

LOHAKIT

In Quality, We Trust



ANNUAL
REPORT **2014**
as at March 31, 2015

Lohakit Metal Public Company Limited

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Message from the Chairman and Managing Director

In 2014, it was a difficult year in terms of revenue and earnings in business both inside and outside the country due to the slowing economy and the weakness of both domestic and global economy. On the part of the Company's net profit for the shareholders of 137.55 million baht, down 11.10 million baht or down 7.5 percent through to sales increased slightly, but net profit fell when compared to earnings over the same period last year with net profit of 148.65 million baht. Net profit decreased mainly due to gross profit slowdown, competition increases and a bargain to control the cost of various manufacturers while the economy being recovery. Overall spending in the country has a gradual recovery. The demand in goods from foreign countries that are major trading partners is still weak. Industrial sectors which are the main clients of the company and its subsidiaries, such as automotive, electronics or constructions are still affected by the need to recover from the market both at home and abroad, thus the financial results of the Company and its subsidiaries have been affected as well.

In addition, the Company takes into account the long-term sustainability and to contribute to building a better society. The company has announced its intentions to join the fight against corruption and has established business practices with the principles of good governance by adhering to the impact of all aspects of the business and to focus on the fight against corruption. The Company has made "policy against corrupt" in written to provide a clear guideline in practice for all levels. In addition, the Company strengthen commitment and performance that corporate and social responsibility to urge employees to understand and recognize the responsibility to pay attention to all the stakeholders to be the starting point in building a sustainable and value of human resources, responsible society.

Finally, on behalf of the Board, management and all employees of the company, we would like to thank our shareholders, investors, customers, stakeholders, state agents and private sectors who have been supporting and trust in us. The management team and all our employees will dedicate knowledge at full capacity to response of the customer solutions and to maximize the benefits to all 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 of Directors has established the system of internal controls which are suitable to operation in accordance with the objectives and legal requirements with efficiency and sufficient to prevent risks or damages that could happen to the company and its stakeholders 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.

The Board of Directors has appointed the Audit Committee to review the various aspects of the five areas which are control environment, risk assessment, control activities, information & communication and monitoring activities following the assessment questionnaire of the adequacy of the internal control system that has been prepared based on the concept of the COSO (The Committee of Sponsoring Organization of the Treadway Commission), which was optimized for the listed companies in Thailand. The audit committee opinions of this issue 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 2558 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 Umpungart, 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, 2015, 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 or Ms.Sumana Punpongsanon, CPA License No. 5827 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 Umpungart
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	: 43 Thai CC Tower, room no 167-169, 16 th floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Telephone 0-2673-9559 Facsimile 0-2673-9577-8
Auto Metal Company Limited (the subsidiary)	: 700/650 Moo 1, Panthong subdistrict, Panthong district, Chonburi Telephone 0-3821-0270-77 Facsimile 0-3821-0268-9
Alternative Stainless Company Limited (the subsidiary)	: 66/1 Moo 6, Soi Suksawas 76, Suksawas Road, Bangjak, Prapradang, Samutprakarn 10130 Telephone 0-2463-0158 Facsimile 0-2463-7299
Mory Lohakit (Thailand) Co., Ltd. (related company)	: 700/650 Moo 1, Panthong subdistrict, Panthong district, Chonburi Telephone 0-3821-0270-77 Facsimile 0-3821-0268-9
NSC Metal Co., Ltd. (the subsidiary) (Formerly Ngeck Seng Chiang Metal Company Limited, On 1 April 2014, The company has changed the registered name)	: 108/8 Yotra Road, Talan Noi, Samphanthawong, Bangkok, Thailand 10100 Telephone 0-2693-4151 Facsimile 0-2693-4159
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 33 th 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	: 43 Thai CC Tower, room no 167-169, 16 th floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Telephone 0-2673-9559 Ext. 210 Facsimile 0-2673-9577-8 E-mail : ird@lohakit.co.th

Performance at a Glance

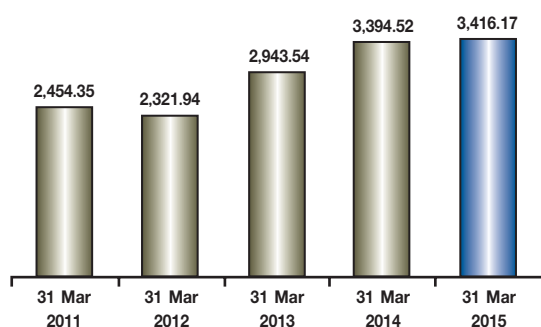
Financial summary of Lohakit Metal Public Company Limited and the subsidiaries:

	For the year ended 31st March				
	2011	2012	*2013	2014	2015
Profit and loss statement (Baht millions)					
Total revenue	2,454.35	2,321.94	2,943.54	3,394.52	3,416.17
Revenue from the sales of good and services	2,415.00	2,287.87	2,889.38	3,358.67	3,372.45
Gross profit	277.84	250.18	347.32	371.56	346.26
Net profit provided by operating activities	196.65	166.24	254.20	232.11	220.45
Net profit	139.11	96.72	165.90	148.65	137.55
Balance Sheet (Baht millions)					
Total assets	1,493.00	1,541.23	2,459.88	2,297.37	2,395.51
Total liabilities	582.22	533.99	1,072.66	845.43	875.28
Total shareholders' equity	910.78	1,007.24	1,387.22	1,451.94	1,520.23
Per ordinary share (Baht), at Par 1.00					
Book Value per share (Baht)	2.64	2.73	3.17	3.32	3.47
Earning per share (Baht)	0.43	0.30	0.50	0.39	0.36
Dividend per share (Baht)	0.22	0.14	0.22	0.22	0.21
Ratio Analysis					
Gross profit margin (%)	11.50%	10.94%	12.02%	11.06%	10.27%
Net profit margin (%)	5.67%	4.17%	5.64%	4.38%	4.03%
Return on equity (%)	17.40%	11.26%	15.91%	11.97%	10.59%
Return on Assets (%)	9.66%	6.38%	8.29%	6.25%	5.86%
Liquidity ratio (times)	1.98	2.27	1.84	2.06	2.08
Debt to equity ratio (times)	0.64	0.53	0.77	0.58	0.58

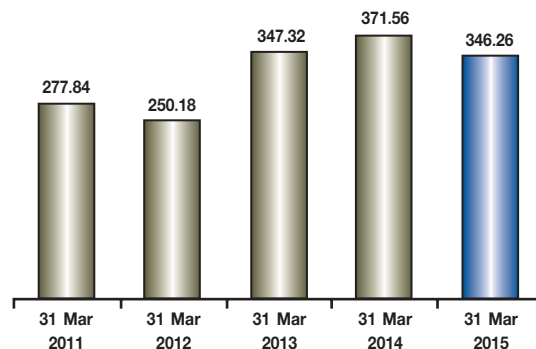
* 2013 - Restating from apply the new accounting standard "Income Tax"

Consolidated Results of Fiscal years as of March 31, 2011 - March 31, 2015

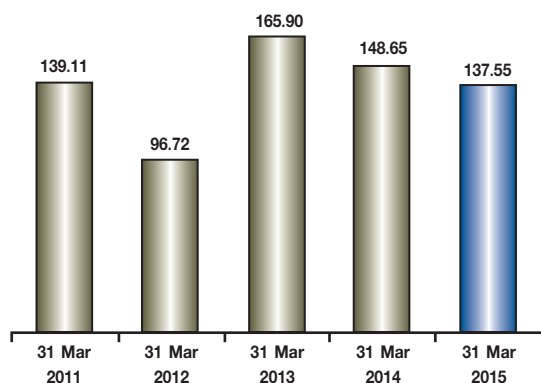
Total Revenue (Baht Millions)



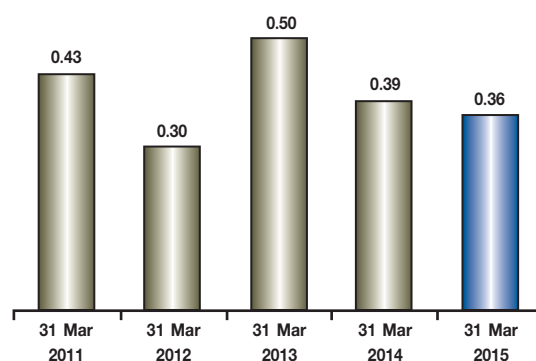
Gross Profit (Baht Millions)



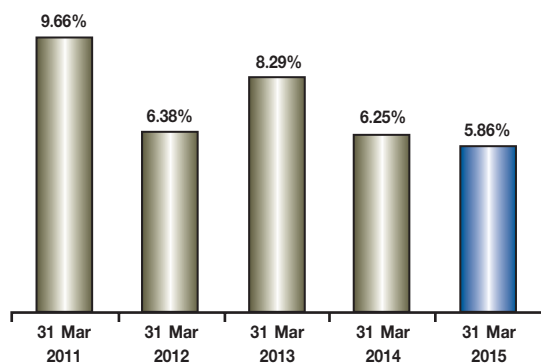
Net Profit (Baht Millions)



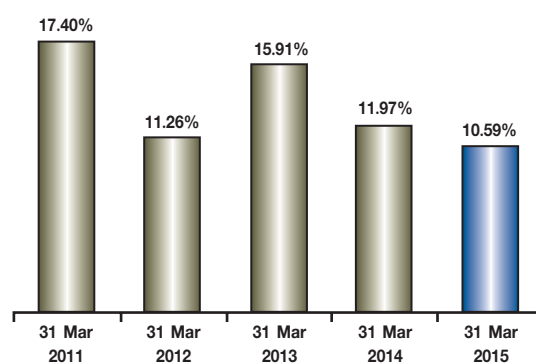
Earning per share (Baht)



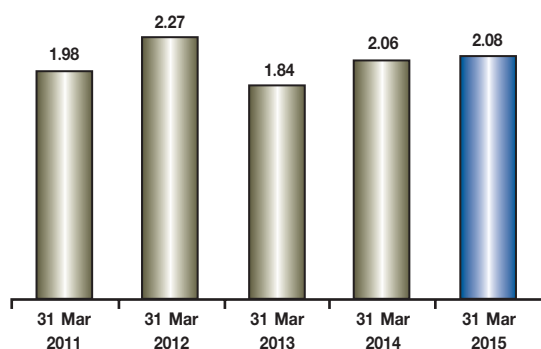
Return on assets (%)



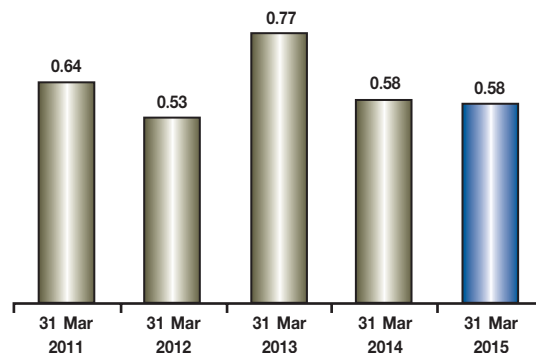
Return on equity (%)



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 which engages in steel trading business. The Company increased its capital to Baht 39.22 million where Tomen Corporation Company then held 49percent 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. , 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 20 percent 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.

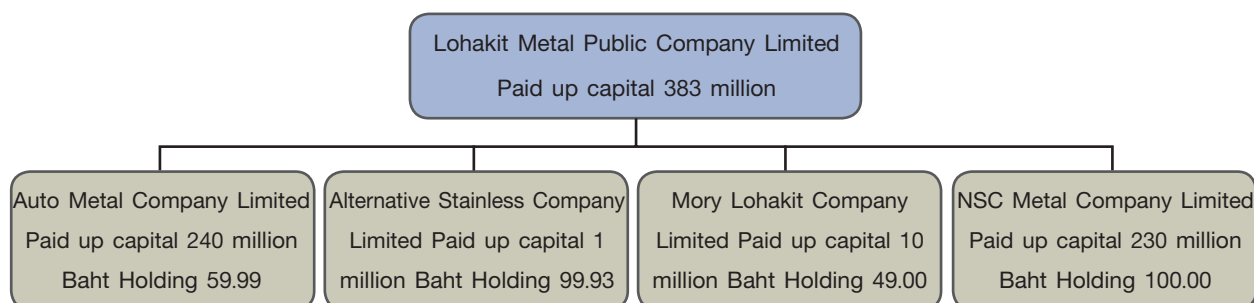
In January 2008, the Company increased its capital to Baht 320 million where 80 million shares were offered to public through the Stock Exchange of Thailand.

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. And On 1 April 2014, the company has changed the registered name is NSC Metal Company Limited.

As of March 31, 2015 the Akrapongpisak family who is the Company’s major shareholder held 67.01 of the Company’s shares

Business Overview

The group of Lohakit Metal Public Company Limited as of March 31, 2015 can be shown as follows:



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.

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 aboard to the sharehders 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 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 Square 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. With those qualifications, 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 bility to be proceses. 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 Nikle. 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 2013 - 2015 can be shown as follows:

Revenue	Operated by	% Holding	2013 *** (01/04/12 - 31/03/13)		2014 **** (01/04/13 - 31/03/14)		2015 **** (01/04/14 - 31/03/15)	
			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 NSC Metal Co., Ltd.	100.00	927.62	27.33	1,049.97	30.93	1,055.45	30.90
1.2 special grade stainless steel sheet and coil	D-Stainless Co., Ltd. The Company	99.93	133.31	3.93	82.39	2.43	48.24	1.41
1.3 Special grade stainless steel - HDD project	The Company		121.84	3.59	147.60	4.35	182.42	5.34
1.4 Stainless steel tube (round and rectangular) of grades 304, 316L	The Company NSC Metal Co., Ltd.	100.00	301.29	8.88	200.07	5.89	270.07	7.91
1.5 Special grade stainless steel tube	D-Stainless Co., Ltd. The Company	99.93	20.35	0.60	6.84	0.20	7.98	0.23
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 *	907.08	26.72	793.85	23.39	753.37	22.05
1.7 Stainless bars and other type	The Company NSC Metal Co., Ltd.	100.00			48.48	1.43	55.53	1.63
1.8 Galvanized steel coil and sheet	The Company NSC Metal Co., Ltd.	100.00	194.34	5.73	187.92	5.54	172.23	5.04
1.9 Electro-galvanized steel coil and sheet	The Company NSC Metal Co., Ltd.	100.00	94.06	2.77	76.99	2.27	80.48	2.36
1.10 Aluminium coil and sheet	The Company NSC Metal Co., Ltd.	100.00	80.33	2.37	151.66	4.47	217.80	6.38
1.11 Copper - coil, sheet, axle and pipe	The Company NSC Metal Co., Ltd.	100.00	100.41	2.96	541.88	15.96	469.92	13.76
1.12 Brass - coil, sheet, axle and pipe	The Company NSC Metal Co., Ltd.	100.00			62.68	1.85	53.96	1.58
2. Revenue from service	The Company		8.75	0.26	8.34	0.25	5.00	0.15
Total sales and service	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,889.38	85.12	3,358.67	98.94	3,372.45	98.72
3. Gain from exchange rate	The Company and its subsidiaries	59.99*, 99.93 and 100.00	6.64	0.20	-	-	1.96	0.06
4. Other Income**	The Company and its subsidiaries	59.99*, 99.93 and 100.00	47.52	1.40	35.85	1.06	41.76	1.22
Total Revenue	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,943.54	86.71	3,394.52	100.00	3,416.17	100.00

Revenue Structure (Continued)

The revenue structure of the Company and its subsidiaries during 2013 - 2015 can be shown as follows:

Revenue	Operated by	% Holding	2013 *** (01/04/12 - 31/03/13)		2014 **** (01/04/13 - 31/03/14)		2015 **** (01/04/14 - 31/03/15)	
			Million Baht	%	Million Baht	%	Million Baht	%
By Source of Revenue								
(a) Revenue from domestic sales	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,863.00	99.09	3,336.01	99.09	3,338.33	99.09
(b) Revenue from international sales	The Company and its subsidiaries	59.99*, 99.93 and 100.00	26.38	0.91	22.66	0.91	34.12	0.91
Total Revenue	The Company and its subsidiaries	59.99*, 99.93 and 100.00	2,889.38	100.00	3,358.67	100.00	3,372.45	100.00

Remark : ** 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 2014

Thailand's economy in 2014 grew at only 0.7 percent compared to the previous year. In the first half, The political situation affects the operation of the public and private sectors, as well as the confidence of consumers and travelers. The household debt is high. Thus making consumers more cautious in their spending and financial institutions are worry of the lending too. Export was slowly recovering due to foreign demand remains weak. Such a situation, the business sector, thus slowing their production and new investments. While in the second half. The political situation began to unravel and the tourism and domestic spending improved in the better way. However, the export sector remains weak following the slowing down of economy's main trading partners such as China, Japan and European countries. Agricultural products remained with low price and affect the income of farmers and households. Household debt was still high. Most businesses were still waiting for clear direction of public investment in infrastructure and wait for the economic recovery. However declining in global oil prices will positively boost on the business sectors in the next phase.

Risk factors Thailand's economy in the next period will be from weak domestic consumption. Investment also remains weak and slow. The continuation of the government policy and purchasing power of households which has been limited by high household debt and a weak farm income from commodity price slump.

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 managable in which main customers of company are able to manage the fluctuation and keep their competitiveness. Moreover, the company has regularly and 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 properly consider purchasing and distributing with managing materials from various sources and quickly response to keep proper material cost in line with global market price and also reduce the significant effects over the cost of material and finished goods.

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 2014 and 2015, the company ordered the cold rolled stainless steel coil from major local producers, Posco-Thainox PLC, which accounted for 36.31% and 34.17% 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 main oversea manufacturers.

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 2014 and 2015, the revenues from domestic sale of the Company and its subsidiaries stood at Baht 3,336 million, and Baht 3,372 million, or also 98.99% 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. Investment promotional policies also foster the investment as can be seen from obtaining the investment promotion in 2014 with the applicant 3,469 projects worth a total investment of 2.19 trillion baht, but the downside of the country is politically stable and corruption. The Company and its subsidiaries will have chances to find new customers from those new investment.. 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, understanding the changes in market 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 2015, the outstanding inventory cost was Baht 823.80 million or accounting for 34.39% of total assets. 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 financial liquidity 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, 2015 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 Company's shareholding proportion held on March 31, 2015 as follows.

Thai Shareholders	99.87 percent.
Foreign Shareholders	0.13 percent.
Total	100.00 percent.

Names and shareholding of the top 10 major shareholders of the Company as at March 31, 2015.

Names	As of March 31, 2015	
	Number of shares	Percentage (%)
1. Mr. Kasem Akarapongpisak	100,387,780	26.21
2. Mr. Prasarn Akarapongpisak	52,893,200	13.81
3. Mr. Prasert Akarapongpisak	44,046,300	11.50
4. Mr. Vittawat Akarapongpisak	24,570,000	6.42
5. Ms. Wassana Akarapongpisak	21,750,020	5.68
6. Mr. Pongthep Akarapongpisak	13,000,000	3.39
The Akarapongpisak Family	256,647,300	67.01
7. Mr. Nucha Wattanopas	24,190,900	6.32
8. Mr. Wiritphon Kankamonphusit	7,945,200	2.07
9. Mrs. Thitima Iamsakun	6,968,700	1.82
10. Mr. Manwat Choksuwatsakun	4,500,000	1.17
Total	300,252,100	78.39

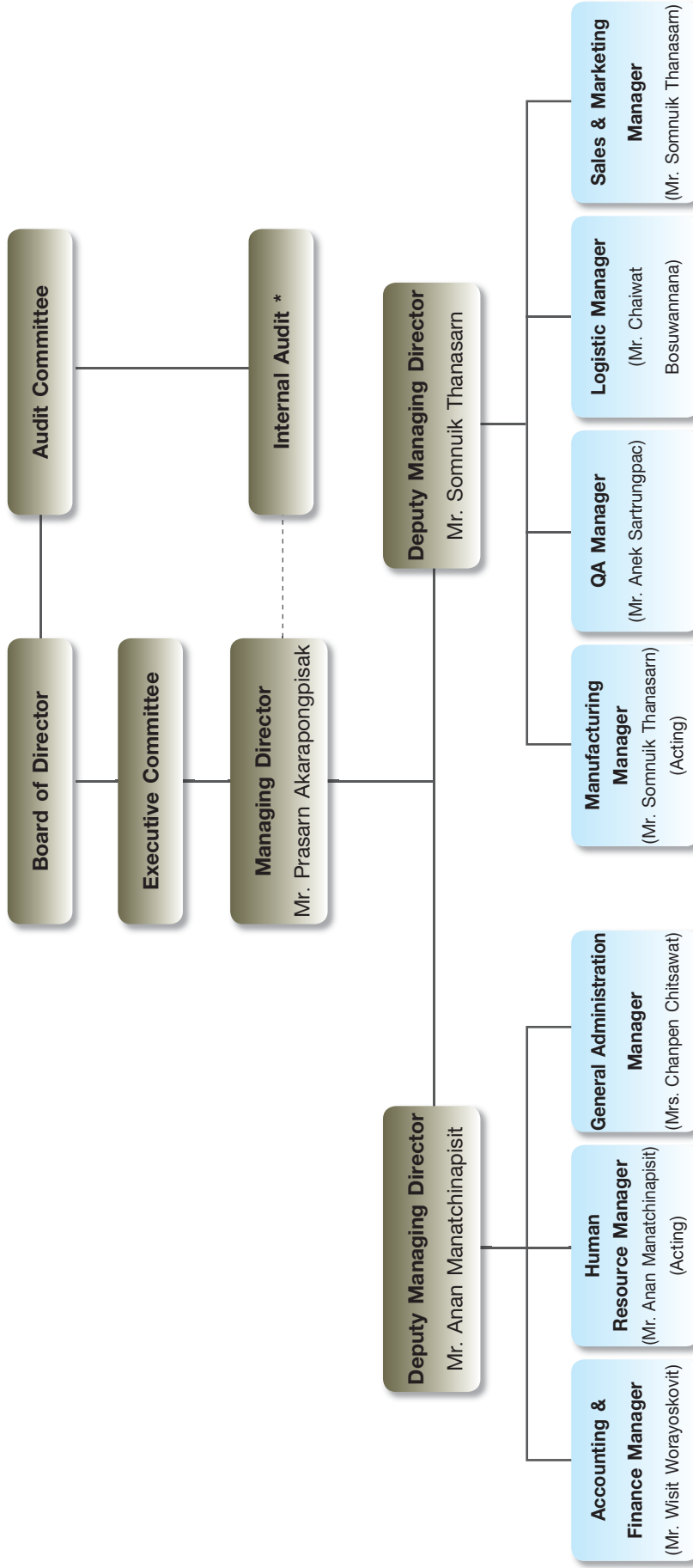
Dividend Policy

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. Methaporn Sriphraram 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.

The Board of Directors Meeting No. 2/2009 held on May 29' 2009 with having the independent directors and audit committee in the meeting considered the scope of authority and the responsibilities of the audit committee. The delegation details were concluded as follows.

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 for 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 |
| 6. | Mr. Anek Sartrungpac | QA Manager |
| 7. | Mr. Chaiwat Bosuwannana | Logistic 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	2014 (01/04/13 - 31/03/14)		2015 (01/04/14 - 31/03/15)	
	Meeting Allowance (Baht)	Bonus (Baht)	Meeting Allowance (Baht)	Bonus (Baht)
1. Mr. Wanchai Umpungart	160,000	-	160,000	-
2. Mr. Prasarn Akrapongpisak	40,000	-	40,000	-
3. Mr. Anan Manatchinapisit	40,000	-	40,000	-
5. Mr. Somnuik Thanasarn	40,000	-	40,000	-
6. Mr. Anurut Vongvanij	30,000	-	40,000	-
7. Mr. Teera Na Wangkanai	80,000	-	60,000	-
8. Mr. Lert Nitheranont	80,000	-	80,000	-
Total	470,000	-	460,000	-

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

Remuneration	2014 (01/04/13 - 31/03/14)		2015 (01/04/14 - 31/03/15)	
	Number of Person	Amount (Baht)	Number of Person	Amount (Baht)
Salary	7	19,824,014	7	21,076,468
Bonus	7	2,897,120	7	3,191,565
Other Remuneration (Communication expenses)	1	18,000	1	18,000
Total	7	22,739,134	7	24,286,033

(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.

1.1 The Company has upheld the principle to supervise rights of shareholders. It aims to protect and promote the rights of shareholders as follows.

- Shareholders have the right to ownership and controls through the committee to act on their behalf.
- Shareholders have the right to make decisions about significant changes in the Company.
- Shareholders should have the opportunity to propose the agenda and entitle to appoint a proxy to attend the meeting on his behalf.
- Shareholders should have the opportunity to ask questions to directors at the meeting but submit questions in advance.
- Shareholders should receive documents and details or information sufficient to determine the agenda prior to the meeting at the appropriate time.
- Shareholders should aware of the rules and know how to join the meeting at reasonable time.
- Companies should promote the rights of shareholders and does not violate or infringe the rights of shareholders.

1.2 Apart from the basic rights or legal rights of the shareholders, the company was also considering the rights and equitable treatment of all shareholders. The actions to promote the rights of shareholders are as follows.

- So that all shareholders receive the necessary information and enough about the meeting date and an agenda in advance, the company has communicated the documents and information relating to the AGM via the company's website (www.lohakit.co.th / Investor Relations / Shareholder Information) Date: July 3, 2015 onwards, a period of 21 days before the AGM (Shareholders' Meeting on 28 July 2015) by the same set of data as documents that the Company has submitted with the notice of meeting to shareholders by mail prior to the meeting.

- In the invitation that contain information about the agenda, reasons and the opinion of the Committee on the proposed agenda, date, time and place of the meeting, guidelines procedures and documentation to register to attend the meeting.
- For the benefit of the shareholders, the company also provides an opportunity for shareholders to submit questions or the proposal to be included on the agenda and the names of persons to be considered for appointment as directors in advance at website (www.lohakit.co.th / Investor Relations / Shareholder Information). The criteria and define clear procedures to inform its shareholders through SET system and posting them on the Company's website during April 10, 2015 until May 11, 2015.

At the shareholders meeting for the year 2014, the meeting was conducted by order of the agenda set out in the notice of meeting to inform shareholders in advance. No matters have been added to the agenda or critical data changes without notice to shareholders in advance and to allow shareholders to express opinions and ask questions on various matters. The Directors and senior management participated in meeting to answer the questions of the shareholders at the meeting, which details have been recorded in the minutes of the shareholders.

1.3 Before the meeting, the Chairman of the meeting clearly explained to the shareholders the voting method and the rights of shareholders.

- One share represents one vote. For agenda items resolutions shall be passed by a majority of votes, acknowledgement matters for shareholders have no votes. Agenda for the capital reduction, capital increased, amendment of company memorandum of association and regulation shall be passed by votes of not less than three in four of the votes of the shareholders present at the meeting and have voting rights. The agenda of the Remuneration of the directors shall be passed by votes of not less than two third of the total votes of the shareholders present at the meeting.
- The vote on the election of directors, each shareholder is entitled to vote are all as discussed above, selecting one person or several persons as directors but can't divide their votes among the candidates.
- The shareholders who give proxies with indicating their votes. Staff will collect votes on their computer. For proxies to attend the meeting without indicating their votes, The Company assigned legal counsel which is an independent agency to act as a counter and check the votes in the AGM so as to be transparent, legalization and regulation.

For shareholders who attended the meeting, the officers have prepared a ballot to use in the case of disagree or abstain. And to consider the rights and equitable treatment of all shareholders, the Company provided shareholders in attendance even after the conference has already started with the right to vote on agenda items under the consideration and has not voted yet.

The company has submitted its report to the Stock Exchange of Thailand within 14 days of the meeting and the minutes are simultaneously published to the shareholders via the company's website in order for shareholders to comment and review with no need to wait until the next meeting.

Shareholders have the right to review the remuneration of directors. The company offers attendance fee and bonus for shareholders approve every year. This year, the company paid to its directors the attendance fee only and no other benefit paid to directors.

(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.

At a meeting of shareholders, the Company has taken a minority shareholders have the right to propose agenda into AGM in advance and nominate qualified person to be elected as Directors. According to the company scheduled during the April 10, 2015 until May 11, 2015 and informed the shareholders through the Stock Exchange of Thailand and posting them on the Company's website (www.lohakit.co.th / Investor Relations / Shareholder Information) with specifying the clear and transparent procedures and methods. And on the Company's website, predefined form for proposing the agenda and nominating candidates for election as directors can be downloaded as well. During the AGM in 2015, no shareholders propose agenda and nominate candidates for director in.

Accordance with the rules in the voting for election of directors, the company has a cumulative voting rules (Cumulative Voting) is used for the election of directors only. In principle, it is for the channel to provide minorit shareholders the opportunity to choose their directors to be executive.

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 quaterly 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 and appointed A.M.T. Services Office Limited as the Company's internal auditor for year 2014 (April 1, 2014 - March 31, 2015). 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 quarterly 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.

Definition

Corruption refers to bribery in all its forms by offer or promise to provide the money, property or other benefits incorrect and inappropriate to authorities, government agencies or private individuals to do duty, omission to do duty, to obtain or retain any improper business benefits. Unless, they are comply by the law, regulatorion, customs or local tradition.

Anti-Corruption Policy

Directors, executives and employees of company are prohibited to action or to accept corruption in any form, either directly or indirectly. It covers businesses in all countries and all agencies involved. The review of the implementation of the policy against corruption is required to review regularly, including also review practices and the requirement to take steps to comply with changes in business regulations and legal requirements.

Responsibilities

1. Board of Directors has duties and responsibility to establish policies and a regulatory system that effectively supports anti-corrup tion in order to ensure that management is aware of the importance of anti-corrup and to cultivate a corporate culture.
2. The Audit Committee has duties and responsibility to review financial reports and accounts, internal control system, Internal audit system and risk management system in order to ensure the complilation to international standards, appropriate, modern and efficient.
3. Managing director, board of executive management has duties and responsibility to establish the system, to promote and advocate policies against the corruption, to communicate to employees and stakeholders and to review the appropriateness of systems and measures in order to comply with changes in business, regulatory and legal requirements.
4. The Audit Committee has duties and responsibility to monitor and review the work that is going to be required to meet the operational policy guidelines, regulatory and legal requirements of the regulatory authorities in order to ensure that controls are adequate to the risk of corruption and report to the Board of Directors.

Guidelines and action

1. Executive, staff at all levels must strictly adhere to the policy without exception.
2. Employees must not be ignored or neglected when find any action relating on corruption. The notification to their supervisors or the person responsible is required.
3. Company will ensure fairness and protect employees who report for clues about corruption as defined in "Policies to protect complainants, witnesses, information user or clue about illegal and unethical (Whistle Blower Policy)".

4. Those who commit corruption must be considered for disciplinary action as prescribed without exception.
5. Company will disseminate the knowledge and understanding to others who have duties relating to the company subject to compliance with this policy.
6. Policies against corruption cover personnel administration since the recruitment, selection, promotion, training, evaluation and compensation. The supervisors at all levels communicate the clear understanding to the staff.
7. To clarify to operating in high risk to have the corruption, directors and executives and employees at all levels must be in caution in the following.
 - 7.1 To give or receive gifts, entertainment must comply as prescribed in the manual and a code of conduct for employees.
 - 7.2 Donations to charity or providing financial support or donations or grant must be transparent and legalization.
 - 7.3 Business relationship, prohibit giving or receiving bribes in conducting business in all aspects must be transparent, honest and is in accordance with the relevant legislation.

Policy to protect complainants, witnesses, information user or clue about illegal and unethical (Whistle Blower Policy).

Definition

The complaint refers to employees of the Company and its subsidiaries whether normal staff, diary staff or special staff.

Complaints recipient refer to one among the directors, audit committee, executive directors or managing director.

Complaint subject or provide information

Corruption, illegal, regulations or ethics that impact on reputation, image, norm, financial position or conflict with the policy of the business and involved with high position management.

Channels of complaint or provide information

1. Verbal or written to
 Company Secretary: Mr. Anan Manatchinapisit
 Or E-Mail: Anan__m@lohakit.co.th
2. E-mail via the company's website.
3. Mail sent to
 Company Secretary
 Lohakit Metal Public Company Limited
 No. 43, Thai CC Tower, 16th Floor, Room 167-169
 Sathorn Road, Yannawa, Sathorn, Bangkok 10120.

The complaint guideline

1. The complainant can appeal to more than one channel and do not necessarily reveal the identity. But self-disclosure will help the complaint recipient inform the result of action against complaint.

2. If the complainant chooses not to reveal his name, have to identify enough fact or evidence to show that there is reason to believe that the actual act according to the information, including to inform the channels of communication in return in order to inform the results of the action on the complaint. The complaints are treated as confidential.

The process of investigation of the complaint

1. The recipient of the complaint will be processed by own or assigned to individuals or group of persons to perform on their behalf.
2. Make sure that is true. If it is important for the image, reputation or norm, they must be submitted to the Executive Board for consideration and presented to the Board of Directors in the following order in order to determine action or punishment according to the guidelines of the company.

The protection for complainant or information provider

1. Protection occurs immediately right after complainant inform and give clues.
2. The relevant information is considered confidential and will be disclosed in consideration of damage and safety of complaints.
3. Where the complaint said, it may not be safe or damage occurred. The complainant may request the Company to determine the appropriate protective measures or the company may impose protective measures for the complainant even with no request if that is likely to be suffered and unsafe.

Board of Lohakit Metal Public Company Limited (the Company) has scheduled its business practices with the principles of good governance and responsible for adhering to the impact of all aspects of the business and to focus on the fight against corruption, especially in 2015 when company made “policy against corrupt” in written in order to be the clear guideline for directors and employee to practice in all sectors.

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 email: ird@lohakit.co.th or by phone at 0-2673-9559 ext 210. 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 2014 and 2015, the details of the board of director's meeting are as follows:

Directors	2014 (01/04/13 - 31/03/14)	2015 (01/04/14 - 31/03/15)
	Number of meetings convened / Number of meetings attended	Number of meetings convened / Number of meetings attended
1. Mr. Wanchai Umpungart	4/4	4/4
2. Mr. Prasarn Akarapongpisak	4/4	4/4
3. Mr. Anan Manatchinapisit	4/4	4/4
4. Mr. Somnuik Thanasarn	4/4	4/4
5. Mr. Anurut Vongvanij	4/3	4/4
6. Mr. Teera Na Wangkanai	4/4	4/3
7. Mr. Lert Nitheranont	4/4	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 adopted 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 be 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 02-673-9559 ext 210 or by email at ird@lohakit.co.th.

The Company publicize policy on the whistle-blowing on corruption offenses relating to illegal and unethical (Whistle Blower Policy) on the Company's website and in the annual report as well.

(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 Company's policy is to conduct an orientation for all new directors, to build knowledge and understanding of the business and implementation of various aspects of the company to prepare to perform the duties of a director by presentation of the business characters and policies, an overview of business operations and operating results so that the new director has a clear picture.

Information essential to the duties of directors in the introduction of new directors.

1. The company must comply with the law such as trading company shares and reporting possible conflict of interest of them, their spouses, close relatives who are the major shareholders, executive director in any businesses relating to the company, etc.
2. Memorandum and Articles of Association
3. The duties and responsibilities of the Board of Directors and Board Committees
4. Board of Directors and meeting schedule
5. Policy on Corporate Governance
6. Maintenance of internal information
7. Risk Policy
8. Internal Control
9. Relating Transactions (Conflict of Interest)
10. Business Conduct and practices in work (Code of Conduct)
11. Whistle blowing
12. Legal disputes (if any)
13. Report of organization that supervise the company

The company secretary to prepare the relevant documents.

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

Anti-Corruption the Company has policy to operate legally and for social benefit, encourage employees to work with integrity as good citizenship of the country and encourage the partners of the company and its subsidiary operates with accurate and transparent as well. So as society as a whole has continued in peace, the Company has determined that the anti-corruption and bribery policy is another important part of company policy.

However, on March 20, 2015, the Company announced its intentions to join the anti-corruption practices in the private sector Thailand (Collective Action Coalition) and received on April 3, 2015 in attendance. The Alliance will cooperate with the government, public sector, media and international organizations to make the clean business and participating companies will operate under the framework and procedures, which are based on international principles, including no.10th principle on the fight against corruption, according to The Ten Principles of the United Nations Global Compact (Business Principles for Countering Bribery), defined by Transparency International. The principles published by the World Bank and the Center for International Private Enterprise (CIPE) and other international organizations.

The Company has established an anti-corruption and bribery to be treated practically by define duties and responsibilities of the board, the Audit Committee and the Managing Director in order to ensure that policies against corruption and bribery practices have been followed and implemented correctly.

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. Responsibility 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.
- Eliminating waste or toxic waste from the production to meet the standards and laws in relevant to various industries.

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 Beneficiary	Outcome / Impact
Education	Donate scholarship to King Mongkut's University of Technology Thonburi	College Student	To give a good career opportunity
	Donate money, food and lunch	Training Centers for pre-school child at Chomnimit Temple	Creating opportunities in education And activities to enhance learning skills
Environment	Project in planting trees in mangrove forest	Aquatic Animal	To create more space and increase the number of mangrove aquatic
Social and Population	Donations (HL - 3) to the Department of Corrections	Department of Corrections and Society	Creation and vocational training for inmates for bringing knowledge to have the honest profession.
	Donation to Red Cross for The National Cancer Center of Chulalongkorn Hospital	People	People get better treatment and better health

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

The Company is currently studying and planning 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, 2014 consist of 208 person and March 31, 2015 consist of 251 person dividing into the following :

Department	2014 (01/04/13 -31/03/14)	2015 (01/04/14 -31/03/15)
Purchase	5	5
Finance / MIS / Audit	9	10
Sales & Marketing	30	28
Administrative	2	2
Human resource	4	4
Quality assurance	18	21
Planning/Inventory / Logistics	55	86
Production	85	95
Total	208	251

- (b) Labor dispute in past three years (31 March 2013 - 31 March 2015)
- None

(c) Remunerations to non-executive personel

Remunerations	2014 (01/04/13 - 31/03/14)	2015 (01/04/14 - 31/03/15)
Salary/wages	51,207,768	60,612,756
Bonus	3,994,146	4,961,802
Other benefits	5,957,034	7,967,060
Total	61,158,948	73,541,618
No. of personel	201	244

(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 traning, 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 Directors No. 2/2015 dated May 27, 2015 which 3 independent directors and the audit committee were present. has assessed 5 aspects of the company's internal control 5 aspects which are Control Organization, Risk Assessment, Control Activities, Information and communications and monitoring activities by assessing the adequacy of the internal control system that has been prepared based on the concept of the COSO (The Committee of Sponsoring Organization of the Treadway Commission), which was optimized for the listed companies in Thailand.

The Board was of the opinion that. Internal control systems of the company are suitable to operate in accordance with the objectives, legal requirements associated with efficiency and sufficient to prevent risks or damage that may occur to the company and stakeholders (For details on the authentication of data in internal control questionnaire of the company).

1. The Control Organization

The company has a corporate structure, Segregation of duties and the clear scope and authorities of the management and staff and having a series of meetings to target to the common goal. 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 organization chart, the line of command, job description in order smooth the management according to its line of command. It also has a policy to sell and to treat customers honestly and fairly. The company also has a written policy on ethics (Code of Conduct) for management and employees, and policies against corruption and bribery. The right practices and penalties if they are violated are stated clearly. All employees have to sign to acknowledge the terms and penalties.

2. The Risk Assessment

Management regularly assesses the situation of the economy and the country's overall to analyze the all relevant risks that may occur in organizations both internal and external factors. This includes risk strategy, operations, reporting, compliance criteria and Information Technology. The company monitors the implementation of operational management on a monthly basis. Meetings are held regularly and continuously to analyze the results and situations, including the risk and the measures to reduce the risks incurred. The Company's risk assessment found no significant impact that may impact on the internal controls and the accuracy of financial statements in conformity with generally accepted accounting principles appropriate to the company.

3. The Control Activities

The company has policies, scope of duties, processes and procedures, approval authority, segregation of duties and responsibilities and clear controls in all levels and departments. They are reviewed the appropriateness every year. In addition, the internal auditor has conducted an audit of transactions throughout the year. The company also has adequate and concise measures for transactions with major shareholders, directors and persons connected with them. The audit committee will also consider the transactions on a quarterly basis and assigned internal auditors to audit the transactions and to report directly to the Audit Committee. Moreover, the company disclosed the details and conditions of such transactions in the notes to the financial statements which was audited or reviewed by the auditors of the Company.

4. The information and communication

The Company set up Board of Directors meeting at least once every quarter by sending a notice of meeting and meeting documents not less than seven days before meeting. As for storing and maintaining accounting records, the company gave attention on the collection and accounting of the data. The company is using EY office limited as auditors. The company also ensures that the company's accounting policies are complies with generally accepted accounting principles. This is in order to report to management and the board and can be used for the right decisions especially the accounting and financial information.

In addition, as for anti-corruption policy, the company has also opens to receive information from both inside and outside to the secretary of the Board by telephone or email or the Website.

5. The monitoring activities

The Audit Committee has assigned the internal auditors to investigate the various types of transactions on a quarterly basis to assess internal controls and report directly to the Audit Committee. Any issues raised from the audits, audit committee will inform the Board of Directors and management in order to take corrective action and will be checked later that issues has been fixed.

In addition, the company set target of the business and compare actual performance against targets set. Difference must be explained why they occurred, including analysis of the cause of the difference in order to find measures to take corrective action in a timely manner.

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, 2015, 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. 2/2015 dated May 27, 2015. The evaluation of the internal control systems of Control Organization, Risk Assessment, Control Activities, Information and communications and Monitoring Activities 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 2014 (April 1, 2014 - March 31, 2015) 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. 2/2015 dated May 27, 2015 considered and acknowledged the reports of the internal auditor and the results of the internal auditing as per the 2014 plan (April 1, 2014 - March 31, 2015) 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

- 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, 2015.

Related Parties	Relationship	Details of Transaction	Amount	Opinion of the Audit Committee
			(million baht) **01/04/14 - 31/12/14	
(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. - Car rental fee ** Terminated Contract on as at 31 December 2014**	0.32	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 26.21% of the Company (information as of Mar 31, 2015)	1. Rent the warehouse no. 602-604 at Sripraya Road, space is 783 square meter 2. Rent the commercial house no. 947-949, Charoenkrung road, space is 595 square meter - Space rental fee ** Terminated Contract as at 31 August 2014**	1.24	The rental fee is considered low comparing to rental rate/square meter around that location.

Remark : Lohakit Metal Public Company invested 100% share in this subsidiary at 31 January 2013. 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.

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, 2015)	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	67 years	- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University - BA Accounting, Chulalongkorn University - Director Accreditation Program DAP 35/200 on April 1, 2005	-	-	2005 - Present - Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee 2002 - Present - Independent Director and Audit Committee 2005 - Present - Independent Director and Chairman of the Audit Committee 2006 - 2011 - Director 2007 - Present - Independent Director and Member of Audit Committee 2004 - 2007 - Chairman of Executive Committee 2008 - 2009 - Director and Member of Audit Committee 2013 - Present - Independent Director and Member of Audit Committee 2013 - Present - 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 Pokph and Food Public Company Limited	

Remark : * The Company's authorized directors

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2015)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name / Type of Business
2.	Mr. Prasam Akarapongpisak* Director, Chairman of Executive Committee and Managing Director	57 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 - Director, Chairman of Executive Committee and Managing Director 2001 - Present - Director 2005 - Present - Director 2002 - Present - Director 2004 - Present - 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	- 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
3.	Mr. Anan Manatchinapisit* Director, Member of Executive Committee, Deputy Managing Director	52 years	- MAcc. Chulalongkorn University - BA Accounting, Chulalongkorn University - Director Certification Program DCP 92/2007	-	-	2005 - Present - Director, Member of Executive Committee, Deputy Managing Director 2008 - Present - Director 2008 - Present - Director 2000 - 2005 - 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	- 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

Remark : * The Company's authorized directors

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2015)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name / Type of Business
4.	Mr. Somnuik Thanasarn* Director, Member of Executive Committee, Deputy Managing Director and Sales & Marketing Manager	49 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	53 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
6.	Mr. Teera Na Wangkanai Director, Independent Director and Member of Audit Committee	58 years	- Senior Executive Program Sasin Graduate Institute of Business Administration of Chulalongkorn University - Sugar Technology College, Queensland, Australia - Western Australian Institute of Technology, Australia	-	-	2005 - Present 2003 - Present 1987 - Present 2012 - Present 1994 - Present	- Director, Independent Director and Member of Audit Committee - Director - Director - Managing Director - Director	- 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 - Chaochorn Warehouse Co., Ltd. / Sugar Warehouse Servicer

Remark : * The Company's authorized directors

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2015)	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 (Continued)	58 years	<ul style="list-style-type: none"> - Director Certification Program 54/2005 March 2005 - Audit Committee Program (ACP 6/2005) from IOD - Financial Statements for Directors (FSD 20/2013) 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"> 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 - Present - Director 1987 - Present - Director 2012 - Present - Director 2012 - Present - Director 2012 - Present - Director 	<ul style="list-style-type: none"> - 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 Sugar 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. / Sugar manufacturer and distributor - Angvian Industry Co., Ltd. / Sugar manufacturer and distributor - Wang Sugar Holding Co., Ltd. - Wang Chainart Co., Ltd. 	

Remark : * The Company's authorized directors

No.	Name Position	Age (Year)	Educational Background	Share holding in LHK (As of March 31, 2015)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name / Type of Business
7.	Mr. Lert Nitharanont Director, Independent Director and Member of Audit Committee	53 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 - Director, Independent Director and Member of Audit Committee - Director 1996 - Present - Director	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Royal Concord Interrade Co., Ltd. / Trading Business	
8.	Mrs. Charpen Chitsawat General Administration Manager	44 years	- High Vocational Certificate, Wiboon Business Administration College, Business Computer	-	-	2007 - Present - General Administration Manager 2002 - 2006 - 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 Worayogovit Accounting and Finance Manager	48 years	- MBA, Thammasat University - Bachelor of Accounting Thammasat University	-	-	2009 - Present - Accounting and Finance Manager 2008 - 2009 - Hub Finance Manager 2004 - 2007 - Business Controller 1998 - 2004 - 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	

Remark : * The Company's authorized directors

No.	Name Position	Age (Year)	Educational Background	Share holding In LHK (As of March 31, 2015)	Relation between the Director Member	Work Experience for the last 5 years		
						Period	Job Title	Company Name / Type of Business
10.	Mr. Anek Sartrungpac Quality Assurance Department Manager	50 years	- Bachelor degree of science King Mongkut Institute of Technology Thonburi - Training course for Mini MBA Chulalongkorn University - Training course for Lead Assessor of ISO 9001 Quality Management System	-	-	2013-2015 1993-2012 1990-1992	- Quality Assurance Department Manager - Quality planning Section Manager - Quality Control Engineer	- Lohakit Metal Public Company Limited Supply stainless steel coil for purpose of manufacture - Toshiba Semiconductor (Thailand) Co., Ltd. Manufacture for Semiconductor Product - Fujitsu (Thailand) Co., Ltd. Manufacture for Electronics Device
11.	Mr. Chaiwat Bosuwannana Delivery & Inventory Manager	43 years	- BBA, Industrial Management Rajamangala University of Technology Thanyaburi	-	-	2005 - Present 2004 - 2005 2002 - 2004	- Delivery & Inventory Manage - Assistant to Planning Manager - Planning Section Chief	- Lohakit Metal Public Company Limited / Procuring stainless steel coils products - Takahashi Plastic Co., Ltd. / Manufacturer Plastic parts - Thai Sungshin New Materials Co., Ltd. / Manufacturer flipflop and shoes

Remark : * The Company's authorized directors

Management Discussion and Analysis

1. Operating Performance

(Unit: Baht millions)

Consolidated financial statement	For the year ended 31 st March			
	Apr 2014 - Mar 2015	Apr 2013 - Mar 2014	Change	% Change
Revenue from sales & service	3,372.45	3,358.67	13.78	0.4%
Other income	43.72	35.85	7.87	22.0%
Total revenue	3,416.17	3,394.52	21.65	0.6%
Cost of goods sold & service	3,026.20	2,987.11	39.09	1.3%
Selling expenses	76.30	69.51	6.79	9.8%
Administrative expenses	93.22	105.79	-12.57	-11.9%
Total expenses	3,195.72	3,162.41	33.31	1.1%
Earning before interest and tax	220.45	232.11	-11.66	-5.0%
Finance cost	-18.38	-16.59	-1.79	10.8%
Share of profit from investment in associate	0.69	1.09	-0.40	-36.7%
Income tax expenses	-41.06	-42.01	0.95	-2.3%
Net profit	161.70	174.60	-12.90	-7.4%
Minority interest in subsidiary	-24.15	-25.95	1.80	-6.9%
Net profit of the Company	137.55	148.65	-11.10	-7.5%

For the year ended 31st March 2015 the Company and its subsidiaries had net profit of Baht 137.55 million or decreased by 11.10 million or 7.5 percent from previous year, compared with the net profit of Baht 148.65 million in previous year. Sales slightly growth up but net profit declined due to the high competition as well as more cost control by price bargaining from customers. In addition, economic conditions were still not yet recovered and the domestic spending remains in slow pace of recovery. Despite domestic fuel prices went down but household debt remained high. The spending by government sectors was not resulting in enough stimulating at this stage. The demand from foreign market remains weak due to the low demands from main customer countries. As such, manufacturing sectors who are the customers of the company and its subsidiaries, such as automotive, electronics or construction are still affected from the weak demand of both domestic and foreign markets. Thus, the strong controls over production cost and expenses by customers have been remaining on.

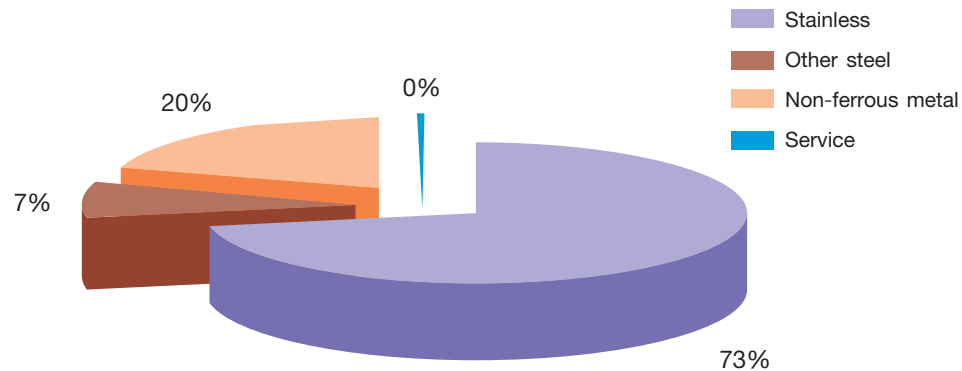
The profit before interest and tax decreased by Baht 11.66 million whereas corporate tax slightly decreased, financial cost increased by Baht 1.79 million and profit sharing to minority shareholders also slightly decreases by Baht 1.80 million in current year.

1.1 Revenue

For the year ended 31st March 2015, the Company and its subsidiaries had revenue from sales and service of Baht 3,372.45 million compared with Baht 3,358.67 million in the same period of the previous year, which increased by 0.4 percent. The sales increased almost in all product groups, except sales in exhausted pipe for automotive sector remained low following its industry and copper sales decreased in weight sold and market price down. The yearly proportion of sales in metal and non-ferrous metal were approximately 78.00% and 22.00% of total sales and service respectively.

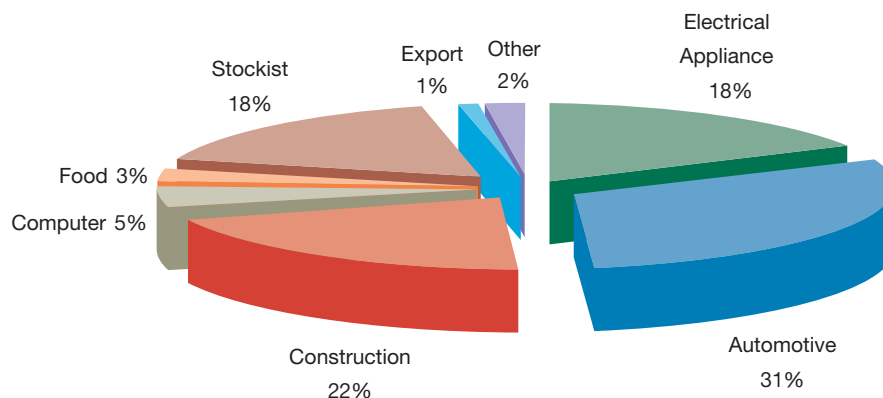
The majority sales of Company and its subsidiaries comprised of metal like stainless steel and non-ferrous metal like copper and aluminum as the main product groups among various industries, mostly in particular for automotive, electrical appliance and construction.

Sales and Service by Product Segments



The Company and its subsidiaries' revenue from the sales of goods are mostly revenue from domestic sales. For the year ended 31st March 2015, the Company and its subsidiaries had revenue from domestic sales of 99.11 percent of total revenue from sales.

Customer's Sectors



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 2015, the Company and its subsidiaries had other income of Baht 43.72 million or increased by 22.0 percent from the same period previous year. This was owing to the sales of scrap during the 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 2015, the Company and its subsidiaries had cost of goods sold of Baht 3,026.20 million, or accounting for 88.58 percent of the total revenue in comparing with Baht 2,987.11

million, or accounting for 88.00 percent of total revenue of previous year. Cost of goods sold increased by 1.3 percent whereas sales & service increased by 0.4 percent.

1.4 Selling expenses

Selling expenses consist of sale staff expenses, transportation expenses, promotional expenses. For the year ended 31st March 2015, the Company and its subsidiaries had selling expenses of Baht 76.30 million, compared with selling expenses of Baht 69.51 million in the same period of the previous year which increased by 9.8 percent. The higher in selling expense was due mainly to normal rise in sell personal costs and the reversal in first quarter of previous year for the amount of 3.24 million Baht of a subsidiary due to the settlement of bad debt for an overdue customer.

For the period of year ended 31st March 2015, the selling expenses were 2.32 percent, increased when comparing to 2.05 percent of total revenue in the same period of previous year due to the reason as mentioned beforehand.

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 2015, the Company and its subsidiaries had administrative expenses of Baht 93.22 million, compared with administrative expenses of Baht 105.79 million in the same period of the previous year which decreased by 11.9 percent. The decrease in expenses was mainly resulted by the previous year records in first quarter for the loss in exchange rate following Baht sharp depreciation at that time.

For the year ended 31st March 2015, the administrative expenses were 2.73 percent of total revenue, decreased in compared with administrative expenses of 3.12 percent of total revenue in the same period of the previous year. The lower ratio this year was due to the reason as mentioned beforehand.

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

For the year ended 31st March 2015, the Company and its subsidiaries had profit before interest and tax of Baht 220.45 million. After deducting the finance cost of Baht 18.38 million, income tax of Baht 41.06 million, net profit sharing to minority shareholders of subsidiary of Baht 24.15 million and adding the profit sharing from investment in related of Baht 0.69 million, the net profit of the Company and its subsidiaries stood at Baht 137.55 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 232.11 million and Baht 148.65 million respectively, the net profit of the present year decreased by 7.5 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 2015 and 2014, the company and its subsidiary recognized share of profit by equity method of Baht 0.69 million and Baht 1.09 million respectively. The decrease in share of profit for period was due mainly to the declining in sales of a new subsidiary who is the manufacturer of exhausted pipe in automotive industry.

1.8 Income tax expense

For the year ended 31st March 2015, the Company and its subsidiaries had corporate tax of Baht 41.06 million or decrease by 2.3 percent due to the lower in operating profit.

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 2015, 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 24.15 million, decreased from amount by 25.95 million of previous year by 6.9 percent. The decreased was due mainly to the slowing in sales and profit of a subsidiary who is the manufacturer of exhausted pipe in automotive industry.

1.10 Profitability

For the year ended 31st March 2015 the Company and its subsidiaries had lower gross profit margin of 10.27 percent compared with gross profit margin of 11.06 percent in the same period the previous year. This was owing to the competition and more cost control by customers together with lower in sales of exhaust pipes which are the profitable products.

For the year ended 31st March 2015, the Company and its subsidiaries had net profit margin of 4.03 percent compared with net profit of 4.38 percent in the same period of the previous year. The decrease in net profit was mainly from the lower in gross margin.

(Unit: Baht million)

Consolidated balance sheets	As at 31 st Mar 2015		As at 31 st Mar 2014	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	134.81	5.63%	63.94	2.78%
Short-term investment	20.03	0.83%	5.00	0.22%
Account receivable, trade and others	778.52	32.50%	758.19	33.00%
Inventories, net	823.80	34.39%	831.65	36.20%
Other current assets	7.90	0.33%	7.64	0.34%
Total current assets	1,765.06	73.68%	1,666.42	72.54%
Non-current assets				
Investment in related company	8.13	0.34%	7.44	0.32%
Long-term investment	3.08	0.13%	3.01	0.13%
Property, plant and equipment, net	545.46	22.77%	549.01	23.90%
Intangible assets - net	0.57	0.02%	0.35	0.02%
Restricted fixed deposits	46.00	1.92%	46.00	2.00%
Deferred tax assets	18.67	0.78%	21.80	0.95%
Other non-current assets	8.53	0.36%	3.34	0.14%
Total non-current assets	630.44	26.32%	630.95	27.46%
TOTAL ASSETS	2,395.50	100.00%	2,297.37	100.00%

(Unit: Baht million)

Consolidated balance sheets	As at 31 st Mar 2015		As at 31 st Mar 2014	
	Amount	%	Amount	%
LIABILITIES				
Current liabilities				
Bank overdraft and borrowing from financial institutions	378.85	15.82%	273.37	11.90%
Account payables, trade and others	435.81	18.19%	499.23	21.73%
Current portion of financial lease	4.85	0.20%	7.59	0.33%
Accrued corporate income tax	15.54	0.65%	17.00	0.74%
Other current liabilities	12.91	0.54%	12.76	0.56%
Total current liabilities	847.96	35.40%	809.95	35.26%
Non-current liabilities				
Financial lease obligations	4.65	0.19%	7.52	0.32%
Provision for employee benefit	22.66	0.95%	27.96	1.22%
Total non-current liabilities	27.31	1.14%	35.48	1.54%
TOTAL LIABILITIES	875.27	36.54%	845.43	36.80%
SHAREHOLDERS' EQUITY				
Shareholder equity				
Registered capital	383.00		383.00	
Issued and Paid up capital	383.00	15.99%	383.00	16.67%
Premium on stock	519.67	21.69%	519.67	22.62%
Retained earnings				
Legal reserve	57.70	2.41%	48.49	2.11%
Un-appropriated	366.92	15.32%	318.93	13.88%
Non-controlling interest of a subsidiary	192.94	8.05%	181.85	7.92%
Total shareholders' equity	1,520.23	63.46%	1,451.94	63.20%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,395.50	100.00%	2,297.37	100.00%

2. Financial Status

2.1 Assets

As for the assets value as at 31st March 2015 and 2014, the Company and its subsidiaries had total assets of Baht 2,395.50 million and Baht 2,297.37 million respectively. The increase was Baht 98.13 million, mainly increased in trade receivable and cash on hand of a subsidiary. 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 subsidiary who is the finish goods 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 2015 and 2014 the Company and its subsidiaries had net inventories of Baht 823.80 million (or 34.39 percent of total assets) and Baht 831.65 million (or 36.20 percent of total assets) respectively. The net value of inventory was close to the outstanding cost in previous year.

- 2.1.2 Trade account receivables, net - other parties: As at 31st March 2015 and 2014, the Company and its subsidiaries had Trade account receivables, net - other parties of Baht 778.52 million (or 32.50 percent of total assets) and Baht 758.19 million (or 33.00 percent of total assets) respectively. The increased in value was slightly higher but less percentage due to bigger total asset sizes at the end of its years.
- 2.1.3 Land, plant and equipments - Land and improvements, building, machinery, office equipments, vehicles and work on progress of construction: As at 31st March 2015 and 2014, the Company and its subsidiaries had Land, plant and equipments - net of Baht 545.46 million (or 22.77 percent of total assets) and Baht 549.01 million (or 23.90 percent of total assets) respectively. During the year, there were the continuous investment of new construction of plant, new machine and production infrastructure. In view of lower percentage, decrease was due to the higher total asset size.
- 2.1.4 Restricted fix deposit: As at 31st March 2015 and 2014, the Company and its subsidiaries had net value of Baht 46.00 million (1.92 percent and 2.00 percent of total assets respectively). The restricted fix deposit by a subsidiary was used as guarantee for loans from financial institution.
- 2.1.5 Deferred tax assets: As at 31st March 2015 and 2014, the Company and its subsidiaries had net value of Baht 18.67 million and Baht 21.80 million respectively (0.78 percent and 0.95 percent of total assets respectively).

2.2 Liabilities

The total liabilities of the Company and its subsidiaries as at 31st March 2015 and 2014 stood at Baht 875.27 million and Baht 845.43 million respectively. The increasing in liabilities was mainly with short term loan in order to pay suppliers for material procurement and investment.

2.3 Shareholders' equity

As at 31st March 2015 and 2014, shareholders' equity was Baht 1,520.23 million and Baht 1,451.94 million respectively. The major changes were from the net profit amounting to Baht 161.70 million, dividend payment of Baht 93.49 million for company shareholders and minority shareholder in a subsidiary and non-controlling interest portion stood by Baht 192.94 million for the share capital and earnings of minority shareholders in a subsidiary.

Debt to Equity ratio, as at 31st March 2015 and 2014, the ratios were 0.58 times for both years.

(Unit: Baht million)

Consolidated cash flows statement	As at 31 st Mar 2015	As at 31 st Mar 2014
Net cash from (used in) operating activities	162.34	367.45
Net cash used in investing activities	-95.68	-85.17
Net cash from (used in) financing activities	4.22	-314.69
Effect of exchange rate to cash and cash equivalent	-0.01	0.07
Net increase (decrease) in cash	70.87	-23.34

3. Cash Flows

For the year ended 31st March 2015, the Company and its subsidiaries generated net increase in cash from operating activities of Baht 162.34 million, consisting of baht 233.65 million positively from operating performance and net of Baht -71.31 million working capital. Most decrease was resulting from higher trade receivable and payment to trade creditors. There were also net pay in investing activities of Baht -95.68 million, the net spending for the new construction of plant and upgrading the plant equipment to support production. The financing part of cash flow was net increased by Baht 4.22 million. There were net financing during the year of short term loan by Baht 105.48 million and payment of dividend by Baht -93.49 million. In total, company had net increase in cash flow for the year by Baht 70.87 million.

Lohakit Metal Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2015

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 2015, 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 judgement, 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.



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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 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 27 May 2015

Lohakit Metal Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
Assets					
Current assets					
Cash and cash equivalents	7	134,806,623	63,940,845	25,914,367	33,614,677
Current investments	8	20,029,907	5,000,000	-	-
Trade and other receivables	9	778,523,009	758,192,857	471,204,868	443,277,702
Inventories	10	823,798,944	831,654,789	475,742,505	498,831,569
Other current assets		7,906,287	7,635,011	6,999,249	6,447,031
Total current assets		1,765,064,770	1,666,423,502	979,860,989	982,170,979
Non-current assets					
Restricted bank deposits	11	46,000,000	46,000,000	5,000,000	5,000,000
Investments in subsidiaries	12	-	-	403,237,145	403,237,145
Investment in associated company	13	8,131,627	7,439,678	4,900,000	4,900,000
Long-term investment	14	3,084,075	3,008,237	-	-
Property, plant and equipment	15	545,456,363	549,006,024	319,756,868	272,709,789
Intangible assets	16	573,090	352,002	203,013	31,841
Deferred tax assets	23	18,665,443	21,804,895	11,152,648	13,424,282
Other non-current assets		8,533,613	3,338,218	7,591,885	2,434,490
Total non-current assets		630,444,211	630,949,054	751,841,559	701,737,547
Total assets		2,395,508,981	2,297,372,556	1,731,702,548	1,683,908,526

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	17	378,844,800	273,371,359	335,156,881	199,242,786
Trade and other payables	18	435,811,329	499,231,956	255,657,484	343,515,001
Current portion of financial lease payables	19	4,851,577	7,590,127	4,147,891	5,842,004
Income tax payable		15,541,868	16,996,339	4,072,692	11,484,747
Other current liabilities		12,914,077	12,757,798	10,216,582	8,812,787
Total current liabilities		847,963,651	809,947,579	609,251,530	568,897,325
Non-current liabilities					
Financial lease payables - net of current portion	19	4,647,229	7,518,811	4,647,229	6,815,125
Provision for long-term employee benefits	20	22,662,246	27,959,605	13,994,444	15,894,857
Other non-current liabilities		1,400	1,400	-	-
Total non-current liabilities		27,310,875	35,479,816	18,641,673	22,709,982
Total liabilities		875,274,526	845,427,395	627,893,203	591,607,307

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
Shareholders' equity					
Share capital					
Registered					
383,000,000 ordinary shares of Baht 1 each		383,000,000	383,000,000	383,000,000	383,000,000
Issued and fully paid-up					
383,000,000 ordinary shares of Baht 1 each		383,000,000	383,000,000	383,000,000	383,000,000
Share premium		519,672,600	519,672,600	519,672,600	519,672,600
Retained earnings					
Appropriated - statutory reserve	21	57,707,335	48,492,335	35,807,335	31,207,335
Unappropriated		367,016,241	319,110,173	165,329,410	158,421,284
Other components of shareholders' equity	14	(101,117)	(176,955)	-	-
Equity attributable to owners of the Company		1,327,295,059	1,270,098,153	1,103,809,345	1,092,301,219
Non-controlling interests of the subsidiary		192,939,396	181,847,008	-	-
Total shareholders' equity		1,520,234,455	1,451,945,161	1,103,809,345	1,092,301,219
Total liabilities and shareholders' equity		2,395,508,981	2,297,372,556	1,731,702,548	1,683,908,526

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit or loss:					
Revenues					
Sales and service income		3,372,450,763	3,358,667,861	1,938,777,139	1,858,175,753
Dividend income		207,290	210,071	19,583,905	31,539,871
Other income		43,513,714	35,640,844	37,692,508	25,845,018
Total revenues		3,416,171,767	3,394,518,776	1,996,053,552	1,915,560,642
Expenses					
Cost of sales and services		3,026,194,020	2,987,113,673	1,766,532,220	1,681,016,906
Selling expenses		76,299,444	69,504,915	49,261,535	42,141,052
Administrative expenses		93,223,926	105,787,827	54,436,198	55,230,358
Total expenses		3,195,717,390	3,162,406,415	1,870,229,953	1,778,388,316
Profit before share of profit from investment					
in associate, finance cost and income tax expenses		220,454,377	232,112,361	125,823,599	137,172,326
Share of profit from investment in associate	13	691,949	1,089,100	-	-
Income before finance cost and income tax expenses		221,146,326	233,201,461	125,823,599	137,172,326
Finance cost		(18,378,290)	(16,588,397)	(15,465,505)	(7,951,937)
Profit before income tax expenses		202,768,036	216,613,064	110,358,094	129,220,389
Income tax expenses	23	(41,068,485)	(42,010,620)	(18,419,968)	(19,838,586)
Profit for the year		161,699,551	174,602,444	91,938,126	109,381,803
Other comprehensive income:					
Gain (loss) on changes in value of available-for-sale investment		75,838	(202,234)	-	-
Total comprehensive income for the year		161,775,389	174,400,210	91,938,126	109,381,803
Profit attributable to:					
Equity holders of the Company		137,551,163	148,651,241	91,938,126	109,381,803
Non-controlling interests of the subsidiary		24,148,388	25,951,203		
		161,699,551	174,602,444		
Total comprehensive income attributable to:					
Equity holders of the Company		137,627,001	148,449,007	91,938,126	109,381,803
Non-controlling interests of the subsidiary		24,148,388	25,951,203		
		161,775,389	174,400,210		
Earnings per share					
25					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.36	0.39	0.24	0.29
Weighted average number of ordinary shares (shares)		383,000,000	383,000,000	383,000,000	383,000,000

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 2015

	Consolidated financial statements										(Unit: Baht)
	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	Other comprehensive income		
			Appropriated - statutory reserve	Unappropriated					Surplus (deficit) on changes in value of available-for-sale investments	Other comprehensive income	
Balance as at 1 April 2013	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			
Total comprehensive income for the year	-	-	-	148,651,241	(202,234)	148,449,007	25,951,203	174,400,210			
Dividend paid (Note 28)	-	-	-	(91,920,130)	-	(91,920,130)	(17,760,000)	(109,680,130)			
Transferred to appropriated retained earnings - statutory reserve (Note 21)	-	-	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			
Balance as at 1 April 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			
Total comprehensive income for the year	-	-	-	137,551,163	75,838	137,627,001	24,148,388	161,775,389			
Dividend paid (Note 28)	-	-	-	(80,430,095)	-	(80,430,095)	(13,056,000)	(93,486,095)			
Transferred to appropriated retained earnings - statutory reserve (Note 21)	-	-	9,215,000	(9,215,000)	-	-	-	-			
Balance as at 31 March 2015	383,000,000	519,672,600	57,707,335	367,016,241	(101,117)	1,327,295,059	192,939,396	1,520,234,455			

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 2015

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Retained earnings Unappropriated	
Balance as at 1 April 2013	383,000,000	519,672,600	25,707,335	146,459,481	1,074,839,416
Total comprehensive income for the year	-	-	-	109,381,803	109,381,803
Dividend paid (Note 28)	-	-	-	(91,920,000)	(91,920,000)
Transferred to appropriated retained earnings - statutory reserve (Note 21)	-	-	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
Balance as at 1 April 2014	383,000,000	519,672,600	31,207,335	158,421,284	1,092,301,219
Total comprehensive income for the year	-	-	-	91,938,126	91,938,126
Dividend paid (Note 28)	-	-	-	(80,430,000)	(80,430,000)
Transferred to appropriated retained earnings - statutory reserve (Note 21)	-	-	4,600,000	(4,600,000)	-
Balance as at 31 March 2015	383,000,000	519,672,600	35,807,335	165,329,410	1,103,809,345

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 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit before tax	202,768,036	216,613,064	110,358,094	129,220,389
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	88,267,014	80,788,789	31,839,554	22,979,037
Amortisation	136,312	166,311	32,028	32,298
Reversal of allowance for doubtful accounts	(997,116)	(3,242,975)	-	-
Reduction of inventories to be at net realisable value (reversal)	(9,310,422)	11,984,563	(9,457,757)	11,156,901
Gain on sales of current investments	-	(459,913)	-	-
Unrealised gain on change in current investments	(29,907)	-	-	-
Gain on sales of equipment	(1,014,160)	(3,721,540)	(962,213)	(3,158,867)
Movements in provision for long-term employee benefits	(5,297,359)	2,631,127	(1,900,413)	3,756,874
Unrealised loss on foreign exchange	2,585	2,575,128	980	905,817
Share of profit from investment in associate	(691,949)	(1,089,100)	-	-
Dividend income	(207,290)	(210,071)	(19,583,905)	(31,539,871)
Interest income	(978,024)	(1,186,460)	(120,459)	(138,343)
Interest expenses	17,040,255	15,437,722	14,631,154	7,237,751
Income from operating activities before changes in operating assets and liabilities	289,687,975	320,286,645	124,837,063	140,451,986
Decrease (increase) in operating assets				
Trade and other receivables	(19,364,271)	100,445,916	(27,930,811)	15,191,364
Inventories	17,166,267	52,395,441	32,546,821	8,107,447
Other current assets	(271,276)	(3,245,021)	(552,218)	(820,384)
Other non-current assets	(5,195,395)	(161,589)	(5,157,395)	(61,590)
Increase (decrease) in operating liabilities				
Trade and other payables	(63,803,796)	(39,495,999)	(88,261,733)	(19,648,548)
Other current liabilities	156,279	6,595,945	1,403,795	5,302,585
Cash flows from operating activities	218,375,783	436,821,338	36,885,522	148,522,860
Cash paid for interest expenses	(16,655,549)	(15,423,067)	(14,223,795)	(7,183,343)
Cash paid for income tax	(39,383,504)	(44,953,135)	(23,560,389)	(28,630,781)
Net cash from (used in) operating activities	162,336,730	376,445,136	(898,662)	112,708,736

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 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Cash paid for purchase of current investments	(20,000,000)	(30,000,000)	-	-
Cash paid for acquisitions of property, plant and equipment and intangible assets	(82,928,394)	(166,180,553)	(76,886,498)	(127,494,296)
Proceed from sales of current investments	5,000,000	100,972,533	-	-
Cash received from dividends	207,290	5,110,071	19,583,905	31,539,871
Proceeds from sales of equipment	1,031,352	3,727,403	922,429	3,158,879
Cash received from interest income	1,005,615	1,197,945	120,459	138,343
Net cash used in investing activities	(95,684,137)	(85,172,601)	(56,259,705)	(92,657,203)
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	105,482,347	(198,712,124)	135,923,001	55,919,432
Repayment of financial lease payables	(7,773,683)	(6,293,183)	(6,025,560)	(3,177,452)
Dividend paid	(93,486,095)	(109,680,130)	(80,430,000)	(91,920,000)
Net cash from (used in) financing activities	4,222,569	(314,685,437)	49,467,441	(39,178,020)
Effect of exchange rate to cash and cash equivalents	(9,384)	73,147	(9,384)	73,147
Net increase (decrease) in cash and cash equivalents	70,865,778	(23,339,755)	(7,700,310)	(19,053,340)
Cash and cash equivalents at beginning of year	63,940,845	87,280,600	33,614,677	52,668,017
Cash and cash equivalents at end of year	134,806,623	63,940,845	25,914,367	33,614,677
Supplemental cash flows information				
Non-cash items:				
Increase (decrease) in revaluation surplus in investments	75,838	(202,234)	-	-
Motor vehicles purchased under financial lease agreements	2,163,551	9,019,907	2,163,551	9,019,907
Constructions of factory building which are not yet due	-	6,738,756	-	6,738,756

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 2015

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	
			2015 (Percent)	2014 (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	
			2015 (Percent)	2014 (Percent)
NSC 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 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 financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases

TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. The above financial reporting standards do not have a significant impact to these financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the management of the Company and its subsidiaries are evaluating the impact to the financial statements in the year when this standard is adopted.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in *TAS 27 Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believe that this standard will not have any impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

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

At present, the management of the Company and its subsidiaries are evaluating the impact to the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

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.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

4.5 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.

4.6 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.

4.7 Borrowing costs

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

4.8 Intangible assets

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.

4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

Leases of 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.

4.11 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.

4.12 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.

4.13 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.

4.14 Provisions

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

4.15 Income tax

Income tax 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.

5. 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.

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.

6. 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		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	137,807	180,507	Sale of goods: Market price less discount 2%, and cost plus a margin at rate of 5% Service income: Closed to the market price
Rental income	-	-	1,008	-	Contract price that closed to the market price
Others service income	-	-	10,750	4,800	Accordance with the negotiation price
Dividend income	-	-	19,584	26,640	As approved by shareholders' meeting
Purchases of goods	-	-	280	2,712	Market price
Fixed assets acquisition	-	-	3,545	20,163	Accordance with the negotiation price
Commission expenses	-	-	64	71	Not over 2% of sales
<u>Transactions with related companies</u>					
Others service income	300	300	300	300	Fixed fee per month
Dividend income	-	-	-	4,900	As approved by shareholders' meeting
Commission expenses	5,619	6,010	-	-	Not over 2% of sales
Motor vehicle rental expenses	324	432	-	-	Contract price
<u>Transactions with related persons</u>					
Building rental expenses	1,240	2,975	-	-	Contract price that closed to the market price

As at 31 March 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2015	2014	2015	2014
<u>Trade receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	14,632	34,737
<u>Trade and other payables - related parties (Note 18)</u>				
Associated company	1,552	1,717	-	-
Subsidiary	-	-	13	-
Total trade and other payables - related parties	1,552	1,717	13	-

Directors and management's benefits

For the years ended 31 March 2015 and 2014, 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	42,776	41,402	24,746	23,209
Post-employment benefits	1,897	1,674	1,023	2,953
Total	<u>44,673</u>	<u>43,076</u>	<u>25,769</u>	<u>26,162</u>

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash	130	125	70	55
Bank deposits	134,677	63,816	25,844	33,560
Total	<u>134,807</u>	<u>63,941</u>	<u>25,914</u>	<u>33,615</u>

As at 31 March 2015, bank deposits in saving accounts and fixed deposits carried interests between 0.38 and 1.70 percent per annum (2014: between 0.38 and 1.70 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2015		2014	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	20,000	20,030	-	-
Total trading securities	20,000	<u>20,030</u>	-	-
Add: Changes in fair value	30		-	
Total trading securities	<u>20,030</u>		-	

(Unit: Thousand Baht)

	Consolidated financial statements			
	2015		2014	
	Cost	Fair-value	Cost	Fair value
<u>Investments in debt securities, due within one year</u>				
Debentures of a Thai bank (5-year, interest rate of 4.90% per annum and maturing on 12 November 2014)	-		5,000	
Total	20,030		5,000	

As at 31 March 2015, a subsidiary has investment in Bualuang Thanatavee Fixed Income Fund which is a debt mutual fund. The fund focuses on investing in debentures issued or guaranteed by the government or corporate.

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	6,035	26,539
Past due				
Up to 3 months	-	-	8,597	8,198
Total trade receivables - related parties	-	-	14,632	34,737
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	580,573	577,498	324,194	308,941
Past due				
Not over 3 months	195,416	180,181	130,292	99,493
Over 3 months but less than 12 months	2,230	150	2,031	-
Over 12 months	21,205	22,214	17,426	17,426
Total	799,424	780,043	473,943	425,860
Less: Allowance for doubtful accounts	(21,292)	(22,289)	(17,426)	(17,426)
Total trade receivables - unrelated parties, net	778,132	757,754	456,517	408,434
Total trade receivables - net	778,132	757,754	471,149	443,171
<u>Other receivables</u>				
Other receivables	320	340	56	107
Interest receivables	71	99	-	-
Total other receivables	391	439	56	107
Total trade and other receivables - net	778,523	758,193	471,205	443,278

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	486,748	476,257	(51,811)	(60,449)	434,937	415,808
Raw materials	359,794	394,366	(2,714)	(3,386)	357,080	390,980
Supplies	21,753	9,065	-	-	21,753	9,065
Goods in transit	10,029	15,802	-	-	10,029	15,802
Total	878,324	895,490	(54,525)	(63,835)	823,799	831,655

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	253,974	230,267	(39,055)	(47,840)	214,919	182,427
Raw materials	249,009	300,386	(2,714)	(3,386)	246,295	297,000
Supplies	13,063	6,200	-	-	13,063	6,200
Goods in transit	1,466	13,205	-	-	1,466	13,205
Total	517,512	550,058	(41,769)	(51,226)	475,743	498,832

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 9 million (2014: recorded the reduction of Baht 12 million) (Separate financial statements: reversed the reduction of Baht 9 million (2014: recorded the reduction of Baht 11 million)), to reflect the net realisable value. This was presented as cost of sales.

11. Restricted bank deposits

As at 31 March 2015, the Company and its subsidiary have deposits with banks of Baht 46 million (2014: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 29.5 to the financial statements.

12. Investments in subsidiaries

12.1 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million Baht)	(Million Baht)	(%)	(%)		
Auto Metal Company Limited	240	240	60	60	144,000	144,000
Alternative Stainless Company Limited	1	1	100	100	999	999
NSC Metal Company Limited	230	230	100	100	258,238	258,238
Total					<u>403,237</u>	<u>403,237</u>

12.2 Dividend income

(Unit: Thousand Baht)

For the years ended 31 March

Company's name	<u>2015</u>	<u>2014</u>
Auto Metal Company Limited	<u>19,584</u>	<u>26,640</u>

On 19 June 2014, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 13.60 per share from the operating results of the year ended 31 March 2014. The dividend was paid on 27 June 2014.

13. Investment in associated company

13.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements		Consolidated financial statements	
			<u>2015</u>	<u>2014</u>	Cost method		Carrying amount based on equity method	
			(%)	(%)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	<u>49</u>	<u>49</u>	<u>4,900</u>	<u>4,900</u>	<u>8,132</u>	<u>7,440</u>

13.2 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 years		Dividend received during the years	
	2015	2014	2015	2014
Mory Lohakit (Thailand) Co., Ltd.	692	1,089	-	4,900

13.3 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 years ended		Profit for the years ended	
	31 March		31 March		31 March		31 March		31 March	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Mory Lohakit (Thailand) Co., Ltd.	10	10	17	16	-	-	6	6	2	2

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2015		2014	
	Cost	Fair value	Cost	Fair value
<u>Available-for-sale securities</u>				
Investment units in property fund	3,185	3,084	3,185	3,008
Total available-for-sale securities	3,185	3,084	3,185	3,008
Add: Changes in fair value	(101)		(177)	
Total available-for-sale securities	3,084		3,008	

15. 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 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
Acquisitions	-	2,297	19,311	1,794	4,820	56,659	84,881
Disposals	-	(1,765)	(5,438)	(772)	(3,265)	-	(11,240)
Transfer in (out)	-	37,920	23,685	17	-	(61,622)	-
31 March 2015	140,446	284,235	765,745	20,598	87,509	82,862	1,381,395
Accumulated depreciation							
1 April 2013	-	128,354	497,004	15,388	45,409	-	686,155
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
Depreciation for the year	-	12,022	63,020	1,275	11,950	-	88,267
Depreciation for disposals	-	(1,741)	(5,389)	(757)	(3,189)	-	(11,076)
31 March 2015	-	148,143	614,941	17,016	55,839	-	835,939
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
31 March 2015	140,446	136,092	150,804	3,582	31,670	82,862	545,456
Depreciation for the year							
2014 (Baht 72 million included in manufacturing cost, and the balance in selling and administrative expenses)							80,789
2015 (Baht 80 million included in manufacturing cost, and the balance in selling and administrative expenses)							88,267

(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 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
Acquisitions	-	1,738	14,662	1,263	5,675	55,549	78,887
Disposals	-	-	(4,089)	-	(3,155)	-	(7,244)
Transfer in (out)	-	37,920	22,016	17	-	(59,953)	-
31 March 2015	94,745	147,445	419,382	13,053	61,224	82,753	818,602
Accumulated depreciation							
1 April 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
Depreciation for the year	-	5,126	17,759	774	8,180	-	31,839
Depreciation for disposals	-	-	(4,088)	-	(3,155)	-	(7,243)
31 March 2015	-	102,957	348,046	10,592	37,250	-	498,845
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
31 March 2015	94,745	44,488	71,336	2,461	23,974	82,753	319,757
Depreciation for the year							
2014 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)							22,979
2015 (Baht 26 million included in manufacturing cost, and the balance in selling and administrative expenses)							31,839

As at 31 March 2015, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 10 million (2014: Baht 16 million) (Separate financial statements: Baht 9 million (2014: Baht 12 million)).

As at 31 March 2015, 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 466 million (2014: Baht 454 million) (Separate financial statements: Baht 381 million, (2014: Baht 381 million)).

The Company and a subsidiary have mortgaged most 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 29.5 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost	306	306	197	197
Net book value	11	21	-	-

16. Intangible assets

The net book value of intangible assets as at 31 March 2015 and 2014 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost	14,742	14,702	11,899	11,899
Acquisitions during the year	357	40	203	-
Less: accumulated amortisation	(14,526)	(14,390)	(11,899)	(11,867)
Net book value	<u>573</u>	<u>352</u>	<u>203</u>	<u>32</u>

A reconciliations of the net book value of intangible assets for the years 2015 and 2014 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	352	478	32	64
Acquisitions during the year	357	40	203	-
Amortisation	(136)	(166)	(32)	(32)
Net book value at end of year	<u>573</u>	<u>352</u>	<u>203</u>	<u>32</u>

17. Short-term loans from banks

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(percent per annum)		financial statements		Separate	
	2015	2014	2015	2014	2015	2014
Short-term loans from banks	4.25 - 4.35	4.35	100,000	55,000	100,000	45,000
Trust receipts	3.70 - 4.65	2.30 - 4.50	278,845	218,371	235,157	154,243
Total			378,895	273,371	335,157	199,243

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 29.5 to the financial statements.

18. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2015	2014	2015	2014
Trade payables - unrelated parties	407,118	469,417	238,014	325,015
Other payables - unrelated parties	20,856	26,045	12,142	17,279
Other payables - related party (Note 6)	1,552	1,717	13	-
Accrued commission expenses - unrelated parties	76	151	76	130
Accrued expenses	6,209	1,902	5,412	1,091
Total trade and other payables	435,811	499,232	255,657	343,515

19. Liabilities under finance lease agreements

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2015	2014	2015	2014
Liabilities under finance lease agreements	10,236	16,443	9,515	13,882
Less: Deferred interest expenses	(737)	(1,334)	(720)	(1,225)
Total	9,499	15,109	8,795	12,657
Less: Portion due within one year	(4,852)	(7,590)	(4,148)	(5,842)
Liabilities under finance lease agreements - net of current portion	4,647	7,519	4,647	6,815

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					
	2015			2014		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5,427	4,809	10,236	8,495	7,948	16,443
Deferred interest expenses	(575)	(162)	(737)	(905)	(429)	(1,334)
Present value of future minimum lease payments	<u>4,852</u>	<u>4,647</u>	<u>9,499</u>	<u>7,590</u>	<u>7,519</u>	<u>15,109</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2015			2014		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,706	4,809	9,515	6,655	7,227	13,882
Deferred interest expenses	(558)	(162)	(720)	(813)	(412)	(1,225)
Present value of future minimum lease payments	<u>4,148</u>	<u>4,647</u>	<u>8,795</u>	<u>5,842</u>	<u>6,815</u>	<u>12,657</u>

20. 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 financial statements		Separate financial statements	
	2015	2014	2015	2014
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Defined benefit obligation at beginning of year	27,960	25,328	15,895	12,138
Current service cost	2,102	3,326	1,216	3,241
Interest cost	1,042	993	642	516
Benefits paid during the year	(705)	-	-	-
Actuarial gains	<u>(7,737)</u>	<u>(1,687)</u>	<u>(3,759)</u>	<u>-</u>
Provision for long-term employee benefits at end of year	<u>22,662</u>	<u>27,960</u>	<u>13,994</u>	<u>15,895</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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current service cost	2,102	3,326	1,216	3,241
Interest cost	1,042	993	642	516
Actuarial gains	(7,737)	(1,687)	(3,759)	-
Total expenses (income) recognised				
in profit or loss	<u>(4,593)</u>	<u>2,632</u>	<u>(1,901)</u>	<u>3,757</u>
Line items under which such expenses are included in profit or loss				
Selling and administrative expenses	(4,593)	2,632	(1,901)	3,757

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.03 - 4.27	4.10 - 4.28	4.03 - 4.19	4.25
Future salary increase rate	3.00 - 5.00	3.00	4.00 - 5.00	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	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2015	22,662	13,994	(8,352)	(4,135)
Year 2014	27,960	15,895	(1,687)	-
Year 2013	25,328	12,138	-	-
Year 2012	16,076	11,332	-	-

21. 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.

22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salary and wages and other employee benefits	172,070	170,026	94,315	88,125
Depreciation	88,267	80,789	31,839	22,979
Amortisation	136	166	32	32
Raw materials used	2,166,637	2,055,032	1,667,162	1,569,545
Consumables used	48,016	45,164	38,821	35,407
Purchase of finished good	660,216	701,521	-	-
Changes in inventories of finished goods	(15,135)	(22,180)	(23,706)	(8,059)
Decrease of inventories to net realisable value	(9,311)	11,984	(9,458)	11,156

23. Corporate income tax

Income tax expenses for the years ended 31 March 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Current income tax charge	37,929	36,830	16,148	22,820
Deferred tax:				
Relating to origination and reversal of temporary differences	3,139	5,033	2,272	(2,982)
Effects of changes in the applicable tax rates	-	147	-	-
Income tax expenses reported in the statement of comprehensive income	<u>41,068</u>	<u>42,010</u>	<u>18,420</u>	<u>19,838</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2015 and 2014

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	202,768	216,613	110,358	129,220
Applicable tax rate	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	40,633	43,226	22,072	25,844
Effects of changes in the applicable tax rates	-	147	-	-
Effects of:				
Promotional privileges (Note 24)	-	(2,835)	-	-
Dividend income from subsidiaries and associate	-	-	(3,917)	(6,308)
Non-deductible expenses	435	1,472	265	302
Total	435	(1,363)	(3,652)	(6,006)
Income tax expenses reported in the statement of comprehensive income	41,068	42,010	18,420	19,838

The components of deferred tax assets as at 31 March 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for doubtful accounts	773	973	-	-
Allowance for diminution in value of inventories	10,905	12,767	8,354	10,245
Provision for long-term employee benefits	4,532	5,592	2,799	3,179
Unused tax losses	2,455	2,473	-	-
Total	18,665	21,805	11,153	13,424

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

Taxable profits (Baht)	Tax rate (%)	
	2015	2014
1 - 150,000	0	0
150,001 - 300,000	0	0
300,001 - 1,000,000	15	15
Over 1,000,001	20	20

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

24. 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 2015 and 2014 are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2015	2014	2015	2014	2015	2014
Sales and service income	-	140,093	747,529	632,352*	747,529	792,445

* 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.

25. 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.

26. 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 2015 and 2014, respectively.

(Unit: Million Baht)

For the year ended 31 March 2015

	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue from external customers	2,587	785	3,372	-	3,372
Inter-segment revenue	149	-	149	(149)	-
Total revenues	2,736	785	3,521	(149)	3,372
Segment profit	270	76	346	-	346
Other income					43
Finance cost					(18)
Selling expenses					(76)
Administrative expenses					(93)
Interest in the profit of associate accounted for by the equity method					1
Income tax expenses					(41)
Profit for the year					162
Segment total assets	2,399	408	2,807	(411)	2,396
Investment in associates accounted for by the equity method	8	-	8	-	8
Additions to non-current assets other than financial instruments and deferred tax assets	92	2	94	6	100

(Unit: Million Baht)

For the year ended 31 March 2014

	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
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

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 years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's total revenue.

27. 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 2015, the Company and its subsidiaries contributed Baht 3 million (2014: Baht 2 million) (Separate financial statements: Baht 2 million, (2014: Baht 2 million)) to the fund.

28. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Payment date
Final dividends for 2014	Annual General Meeting of the shareholders on 28 July 2014	38.30	0.10	8 August 2014
Interim dividends for 2015	The Board of Directors Meeting on 12 November 2014	42.13	0.11	12 December 2014
Total dividends for the year ended 31 March 2015		80.43	0.21	
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 the year ended 31 March 2014		91.92	0.24	

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 March 2014, the Company and its subsidiary had capital commitments in respect of the constructions of a factory and purchases of a machinery by Baht 33 million (2015: None).

29.2 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 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

As at 31 March

	<u>2015</u>	<u>2014</u>
Payable:		
In up to 1 year	3	4
In over 1 and up to 5 years	1	5
In over 5 years	-	2

29.3 Other service commitment

As at 31 March 2015, the Company and a subsidiary had commitments of approximately Baht 6 million relating to a technical assistance agreement and other service agreements (2014: Baht 10 million).

29.4 Guarantees

As at 31 March 2015, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 320 million (2014: Baht 320 million).

29.5 Credit facilities

As at 31 March 2015, the Company and its subsidiaries have been granted credit facilities by various banks 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 390 million (2014: Baht 227 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 (2014: 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 13 million (2014: Baht 4 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 6 million (2014: Baht 31 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 (2014: 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 have not yet been utilised (2014: Baht 3 million). 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 42 million (2014: Baht 45 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 (2014: 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 382 million) and Baht 6 million, or a total approximately Baht 388 million, of which USD 1.2 million (equivalent to Baht 39 million) (2014: USD 0.3 million (equivalent to Baht 8 million)) of utilised amount are outstanding. These credit facilities are secured by fixed deposit account and a guarantee provided by the Company.

30. Financial instruments

30.1 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 banks, 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 banks. 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 2015

	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	2	-	8	125	135	0.38 - 1.70
Current investments	-	-	-	20	20	-
Trade and other receivables	-	-	-	779	779	-
Restricted bank deposits	46	-	-	-	46	1.10 - 1.70
Long-term investment	-	-	-	3	3	
	<u>48</u>	<u>-</u>	<u>8</u>	<u>927</u>	<u>983</u>	
Financial liabilities						
Short-term loans from banks	378	-	-	-	378	3.70 - 4.65
Trade and other payables	-	-	-	436	436	-
Financial lease payables	5	5	-	-	10	5.96 - 12.40
	<u>383</u>	<u>5</u>	<u>-</u>	<u>436</u>	<u>824</u>	

(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 investments	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 banks	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)

Separate financial statements as at 31 March 2015

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	2	-	4	20	26	0.38 - 1.70
Trade and other receivables	-	-	-	471	471	-
Restricted bank deposits	5	-	-	-	5	1.70
	7	-	4	491	502	
Financial liabilities						
Short-term loans from banks	335	-	-	-	335	4.05 - 4.65
Trade and other payables	-	-	-	256	256	-
Financial lease payables	4	5	-	-	9	5.96 - 12.40
	339	5	-	256	600	

(Unit: Million Baht)

Separate financial statements as at 31 March 2014

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
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 banks	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	

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 as at 31 March		Financial liabilities as at 31 March		Average exchange rate as at 31 March	
	<u>2015</u> (Million)	<u>2014</u> (Million)	<u>2015</u> (Million)	<u>2014</u> (Million)	<u>2015</u> (Baht per 1 foreign currency unit)	<u>2014</u>
US dollar	0.2	0.3	0.2	0.6	32.56	32.44
Japanese yen	0.5	0.5	-	1.3	0.2683	0.3155
SG dollar	-	-	0.02	-	23.66	-

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 (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought (Baht per 1 foreign currency unit)	Sold
<u>As at 31 March 2015</u>				
US dollar	1.6	-	32.61 - 33.34	-
SG dollar	0.02	-	23.82	-
<u>As at 31 March 2014</u>				
US dollar	0.5	-	32.37 - 32.81	-
Japanese yen	1.3	-	0.3184	-

30.2 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.

31. 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 2015, the Company and its subsidiaries' total debt-to-equity ratio was 0.58:1 (2014: 0.58:1) and the Company's total debt-to-equity ratio was 0.57:1 (2014: 0.54:1).

32. Event after the reporting period

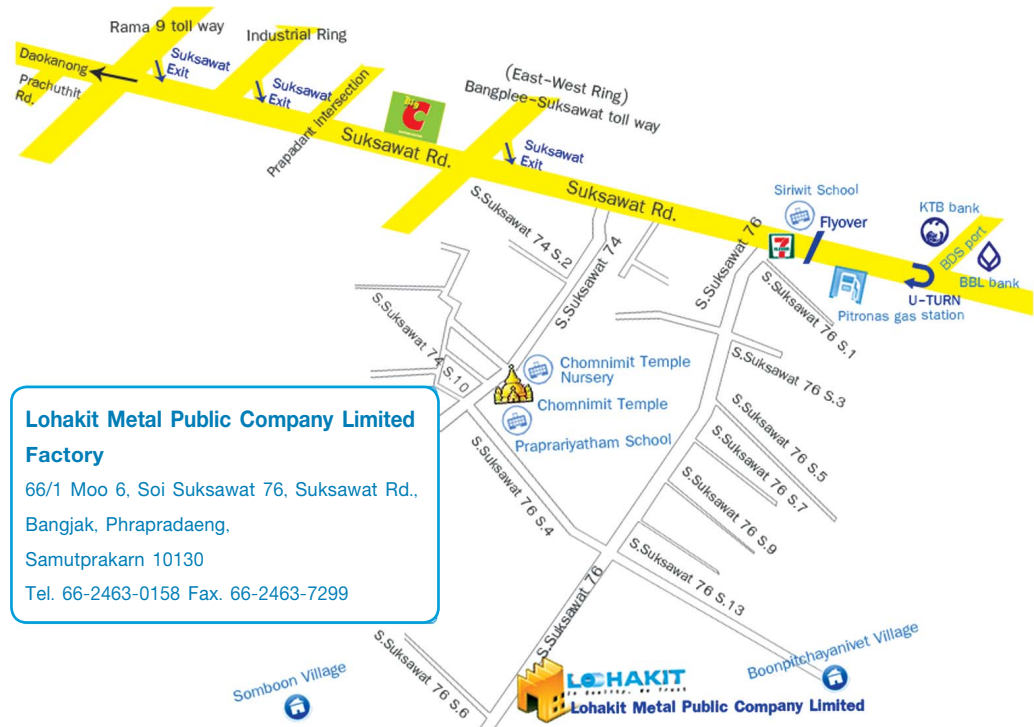
- 32.1 On 20 May 2015, a meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) passed a resolution to propose the payment of dividends from the operating results of the year ended 31 March 2015 for approval by the 2015 Annual General Meeting of the shareholders. The proposed dividend was Baht 23 per share, or a total of Baht 55.2 million.
- 32.2 On 26 May 2015, a meeting of Board of Directors of NSC Metal Company Limited (a subsidiary) passed a resolution to propose the payment of dividends from the operating results of the year ended 31 March 2015 for approval by the 2015 Annual General Meeting of the shareholders. The proposed dividend was Baht 11.50 per share, or a total of Baht 26.45 million.
- 32.3 On 27 May 2015, the meeting of the Company's Board of Directors No. 2/2015 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 0.21 per share from its net operating profit for the year ended 31 March 2015. However, by the resolution of the meeting of the Company's Board of Directors No 4/2014 held on 12 November 2014, the Company had paid out the interim dividend of Baht 0.11 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 42 million on 12 December 2014. The remaining dividend is Baht 0.10 per share, or totaling Baht 38.3 million.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 May 2015.

Location Map of the Company

1. Head Office (Factory)



2. Sales Office





Lohakit Metal Public Company Limited

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