)				
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	7,440	11,251

14.2 Share of profit and dividend received

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate during the year		Dividend received during the year	
	2014	2013	2014	2013
Mory Lohakit (Thailand) Co., Ltd.	1,089	2,110	4,900	-

On 19 June 2013, the Annual General Meeting of the shareholders of Mory Lohakit (Thailand) Company Limited passed a resolution to approve the payment of a dividend of Baht 100.00 per share from the operating results of the year ended 31 March 2013. The dividend was paid on 27 June 2013.

14.3 Summarised financial information of associate

Financial informations of the associated company are summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Profit for the year ended	
	31 March		31 March		31 March		31 March		31 March	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Mory Lohakit (Thailand) Co., Ltd.	10	10	16	24	-	1	6	11	2	4

15. Other long-term investment

(Unit: Thousand Baht)

	Consolidated financial statements			
	2014		2013	
	Cost	Fair value	Cost	Fair value
Long-term investment				
<u>Available-for-sale securities</u>				
Investment units in property fund	3,185	3,008	3,185	3,210
Total available-for-sale securities	3,185	3,008	3,185	3,210
Add: Changes in fair value	(177)		25	
Total available-for-sale securities	3,008		3,210	
Other long-term investment				
Debenture of a Thai bank (5-year, interest rate of 4.90% per annum and maturing on 12 November 2014)	-		5,000	

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and fixture	Machinery and equipment	Furniture and office equipment	Motor Vehicles	Assets under installation and under construction	Total
	Cost						
1 April 2012	101,003	185,983	593,204	15,774	63,443	2,798	962,205
Acquisitions	-	-	21,219	924	11,788	84,918	118,849
Disposals	-	-	(6,593)	(3,235)	(11,209)	-	(21,037)
Transfer in (out)	-	-	55,718	-	-	(55,718)	-
Acquisition of subsidiary during the year	39,443	18,770	2,468	4,666	8,692	-	74,039
31 March 2013	140,446	204,753	666,016	18,129	72,714	31,998	1,134,056
Acquisitions	-	1,324	6,313	1,430	21,396	151,436	181,899
Disposals	-	-	(45)	-	(8,156)	-	(8,201)
Transfer in (out)	-	39,706	55,903	-	-	(95,609)	-
31 March 2014	140,446	245,783	728,187	19,559	85,954	87,825	1,307,754
Accumulated depreciation							
1 April 2012	-	106,891	451,222	13,785	40,812	-	612,710
Depreciation for the year	-	8,452	50,038	759	7,394	-	66,643
Depreciation for disposals	-	-	(6,593)	(3,234)	(6,089)	-	(15,916)
Acquisition of subsidiary during the year	-	13,011	2,337	4,078	3,292	-	22,718
31 March 2013	-	128,354	497,004	15,388	45,409	-	686,155

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and fixture	Machinery and equipment	Furniture and office equipment	Motor Vehicles	Assets under installation and under construction	Total
Depreciation for the year	-	9,508	60,351	1,110	9,820	-	80,789
Depreciation for disposals	-	-	(45)	-	(8,151)	-	(8,196)
31 March 2014	-	137,862	557,310	16,498	47,078	-	758,748
Net book value							
31 March 2013	140,446	76,399	169,012	2,741	27,305	31,998	447,901
31 March 2014	140,446	107,921	170,877	3,061	38,876	87,825	549,006
Depreciation for the year							
2013 (Baht 61 million included in manufacturing cost, and the balance in selling and administrative expenses)							66,643
2014 (Baht 72 million included in manufacturing cost, and the balance in selling and administrative expenses)							80,789

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and fixtures	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
1 April 2012	73,062	107,781	339,815	13,398	47,691	1,699	583,446
Acquisitions	-	-	2,455	475	9,902	32,242	45,074
Disposals	-	-	(6,438)	(3,235)	(8,718)	-	(18,391)
Transfer in (out)	-	-	9,129	-	-	(9,129)	-
31 March 2013	73,062	107,781	344,961	10,638	48,875	24,812	610,129
Acquisitions	21,683	6	653	1,135	16,208	103,568	143,253
Disposals	-	-	(44)	-	(6,379)	-	(6,423)
Transfer in (out)	-	-	41,223	-	-	(41,223)	-
31 March 2014	94,745	107,787	386,793	11,773	58,704	87,157	746,959
Accumulated depreciation							
1 April 2012	-	89,470	322,963	11,965	32,908	-	457,306
Depreciation for the year	-	4,390	5,641	493	4,688	-	15,212
Depreciation for disposals	-	-	(6,438)	(3,234)	(5,153)	-	(14,825)
31 March 2013	-	93,860	322,166	9,224	32,443	-	457,693
Depreciation for the year	-	3,971	12,253	594	6,161	-	22,979
Depreciation for disposals	-	-	(44)	-	(6,379)	-	(6,423)
31 March 2014	-	97,831	334,375	9,818	32,225	-	474,249
Net book value							
31 March 2013	73,062	13,921	22,795	1,414	16,432	24,812	152,436
31 March 2014	94,745	9,956	52,418	1,955	26,479	87,157	272,710

(Unit: Thousand Baht)

Separate financial statements						
Land and land improvement	Buildings and fixtures	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Depreciation for the year						
2013 (Baht 11 million included in manufacturing cost, and the balance in selling and administrative expenses)						15,212
2014 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)						22,979

As at 31 March 2014, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 16 million (2013: Baht 13 million) (Separate financial statements: Baht 12 million (2013: Baht 7 million)).

As at 31 March 2014, the Company and a subsidiary have certain equipment items which have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 454 million (2013: Baht 425 million) (Separate financial statements: Baht 381 million, (2013: Baht 377 million)).

The Company and a subsidiary have mortgaged all of their land with structures thereon and pledged machineries with banks, and another subsidiary has mortgaged unit of condominium with bank, to secure loans and other credit facilities granted to the Company and its subsidiaries by the banks as described in Note 31.5 to the financial statements.

The book value of machineries of the Company and a subsidiary pledged with banks are summarised below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cost	306	306	197	197
Net book value	21	31	-	-

17. Intangible assets

The net book value of intangible assets as at 31 March 2014 and 2013 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cost	14,702	14,208	11,899	11,899
Acquisitions of subsidiary during the year	-	494	-	-
Acquisitions during the year	40	-	-	-
Less: accumulated amortisation	(14,390)	(14,224)	(11,867)	(11,835)
Net book value	<u>352</u>	<u>478</u>	<u>32</u>	<u>64</u>

A reconciliations of the net book value of intangible assets for the years 2014 and 2013 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	478	377	64	176
Acquisitions of subsidiary during the year	-	286	-	-
Acquisitions during the year	40	-	-	-
Amortisation	(166)	(185)	(32)	(112)
Net book value at end of year	<u>352</u>	<u>478</u>	<u>32</u>	<u>64</u>

18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term loans from banks	4.35	4.25 - 4.60	55,000	215,000	45,000	10,000
Trust receipts	2.30 - 4.50	1.90 - 5.35	218,371	254,896	154,243	132,800
Total			<u>273,371</u>	<u>469,896</u>	<u>199,243</u>	<u>142,800</u>

Short-term loans from banks represent promissory notes maturing within 1 - 4 months.

Bank overdrafts, short-term loans and trust receipts facilities are secured by the Company and its subsidiaries' land with structures thereon, unit of condominium, machineries and fixed deposit accounts and guarantees provided by the Company as described in Note 31.5 to the financial statements.

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - unrelated parties	469,417	501,243	325,015	345,478
Trade payables - related party (Note 7)	-	-	-	425
Other payables - unrelated parties	26,045	24,263	17,279	8,756
Other payables - related party (Note 7)	1,717	3,145	-	25
Accrued commission expenses - unrelated parties	151	273	130	250
Accrued expenses	1,902	2,575	1,091	965
Total trade and other payables	499,232	531,499	343,515	355,899

20. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities under finance lease agreements	16,443	13,466	13,882	7,463
Less: Deferred interest expenses	(1,334)	(1,084)	(1,225)	(648)
Total	15,109	12,382	12,657	6,815
Less: Portion due within one year	(7,590)	(4,349)	(5,842)	(2,156)
Liabilities under finance lease agreements - net of current portion	7,519	8,033	6,815	4,659

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2014			2013		
	Less than	1 - 5	Total	Less than	1 - 5	Total
	1 year	years		1 year	years	
Future minimum lease payments	8,495	7,948	16,443	5,157	8,309	13,466
Deferred interest expenses	(905)	(429)	(1,334)	(808)	(276)	(1,084)
Present value of future minimum lease payments	<u>7,590</u>	<u>7,519</u>	<u>15,109</u>	<u>4,349</u>	<u>8,033</u>	<u>12,382</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2014			2013		
	Less than	1 - 5	Total	Less than	1 - 5	Total
	1 year	years		1 year	years	
Future minimum lease payments	6,655	7,227	13,882	2,637	4,825	7,462
Deferred interest expenses	(813)	(412)	(1,225)	(481)	(166)	(647)
Present value of future minimum lease payments	<u>5,842</u>	<u>6,815</u>	<u>12,657</u>	<u>2,156</u>	<u>4,659</u>	<u>6,815</u>

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Defined benefit obligation at beginning of year	25,328	16,076	12,138	11,332
Addition from acquisition of subsidiary during the year	-	7,459	-	-
Current service cost	3,326	1,056	3,241	322
Interest cost	993	737	516	484
Actuarial gains	(1,687)	-	-	-
Provisions for long-term employee benefits at end of year	<u>27,960</u>	<u>25,328</u>	<u>15,895</u>	<u>12,138</u>

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	3,326	1,056	3,241	322
Interest cost	993	737	516	484
Actuarial gains	(1,687)	-	-	-
Total expenses recognised in profit or loss	2,632	1,793	3,757	806
Line items under which such expenses are included in profit or loss				
Selling and administrative expenses	2,632	1,793	3,757	806

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate		Separate and separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.10 - 4.28	3.99 - 4.29	4.25	4.27
Future salary increase rate	3.00	3.00	3.00	3.00

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous three years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	27,960	15,895	(1,687)	-
Year 2013	25,328	12,138	-	-
Year 2012	16,076	11,332	-	-
Year 2011	13,945	9,895	-	-

22. Share capital

On 21 January 2013, the Extraordinary Shareholders' Meeting No. 1/2013 of the Company passed resolutions to increase its share capital from Baht 320 million (320 million ordinary shares with a par value of Baht 1 each) to Baht 383 million (383 million ordinary shares with a par value of Baht 1 each) by issuing 63 million ordinary shares at par value of Baht 1 each through private placement. The Company allocated its 63 million ordinary shares to NSCM's former shareholders for payment of the investment in ordinary shares of NSCM. The Company and NSCM had completed the above transactions on 31 January 2013 and the Company registered the increase of paid up share capital with ministry of commerce on 1 February 2013.

23. 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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salary and wages and other employee benefits	170,026	143,687	88,125	79,658
Amortisation	166	185	32	112
Raw materials used	2,055,032	2,250,209	1,569,545	1,610,503
Consumables used	45,164	46,033	35,407	33,330
Purchase of finished good	701,521	103,204	-	-
Changes in inventories of finished goods	(22,180)	(58,435)	(8,059)	(49,922)
Decrease of inventories to net realisable value	11,984	17,177	11,156	15,529

25. Corporate income tax

Income tax expenses for the years ended 31 March 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	36,830	32,167	22,820	29,898
Deferred tax:				
Relating to origination and reversal of temporary differences	5,033	(4,145)	(2,982)	(3,757)
Effects of changes in the applicable tax rates	147	447	-	490
Income tax expenses reported in the statement of comprehensive income	42,010	28,469	19,838	26,631

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2014 and 2013

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Restated)		(Restated)
Accounting profit before tax	216,613	238,372	129,220	119,117
Applicable tax rate	0 - 20%	0 - 23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	43,226	54,933	25,844	27,397
Effects of changes in the applicable tax rates	147	447	-	490
Effects of:				
Promotional privileges (Note 26)	(2,835)	(25,257)	-	-
Dividend income from subsidiaries and associate	-	-	(6,308)	(1,775)
Non-deductible expenses and income	1,472	(1,654)	302	519
Total	(1,363)	(26,911)	(6,006)	(1,256)
Income tax expenses reported in the statement of comprehensive income	42,010	28,469	19,838	26,631

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 March	31 March	1 April	31 March	31 March	1 April
	2014	2013	2012	2014	2013	2012
		(Restated)			(Restated)	
Deferred tax assets						
Allowance for doubtful accounts	973	1,704	-	-	-	-
Allowance for diminution in value of inventories	12,767	10,370	5,288	10,245	8,014	4,908
Provision for long-term employee benefits	5,592	5,066	3,215	3,179	2,428	2,267
Unused tax losses	2,473	9,845	9,881	-	-	-
Total	21,805	26,985	18,384	13,424	10,442	7,175

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent for the accounting period ended on or after 31 December 2012, and then to 20 percent for the accounting period commencing on or after 1 January 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2013 - 2014 were enacted through a royal decree.

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

Taxable profits (Baht)	Tax rate (%)	
	2014	2013
1 - 150,000	0	0
150,001 - 300,000	0	15
300,001 - 1,000,000	15	15
Over 1,000,001	20	23

The Company and its subsidiaries have reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

26. Promotional Privileges

The Company has received promotional privileges from the Board of Investment for the shearing and converting of flat metal, 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 one 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 sales and service income for the years ended 31 March 2014 and 2013 are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2014	2013	2014	2013	2014	2013
Sales and service income	140,093	984,043	632,352*	453	792,445	984,496

* Promotional privileges from the Board of Investment of the subsidiary ended in June 2013, therefore subsequent sales and service income are the income from non-promoted operations.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

28. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and operate 2 segments as follows:

- Production and distribution
- Procurement and distribution.

No operating segments have been aggregated to form the above reportable operating.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 March 2014 and 2013, respectively.

(Unit: Million Baht)

	For the year ended 31 March 2014			Adjustments and eliminations	Consolidated
	Production and distribution	Procurement and distribution	Total reportable segments		
Revenue from external customers	2,548	811	3,359	-	3,359
Inter-segment revenue	190	1	191	(191)	-
Total revenues	2,738	812	3,550	(191)	3,359
Segment profit	288	84	372	-	372
Other income					36
Finance cost					(17)
Selling expenses					(69)
Administrative expenses					(106)
Interest in the profit of associate accounted for by the equity method					1
Income tax expenses					(42)
Profit for the year					175
Segment total assets	2,318	408	2,726	(429)	2,297
Investment in associates accounted for by the equity method	7	-	7	-	7
Additions to non-current assets other than financial instruments and deferred tax assets	203	1	204	7	211

(Unit: Million Baht)

For the year ended 31 March 2013

	Production and distribution	Procurement and distribution	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	2,756	133	2,889	-	2,889
Inter-segment revenue	234	-	234	(234)	-
Total revenues	2,990	133	3,123	(234)	2,889
Segment profit	332	15	347	-	347
Other income					54
Finance cost					(18)
Selling expenses					(63)
Administrative expenses					(84)
Interest in the profit of associate accounted for by the equity method					2
Income tax expenses					(28)
Profit for the year					210
Segment total assets	2,385	506	2,891	(431)	2,460
Investment in associate accounted for by the equity method	11	-	11	-	11
Additions to non-current assets other than financial instruments and deferred tax assets	120	39	159	12	171

The Company and its subsidiaries carry on operations in the main geographic area in Thailand with gained revenue from export sales and domestic sales. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the year 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's total revenue.

29. 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 2014, the Company and its subsidiaries contributed Baht 2 million (2013: Baht 3 million) (Separate financial statements: Baht 2 million, (2013: Baht 2 million)) to the fund.

30. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Payment date
Final dividends for 2013	Annual General Meeting of the shareholders on 26 July 2013	45.96	0.12	9 August 2013
Interim dividends for 2014	The Board of Directors Meeting on 13 November 2013	45.96	0.12	12 December 2013
Total dividends for 2014		<u>91.92</u>	<u>0.24</u>	
Final dividends for 2012	Annual General Meeting of the shareholders on 26 July 2012	44.80	0.14	10 August 2012
Interim dividends for 2013	The Board of Directors Meeting on 14 November 2012	32.00	0.10	13 December 2012
Total dividends for 2013		<u>76.80</u>	<u>0.24</u>	

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 March 2014, the Company had capital commitments of Baht 33 million in respect of the constructions of a factory and purchases of a machinery (2013: Nil).

31.2 Operating lease commitments

The Company and its subsidiaries have entered into a lease agreement in respect of the office building space, building and vehicles. The terms of the agreements are generally 1 - 20 years.

As at 31 March 2014, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 March	
	<u>2014</u>	<u>2013</u>
Payable:		
In up to 1 year	4	4
In over 1 and up to 5 years	5	1
In over 5 years	2	2

31.3 Other service commitment

As at 31 March 2014, the Company and a subsidiary had commitments of approximately Baht 10 million relating to a technical assistance agreement and other service agreements (2013: Baht 6 million).

31.4 Guarantees

As at 31 March 2014, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 320 million (2013: Nil).

31.5 Credit facilities

As at 31 March 2014, the Company and its subsidiary have been granted credit facilities by various financial institutions for which they have placed collaterals, as follows:-

The Company

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 1,461 million, of which totaling Baht 227 million (2013: Baht 250 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machineries.

- Overdraft facilities of Baht 30 million have not yet been utilised (2013: Nil). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machineries and the fixed deposits.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 4 million (2013: Baht 29 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machineries.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, of which Baht 31 million (2013: Baht 143 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.
- Overdraft facilities of Baht 10 million have not yet been utilised (2013: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon.
- Forward foreign exchange contract facilities of Baht 200 million, of which Baht 3 million (2013: Nil) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.

Another subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 45 million (2013: Baht 213 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's unit of condominium which is the subsidiary's office, fixed deposit accounts and a guarantee provided the Company.
- Overdraft facilities of Baht 60 million have not yet been utilised (2013: Nil). These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.
- Forward foreign exchange contract facilities, comprising USD 11.7 million (equivalent to Baht 381 million) and Baht 6 million, or a total approximately Baht 387 million, of which USD 0.3 million (equivalent to Baht 8 million) (2013: Nil) of utilised amount are outstanding. These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, short-term loans from financial institutions, trade and other payables and financial lease payables. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its 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 its 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 as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and short-term loans from financial institutions. Most of the Company and its subsidiaries' financial assets and liabilities are short-term, with floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities 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.

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2014

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within		Floating interest rate	Non-interest bearing		
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	1	-	10	53	64	0.38 - 1.70
Current investment	5	-	-	-	5	4.90
Trade and other receivables	-	-	-	758	758	-
Restricted bank deposits	46	-	-	-	46	1.50 - 2.00
Long-term investment	-	-	-	3	3	-
	<u>52</u>	<u>-</u>	<u>10</u>	<u>814</u>	<u>876</u>	
Financial liabilities						
Short-term loans from						
financial institutions	273	-	-	-	273	2.30 - 4.50
Trade and other payables	-	-	-	499	499	-
Financial lease payables	8	7	-	-	15	5.96 - 12.03
	<u>281</u>	<u>7</u>	<u>-</u>	<u>499</u>	<u>787</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2013

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within		Floating interest rate	Non-interest bearing		
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	1	-	10	76	87	0.63 - 1.95
Current investment	-	-	-	71	71	-
Trade and other receivables	-	-	-	855	855	-
Restricted bank deposits	46	-	-	-	46	1.60 - 1.95
Long-term investment	-	-	-	3	3	-
Other long-term investment	-	5	-	-	5	4.90
	<u>47</u>	<u>5</u>	<u>10</u>	<u>1,005</u>	<u>1,067</u>	
Financial liabilities						
Short-term loans from						
financial institutions	470	-	-	-	470	1.90 - 5.35
Trade and other payables	-	-	-	532	532	-
Financial lease payables	4	8	-	-	12	6.37 - 12.17
	<u>474</u>	<u>8</u>	<u>-</u>	<u>532</u>	<u>1,014</u>	

(Unit: Million Baht)

Separate financial statements as at 31 March 2014

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within	1 - 5 years	Floating interest rate	Non-interest bearing		
	1 year					
Financial assets						
Cash and cash equivalents	1	-	5	27	33	0.38 - 1.70
Trade and other receivables	-	-	-	443	443	-
Restricted bank deposits	5	-	-	-	5	2.00
	6	-	5	470	481	
Financial liabilities						
Short-term loans from						
financial institutions	199	-	-	-	199	2.45 - 4.50
Trade and other payables	-	-	-	344	344	-
Financial lease payables	6	7	-	-	13	5.96 - 11.54
	205	7	-	344	556	

(Unit: Million Baht)

Separate financial statements as at 31 March 2013

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within	1 - 5 years	Floating interest rate	Non-interest bearing		
	1 year					
Financial assets						
Cash and cash equivalents	1	-	1	50	52	0.63 - 1.70
Trade and other receivables	-	-	-	458	458	-
Restricted bank deposits	5	-	-	-	5	2.35
	6	-	1	508	515	
Financial liabilities						
Short-term loans from						
financial institutions	143	-	-	-	143	2.15 - 5.35
Trade and other payables	-	-	-	356	356	-
Financial lease payables	2	5	-	-	7	6.37 - 11.54
	145	5	-	356	506	

Foreign currency risk

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

The Company and its subsidiaries had the significant balances of financial assets and liabilities denominated in foreign currencies as summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 March		as at 31 March		as at 31 March	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	0.2	0.6	5.9	32.44	29.31
Japanese yen	0.5	1.6	1.3	37.6	0.3155	0.3115

The Company and its subsidiaries have outstanding balance of forward foreign exchange contracts which to reduce the exchange rate risk arising from its financial liabilities dominated in foreign currency, which mature within one year. The details are summarised below.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<u>As at 31 March 2014</u>				
US dollar	0.5	-	32.37 - 32.81	-
Japanese yen	1.3	-	0.3184	-
<u>As at 31 March 2013</u>				
US dollar	1.0	-	29.31 - 29.33	-

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and financial liabilities are short-term in nature, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

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.

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 March 2014, the Company and its subsidiaries' total debt-to-equity ratio was 0.58:1 (2013: 0.77:1) and the Company's total debt-to-equity ratio was 0.54:1 (2013: 0.50:1).

34. Event after the reporting period

- 34.1 On 22 May 2014, a meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) passed a resolution to propose the payment of dividends from the operating results of the year ended 31 March 2014 for approval by the 2014 Annual General Meeting of the shareholders. The proposed dividend was Baht 13.60 per share.
- 34.2 On 28 May 2014, the meeting of the Company's Board of Directors No. 2/2014 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the Company's shareholders of Baht 0.22 per share from its net operating profit for the year ended 31 March 2014. However, by the resolution of the meeting of the Company's Board of Directors No 4/2013 held on 13 November 2013, the Company had paid out the interim dividend of Baht 0.12 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 46 million on 12 December 2013. The remaining dividend is Baht 0.10 per share, or totaling Baht 38 million. The dividend will be paid on 8 August 2014.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 May 2014.

Location Map of the Company

1. Head Office (Factory)



2. Sales Office





Lohakit Metal Public Company Limited

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