



**LOHAKIT METAL PUBLIC COMPANY LIMITED**

**Annual Report 2018**  
**As at March 31, 2019**

---

## Content

	Page
Message from Chairman and Managing Director	03
Report of Director's Responsibilities over the Financial Statement	04
Audit Committee's Report	05
Report of Nomination and Remuneration Committee	07
Report of Risk Management Committee	08
General Information	09
Financial Highlight	11
Nature of Business	13
- Background	13
- Business Overview	14
- Revenue Structure	17
- Business Goals	18
Risk Factors	19
Capital Structure	24
- The Company's Securities	24
- Shareholders	24
- Dividend Policy	24
Management	26
- Management Structure	26
- The Nomination of Directors and Management	35
- Management's Remuneration	36
- Good Corporate Governance	38
- Corporate Social Responsibilities : CSR	52
- The Control of the Use of Internal Information	56
The Internal Control System	58
Related Transactions	60
Details of Directors and Executive Management	61
Management Discussion and Analysis	75
- Operating Performance	75
- Financial Status	79
- Cash Flows	80
Auditor's Report	
Financial Statement	
Map	

---

## Message from the Chairman and Managing Director

In 2018, the Thai economy expanded well in the first half of year with the main driving force both from external and domestic demand. However, by 2nd half of the year until 2019, it began to see foreign demand slowing down in the Thai export sector. This is due to the trade war between the United States and China and the slowdown in various major economies from their internal problems in various countries. The effects of the trade war will become clearer and as the negative factors for the growth of the Thai economy in 2019

The results in 2019, the company had total revenue of 3,294 million baht, lower than the year 2018 with revenue of 3,376 million baht. The profit attributable to shareholders of the company was 144 million baht, compared with 208 million baht in 2018. The fall of operation result came from the effects of the economic slowdown affecting demand for products and services, intensive competition with demand decreased and the global raw material prices that fell rapidly in the second half of 2018 until the first quarter of 2019. The negative factors impacted on upstream raw material producers to downstream manufacturers and distributors. The company and its subsidiaries have also been affected as one of the manufacturers and service providers in such manufacturing chains of various industries.

For further direction, I would like to inform that the Board of Directors remain focusing on the importance to the development of competitiveness, personnel development and investment in production machinery in order to respond to customers both in quality and price of the product as well as delivering on-time schedule. Board of Directors therefore is confident that the company will be ready to compete in the business and can grow steadily.

Lastly, on behalf of the Board of Directors, management and all employees, we would like to thank our shareholders, investors, customers, stake holders Including also public and the involved private sector for their support and trust in us. The management team and all employees will continue to dedicate our effort and knowledge to response to our customer demand and to maximize the benefits to all shareholders.



Mr. Wanchai Umpungart  
Chairman



Mr. Prasarn Akarapongpisakdi  
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 2019 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, 2019, 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. To select, nominate, appoint and advise the Board of Directors for the appointment of auditors and audit fees in order to propose to the Annual General Meeting of Shareholders. The Audit Committee has considered the performance, independence and appropriateness of the remuneration. Therefore audit committee board proposed Mrs. Kinkarn Asawarangsarit - Certified Public Accountant (Thailand) No. 4496 or Mr. Chayapol Suppateon - Certified Public Accountant (Thailand) No. 3972 or Miss Sumanapan Pongsanon - Certified Public Accountant (Thailand) No. 5872 or Miss

---

Orawan Techwattanasirikul Certified Public Accountant (Thailand) No. 4807 of EY Office Limited. The audit fee is set at Baht 1,170,000 per year.

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

---

## Report of Nomination and Remuneration Committee

The Board of Directors of Lohakit Metal Public Company Limited has appointed the Nomination and Remuneration Committee since 2016, responsible for the recruitment and nominate qualified personnel to serve as directors, sub-committees and the managing director. The policy of remuneration of directors and the managing director is also set for the consideration by board of directors.

The Nomination and Remuneration Committee of Lohakit Metals Public Company Limited consists of three directors, namely:

1. Mr. Teera Na Wangkanai Chairman of the Nomination and Compensation Committee
2. Mr. Wanchai Umpungart Member of the Nomination and Compensation Committee
3. Mr. Lert Nitheranont Member of the Nomination and Compensation Committee

In the year 2018, the Nomination and Remuneration Committee held 2 meetings, with the following significant actions.

To consider, select and screen qualified persons to be appointed as directors, board members in various sub-committees in order to propose to the Board of Directors and the Annual General Meeting of Shareholders.

To consider the remuneration and other benefits of the Company's directors, board members in various sub-committees in appropriate to their duties and responsibilities and also in comparison with other companies in similar industries. This is in order to propose to the Board of Directors and the Annual General Meeting of Shareholders.

Consideration of the performance evaluation of the Managing Director and the annual remuneration in order to propose to the Board of Directors for approval

Consider policy, form and criteria of nomination and remuneration of directors Board members in various sub-committees and managing directors. The evaluation of the performance and remuneration of the Managing Director for the year shall be submitted to the Board of Directors for approval.

In summary, the Nomination and Remuneration Committee has performed the above duties in accordance with the roles and responsibilities entrusted by the Board of Directors. The Company has the opinion that for the year 2018, the Company's directors, board members in various sub-committees and managing director. They are knowledgeable persons, including the compensation and other benefits shown in the annual report to suitable with the obligations and responsibilities and also in line with the overall economy and operating performance of the company.



Mr. Teera Na Wangkanai

Chairman of the Nomination and Compensation Committee

---

## Report of Risk Management Committee

The Board of Directors of Lohakit Metal Public Company Limited is committed to the risk management of the organization, efficient and effective in line with the strategy department and reorganization in order to build confidence, customer satisfaction and good returns to all shareholders and stakeholders.

Board of Directors assigned to the Risk Management Committee of the organization. It consists of individuals with knowledge, ability and experience in risk management. As well as having good knowledge and understanding of business operations, there are 5 persons as follows.

- |                                 |   |
|---------------------------------|---|
| 1. Mr. Prasarn Akarapongpisakdi | Chairman of the Risk Management Committee             |
| 2. Mr. Anan Manatchinapisit     | Member of the Risk Management Committee               |
| 3. Mr. Somnuik Thanasarn        | Member of the Risk Management Committee               |
| 4. Mr. Wisit Worayosgovit       | Member of the Risk Management Committee               |
| 5. Mr. Vittawat Akarapongpisak  | Member of the Risk Management Committee and Secretary |

They are responsible for managing the risks under the charter of the Risk Management Committee. To set and review the risk management policy, to supervise and recommend the management to risk management at an acceptable level and follow up risk management on a regular basis.

For the year 2017, the Risk Management Committee had total of 2 meetings held to implement the guidelines and measures for corporate risk management. To monitor and supervise the risk management in line with changing circumstances, covering all seven risks consisting of economic, currency, fluctuations in world market price of nickel, copper, aluminum and the reliance on major producers and distributors, customer relocation, competitors and liquidity, including the risk of corruption.



Mr. Prasarn Akarapongpisakdi  
Chairman of the Risk Management Committee

---

## General Information

Lohakit Metal Public Company Limited (the Company) and the subsidiaries including Auto Metal Company Limited and Alternative EnMat Company Limited (formerly known as "Stainless alternative Ltd." changed its name on January 4, 2016) 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<sup>1</sup> 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 Fax. 0-2463-7299 Homepage: <a href="http://www.lohakit.co.th">www.lohakit.co.th</a> , The registration number 0107548000315
The Company branch	43 Thai CC Tower, room no 167-169, 16th floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Telephone 0-2673-9559 Fax. 0-2673-9579
Auto Metal Company Limited (the subsidiary)	700/650, Moo 1, Panthong subdistrict, Panthong district, Chonburi, Telephone 0-3821-0270-77 Fax. 0-3821-0268-9
Alternative EnMat Company Limited (the subsidiary) (formerly known as "Stainless alternative Ltd." changed the registered name on January 4, 2016)	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)	43 Thai CC Tower, room no 167-169, 16th floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Telephone 0-2673-9559 Fax. 0-2673-9579
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 Fax. 0-2693-4159
Registrar:	Thailand Securities Depository Company Limited The Stock Exchange of Thailand building, 93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400, Telephone 0-2009-9000, Fax. 0-2009-9991

---

Accounting Auditor:	EY Office Limited 33th floor, Lake Ratchada building, 193/136-137, Ratchadapisek Road, Klongtoey, Bangkok 10110, Telephone 0-2264-0777, Fax. 0-2264-0789-90
Legal Advisor:	Seri, Manop and Doyle Company Limited 21 Suthisarn-Ratchadapisek Road, Samsennok, Huaykwang, Bangkok 10320, Telephone 0-2693-2036, Fax. 0-2693-4189
Company secretary	43 Thai CC Tower, room no 167-169, 16th floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Telephone 0-2673-9559 Fax. 0-2673-9579 E-mail : anan_m@lohakit.co.th
Investor Relation officer	43 Thai CC Tower, room no 167-169, 16th floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Telephone 0-2673-9559 Ext. 210 Fax. 0-2673-9579 E-mail : ird@lohakit.co.th

---

## Financial Highlight

### Performance at a Glance

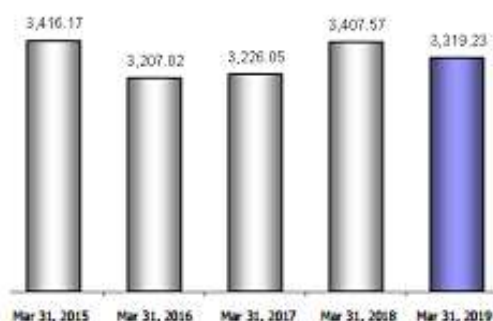
#### Financial summary of Lohakit Metal Public Company Limited and the subsidiaries:

For the year ended 31<sup>st</sup> March

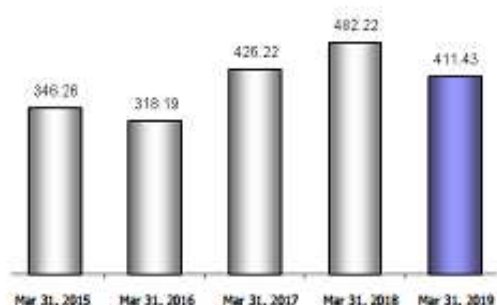
	*2015	2016	2017	2018	2019
<b>Profit and loss statement (Baht millions)</b>					
Total revenue	3,416.17	3,207.02	3,226.05	3,407.57	3,319.23
Revenue from the sales of good and services	3,372.45	3,176.85	3,199.82	3,376.19	3,293.90
Gross profit	346.26	318.19	426.22	482.22	411.43
Net profit provided by operating activities	212.72	173.83	279.67	341.41	253.50
Net profit	131.92	97.69	176.56	208.19	143.59
<b>Balance Sheet (Baht millions)</b>					
Total assets	2,395.51	2,217.41	2,271.46	2,362.03	2,345.53
Total liabilities	875.28	678.66	655.42	677.43	679.12
Total shareholders' equity	1,520.23	1,538.75	1,616.04	1,684.60	1,666.41
<b>Per ordinary share (Baht), at Par 1.00</b>					
Book Value per share (Baht)	3.47	3.51	3.70	3.84	3.77
Earning per share (Baht)	0.34	0.26	0.46	0.54	0.37
Dividend per share (Baht)	0.21	0.24	0.34	0.45	0.37
<b>Ratio Analysis</b>					
Gross profit margin (%)	10.27%	10.02%	13.32%	14.28%	12.49%
Net profit margin (%)	3.86%	3.05%	5.47%	6.11%	4.33%
Return on equity (%)	10.16%	7.31%	12.79%	14.43%	9.85%
Return on Assets (%)	5.62%	4.24%	7.87%	8.99%	6.10%
Liquidity ratio (times)	2.08	2.49	2.78	2.91	2.69
Debt to equity ratio (times)	0.58	0.44	0.41	0.40	0.41

\* 2015 - Restating financial statement following the enforcement of Thai Accounting Standard no. 19 (Revise 2014) regarding employee benefit

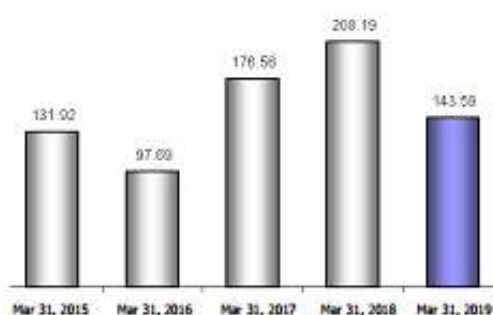
**Total revenue (Baht millions)**



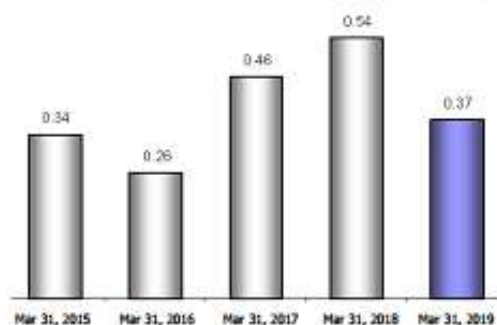
**Gross profit (Baht millions)**



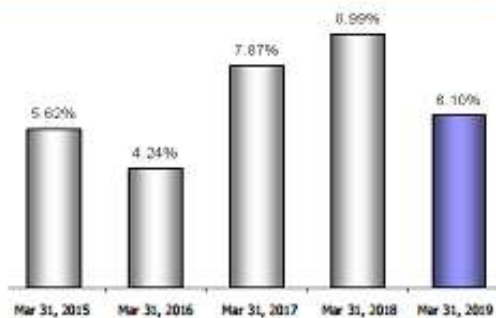
**Net profit (Baht millions)**



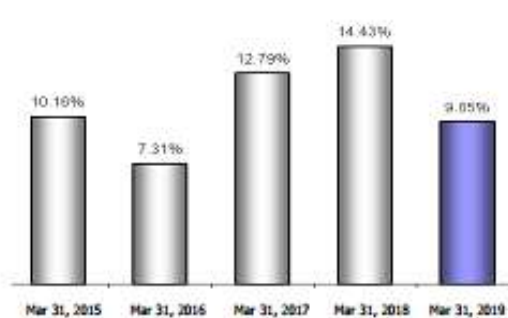
**Earning per share (Baht)**



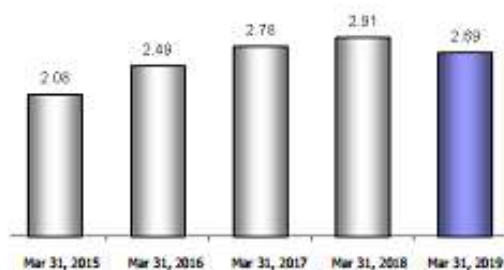
**Return on Assets (%)**



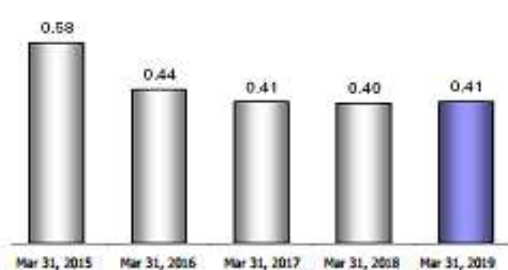
**Return on equity (%)**



**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<sup>2</sup> 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.<sup>3</sup>, 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.

In January 2016, the Company increased its registered capital to Baht 10 million in Alternative Enmat Co., Ltd., which was paid-up of Baht 5.5 million and the shareholding ratio decreased to 74.99%. A business man from Singapore owned the 25% of shares of the company. The capital increase is intended to expand into new aluminum market.

---

<sup>1</sup> 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.

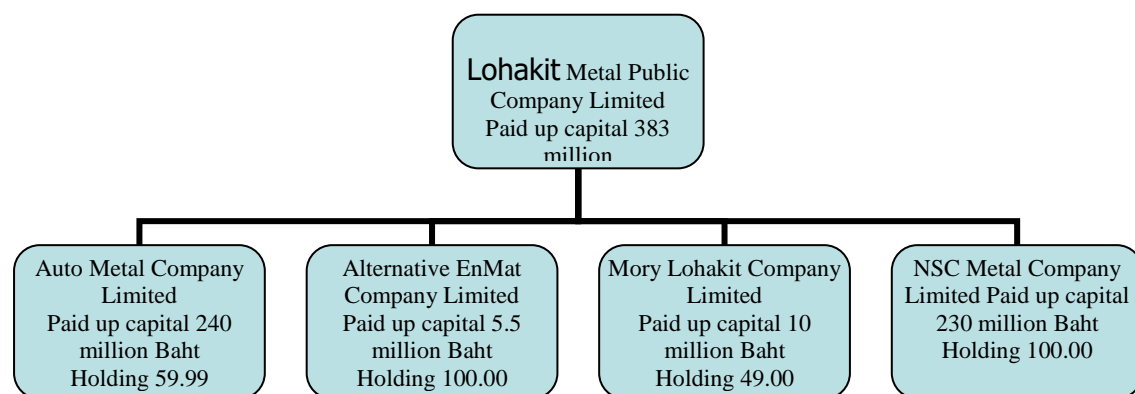
<sup>2</sup> Lohakit Shearing Company Limited. was founded in 1981 by the Akrapongpitak family to engage in distributing of stainless and other steel. Lohakit Shearing Co.,Ltd. had transferred most of its assets to Lohakit Metal Public Company Limited in 1989 before it was dissolved on September 4, 1992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

In November 2017, the Company purchased all shares of Alternative Enmat Limited from a Singapore businessman who withdrawn investments by selling their shares back to the company. As a result, the Company becomes the sole shareholder of this subsidiary.

The major shareholders of the Company as of March 31, 2019 are Akarapongpisak family by holding 71.78% of the total shares (details are in Securities Information and Shareholders Clause Page 25).

## **Business Overview**

The group of Lohakit Metal Public Company Limited as of March 31, 2019 can be shown as follows:



The Company and the subsidiaries engage in procuring stainless coil products where the Supply Chain Management<sup>4</sup> 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 relate 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 EnMat Company Limited (Formerly known as : 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. Later, on January 4, 2559, the Company changed its name and has registered capital of 10 million baht, paid up 5.5 million Baht. The company stake reduced its percentage to 74.99 and a businessman from Singapore holds 25.00 percent stake in the capital increase aims to expand business into the new aluminum products in new markets. However, in November 2017, the company bought back all of its subsidiary shares from a business man from Singapore. He was withdrawing his investments by selling all shares back to the company as he can not fully support the company's business due to the time limitation from his private business. As a result, the Company becomes the sole shareholder of this subsidiary. At present, the company has stopped its business in the distribution of aluminum products and is considering continuing to do other businesses.

(c) Mory Lohakit Company Limited was found on April 1, 2009 with 49 percent of total revenue shareholding by the company and another 49 percent of total revenue shareholding by Mory Industries, Inc. as major shareholders. The main business is the sale and marketing agent in local and abroad to the shareholders and group business.

(d) NSC 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 2 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 24 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.

In 2018, the company purchased a plot of land and factory buildings on the said land in Amata Nakorn Industrial Estate, which is close to the original factory in order to support the increased production and storage capacity in the future. The land size is 5 rai 3 ngan which will be able to start using the new factory in 2019.

**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 Alternative EnMat 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.<sup>5</sup> With those qualifications,<sup>6</sup> 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 coil, sheets, axles and pipes with standard and special size where the products are used in electrical appliance and electronic industries.

---

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

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

## **Revenue Structure**

The revenue structure of the Company and its subsidiaries during 2017 – 2019 can be shown as follows:

Revenue	Operated by	% Holding	2017 (01/04/16 - 31/03/17)		2018 (01/04/17 - 31/03/18)		2019 (01/04/18 - 31/03/19)	
			Million	%	Million	%	Million	%
<b><u>By type of Revenue</u></b>								
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  100.00	934.43	28.97	969.20	28.43	941.55	28.37
1.2 special grade stainless steel sheet and coil	Alternative Enmat Co., Ltd. The Company	100.00 100.00	29.05	0.90	8.83	0.26	4.45	0.13
1.3 Special grade stainless steel – HDD project	The Company	100.00	(1.60)	-0.05	-	-	-	-
1.4 Stainless steel tube (round and rectangular) of grades 304, 316L	The Company  NSC Metal Co., Ltd.  Auto Metal Co., Ltd.	100.00  100.00  59.99	340.86	10.57	277.94	8.15	219.73	6.62
1.5 Special grade stainless steel tube	Alternative Enmat Co., Ltd. The Company	100.00 100.00	3.33	0.10	1.22	0.04	-	-
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  100.00	755.35	23.17	1,032.10	30.27	1,021.86	30.79
1.7 Stainless bars and other type	The Company  NSC Metal Co.,Ltd.	100.00  100.00	45.62	1.41	38.66	1.13	40.24	1.21
1.8 Galvanized steel coil and sheet	The Company  NSC Metal Co.,Ltd.	100.00  100.00	203.09	6.30	194.47	5.70	202.50	6.10
1.9 Electro-glvanized steel coil and sheet	The Company  NSC Metal Co.,Ltd.	100.00  100.00	80.32	2.49	92.93	2.73	102.16	3.08
1.10 Aluminium coil and sheet	The Company  NSC Metal Co.,Ltd.	100.00  100.00	278.18	8.62	232.90	6.83	168.77	5.08
1.11 Copper - coil, sheet, axle and pipe	The Company  NSC Metal Co.,Ltd.	100.00  100.00	485.65	15.05	487.06	14.29	527.10	15.88
1.12 Brass - coil, sheet, axle and pipe	NSC Metal Co.,Ltd.	100.00	42.93	1.33	37.63	1.10	62.86	1.89
2. Revenue from service	The Company	100.00	2.61	0.08	3.25	0.10	2.68	0.08
Total sales and service	The Company and its subsidiaries	59.99, 100.00 and 100.00	<b>3,199.82</b>	<b>99.19</b>	<b>3,376.19</b>	<b>99.03</b>	<b>3,293.90</b>	<b>99.24</b>

3. Gain from exchange rate	The Company and its subsidiaries	59.99, 100.00 and 100.00	-	-	1.03	0.03	-	-
4. Other Income**	The Company and its subsidiaries	59.99, 100.00 and 100.00	26.23	0.81	31.92	0.94	25.33	0.76
Total Revenue	The Company and its subsidiaries	59.99, 100.00 and 100.00	<b>3,226.05</b>	<b>100.00</b>	<b>3,409.14</b>	<b>100.00</b>	<b>3,319.23</b>	<b>100.00</b>
<b>By Source of Revenue</b>								
(a) Revenue from domestic sales	The Company and its subsidiaries	59.99, 100.00 and 100.00	3,214.89	99.09	3,358.82	99.49	3,276.53	99.47
(b) Revenue from international sales	The Company and its subsidiaries	59.99, 100.00 and 100.00	11.16	0.91	17.37	0.51	17.37	0.53
Total Revenue	The Company and its subsidiaries	59.99, 100.00 and 100.00	<b>3,199.82</b>	<b>100.00</b>	<b>3,376.19</b>	<b>100.00</b>	<b>3,293.90</b>	<b>100.00</b>

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

## **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 and Industrial Risk in Thailand in 2018 and 2019**

In 2018, the Thai economy expanded well in the beginning, with the main driving force both from external and domestic demand. Later on, the foreign demand was slowing down in the export section due to the starting of the trade war between the United States and China and the slowing down of trading partners from various factors with expectation that the impact of the trade war will become clearer and is the negative factors to pressure the growth of the Thai economy in 2019.

As for the Thai economy in the year 2019, the global economy may expand at a slower pace caused by the reduction of both financial and fiscal stimulus measures of many countries that will occur simultaneously in 2019 and the trade war between the US and China. If both countries still increase in trade barriers. It is believed that the impact on the Chinese economy will be significantly, including supply chains. Thai export is also expected to slow down after nearly two years of growth if the trade war is prolonged and will be delivered impact on economic growth and world trade volume. However, the Thai economy is still expected to grow at a slower pace from the previous year with lower foreign demand but domestic demand for both consumption and private investment will play an important role for Thai economic expansion. The large investment projects that are in the original government plan are ongoing. It will help strengthen the confidence of the private sector as well. By the year 2019 the government's large-scale investment projects will be more clear, including the twin-rail project And the basic structure of the Eastern Economic Corridor (EEC). However, the Thai economy will continue to face risks from both internal and external factors.

However, the Company and its subsidiaries have a policy to closely monitor the economic situation and the impacts that may occur. The Company and its subsidiaries focus on diversifying their business risks to cover the various industries in the country.

### **2. Risk of depreciation in Baht Currency**

For 2018, the overall Thai baht has fluctuated with the most part of the period during the year with the main factor from the FED's policy to raise interest rates



For 2018, the baht may be depreciated during the year with various factors affecting the dollar, especially the Fed's monetary policy which raised the policy rate, gradual reduction of the balance sheet, the US tax reform plan which will affect the baht depreciation. The monetary policy direction of other major central banks in the world will go into normalization affecting the tightening of liquidity in the financial system and may affect the volatility of capital movements.

However, the depreciation of the baht can be managed to prevent it. The Company regularly monitors the impact on the matter. The Company and its subsidiaries who are importers of some raw materials from overseas have increased their share of domestic purchases including purchases with other currencies than USD with less volatility, along with hedging foreign exchange risk in importing foreign raw materials into US dollars by entering into foreign currency forward contracts.

### **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.



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 galvalnized 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 2018 and 2019, the company ordered the cold rolled stainless steel coil from major local producers, Posco-Thainox PLC, Accounted for 53.4 percent and accounted for 55.1 percent 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 2018 and 2019, the revenues from domestic sale of the Company and its subsidiaries stood at Baht 3,376.19 million and 3,293.90 million 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.

Thailand, however, has a comparative advantage because of its resources in terms of raw materials and manpower, basic utilities and a good investment policy and conducive to investment. Overall, the Thai government is encouraging entrepreneurs to use Thailand as a base for investment, research and development and the establishment of potential industries in the future by offering a variety of special benefits containing with Tax benefits and financial benefits.

The Office of the Board of Investment (BOI) has disclosed that in 2018, the amount of investment promotion is higher than the target set at 720,000 million baht, or higher by 25% of the overall investment promotion project. In year 2018, it was also found that most of most of promotion fall into the target industries by 84% or more than the investment value of 758,000 million baht. The five new target industries (New S-curve), namely digital, medical, petrochemicals and environmentally friendly chemicals, robots and automation and aircraft represented total investment of 539,000 million baht. The five former target industries (First S-Curve) which were agriculture and biotechnology, electrical and electronic appliances, motor vehicles and parts, travel and food processing represented total investment of 219,000 million baht. This is an opportunity for the company and its subsidiaries to find new customers.

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 EnMat, another subsidiary and distributor of special grade stainless steel, has the potential to provide products to the electrical appliance, automobile, computer and food industries. NSC Metal Company Limited, a 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. 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) The business of the Company and its subsidiaries requires efficient machinery, equipment and production. Maintenance of machinery must be maintained at all times and control the production standards in order to get quality products and fast service.

(5) The Company and a subsidiary produce and sell products for both metal and non-ferrous metal materials with a variety of materials, types and sizes. Thus, the Company and its subsidiaries are able to manage material planning and production quality with effective and competitive cost.

(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 in associating with liquidity**

The Company and its subsidiaries are principally engaged in the conversion of stainless steel and there is a subsidiary who is the distributors of copper, brass, aluminum. The major assets of the Company and its subsidiaries are inventories and as at 31 March 2019, the Company and its subsidiaries had net inventories of Baht 716.37 million (representing 30.54 % of total assets). The Company is exposed to risk if such inventories are not properly rotated or there are non-resale goods.

In addition, the Company and its subsidiaries have net outstanding account receivable in the amount of Baht 673.05 million (representing 28.70 % of total assets). The company is at risk if the debtor can not repay the debt. This may affect the liquidity and financial position of the Company and its subsidiaries.

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 price and the financial liquidity is appropriate. As for the accounts receivable the Company and its subsidiaries are closely monitored by regular and continuous visits to customers so that they can be evaluated in depth. In cases there may be a problem, the company will change commercial conditions to a lower credit term or sell cash or ask for additional collateral from customers to manage the risk of default.

---

## Capital Structure

### The Company's securities

As of March 31, 2019 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.

### Shareholder

The Company's shareholding proportion held on March 31, 2019 as follows.

Thai Shareholders	99.81 percent.
Foreign Shareholders	0.19 percent.
Total	100 percent.

Names and shareholding of the top 15 major shareholders of the Company as at March 31, 2019.

Names	As of March 31, 2019	
	Number of shares	Percentage (%)
1. Mr. Kasem Akarapongpisak	110,600,880	28.88
2. Mr. Prasert Akarapongpisak	60,003,300	15.67
3. Mr. Nucha Wattanopas	24,190,900	6.32
4. Mr. Vittawat Akarapongpisak	16,030,760	4.19
5. Mr. Vichaphol Akarapongpisak	16,020,760	4.18
6. Mr. Vicharit Akarapongpisak	16,020,760	4.18
7. Ms. Voravaran Akarapongpisak	16,020,760	4.18
8. Mr. Prasarn Akarapongpisak	13,320,960	3.48
9. Ms. Meena Akarapongpisak	2,700,000	0.70
<b>The Akarapongpisak Family</b>	<b>274,909,080</b>	<b>71.78</b>
10. Mr. Thanawut Sibunrueang	6,500,000	1.69
11. Mr. Thiratham Wirangsithonkawin	6,399,300	1.67
12. Mrs.Thitima Iamphikun	2,974,800	0.77
13. Mrs.Chaminya Wirangsithonkawin	2,625,000	0.68
14. Mr. Somchai Siarunlak	2,070,000	0.54
15. Mr. Nipha Aphiratikun	2,000,000	0.52
<b>Total</b>	<b>22,569,100</b>	<b>5.87</b>

### 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 EnMat Company Limited (formerly known as "Stainless alternative Ltd.") and NSC Metal Company Limited (formerly known as "Ngeck Seng Chiang Metal Ltd.") 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.

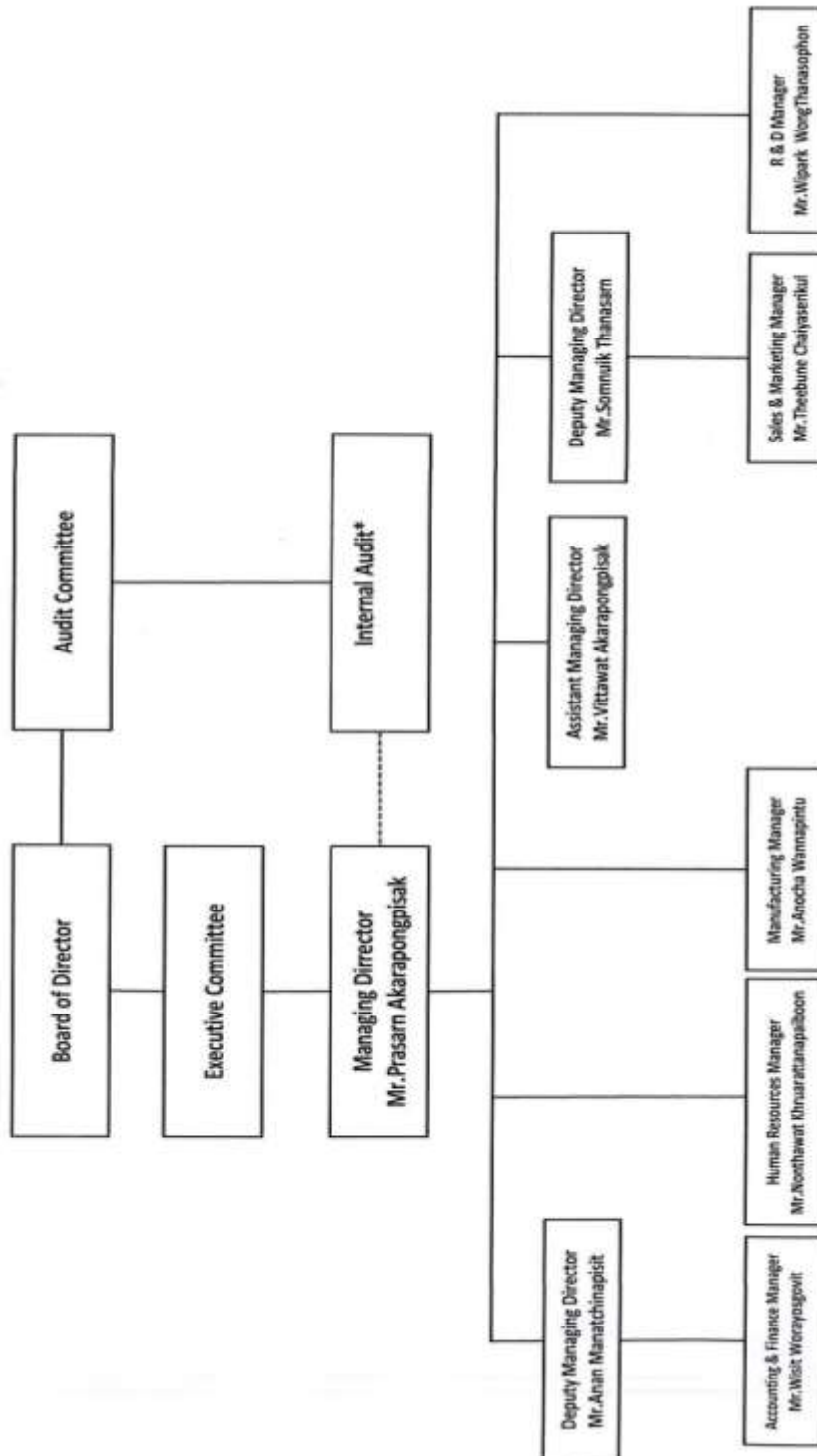
---

The Company paid dividend during the last 5 years as follows;

<b><u>Years</u></b>	<b><u>Baht / Share</u></b>	<b><u>Total</u></b>
2014	0.22	84,260,000
2015	0.21	80,430,000
2016	0.24	91,920,000
2017	0.34	130,220,000
2018	0.45	172,350,000

## LOHAKIT METAL PUBLIC COMPANY LIMITED

### Organization Chart



\* Internal Auditor is A.M.T. Service Office Limited

---

The company has various committees, including the Board of Directors, Executive Committee, Audit Committee, The Nomination and Compensation Committee and Risk Management Committee as details are as follows:

**(a) The board of directors consists of 7 members including**

- |    |                             |  |
|----|-----------------------------|--|
| 1. | Mr. Wanchai Umpungart       | Chairman of the board, Independent Director, Chairman of the audit committee and Member of The Nomination and Compensation Committee |
| 2. | Mr. Prasarn Akarapongpisak  | Director, Managing Director, and Chairman of the Risk Management Committee   |
| 3. | Mr. Teera Na Wangkanai      | Director, Independent director, member of the audit committee, Chairman of The Nomination and Compensation Committee                 |
| 4. | Mr. Lert Nittheranont       | Director, Independent director, member of the audit committee, Member of The Nomination and Compensation Committee                   |
| 5. | Mr. Anurut Vongvanij        | Director and Independent director  |
| 6. | Mr. Somnuik Thanasarn       | Director, Deputy Managing Director and Member of the Risk Management committee   |
| 7. | Mr. Vittawat Akarapongpisak | Director, Assistant Managing Director, and Member of the Risk Management committee   |

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

**The Authorised Director**

The Company's authorized directors include "Mr. Prasarn Akarapongpisak, Mr. Somnuik Thanasarn, Mr. Vittawat Akarapongpisak, any two of these directors are jointly signs with affix 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.

### **Scope of authorities, duties and responsibilities of the Chairman of the Board**

(1) To be responsible as the leader of the Board of Directors to oversee, monitor and supervise the operations of the Executive Board and other Committees to make them achieve the objectives pursuant to the specified plan.

(2) To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting.

(3) To have a casting vote in case the Board of Directors' meeting has a tie vote.

### **(b) The Executive Committee consist 4 members including:**

1.	Mr. Prasarn Akarapongpisak	Executive Chairman
2.	Mr. Somnuik Thanasarn	Executive Director
3.	Mr. Anan Manatchinapisit	Executive Director
4.	Mr. Vittawat Akarapongpisak	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) Selection and nomination, reselection and dismiss the auditor of the company 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.

#### **Audit Fees for External and Internal Auditor**

For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had the audit fees for independence auditor, which was EY office Limited by Baht 3,055,000 as the audit fee for the company Baht 1,170,000 by the group Baht 1,885,000 and from the above mention, The Company and its subsidiaries do not have any other fees payable to the auditor, audit firm and the related parties to the auditor or audit firm.

For the year ended 31st March 2019, The Company also had an internal audit fee, which was A.M.T Office Services Limited by Baht 840,000 for the year.

#### **(e) The 4 independent directors include.**

- |    |                        |                      |
|----|------------------------|----------------------|
| 1. | Mr. Wanchai Umpungart  | Independent director |
| 2. | Mr. Teera Na Wangkanai | Independent director |
| 3. | Mr. Lert Nitheranont   | Independent director |
| 4. | Mr. Anurut Vongvanij   | Independent director |

#### **(f) The Nomination and Compensation Committee consists of members.**

- |    |                        |   |
|----|------------------------|---|
| 1. | Mr. Teera Na Wangkanai | Chairman of The Nomination and Compensation Committee |
| 2. | Mr. Wanchai Umpungart  | Member of The Nomination and Compensation Committee   |
| 3. | Mr. Lert Nitheranont   | Member of The Nomination and Compensation Committee   |

Mr. Anan Manatchinapisit is the secretary of the Nomination Committee and Remuneration Committee.

---

The Board of Directors Meeting No. 2/2016 held on 26 May 2016 with the independent directors and Audit Committee attending the meeting have considered the scope of duties and responsibilities of the Nominating Committee and the Compensation Committee. The delegation concluded such key details as follows

The Nomination and Compensation Committee of the Company is consisting of three independent directors and each meeting must be attended by not less than one-half of the total members in order to qualify as a quorum

The Nomination and Compensation Committee has the term for three years but the term of each director shall hold only for the remaining term of the incumbent directors. It must be selected and appointed by the Board of Directors. Directors who retire by rotation may be appointed again.

The Nomination and Remuneration Committee shall set up meeting according to the necessary and appropriate to the duties and responsibilities in accordance with the Nomination Committee and Remuneration Committee regulation but at least one year a time. The Chairman of the Nomination and Remuneration Committee shall be notified in advance to schedule a meeting, including deliver agendas and supporting documents prior to the meeting in a reasonable time. The Directors have considered the documents before the meeting and to propose to committee. Committee will report its activities to the Board of Directors to note after a meeting of the Nomination Committee and the Remuneration Committee each time.

**Duties and responsibilities of the Nominating Committee and the Compensation Committee as follows:**

- (1) Propose policies to nomination committee, there must be a procedure, clear rules, fair and reasonable in order to be presented to the Board of Directors or the shareholders' meeting for approval, as appropriate
- (2) Propose selection and recruitment policy accordingly, there must be clear guidelines, fair and reasonable in order to be presented to the Board of director for consideration
- (3) Review and approval of the Board of Directors on matters of policy and strategy, human resources, which should be in line with the strategy of the business
- (4) Recruitment, selection and nomination of qualified ethical and qualified candidates deserved appointment as Director or Managing Director, as appropriate
- (5) Review experience and stature of directors, including a recommendation for the nomination of directors to replace the vacant position
- (6) Ensuring there are plans to replace the specific location of Directors and Managing Director
- (7) Define terms in the contract for employing managing director, including evaluation and recommendation qualified candidates to replace the position
- (8) Define policies and forms of remuneration committee and managing director in accordance with the strategy of the business. There must have clear procedures and criteria, fair and reasonable in order to be presented to the Board of Directors or the shareholders for consideration
- (9) Propose guidance on how to pay either in cash or other forms of remuneration to the Board of Directors, other committees appointed by the Board of Directors and managing director of the company.
- (10) Consider and review the structures and systems of remuneration and remuneration in line with the current market conditions and fit for duty, responsibility and

---

results of operations of the Company and the performance of the directors and managing director

(11) Remuneration to the Directors for propose to the Annual General Meeting of Shareholders of the Company for approval

(12) The Nomination and Remuneration Committees appointed by the Board of Directors in order to study and review, committee have duty to report to the Board of Directors at all times after the meeting of the Nomination Committee and Remuneration Committee and report the results of operations in recent years to the shareholders in the annual report of the company

(13) Perform other tasks assigned by the board of director in relating to the nomination and remuneration

**(g) The Risk Management Committee consists of 5 members.**

- |                                |   |
|--------------------------------|---|
| 1. Mr. Prasarn Akarapongpisak  | Chairman of the Risk Management Committee             |
| 2. Mr. Anan Manatchinapisit    | Member of the Risk Management Committee               |
| 3. Mr. Somnuik Thanasarn       | Member of the Risk Management Committee               |
| 4. Mr. Wisit Worayosgovit      | Member of the Risk Management Committee               |
| 5. Mr. Vittawat Akarapongpisak | Member of the Risk Management Committee and Secretary |

The Board of Directors Meeting No. 2/2016 held on 26 May 2016 with the independent directors and Audit Committee attending the meeting have considered the scope of duties and responsibilities of The Risk Management Committee. The delegation concluded such key details as follows

Risk Management Committee of Lohakit Metal Public Company Limited comprised of individuals executive directors of the company and qualified individuals totaling five persons with chairman of the executive board of the company to be the Chairman of Risk Management Committee

Risk Management Committee retired upon death, resignation from the Company, the Board of Directors has resolved to issue to resign and resignation from the member of committee which will take effect when filing the resignation to the Chairman of the Board of Director

**Duties and responsibilities of the risk management committee**

(1) The review and assessment of the risks that may occur, the likely impacts it may have on the organization, including the risk of internal and external to the Company

(2) Propose risk management policies and the risk management direction of the Company to the Board of directors which covers risks affecting the operation of various types of risks, such as commodity prices, risks from market, exchange rate risk, liquidity risk and operational risk

(3) Define risk management strategies to comply risk management policies and business direction of the Company

(4) Review, monitoring and evaluation of risk management result according to risk management policies defined

(5) Other issues assigned by the Board of Directors

---

(6) The Committee must provide meeting at least two times per year or as circumstances and needs

(a) At a meeting of the Board Risk Management Committee, there will be attending at least half of the total members in order to be a quorum

(b) Resolution of the Board Risk Management Committee is considered by the majority of the directors present at the meeting

(c) If the Chairman of the committee is not present at the meeting or is unable to perform his duties, the members present shall elect one to chaired the meeting

(d) The Committee may invite the management or the relevant staff attending the meeting and provide information or documentation in respect of them

(e) Secretary of Risk Management Committee are responsible for preparing for meetings by appointment, preparing documents for the meeting, preparation of reports and other duties as assigned by the Risk Management Committee

(7) The Risk Management Committee is responsible for reporting duty to the Board of director after the meeting and to prepare a report of doing duties in the past year to shareholders in the annual report. The details are as follows:

(a) Number of Meetings

(b) Number of attending the meeting by individual member

(c) The duties prescribed by the Charter

## **(h) Management**

The Company's management includes

1. Mr. Prasarn Akarapongpisak	Managing Director
2. Mr. Anan Manatchinapisit	Deputy Managing Director
3. Mr. Somnuik Thanasarn	Deputy Managing Director,
4. Mr. Vittawat Akarapongpisak	Assistant Managing Director
5. Mr. Wisit Worayosgovit	Accounting and Finance Manager
6. Mr. Teebune*	Sales & Marketing Manager
7. Mr. Wipark Wongthanasophon**	Research and Development Manager
8. Mr. Nonthawat Khruarattanapaiboon***	Human Resource Manager
9. Mr. Anocha wannapintu****	Plant Manager

**Remark:** \* Start work on July, 2018  
\*\* Start work on November, 2018  
\*\*\* Start work on December, 2018  
\*\*\*\* Start work on January, 2019

## **(I) Corporate Secretary**

As of March 31, 2019: Mr. Anan Manatchinapisit Position Corporate Secretary

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

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

---

## **The Nomination of directors and management**

### **(a) The nomination of directors**

Board of Directors Assign the Nomination and Remuneration Committee to nominate suitable persons to serve as directors by considering factors such as knowledge, skills and experience relevant to the business or it can be beneficial to the company's future, and to present to the Board of director and further to the annual general meeting. The Company has set the criteria for the appointment of directors as follow:

(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.

## **Nomination and Appointment of Executives**

Human Resource Unit will recruit and select qualified individuals with knowledge, experience, skill and understanding of business and propose to authorized persons for consideration.

### **Executives shall be nominated and appointed in line with the Corporate Authorization Index as follows:**

1. The appointment of Group Chief Executive Officer and/or Chief Executive Office must be proposed to the Board of Directors for approval.
2. The appointment of executives (C-Level); Chief Finance Officer, Chief Investment Officer, Chief Administrative Officer, Shall be approved by Group Executive Committee.
3. Appointment of executives below the level specified in 2, shall be approved by Group Chief Executive Officer and below level-executives (depending on the case).

### **(b) The nomination of independent directors and audit committee**

The independent directors and the audit committee consist of 4 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. Somnuik Tanasarn and Mr. Vittawat Akrapongpisak.

**Management's Remuneration**

- (a) Cash Remuneration  
- Director's Remuneration

Directors	2018 (01/04/17 – 31/03/18)		2019 (01/04/17 – 31/03/19)	
	Meeting Allowance (Baht)	Bonus (Baht)	Meeting Allowance (Baht)	Bonus (Baht)
1. Mr. Wanchai Umpungart	250,000	-	310,000	-
2. Mr. Prasarn Akrapongpisak	10,000	-	-	-
3. Mr. Vittawat Akrapongpisak*	-	-	-	-
4. Mr. Somnuik Thanasarn	10,000	-	-	-
5. Mr. Anurut Vongvanij	10,000	-	80,000	-
6. Mr. Teera Na Wangkanai	190,000	-	240,000	-
7. Mr. Lert Nitheranont	150,000	-	220,000	-
Total	<b>620,000</b>	-	<b>850,000</b>	-

**Remark:** \* Appointed in July, 2018



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

Remuneration	2018 (01/04/17 – 31/03/18)		2019 (01/04/18 – 31/03/19)	
	Number of Person	Amount (Baht)	Number of Person	Amount (Baht)
Salary	7	27,466,653	9	30,385,678
Bonus	7	4,598,500	9	3,981,147
Other Remuneration (Communication expenses)	2	30,000	2	30,000
<b>Total</b>	<b>7</b>	<b>32,095,153</b>	<b>9</b>	<b>34,396,825</b>

**(b) Other Cash Remuneration**

The Company and its employees jointly established a provident fund. The Company contributes 5% of its employee salary and no other remuneration to its directors.

---

## **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](http://www.lohakit.co.th) / Investor Relations / Shareholder Information) Date: June 24, 2019 onwards, a period of 30 days before the AGM (Shareholders' Meeting on 25 July 2019) 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](http://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 3, 2019 until May 7, 2019

At the shareholders meeting for the year 2018, 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 meeting begun, chairman of the meeting has authorized investor relations officer clearly explained to shareholders of how to vote, the audit of the vote count 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.

- The voting ballots with the following characteristics are considered the invalid voting.

1. The ballots were voted incorrectly to its agenda.
2. There are no marks in the voting box.
3. Any ballots marked in more than one ballot box except in the case of a proxy, a custodian who can divide the votes in each agenda item, agree, disagree or abstain.
4. The damage ballots and it can not be determined what voters wish to vote.

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. Including disclosing the vote counting inspectors in the shareholders' meeting in the minutes of the 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. "Executive Remuneration" section, other benefits are not paid to the 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 advance notice of the meeting of shareholders into the website at least 30 days before the AGM date and 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 3, 2019 until May 7, 2019 and informed the shareholders through the Stock Exchange of Thailand and posting them on the Company's website ([www.lohakit.co.th](http://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 2019, 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 minority 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 quarterly basis.

(b) In case of other related transactions apart from those described in (a), the audit committee shall provide their opinions with regard to the necessity of the transaction and the reasonableness of the transaction's price by considering the normal business practice of the industry and comparing the undertaken price with the price of others or the market price. In case that the audit committee has no expertise on any transaction, the Company would hire an independent specialist or an auditor to provide their opinion on such transaction for the consideration of the audit committee, the board of directors or the shareholders as the case may be. The directors who may have any conflict of interests of the transaction will not be able to vote on such transaction.

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

(a) The Company has prevented the use of internal information by specifying that the departments which are accessible to such information must keep the information confidential to other irrelevant departments or parties.

(b) The management who has accessed the Company's financial information must not use such information for their own benefits before the disclosure of such information to public. The management is prohibited to trade the Company's securities within one month before the public disclosure of the Company's financial statements.

(c) The Company shall guide the management to report the change of their shareholdings to the SEC office as per clause 59 of the Securities and Exchange Act B.E. 2535. In addition, the management and employees who have accessed to the internal information are prohibited to share such information to others or irrelevant parties. They are also prohibited to trade the Company's securities within 30 days before the public disclosure of the financial statements.

### **(3) Roles of Stakeholders**

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

(a) Employees: The Company always recognizes that all employees are the key resources of the company. It is the success factor of the company's achievement. The Company provides care and fairness in terms of opportunities, returns, appointments, relocation as well as staff development. The Company has adhered to the following principles.

- Treat employees with respect, honor and privacy.
- Maintaining a safe working environment for the lives and assets of employees
- Appointment and relocation Including rewards and punishment for employees, act in good faith and based on the knowledge and ability of each employee
- Pay attention to the development of staff knowledge. The development of employees in various forms such as seminars, training, etc

#### **In the Year 2018, the company had employees trained by internal and external agencies as follows:**

<b>Department</b>	<b>Internal Agencies Total / Hours</b>	<b>External Agencies Total / Hours</b>
Purchase	3 / 7.5	4 / 32.5
Finance	-	1 / 9
Sales & Marketing	2 / 6	-
Human resource	5 / 3	2 / 12.5
Production	75 / 17.5	1 / 8.5
Quality assurance	15 / 13.5	1 / 4
Planning/Inventory/Logistics	11 / 13.5	-
Maintenance	19 / 17.5	-

#### **In the Year 2018 Accident statistics Stop rate And the rate of illness from work as follows:**

<b>Department</b>	<b>Accident rate</b>	<b>Stop rate</b>	<b>Illness rate</b>
Purchase	-	-	-
Finance	-	-	-
Sales & Marketing	-	-	-
Human resource	-	-	-
Production	3	-	-
Quality assurance	-	-	-
Planning/Inventory/Logistics	-	-	-
Maintenance	-	-	-

---

- Determination of employees' compensation policy and welfare are fair. This is consistent with the company's performance both in the short term, such as market conditions, business competition, nature of work, performance and profitability each year, etc. and in the long term such as performance evaluation, Balance Scorecard etc.

- Listen to comments and suggestions based on professional knowledge.

- To educate and train staff on environmental issues both in the workplace and outside the organization, this is in order to be aware of the importance of natural resources.

(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 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.

Company committed to social and environmental responsibility, The integrated data management framework, framework for management and organization management. Social responsibility reports are included in the section. "Corporate Social Responsibility Page 58."

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 2019 (April 1, 2018 – March 31, 2019). 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.

Risk Management, the Board of director has been focusing on risk management very seriously. In the meeting of the Board of Directors no. 2/2016 had appointed the Risk Management Committee to define and assess of the business risks, to protect and manage risk. These include risks affecting the Company's operations, as defined in "The Risk Factors".

Board of Lohakit Metal Public Co., Ltd. (the Company) has scheduled its business practices with principles of good governance, adhering to the responsibility of all aspects of the business and to focus on the fight against corruption. On April 3, 2015 the company attended the announcement of the intention of a unified practice (Collective Action Coalition) Thailand's private sector in the fight against corruption. The Company has been approved as a member of the coalition against corruption in the private sector in Thailand on April 22, 2016 to the guidelines of the Committee, all employees. The company has made "policy against corruption" in writing to provide a clear guideline in the sector which is divided into three main policies

### **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.

### **1. 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-corrupt ion in order to ensure that management is aware of the importance of anti-corrupt 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. Director, Management, Employee of LHK 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.

## **2. 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	Refers 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 complaints or information, access to information and advice**

1. Verbal or written to  
Company Secretary  
or E-Mail: [whistleblower@lohakit.co.th](mailto:whistleblower@lohakit.co.th)
2. E-mail via the company's website: [www.lohakit.co.th](http://www.lohakit.co.th)
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.

### **3. Policies and procedures to support the political/ charitable donations/ grants. (Sponsorships)/ paying bills/ gift and hospitality expenses.**

The Board of Directors has established business practices with the good governance that recognizes its responsibility for the impact of all aspects of doing business and declared policy against corruption (Anti-Corruption Policy) to guide practice strictly for directors, management and all the staff there. The Company has established policies and measures related to anti-corruption functions in the practice of contributing to political / charitable donations / grants. (Sponsorships) / paying bills / gift and hospitality expenses as following

1. Policies and practices involved in this matter in accordance with the policy set out in the Anti-Corruption policy and the ethical conduct of managers and employees
2. If it is not listed, shall comply with the policies and guidelines that have been identified

### **Policies governing political contributions**

Company adheres to the policy of political neutrality, not support the funding or help in other ways to help the political parties both direct and indirect

Political contributions meant to help whether it be financial or to help in other ways (In-kind), such as providing goods or services, advertising, promoting or supporting political parties, to purchase tickets, to join the event to raise funds or donate to organizations with close ties to political parties or to be the agent for co-operation on political campaign etc.

The company provides support of political democracy and that employees have rights and duties as citizens by law to participate in or support any political activities freely in private but prohibiting all employees act on behalf of the company or using assets of the company to support or any other actions.

### **Policy on Charitable Giving**

The use of funds or assets of the company to donate to charity must be conducted openly and transparently is required by law and must not be used as a pretext in order to bribery

Donations to charity will be made on behalf of the Company and proceed through the process of approval by an authorized person of company. It must be donated to organizations or entities for benefit to education society or the public and is not affiliated with any reciprocal benefits, such as foundations, corporate philanthropy, nursing school, etc., has to be evidence of a credible and verifiable

---

### **Funding policy for sponsorships**

Funding refers to money paid to or received from customers, suppliers and business partners for the purpose of business, product brand or company reputation. It is beneficial to create The Commercial Trust (Goodwill) help intensify business relations and must be appropriate to the occasion

The use of funds or assets of the company to fund sponsorships must be conducted openly and transparently is required by law and must not be used as a pretext in order to bribery

Funding will be made on behalf of the Company and proceed through the process of approval by an authorized person of the company. The grants paid aimed at businesses image or reputation of the company shall have the reliable evidence, indently clear objectives and can be detect

### **Policies about gifts, entertainment and other expenses**

Company policy prohibits directors and employees must not accept or give gifts, souvenirs of any stakeholder in the work that they are responsible both direct and indirect to government officials, government sector, private organizations and business partners so as to obtain benefits illegally and in an induced abstinence in the performance of their duties, except for the giving or receiving gifts, souvenir on the occasion of the agenda or the like, according to tradition, local custom , tradition of trade or the suitable opportunity. It is worth not much more than normal or worth less than the prohibition on public officials should have been.

The expenses for the entertainment of business and other expenses associated with implementing business contracts can be done but the level and extent appropriate must be reasonable and can be audited

### **Procedure and control in respect of the political, charitable donations/ grants./paying bills/ gift and hospitality expenses.**

The company wishes to donate money or property to charity, funding or pay gift / hospitality services and expenses related to the organization or agency shall take steps as below.

1. To received a letter or call for support and proposed by considering issues such as
  - Consider that according to the policies and objectives of the company or not
  - Consider a donation to charity, the gifts or financial support / entertainment and expenses is normal / business custom or not
  - Monitor and track information whether having appropriate objective, quantity, amount, agencies address and there are clear responsible person,
2. The department proposes he matter to the managing director for approval

### **(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 directos 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 2018 and 2019, the details of the board of director's meeting are as follows:**

Directors	2018 (01/04/17–31/03/18)		2019 (01/04/18–31/03/19)	
	Number of meetings convened / Number of meetings attended	%	Number of meetings convened / Number of meetings attended	%
1. Mr. Wanchai Umpungart	4/4	100%	5/5	100%
2. Mr. Prasarn Akarapongpisak	4/4	100%	5/5	100%
3. Mr. Vittawat Akarapongpisak*	-	-	5/3	60%
4. Mr. Somnuik Thanasarn	4/4	100%	5/5	100%
5. Mr. Anurut Vongvanij	4/1	25%	5/4	80%
6. Mr. Teera Na Wangkanai	4/4	100%	5/5	100%
7. Mr. Lert Nitheranont	4/3	75%	5/5	100%

**Remark:** \* Appointed in July, 2018

**In 2018 and 2019, the details of The audit committee meeting are as follows:**

Directors	2018 (01/04/17–31/03/18)		2019 (01/04/18 – 31/03/19)	
	Number of meetings convened / Number of meetings attended	%	Number of meetings convened / Number of meetings attended	%
1. Mr. Wanchai Umpungart	4/4	100%	4/4	100%
2. Mr. Teera Na Wangkanai	4/4	100%	4/4	100%
3. Mr. Lert Nitheranont	4/4	100%	4/4	100%

**In 2018 and 2019, the details of The Nomination and Compensation Committee meeting are as follows:**

Directors	2018 (01/04/17 – 31/03/18)		2019 (01/04/18 – 31/03/19)	
	Number of meetings convened / Number of meetings attended	%	Number of meetings convened / Number of meetings attended	%
1. Mr. Teera Na Wangkanai	2/2	100%	2/2	100%
2. Mr. Wanchai Umpungart	2/2	100%	2/2	100%
3. Mr. Lert Nitheranont	2/2	100%	2/2	100%

**In 2018 and 2019, the details of The Risk Management Committee meeting are as follows:**

Directors	2018 (01/04/17 – 31/03/18)	%	2019 (01/04/18 – 31/03/19)	%
	Number of meetings convened / Number of meetings attended		Number of meetings convened / Number of meetings attended	
1. Mr. Prasarn Akarapongpisak	2/2	100%	2/2	100%
2. Mr. Anan Manatchinapisit	2/2	100%	2/2	100%
3. Mr. Somnuik Thanasarn	2/2	100%	2/2	100%
4. Mr. Wisit Worayosgovit	2/2	100%	2/2	100%
5. Mr. Vittawat Akarapongpisak	2/2	100%	2/2	100%

**In 2018 and 2019, the details of the Directors and Company's management holding as follows:**

Director / Company's management	2018 (01/04/17 – 31/03/18)		2019 (01/04/18 – 31/03/19)	
	Directors	Spouse / child	Directors	Spouse / child
1. Mr. Wanchai Umpungart	-	-	-	-
2. Mr. Prasarn Akarapongpisak	13,320,960	-	13,320,960	-
3. Mr. Teera Na Wangkanai	-	-	-	-
4. Mr. Somnuik Thanasarn	-	-	-	-
5. Mr. Anurut Vongvanij	-	-	-	-
6. Mr. Lert Nitheranont	-	-	-	-
7. Mr. Vittawat Akarapongpisak	15,980,760	-	16,030,760	-
8. Mr. Anan Manatchinapisit	-	-	-	-
9. Mr. Wisit Worayosgovit	-	-	-	-
10. Mr. Theebune	-	-	-	-
11. Mr. Wipark Wongthanasophon	-	-	5,000	-
12. Mr. Nonthawat Khruarattanapaiboon	-	-	-	-
13. Mr. Anocha wannapintu	-	-	-	-

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 3<sup>rd</sup> parties through the event of SET Opportunity Day every quarter. The company has also assigned investor relation staff to responsible for disclosure the important information and acting for company to relate the communication with institution investor, shareholders and general analysts. All general investors are welcome to contact for company information by phone at 02-673-9559 ext 210 or by email at ird@lohakit.co.th.

The Company focuses on the development of knowledge and training of board directors as follows:

Directors Name	Institutions / Associations	Training course	Year
Mr. Vittawat Akarapongpisak	Thai Institute of Directors Association (IOD)	Family Business Governance (FBG) 11/2018	2018
	(TSI)	CFO's ORIENTATION COURSE FOR NEW IPOs 3/2019	2019

The Company has the channel to report the offenders about illegal and ethics (Whistle Blower Policy) on the Company's website and channels as defined in the policy covered the complainant or witnesses to report information about illegal and unethical (Whistle Blower Policy)

## **(5) Director's Responsibility**

The Company's board of directors participates in setting vision, mission, strategy, business goal, business plan and budget. The Company and also participation in reviewing and approving vision, goals, strategies and directions for each year. The Company also monitors the implementation of the Company's strategy. 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
- 4 Independent Directors

Therefore, the Company has 4 independent directors, accounting for 57.14% of the total number of directors.

The Company has an Audit Committee with expertise and expertise in accounting. (See data from "Director and Executive Profiles: Mr. Wanchai Umpueg-art and Mr.

---

Thiravan Wangkhaikul") There are roles in nomination and dismissal of external auditors. (See data from "Title, Scope of Duties, and Responsibilities of the Audit Committee Article 4"

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.

### **Policies and Procedures for Other Company Directorships of Directors and Managing Directors.**

The Board emphasizes the efficiency of the directors' performance. The directors can devote their time to supervise the company. The policy is to limit the number of listed companies for which no more than 5 directors are present. There are currently no board members who hold the position of listed company directors in excess of the specified criteria.

In addition, the Board of Directors has set the policy for directorships of other companies for directors and managing directors as follows: Director and Managing Director must not conduct business with the same conditions and compete with the business of the company or a partnership in a partnership or a partnership in limited partnership or a director of a private company or other companies operating the same business. It is a competition for the company's business, whether for its own benefit or for the benefit of others except for the notice to the shareholders meeting prior to the appointment.

At present, the directors and the Managing Director does not hold the position of director of another company that conducts business with the same conditions and is in competition with the Company. In addition, the directors and the Managing Director do not participate in the partnership or a partnership in limited partnership or a director of a private company or other companies that conduct the same business and compete with the Company.

### **Board of Directors' Meeting.**

Board of Directors meetings are scheduled in advance every year. Each meeting has a clear agenda for the meeting and the agenda for consideration. There is sufficient documentation for the meeting. The meeting agenda must be submitted to the Board of Directors at least 7 days in advance so that the Board has sufficient time to study the information before attending the meeting. At the meeting, chairman had allocated sufficient time to allow all directors to discuss and express their views in an open manner. Opinions and conclusions reached by the meeting are recorded in writing by the Secretary of the Board of Directors and after being certified by the meeting. They will be stored at the company storage room. The office is located on the 16th Floor, Thai CC Tower, to be inspected by directors and related persons.

The Company has set a policy on minimum quorum at the Board of Directors' meeting, whereby the Board of Directors is required to have at least two-thirds of the total number of directors.

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.

---

## Annual meeting schedule of the Board of Directors for the year 2019

Q1	Q2	Q3	Q4
August 13, 2019	November 13, 2019	February 13, 2020	May 29, 2020

Note: Accounting period start April 2019 to March 2020

### **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. Policy against corruption and violations (Whistle Blowing)
12. Legal disputes (if any)
13. Report of organization that suervisethe company  
The company secretary to prepare the relevant documents.

### **Evaluation of Managing Director and Remuneration Policy.**

Board of Directors set the annual performance for the Managing Director by using the goals and criteria for the assessment that linked to the Key Performance Indicators (KPIs) and the proper incentive.

The remuneration policy of the Managing Director, It depends on the performance evaluation (KPI) as mentioned above. Also set in accordance with the capabilities, status including industry compensation. The remuneration has both short-term and long-term compensation such as bonnets and salary etc.

### **Remuneration for Directors and Executives.**

The Company provides the Nomination and Remuneration Committee has performed duties within the scope of authority and responsibility of "the Nomination and Remuneration Committee" as assigned by the Board of Directors. The remuneration policy is clearly and transparently set at the same level as the industry include the experience, obligations, scope of roles and responsibilities in order to maintain qualified directors. In the year 2018, the Nomination and Remuneration Committee had 2 meetings.

### **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.10<sup>th</sup> 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.

On April 22, 2016, the Company has been approved as a member of the Alliance to Thailand private sector in fighting against corruption

In the year 2019, the company has continued to renew the certificate of membership of the Private Sector Collective Action Coalition Against Corruption. The company still strictly follows the policy.

### **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
<b>Education</b>	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
<b>Environment</b>	Project in planting trees in mangrove forest	Aquatic Animal	To create more space and increase the number of mangrove aquatic
<b>Social and population</b>	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 study and plan for new innovative ideas to operate the company and to be effective under good control.

### **Implementing a solar panel installation project for energy saving**

The Company has been studying and implementing a solar panel installation project for energy saving and use renewable energy in order to reduce the impact on the environment. The project was also promoted by the BOI on promoting investment to improve production efficiency. The company has proposed an investment plan to save energy with the use of renewable energy in the business or reduce the impact on the environment. The rights and benefits of the project are as follows.

1. Exemption of import duty on machinery
2. Exemption of corporate income tax for a period of 3 years, representing 50% of investment, excluding land and working capital for project improvement, shall be exempted from corporate income tax on the proceeds of the existing business.
3. Exemption period for corporate income tax start from the date of receipt of the investment promotion certificate.

The Company has filed a request for investment promotion. The project was granted on April 17, 2018, and the installation of a solar panel system is ready to commence.

Currently, all equipment installation work is completed 100%. Test division - Individual and Pre-commissioning finish And left in the test section Which must obtain a license from the government agency, ERC and the Provincial Electricity Authority Therefore will conduct the First Sync, Relay Test, Zero Export and Performance Test and Thermoscan, which is estimated to be licensed by the year 2019.

### **Innovation in Manufacturing Process for Sustainability**

Company supports total organization to be innovative in year 2018. We cooperate with partners and projects about Innovation to enhance innovation level especially in "Process" innovation that focused on manufacturing process and production unit in factory. The result level up competitive competencies by the right cost and maintain the competitive ability that lead to the business sustainability in long term.

#### **Projects and The Cooperation to develop the innovation that happened in Year 2018-219 as below,**

1. Process Innovation Development Project via the consulting of SET and FTPI. LHK is selected as 1 of 5 companies to run as pilot companies. In this campaign, FTPI provided the analysis tools that suited for business context to improve in the right way. Project is finished and improved production process in many points such as Waste Reduction in Process, Line Balancing, Reduce Scrap and Reduce Leadtime to response customers with more flexible.

2. Total Innovation Management Program by NIA; LHK submitted to evaluate the innovative organization with NIA to define the current competencies compare with others to find the gap and get suggestion for improvement. In Year 2019, LHK still continues the cooperation to develop organization to be more and more innovative until becomes the worldwide standard.

3. Initiate "Smart Machine" Project with the key machine. To gain the enough information to go to Automation System in the future. LHK installed many sensors to machine to monitor the necessary motion and record in database. After that this data is transformed to be simple understanding report to monitor machine status that can be analyzed and staffs can make the decision in term of corrective and preventive to gain the better efficiency of machine utilization.

4. In house training for operators and staffs to support the idea generation of staffs in their work environment. LHK uses 5i concept that published by NIA to apply. This training makes staffs more confident to share ideas and think systematically. The result is more confident of staffs to suggest ideas obviously.

## **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, 2018 consist of 220 person and March 31, 2019 consist of 217 person dividing into the following :

<b>Department</b>	<b>2018 (01/04/17 –31/03/18)</b>	<b>2019 (01/04/18 –31/03/19)</b>
Purchase	4	6
Finance/MIS	10	11
Sales & Marketing	22	21
Administrative	4	4
Human resource	8	8
Quality assurance	19	18
Planning/Inventory/Logistics	76	76
Production/Maintenance	77	73
<b>Total</b>	<b>220</b>	<b>217</b>

(b) Labor dispute in past three years (31 March 2017 – 31 March 2019)  
- None -

(c) Remunerations to non-executive personnel

<b>Remunerations</b>	<b>2018 (01/04/17 –31/03/18)</b>	<b>2019 (01/04/18 –31/03/19)</b>
Salary/wages	62,351,669	62,303,949
Bonus	6,299,802	6,067,265
Other benefits	9,033,964	9,120,186
<b>Total</b>	<b>77,685,435</b>	<b>77,491,400</b>
<b>No. of personel</b>	<b>213</b>	<b>208</b>

---

(d) Personnel 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 personnel in deliver the utmost benefits to satisfy customers.

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

---

## **The Internal Control System**

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

The Board of Directors No. 2/2019 dated May 28, 2019 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, 2019, 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. 2/2019 dated May 28, 2019. 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 2019 (April 1, 2018 – March 31, 2019) 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. 2/2019 dated May 28, 2019 considered and acknowledged the reports of the internal auditor and the results of the internal auditing as per the 2019 plan (April 1, 2018 – March 31, 2019) 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**

### **Related Transactions**

#### **1. Summary of related transactions of the Company, the subsidiary, related companies and other parties who may have conflicts of interest with the Company for the accounting period ended on March 31, 2019.**

- None –

#### **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**

### **Mr. Wanchai Umpungart**

71 years

#### **Position/ Date of being appointed**

Chairman of the Board of Directors, Independent Director, Chairman of the Audit Committee and Member of The Nomination and Compensation Committee. **(July 27, 2017)**

#### **Educational Background**

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- BA Accounting, Chulalongkorn University

#### **Director training Program (IOD)**

- Directors Accreditation Program (DCP) 35/2005
- Director Accreditation Program (DAP) 102/2008

#### **Work Experience for the last 5 years**

2005 – Present	Director, Chairman of Executive Committee, Chairman of the Risk Management Committee and Managing Director/ Lohakit Metal Public Company Limited
2002 – Present	Independent Director and Audit Committee/ Muramoto Electron (Thailand) Plc.
2013 – Present	Independent Director and Audit Committee/ OCC Public Company Limited
2007 – 2013	Independent Director and Chairman of the Audit Committee/ Sahapattana Inter Holding Plc.
2006 – 2011	Director/ Marketing Organization of Farmers
2007 – 2013	Independent Director, Audit Committee/ Thanulux Public Company Limited
2008 – 2009	Director, Audit Committee/ Metropolitan Electricity Authority

#### **Share holding in Company (As of March 31, 2019)**

- None -

#### **Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience for **3** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Prasarn Akarapongpisak**

61 Years

**Position/ Date of being appointed**

Director, Chairman of Executive Committee, Chairman of the Risk Management Committee and Managing Director **(July 28, 2016)**

**Educational Background**

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Technology and Industrial Management King Mongkut's University of Technology North Bangkok

**Director training Program (IOD)**

- Directors Accreditation Program (DAP) 37/2005
- Directors Certification Program (DCP) 60/2005

**Work Experience for the last 5 years**

1989 – Present	Director, Chairman of Executive Committee, Chairman of the Risk Management Committee and Managing Director/ Lohakit Metal Public Company Limited
2001 – Present	Director/ Zoom Room Co., Ltd.
2002 – Present	Director/ Truemind & Partners Co., Ltd.
2004 – Present	Director/ Auto Metal Co., Ltd.
2004 – Present	Director/ Mory Lohakit (Thailand) Co., Ltd.
2005 – 2018	Director/ Alternative EnMat Co., Ltd.
2013 – 2018	Director/ NSC Metal Co., Ltd.

**Share holding in Company (As of March 31, 2019)**

- 3.47% (13,320,960 Shares)

**Relation between the Director Member**

- Father Mr.Vittawat Akarapongpisak

Holding any position in venture or organization that are non-listed companies as per core working experience for **4** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Somnuik Thanasarn**

53 Years

**Position/ Date of being appointed**

Director, Member of Executive Committee, Deputy Managing Director and Member of the Risk Management Committee (July 28, 2016)

**Educational Background**

- Bachelor of Economics, Thammasat University

**Director training Program (IOD)**

- Directors Certification Program (DCP) 106/2008

**Work Experience for the last 5 years**

2008 – Present	Director, Member of Executive Committee, Deputy Managing Director and Member of Executive Committee, Member of the Risk Management Committee/ Lohakit Metal Public Company Limited
2008 – Present	Director/ Auto Metal Co., Ltd.
2008 – Present	Director/ Alternative EnMat Co., Ltd.
1999 – 2018	Sales & Marketing Manager/ Lohakit Metal Public Company Limited

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience for **2** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Anurut Vongvanij**

57 Years

**Position/ Date of being appointed**

Director and Independent Director (**July 27, 2017**)

**Educational Background**

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- BA. In Economics and Political Science, Hawaii University, Hawaii, U.S.A.

**Director training Program (IOD)**

- Directors Certification Program (DCP) 41/2004

**Work Experience for the last 5 years**

2005 – Present	Director, Independent Director/ Lohakit Metal Public Company Limited
1996 – Present	President/ The British Dispensary (L.P.) Co., Ltd.
1996 – Present	President/ The British Dispensary Co., Ltd.
2004 – Present	President/ Vongvanij Holding Co., Ltd.
2008 – Present	President/ The British Dispensary Pharmacomet Public Company Limited
2016 – Present	Director/ Thai Red Cross Organ Donation Centre
2017 – Present	Director/ The Thai Chamber of Commerce
1990 – 2012	President/ Young Buddhists Association of Thailand under Royal Patronage (Y.B.A.T.)
1998 – 2000	Chapter Chairman/ Young President Organization (Y.P.O.) – Thailand Chapter
2000 – 2012	Association President/ The world Fellowship of Buddhist Youth (W.F.B.Y.)

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience for **6** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

## Mr. Teera Na Wangkanai

62 Years

### Position/ Date of being appointed

Director, Independent Director, Member of Audit Committee and Chairman of The Nomination and Compensation Committee **(July 28, 2016)**

### Educational Background

- Senior Executive Program Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Sugar Technology College, Queensland, Australia
- Western Australian Institute of Technology, Australia

### Director training Program (IOD)

- Directors Certification Program (DCP) 54/2005
- Audit Committee Program 6/2005
- Financial Statements for Directors (FSD) 20/2013
- Monitoring the System of Internal Control and Risk Management (MIR) 15/2013
- Monitoring of the Internal Audit Function (MIA) 5/2013
- Monitoring the Quality of Financial Reporting (MFR) 18/2013
- Role of Nomination and Governance Committee (RNG) 5/2013
- How to Measure the Success of corporate Strategy (HMS) 3/2013
- Anti Corruption The Practical Guide (ACPG) 8/2014
- Director Certification Program Update (DCPU) 2/2014
- Ethical Leadership Program (ELP) 3/2016
- Corporate Governance for Executive (CGE) 6/2016
- Board Thai Make a Difference (BMD) 2/2016
- Tax Management Strategies/ 36

### Work Experience for the last 5 years

2005 – Present	Director, Independent Director, Member of Audit Committee and Chairman Of The Nomination and Compensation Committee/ Lohakit Metal Public Company Limited
1986 – Present	Director/ Chaochom Warehouse Co., Ltd.,
1987 – Present	Director/ Sugar Industry Trading Co., Ltd.
1987 – Present	Director/ Wangkanai Sugar Co., Ltd.
1987 – Present	Director/ T.N. Sugar Industry Co., Ltd.
1988 – Present	Director/ Wang Sugar Holding Co., Ltd.
1988 – Present	Director/ Wangkanai Terminal Co., Ltd.
1991 – Present	Director/ Wang Business Co., Ltd.
1992 – Present	Director/ Mahawang Sugar Co., Ltd.
1992 – Present	Director/ Ratchasima Sugar Co., LTd.
1992 – Present	Director/ Chaimongkol Refined Sugar Co., Ltd.
1992 – Present	Director/ Ang Thong Warehouse Co., Ltd.
1992 – Present	Director/ Aow Thai Warehouse Co., Ltd.
1994 – Present	Director/ Credence Co., Ltd.
2003 – Present	Director/ Estima Consulting Co., Ltd.
2012 – Present	Director/ Angvian Industry Co., Ltd.
2012 – Present	Director/ Wang Sugar Holding Co., Ltd
2012 – Present	Director/ Wang Chainart Co., Ltd.

---

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience for **17** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Lert Nitheranont**

57 Years

**Position/ Date of being appointed**

Director, Independent Director, Member of Audit Committee and Member of The Nomination and Compensation Committee **(July 27, 2017)**

**Educational Background**

- 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 training Program (IOD)**

- Directors Accreditation Program (DCP) 35/2005

**Work Experience for the last 5 years**

- |                |  |
|----------------|--|
| 2005 – Present | Director, Independent Director, Member of Audit Committee and Member of The Nomination and Compensation Committee/<br>Lohakit Metal Public Company Limited |
| 1984 – Present | Director/<br>Royal Concord Interrade Co., Ltd.   |

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience for **1** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Vittawat Akarapongpisak**

38 Years

**Position/ Date of being appointed**

Director, Member of Executive Committee, Member of the Risk Management Committee, Assistant Managing Director **(July 26, 2018)**

**Educational Background**

- MBA, Finance University of San Francisco
- Bachelor of Engineering, Chulalongkorn University

**Director training Program (IOD)**

- Directors Certification Program (DCP) 231/2016
- How to Develop a Risk Management Plan (HRP) 10/2016
- Family Business Governance (FBG) 11/2018

**Director training Program (SET)**

- Strategic CFO in Capital Markets Program 3/2016

**Work Experience for the last 5 years**

- |                |   |
|----------------|---|
| 2013 – Present | Director, Member of Executive Committee,<br>Assistant Managing Director and Member of the Risk Management<br>Committee/<br>Lohakit Metal Public Company Limited |
| 2013 – Present | Director/<br>Auto Metal Co., Ltd.   |
| 2013 – Present | Director/<br>NSC Metal Co., Ltd.  |
| 2013 – Present | Director and Managing Director<br>Alternative EnMat Co., Ltd.   |
| 2016 – Present | Director/<br>Mory Lohakit (Thailand) Co., Ltd.  |

**Share holding in Company (As of March 31, 2019)**

- 4.19% (16,030,760 Shares)

**Relation between the Director Member**

- Child of Mr. Prasarn Akarapongpisak

Holding any position in venture or organization that are non-listed companies as per core working experience for **4** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -



---

**Mr. Anan Manatchinapisit**

56 Years

**Position**

Member of Executive Committee, Member of the Risk Management Committee and Deputy Managing Director **(July 28, 2015)**

**Educational Background**

- MACC, Chulalongkorn University
- BA Accounting, Chulalongkorn University

**Director training Program (IOD)**

- Directors Certification Program (DCP) 92/2007

**Work Experience for the last 5 years**

2005 – Present	Member of Executive Committee, Member of the Risk Management Committee and Deputy Managing Director/ Lohakit Metal Public Company Limited
2005 – 2018	Director/ Lohakit Metal Public Company Limited
2013 – Present	Director/ NSC Metal Co., Ltd.
2000 – 2005	Financial Director/ Schneider (Thailand) Co., Ltd.
2008 – 2017	Director/ Auto Metal Co., Ltd.

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience for **1** places

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Wisit Worayosgovit**

52 Years

**Position**

Accounting and Finance Manager and Member of the Risk Management Committee

**Educational Background**

- MBA, Thammasat University
- Bachelor of Accounting Thammasat University

**Work Experience for the last 5 years**

2009 – Present	Accounting and Finance Manager and Member of the Risk Management Committee/ Lohakit Metal Public Company Limited
1998 – 2009	Hub Finance Manager/ East-West Seed (ROH) Limited
2004 – 2007	Business Controller/ Alfa Laval (Thailand) Ltd.
2008 – 2004	Finance Controller/ Roche Diagnostics (Thailand) Co., Ltd.

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience – **None** -

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Theebune Chaiyaserikul**

51 Years

**Position**

Sales Manager

**Educational Background**

- Bachelor of Arts -Bangkok University.

**Work Experience for the last 5 years**

2005 – Present                Sales Manager/ Lohakit Metal Public Company Limited

**Share holding in Company (As of March 31, 2019)**

- None                -

**Relation between the Director Member**

- None                -

Holding any position in venture or organization that are non-listed companies as per core working experience – **None**

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company – **None**

---

**Mr. Wipark Wongthanasophon**

37 Years

**Position**

Research and Development Manager (Process Innovation and Data Analytics)

**Educational Background**

- Master of Management, College of Management – Mahidol University
- Bachelor of Industrial Engineering Chulalongkorn University

**Work Experience for the last 5 years**

2018 – Present	Research and Development Manager (Process Innovation and Data Analytics)/ Lohakit Metal Public Company Limited
2017 – 2018	Industrial Consultant/ JMA Consultants Inc. (JMAC)
2015 – 2017	Production Planning and IE Manager/ Lohakit Metal Public Company Limited
2014 – 2015	Consultant – Corporate Strategy/ APM Group
2013 - 2014	Assistant Manager – Supply Chain Development/ Mitrphol Sugar Corp.

**Share holding in Company (As of March 31, 2019)**

- 5,000 Shares

**Relation between the Director Member**

- None –

Holding any position in venture or organization that are non-listed companies as per core working experience – **None -**

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company – **None –**

---

**Mr .Nonthawat Khruarattanapaiboon**

42 Years

**Position**

Human Resource Manager

**Educational Background**

Bachelor of Art Ramkhamheang University

**Work Experience for the last 5 years**

2018 – Present	Human Resource Manager Lohakit Metal PLC.
2017-2018	Human Resource Manager Aerofluid Co.,Ltd.
2015 – 2017	Human Resource Manager C A S Holding Group Co.,Ltd

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience – **None** -

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

---

**Mr. Anocha wannapintu**

54 Years

**Position**

Plant Manager

**Educational background**

Bachelor of science Kasetsart University

**Work Experience for the Last 5 Yeast**

2019 - Present	Plant Manager/ Lohakit Metal public Company Limited
2013 - 2018	Operations Director/ Thaiurethane Group
2011 - 2013	Chief Operating Officer/ Ampelite Manufacturing Co.Ltd.
2009 - 2011	General Manager/ Takong chemical Industry, TMG interchem Co.Ltd.
1997 - 2008	Managing Director/ Hexeion Specialty Chemicals Samutsakorn Ltd.

**Share holding in Company (As of March 31, 2019)**

- None -

**Relation between the Director Member**

- None -

Holding any position in venture or organization that are non-listed companies as per core working experience – **None** -

Holding any position in the past year in another venture or organization had significant impact with time devoted on the Company - **None** -

## Management Discussion and Analysis

### 1. Operating Performance

Lohakit Metal Plc. (the "Company") would like to notify the financial status and operating performance for the year ended 31<sup>st</sup> March 2019 of the Company and its subsidiaries as details below:

(Unit: Baht millions)

Consolidated financial statement	For the year ended 31 <sup>st</sup> March			
	Apr 2018 - Mar 2019	Apr 2017 - Mar 2018	Change	% Change
Revenue from sales & service	3,293.90	3,376.19	-82.29	-2.4%
Other income	25.33	31.38	-6.05	-19.3%
<b>Total revenue</b>	<b>3,319.23</b>	<b>3,407.57</b>	<b>-88.34</b>	<b>-2.6%</b>
Cost of goods sold & service	2,882.47	2,893.97	-11.50	-0.4%
Selling & distribution expenses	67.77	66.05	1.72	2.6%
Administrative expenses	115.49	106.14	9.35	8.8%
<b>Total expenses</b>	<b>3,065.73</b>	<b>3,066.16</b>	<b>-0.43</b>	<b>0.0%</b>
<b>Earning before interest and tax</b>	<b>253.50</b>	<b>341.41</b>	<b>-87.91</b>	<b>-25.8%</b>
Finance cost	-5.55	-4.83	-0.72	14.9%
Share of profit from investment in associate	2.14	1.44	0.70	48.6%
Income tax expenses	-49.39	-67.95	18.56	-27.3%
<b>Net profit</b>	<b>200.70</b>	<b>270.07</b>	<b>-69.37</b>	<b>-25.7%</b>
Minority interest in subsidiary	-57.11	-61.89	4.78	-7.7%
<b>Net profit of the Company</b>	<b>143.59</b>	<b>208.18</b>	<b>-64.59</b>	<b>-31.0%</b>

For the year ended 31<sup>st</sup> March 2019 the Company and its subsidiaries had net profit of Baht 143.59 million or decreased by 64.59 million or 31.0 percent from previous year, compared with the net profit of Baht 208.18 million in previous year. This is due to the higher intensive competition in stainless steel pipes aluminum and copper in the market, the ending of projects together and lower global price of materials which all were resulting to the decreasing in the sales. Eventually, there were the impacts to the lower gross profit.

The profit before interest and tax decreased by Baht 87.91 million whereas corporate tax decreased by 18.56 million, financial cost slightly increased by Baht 0.72 million and profit sharing to minority shareholders also decreased by Baht 4.78 million in current year.

#### 1.1 Revenue

For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had revenue from sales and service of Baht 3,293.90 million compared with Baht 3,376.19 million in the same period of the previous year, which decreased by 2.4 percent. The decrease in sales was due to the lower average prices in main products like copper, aluminum and stainless pipe following the lower global material price and intensive competition.

---

The majority sales of Company comprised of metal like stainless steel and non-ferrous metal like copper and aluminum whereas sales of a new subsidiary company mostly came from Stainless Copper and Aluminum as the main product groups among various industries, mainly in particular for automotive, electrical appliance and construction.

The Company and its subsidiaries' revenue from the sales of goods are mostly revenue from domestic sales. For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had revenue from domestic sales of 99.82 percent of total revenue from sales and services.

### **1.2 Other income**

Other income consists of interest income, gain from asset sales and revenue from scrap sales. For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had other income of Baht 25.33 million or decreased by 19.3 percent from the same period previous year. Other income decreased from the lower disposal amount than last year of the old and unused equipment.

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**

Majority of cost of goods sold are cost of raw material are cold rolled stainless steel sheet, coil and pipes which the Company and its subsidiaries process. For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had cost of goods sold of Baht 2,882.47 million, or accounting for 86.84 percent of the total revenue in comparing with Baht 2,893.97 million, or accounting for 84.93 percent of total revenue of previous year. Cost of goods sold decreased by 0.4 percent whereas sales & service decreased by 2.4 percent.

### **1.4 Selling & distribution expenses**

Selling & distribution expenses mostly consist of sale staff expenses, transportation expenses and promotional expenses. For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had selling expenses of Baht 67.77 million, compared with selling expenses of Baht 66.05 million in the same period of the previous year which increased by 2.6 percent. Most of the higher expenses are staff expenses that are normally increased year by year.

For the period of year ended 31<sup>st</sup> March 2019, the selling & distribution expenses were 2.06 percent, increased when comparing to 1.96 percent of revenue from sales and service in the same period of previous year.

### **1.5 Administrative expenses**

Administrative expenses consist of executive expenses and staff expenses other than sale department, office rental expenses and other management and administrative expenses. For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had administrative expenses of Baht 115.49 million, compared with administrative expenses of Baht 106.14 million in the previous year which increased by 8.8 percent. The higher expenses are mainly in area of personnel costs due to salary normally increased year by year and other administrative expenses.



---

For the year ended 31<sup>st</sup> March 2019, the administrative expenses was 3.48 percent of total revenue, increased in compared with administrative expenses of 3.11 percent of total revenue in the same period of the previous year.

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

For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had profit before interest and tax of Baht 253.50 million. After deducting the finance cost of Baht 5.55 million, income tax of Baht 49.39 million, net profit sharing to minority shareholders of subsidiary of Baht 57.11 million and adding the profit sharing from investment in related of Baht 2.14 million, the net profit of the Company and its subsidiaries stood at Baht 143.59 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 341.41 million and Baht 208.18 million respectively, the net profit of the present year decreased by 31.0 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 31<sup>st</sup> March 2019 and 2018, the company and its subsidiary recognized share of profit by equity method of Baht 2.14 million and Baht 1.44 million respectively. The share of profit was higher due to lower personal expenses in the current year compared to the previous year.

#### **1.8 Income tax expense**

For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had corporate tax of Baht 49.39 million or decrease by 27.3 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 31<sup>st</sup> March 2019, 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 57.11 million, decreased from amount by 61.89 million of previous year by 7.7 percent. The decreased was due mainly to the higher sales and administrative expenses of a subsidiary who is the manufacturer of exhausted pipe in automotive industry.

#### **1.10 Profitability**

For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had higher gross profit margin of 12.49 percent compared with gross profit margin of 14.28 percent in the same period the previous year. This was mainly due to lower sales in the higher margin segment like stainless steel and lower in overall sales.

For the year ended 31<sup>st</sup> March 2019, the Company and its subsidiaries had net profit margin of 4.33 percent compared with net profit of 6.11 percent in the same period of the previous year. The decrease in net profit was mainly from the lower gross margin together with higher administrative expenses.

(Unit: Baht million)

Consolidated balance sheets	As at 31 <sup>st</sup> Mar 2019		As at 31 <sup>st</sup> Mar 2018	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	314.32	13.40%	488.97	20.70%
Short-term investment	4.38	0.19%	4.85	0.21%
Account receivable, trade and others	673.05	28.70%	706.03	29.89%
Inventories	716.37	30.54%	663.32	28.08%
Other current assets	5.91	0.25%	3.24	0.14%
<b>Total current assets</b>	<b>1,714.03</b>	<b>73.08%</b>	<b>1,866.41</b>	<b>79.02%</b>
<b>Non-current assets</b>				
Restricted bank deposits	46.18	1.97%	46.18	1.96%
Investment in associate	9.67	0.41%	12.43	0.53%
Long-term investment	3.51	0.15%	2.76	0.12%
Property, plant and equipment	544.27	23.20%	412.07	17.45%
Intangible assets	0.37	0.02%	0.57	0.02%
Deferred tax assets	15.56	0.66%	17.90	0.76%
Other non-current assets	11.94	0.51%	3.71	0.16%
<b>Total non-current assets</b>	<b>631.50</b>	<b>26.92%</b>	<b>495.62</b>	<b>20.98%</b>
<b>TOTAL ASSETS</b>	<b>2,345.53</b>	<b>100.00%</b>	<b>2,362.03</b>	<b>100.00%</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Short term loans from banks	92.25	3.93%	35.84	1.52%
Account payables, trade and others	516.82	22.03%	563.80	23.87%
Income tax payable	20.12	0.86%	30.95	1.31%
Other current liabilities	8.56	0.37%	10.33	0.43%
<b>Total current liabilities</b>	<b>637.75</b>	<b>27.19%</b>	<b>640.92</b>	<b>27.13%</b>
<b>Non-current liabilities</b>				
Provision for long-term employee benefits	41.37	1.76%	36.51	1.55%
<b>Total non-current liabilities</b>	<b>41.37</b>	<b>1.76%</b>	<b>36.51</b>	<b>1.55%</b>
<b>TOTAL LIABILITIES</b>	<b>679.12</b>	<b>28.95%</b>	<b>677.43</b>	<b>28.68%</b>
<b>SHAREHOLDERS' EQUITY</b>				
Shareholder equity				
Registered capital	383.00		383.00	
Issued and Paid up capital	383.00	16.33%	383.00	16.22%
Premium on stock	519.67	22.16%	519.67	22.00%
Retained earnings				
Legal reserve	74.90	3.19%	74.10	3.14%
Un-appropriated	468.04	19.96%	493.53	20.89%
Non-controlling interest of the subsidiary	220.80	9.41%	214.30	9.07%
<b>Total shareholders' equity</b>	<b>1,666.41</b>	<b>71.05%</b>	<b>1,684.60</b>	<b>71.32%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,345.53</b>	<b>100.00%</b>	<b>2,362.03</b>	<b>100.00%</b>

---

## **2. Financial Status**

### **2.1 Assets**

As for the assets value as at 31<sup>st</sup> March 2019 and 2018, the Company and its subsidiaries had total assets of Baht 2,345.53 million and Baht 2,362.03 million respectively. Cash and trade accounts receivable decreasing by -174.65 baht and -32.98 baht respectively. Inventories increased by 53.05 million baht and fixed assets increased by 132.20 million baht mainly due to the purchase of new land with existing building thereon. 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 31<sup>st</sup> March 2019 and 2018 the Company and its subsidiaries had net inventories of Baht 716.37 million (or 30.54 percent of total assets) and Baht 663.32 million (or 28.08 percent of total assets) respectively. The increase in inventories was mainly material, preparing for upcoming sales.
- 2.1.2 Trade account receivables – other parties: As at 31<sup>st</sup> March 2019 and 2018, the Company and its subsidiaries had Trade account receivables, net – other parties of Baht 673.05 million (or 28.70 percent of total assets) and Baht 706.03 million (or 29.89 percent of total assets) respectively. Trade receivables increased due to the higher sales in last quarter.
- 2.1.4 Land, plant and equipments - Land and improvements, building, machinery, office equipments, vehicles and work on progress of construction: As at 31<sup>st</sup> March 2019 and 2018, the Company and its subsidiaries had Land, plant and equipments – net of Baht 544.27 million (or 23.20 percent of total assets) and Baht 412.07 million (or 17.45 percent of total assets) respectively. During the year, a subsidiary has purchased land with a building worth 125 million baht to expand its production area, warehouse and delivery. The building is still in the process of preparing for readiness to use in the next phase.
- 2.1.5 Restricted bank deposit: As at 31<sup>st</sup> March 2019 and 2018, the Company and its subsidiaries had net value of Baht 46.18 million (or 1.97 percent of total assets and 1.96 percent of total assets) respectively. The restricted fix deposit by a subsidiary was used as guarantee for loans from financial institution.
- 2.1.6 Deferred tax assets: As at 31<sup>st</sup> March 2019 and 2018, the Company and its subsidiaries had net value of Baht 15.56 million and Baht 17.90 million respectively (0.66 percent and 0.76 percent of total assets respectively).

### **2.2 Liabilities**

The total liabilities of the Company and its subsidiaries as at 31<sup>st</sup> March 2019 and 2018 stood at Baht 679.12 million and Baht 677.43 million respectively. The increase in liabilities was mainly in short term loans from financial institution by Baht 56.41 million to pay off the purchase of raw materials.

### **2.3 Shareholders' equity**

As at 31st March 2019 and 2018, shareholders' equity was Baht 1,666.41 million and Baht 1,684.60 million or decrease by -18.19 million. The major changes were during the period were from the net profit amounting to Baht 200.70 million and dividend payment of Baht -218.92 million. Therefore, portions of company shareholding interest and non-controlling interest of subsidiary stood at Baht 1,445.61 million and Baht 220.80 million respectively.

Debt to Equity ratio as at 31st March 2019 and 2018 were 0.41 and 0.40 times respectively.

(Unit: Baht million)

<b>Consolidated cash flows statement</b>	<b>As at 31st Mar 2019</b>	<b>As at 31st Mar 2018</b>
Net cash from (used in) operating activities	166.38	480.45
Net cash used in investing activities	-178.47	-10.29
Net cash from (used in) financing activities	-162.52	-218.65
Effect of exchange rate to cash and cash equivalent	-0.04	0.01
Net increase (decrease) in cash	-174.65	251.52

### **3. Cash flows**

For the year ended 31st March 2019, the Company and its subsidiaries generated net increase in cash from operating activities of Baht 166.38 million, consisting of baht 231.96 million positively from operating performance and net negative working capital of Baht -65.58 million. Most negative in working capital was from the payment of trade creditors and keeping more stocks.

Net cash flow from investing activities was -178.47 million baht, with a main investment in new land with building, solar rooftop project and other equipment of -189.30 million baht. There were cash received from dividend and equipment disposal by 5.06 million and 4.59 million baht respectively.

The financing part was net Baht -162.52 million by drawing up short term loan 56.40 million to settle trade creditors and payment of dividend by Baht -218.92 million.

In total, net cash for the period was decreased by Baht -174.65 million.

Lohakit Metal Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 March 2019

## Independent Auditor's Report

To the Shareholders of Lohakit Metal Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Lohakit Metal Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lohakit Metal Public Company Limited for the same period.

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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures performed in response to each matter are described below.

### **Revenue recognition**

Revenue from sales of the Group are significant amount and the Group sell their goods to a large number of customers under different commercial terms. I therefore determined revenue recognition as a key audit matter and focused on the occurrence of revenue recognition.

I performed audit procedures on the recognition of revenue from sales of the Group including:

- Assessed and tested the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applied a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewed credit notes that the Company issued after the period-end.
- Performed analytical procedures on disaggregated data of sales transactions throughout the period.



### **Allowance for diminution in value of inventories**

As at 31 March 2019, the Group had outstanding inventories of Baht 716 million and inventories are valued at the lower of cost and net realisable value. Estimating the net realisable value of inventory, as disclosed in Note 10 to the consolidated financial statements, is an area of significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle.

I assessed the determination of the allowance for diminution in the value of inventories. The procedures that I performed included:

- Gained an understanding of the methods and assumptions applied by the management in determining the allowance for diminution in value of inventories, and reviewed the consistency of the application of that basis.
- Compared the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Compared proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each group of products.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent audit's report.



Gingkarn Atsawarangsalit  
Certified Public Accountant (Thailand) No. 4496

EY Office Limited  
Bangkok: 28 May 2019



Lohakit Metal Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	314,319,132	488,973,053	91,751,838	175,750,573
Current investments	8	4,380,304	4,852,272	-	-
Trade and other receivables	9	673,050,945	706,034,898	325,829,569	336,039,567
Inventories	10	716,374,168	663,317,614	390,668,369	379,367,486
Other current assets		5,907,364	3,240,157	3,823,201	1,954,194
<b>Total current assets</b>		<b>1,714,031,913</b>	<b>1,866,417,994</b>	<b>812,072,977</b>	<b>893,111,820</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	46,180,000	46,180,000	6,080,000	6,080,000
Investment in associate	12	9,670,782	12,426,604	4,900,000	4,900,000
Investments in subsidiaries	13	-	-	406,807,303	407,737,345
Long-term investments	14	3,507,940	2,765,383	-	-
Property, plant and equipment	15	544,273,682	412,069,294	262,801,011	264,263,476
Intangible assets	16	367,996	565,117	269,063	407,943
Deferred tax assets	22	15,559,492	17,896,842	10,079,350	12,021,549
Other non-current assets		11,935,190	3,712,109	10,534,562	2,587,480
<b>Total non-current assets</b>		<b>631,495,082</b>	<b>495,615,349</b>	<b>701,471,289</b>	<b>697,997,793</b>
<b>Total assets</b>		<b>2,345,526,995</b>	<b>2,362,033,343</b>	<b>1,513,544,266</b>	<b>1,591,109,613</b>

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from banks	17	92,246,456	35,841,914	13,326,527	-
Trade and other payables	18	516,820,384	563,800,944	278,028,405	337,589,063
Income tax payable		20,119,614	30,950,058	2,039,737	8,816,826
Other current liabilities		8,563,444	10,328,158	3,627,243	5,172,830
<b>Total current liabilities</b>		<b>637,749,898</b>	<b>640,921,074</b>	<b>297,021,912</b>	<b>351,578,719</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	19	41,364,269	36,504,478	25,302,795	22,600,746
Other non-current liabilities		1,200	1,200	-	-
<b>Total non-current liabilities</b>		<b>41,365,469</b>	<b>36,505,678</b>	<b>25,302,795</b>	<b>22,600,746</b>
<b>Total liabilities</b>		<b>679,115,367</b>	<b>677,426,752</b>	<b>322,324,707</b>	<b>374,179,465</b>

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
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	20	74,900,000	74,100,000	38,300,000	38,300,000
Unappropriated		467,186,322	493,205,357	250,246,959	275,957,548
Other components of shareholders' equity		852,906	322,782	-	-
Equity attributable to owners of the Company		1,445,611,828	1,470,300,739	1,191,219,559	1,216,930,148
Non-controlling interests of the subsidiary		220,799,800	214,305,852	-	-
Total shareholders' equity		1,666,411,628	1,684,606,591	1,191,219,559	1,216,930,148
Total liabilities and shareholders' equity		2,345,526,995	2,362,033,343	1,513,544,266	1,591,109,613

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

Directors

Lohakit Metal Public Company Limited and its subsidiaries

Statement of income

For the year ended 31 March 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
<b>Revenues</b>					
Sales and service income		3,293,899,384	3,376,189,655	1,545,806,410	1,653,990,741
Dividend income	12.2, 13.2	164,873	357,474	103,499,612	102,039,632
Other income		25,169,418	31,026,846	27,648,219	31,284,934
<b>Total revenues</b>		<b>3,319,233,675</b>	<b>3,407,573,975</b>	<b>1,676,954,241</b>	<b>1,787,315,307</b>
<b>Expenses</b>					
Cost of sales and service		2,882,472,787	2,893,971,106	1,413,944,022	1,465,752,555
Selling and distribution expenses		67,770,387	66,044,803	45,601,026	46,128,427
Administrative expenses		115,491,441	106,144,833	63,373,577	61,216,976
<b>Total expenses</b>		<b>3,065,734,615</b>	<b>3,066,160,742</b>	<b>1,522,918,625</b>	<b>1,573,097,958</b>
<b>Profit before share of profit from investment</b>					
in associate, finance cost and income tax expenses		253,499,060	341,413,233	154,035,616	214,217,349
Share of profit from investment in associate	12.2	2,144,178	1,436,845	-	-
<b>Income before finance cost and income tax expenses</b>		<b>255,643,238</b>	<b>342,850,078</b>	<b>154,035,616</b>	<b>214,217,349</b>
Finance cost		(5,553,055)	(4,827,302)	(1,625,342)	(2,865,823)
<b>Profit before income tax expenses</b>		<b>250,090,183</b>	<b>338,022,776</b>	<b>152,410,274</b>	<b>211,351,526</b>
Income tax expenses	22	(49,392,846)	(67,946,230)	(9,500,039)	(21,562,715)
<b>Profit for the year</b>		<b>200,697,337</b>	<b>270,076,546</b>	<b>142,910,235</b>	<b>189,788,811</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		143,588,836	208,189,387	142,910,235	189,788,811
Non-controlling interests of the subsidiary		57,108,501	61,887,159		
		200,697,337	270,076,546		
<b>Earnings per share</b>					
24					
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company		0.37	0.54	0.37	0.50
<b>Weighted average number of ordinary shares (shares)</b>					
		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 comprehensive income

For the year ended 31 March 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit for the year</b>		<u>200,697,337</u>	<u>270,076,546</u>	<u>142,910,235</u>	<u>189,788,811</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on changes in value of available-for-sale investments - net of income tax	14, 22	530,124	777,779	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	19, 22	(502,036)	(1,279,755)	(100,824)	(819,747)
<b>Other comprehensive income for the year</b>		<u>28,088</u>	<u>(501,976)</u>	<u>(100,824)</u>	<u>(819,747)</u>
<b>Total comprehensive income for the year</b>		<u><u>200,725,425</u></u>	<u><u>269,574,570</u></u>	<u><u>142,809,411</u></u>	<u><u>188,969,064</u></u>
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		143,831,477	207,894,273	<u>142,809,411</u>	<u>188,969,064</u>
Non-controlling interests of the subsidiary		<u>56,893,948</u>	<u>61,680,297</u>		
<b>Total comprehensive income for the year</b>		<u><u>200,725,425</u></u>	<u><u>269,574,570</u></u>		

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 2019

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
Other components of equity									
Other comprehensive income									
Surplus (deficit) on changes in value of available-for-sale investments									
Total equity attributable to owners of the Company									
Equity attributable to non-controlling interests of the subsidiary									
Total shareholders' equity									
	Note	Issued and paid-up share capital	Share premium	Retained earnings					
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 April 2017		383,000,000	519,672,600	72,600,000	440,805,985	(454,997)	1,415,623,588	200,418,701	1,616,042,289
Profit for the year		-	-	-	208,189,387	-	208,189,387	61,887,159	270,076,546
Other comprehensive income for the year		-	-	-	(1,072,893)	777,779	(295,114)	(206,862)	(501,976)
Total comprehensive income for the year		-	-	-	207,116,494	777,779	207,894,273	61,680,297	269,574,570
Dividend paid for subsidiary		-	-	-	-	-	-	(46,560,000)	(46,560,000)
Dividend paid	27	-	-	-	(153,200,368)	-	(153,200,368)	-	(153,200,368)
Decrease in equity attributable to non-controlling interest of the subsidiary due to changing of shareholding percentage		-	-	-	(16,754)	-	(16,754)	(1,233,146)	(1,249,900)
Transferred to appropriated retained earnings - statutory reserve	20	-	-	1,500,000	(1,500,000)	-	-	-	-
Balance as at 31 March 2018		383,000,000	519,672,600	74,100,000	493,205,357	322,782	1,470,300,739	214,305,852	1,684,606,591
Balance as at 1 April 2018		383,000,000	519,672,600	74,100,000	493,205,357	322,782	1,470,300,739	214,305,852	1,684,606,591
Profit for the year		-	-	-	143,588,836	-	143,588,836	57,108,501	200,697,337
Other comprehensive income for the year		-	-	-	(287,483)	530,124	242,641	(214,553)	28,088
Total comprehensive income for the year		-	-	-	143,301,353	530,124	143,831,477	56,893,948	200,725,425
Dividend paid for subsidiary		-	-	-	-	-	-	(50,400,000)	(50,400,000)
Dividend paid	27	-	-	-	(168,520,388)	-	(168,520,388)	-	(168,520,388)
Transferred to appropriated retained earnings - statutory reserve	20	-	-	800,000	(800,000)	-	-	-	-
Balance as at 31 March 2019		383,000,000	519,672,600	74,900,000	467,186,322	852,906	1,445,611,828	220,799,800	1,666,411,628

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 2019**

	Note	Separate financial statements					(Unit: Baht)
		Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 April 2017</b>		383,000,000	519,672,600	38,300,000	240,188,484	1,181,161,084	
Profit for the year		-	-	-	189,788,811	189,788,811	
Other comprehensive income for the year		-	-	-	(819,747)	(819,747)	
Total comprehensive income for the year		-	-	-	188,969,064	188,969,064	
Dividend paid	27	-	-	-	(153,200,000)	(153,200,000)	
<b>Balance as at 31 March 2018</b>		383,000,000	519,672,600	38,300,000	275,957,548	1,216,930,148	
<b>Balance as at 1 April 2018</b>		383,000,000	519,672,600	38,300,000	275,957,548	1,216,930,148	
Profit for the year		-	-	-	142,910,235	142,910,235	
Other comprehensive income for the year		-	-	-	(100,824)	(100,824)	
Total comprehensive income for the year		-	-	-	142,809,411	142,809,411	
Dividend paid	27	-	-	-	(168,520,000)	(168,520,000)	
<b>Balance as at 31 March 2019</b>		383,000,000	519,672,600	38,300,000	250,246,959	1,191,219,559	

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

## Cash flow statement

For the year ended 31 March 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	250,090,183	338,022,776	152,410,274	211,351,526
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	55,463,387	70,353,971	37,617,634	42,879,589
Amortisation	197,121	197,131	138,880	138,892
Reversal of allowance for doubtful accounts	(3,219,537)	(3,236,535)	(595,605)	(810,000)
Reversal of reduction of inventories to net realisable value	(11,443,265)	(8,992,081)	(11,499,858)	(9,438,523)
Allowance for impairment of investment in subsidiary	-	-	930,042	-
Loss (gain) on sale of investments	(3,022)	405,800	-	-
Unrealised gain on change in current investments	(25,010)	(19,220)	-	-
Gain on sales of equipment	(2,952,158)	(7,093,020)	(1,557,158)	(4,420,130)
Provision for long-term employee benefits	4,232,245	3,836,225	2,576,019	2,437,005
Unrealised loss (gain) on foreign exchange	632,846	(53,431)	632,846	(53,431)
Share of profit from investment in associate	(2,144,178)	(1,436,845)	-	-
Dividend income	(164,873)	(357,474)	(103,499,612)	(102,039,632)
Interest income	(677,030)	(756,900)	(92,550)	(99,755)
Interest expenses	4,427,905	3,704,694	1,051,769	2,246,420
Income from operating activities before changes in operating assets and liabilities	294,414,614	394,575,091	78,112,681	142,191,961
Decrease (increase) in operating assets				
Trade and other receivables	36,206,511	(22,973,489)	10,808,625	14,420,572
Inventories	(41,613,289)	138,383,176	198,975	122,083,903
Other current assets	(2,667,207)	2,473,325	(1,869,007)	2,057,865
Other non-current assets	(8,223,081)	116,000	(7,947,082)	(14,000)
Increase (decrease) in operating liabilities				
Trade and other payables	(47,586,893)	31,977,258	(60,166,990)	(11,652,122)
Other current liabilities	(1,764,714)	2,094,990	(1,545,587)	479,353
Cash flows from operating activities	228,765,941	546,646,351	17,591,615	269,567,532
Cash paid for interest expenses	(4,415,241)	(3,729,055)	(1,039,105)	(2,270,781)
Cash paid for income tax	(57,973,655)	(62,464,271)	(14,309,723)	(19,367,089)
<b>Net cash flows from operating activities</b>	<b>166,377,045</b>	<b>480,453,025</b>	<b>2,242,787</b>	<b>247,929,662</b>

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Cash paid for purchasing investment in a subsidiary	-	(1,250,100)	-	(1,250,100)
Increase in restricted deposits	-	(200,000)	-	(200,000)
Cash paid for acquisitions of property, plant and equipment and intangible assets	(189,303,128)	(35,042,886)	(37,774,295)	(18,134,695)
Proceeds from sales of current investments	500,000	16,855,262	-	-
Proceeds from capital recovery of investment unit	794	-	-	-
Cash received from dividends	5,064,873	357,474	103,499,612	102,039,632
Proceeds from sale of machinery and equipment	4,587,511	8,230,366	3,176,284	5,557,469
Cash received from interest income	677,030	758,054	92,550	99,755
<b>Net cash flows from (used in) investing activities</b>	<b>(178,472,920)</b>	<b>(10,291,830)</b>	<b>68,994,151</b>	<b>88,112,061</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	56,404,542	(17,720,625)	13,326,527	(26,035,879)
Repayment of financial lease payables	-	(1,167,521)	-	(1,167,521)
Dividend paid	(218,920,388)	(199,760,368)	(168,520,000)	(153,200,000)
<b>Net cash flows used in financing activities</b>	<b>(162,515,846)</b>	<b>(218,648,514)</b>	<b>(155,193,473)</b>	<b>(180,403,400)</b>
<b>Effect of exchange rate to cash and cash equivalents</b>	<b>(42,200)</b>	<b>8,270</b>	<b>(42,200)</b>	<b>8,270</b>
Net increase (decrease) in cash and cash equivalents	(174,653,921)	251,520,951	(83,998,735)	155,646,593
Cash and cash equivalents at beginning of year	488,973,053	237,452,102	175,750,573	20,103,980
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>314,319,132</b>	<b>488,973,053</b>	<b>91,751,838</b>	<b>175,750,573</b>
<b>Supplemental cash flows information</b>				
Non-cash items:				
Actuarial loss for long-term employee benefits	627,546	1,599,694	126,030	1,024,684
Increase in revaluation surplus in investments in available-for-sale securities	743,350	777,779	-	-

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 2019**

#### **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 11 October 2016, 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") are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(Percent)	(Percent)
Auto Metal Company Limited	Production, smelting and assembly for all types of metal	Thailand	60	60

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(Percent)	(Percent)
Alternative EnMat Company Limited	Distribution of metal and non-ferrous metal products	Thailand	100	100
NSC Metal Company Limited	Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) 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 present investments in subsidiaries and associates under the cost method.



### **3. New financial reporting standards**

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments



These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it 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) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) 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 and equipment and depreciation**

Land is stated at cost, buildings and equipment are stated at cost less accumulated depreciation, and less allowance for loss on impairment of assets (if any).

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 defined benefit plans are recognised immediately in other comprehensive income.

Past service cost are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognises restructuring-related costs.

#### **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.

#### **4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1      Use of quoted market prices in an active market for such assets or liabilities
- Level 2      Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3      Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **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 and 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 recognised in the statement of financial position 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 credit risk (both bank and counterparty) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **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				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and service income	-	-	51,261	56,849	Sale of goods: Market price and cost plus a margin at rate of 5% Service income: Close to the market price
Rental income	-	-	1,728	1,728	Contract price that close to the market price
Other service income	-	-	15,000	15,000	Accordance with the negotiation price
Dividend income	-	-	98,600	102,040	As approved by Shareholders' Meeting and Board of Directors' Meeting
Purchases of goods and services	-	-	-	1,141	Market price
Sales of fixed assets	-	-	-	1,005	Accordance with the negotiation price
<u>Transactions with related companies</u>					
Other service income	240	240	240	240	Fixed fee per month
Commission fee	7,647	7,711	-	-	Not over 2% of sales
Purchases of fixed assets	-	4,707	-	-	Close to the market price
Dividend income	-	-	4,900	-	As approved by Shareholders' Meeting

As at 31 March 2019 and 2018, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivable - related parties (Note 9)</u>				
Subsidiaries	-	-	5,517	2,572
<u>Other payables - related party (Note 18)</u>				
Associated company	1,843	1,985	-	-

## Directors and management's benefits

During the years ended 31 March 2019 and 2018, 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	
	2019	2018	2019	2018
Short-term employee benefits	60,025	54,893	35,247	32,725
Post-employment benefits	3,127	1,748	1,829	904
Total	63,152	56,641	37,076	33,629

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	140	105	70	45
Bank deposits	314,179	488,868	91,682	175,706
Total	314,319	488,973	91,752	175,751

As at 31 March 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.37 and 0.90 percent per annum (2018: 0.37 and 0.90 percent per annum).

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
<b><u>Trading securities</u></b>				
Investment units in open-end fund	4,331	4,380	4,828	4,852
Total trading securities	4,331	4,380	4,828	4,852
Add: Changes in fair value	49		24	
Total trading securities	4,380		4,852	

As at 31 March 2019 and 2018, a subsidiary has investment in Siam Commercial (SCBSFF) 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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	-	-	3,377	1,447
Past due				
Not over 3 months	-	-	2,140	1,125
Total trade receivables - related parties	-	-	5,517	2,572
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	529,472	559,700	266,048	270,739
Past due				
Not over 3 months	140,650	143,766	52,462	61,663
Over 3 months but less than 12 months	2,119	2,088	738	1,065
Over 12 months	4,751	9,922	3,488	5,928
Total	676,992	715,476	322,736	339,395
Less: Allowance for doubtful accounts	(5,064)	(10,127)	(3,488)	(5,927)
Total trade receivables - unrelated parties - net	671,928	705,349	319,248	333,468
Total trade receivables - net	671,928	705,349	324,765	336,040
<u>Other receivables</u>				
Other receivables	1,074	637	1,065	-
Interest receivables	49	49	-	-
Total other receivables	1,123	686	1,065	-
Total trade and other receivables - net	673,051	706,035	325,830	336,040

During the year ended 31 March 2019, certain trade accounts receivable of the Company and a subsidiary, amounting to Baht 2 million, were written-off as bad debt (2018: Baht 11 million).



## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	457,501	444,600	(31,877)	(38,526)	425,624	406,074
Raw materials	250,501	230,621	(2,971)	(7,765)	247,530	222,856
Supplies	22,848	22,098	-	-	22,848	22,098
Goods in transit	20,372	12,290	-	-	20,372	12,290
Total	751,222	709,609	(34,848)	(46,291)	716,374	663,318

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	187,281	206,990	(21,193)	(27,899)	166,088	179,091
Raw materials	214,202	183,829	(2,971)	(7,765)	211,231	176,064
Supplies	11,677	11,922	-	-	11,677	11,922
Goods in transit	1,672	12,290	-	-	1,672	12,290
Total	414,832	415,031	(24,164)	(35,664)	390,668	379,367

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 11 million (2018: reversed the reduction of Baht 9 million) (Separate financial statements: reversed the reduction of Baht 11 million (2018: reversed the reduction of Baht 9 million)), to reflect the net realisable value. This was presented as cost of sales.

## 11. Restricted bank deposits

As at 31 March 2019, the Company and its subsidiary have deposits with banks of Baht 46 million (2018: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 28.5 to the financial statements.

## 12. Investment in associated company

### 12.1 Details of associate

(Unit: Thousand Baht)								
Company's name	Nature of business	Country of incorporation	Shareholding		Separate		Consolidated	
			percentage		financial statements		financial statements	
							Carrying amount	
			Cost method		based on equity method			
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Mory Lohakit (Thailand)								
Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	9,670	12,426

### 12.2 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	
	2019	2018	2019	2018
Mory Lohakit (Thailand) Co., Ltd.	2,144	1,437	4,900	-

#### Mory Lohakit (Thailand) Co., Ltd.

On 20 June 2018, the Annual General Meeting of the shareholders of Mory Lohakit (Thailand) Company Limited passed a resolution to approve the payment of a dividend of Baht 100 per share from the operating profit for the year ended 31 March 2018 and retained earnings as at 31 March 2017. The dividend was paid on 27 June 2018.

### 12.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)		
	2019	2018
Current assets	20.4	26.3
Non-current assets	-	0.1
Current liabilities	(0.5)	(0.6)
Non-current liabilities	(0.1)	(0.4)
<b>Net assets</b>	<b>19.8</b>	<b>25.4</b>
Shareholding percentage (%)	49.0	49.0
<b>Share of net assets</b>	<b>9.7</b>	<b>12.4</b>
<b>Carrying amounts of associates based on equity method</b>	<b>9.7</b>	<b>12.4</b>

## Summarised information of comprehensive income

(Unit: Million Baht)		
For the years ended		
31 March		
	2019	2018
Revenue	7.7	8.1
Profit	4.4	2.9
Other comprehensive income	-	-
Total comprehensive income	4.4	2.9

## 13. Investments in subsidiaries

### 13.1 Details of subsidiaries

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

(Unit: Thousand Baht)										
Company's name	Paid-up capital		Shareholding		Cost method		Allowance for		Carrying amount	
			percentage				impairment		based on	
			cost method		of investment					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Million	(Million	(%)	(%)						
	Baht)	Baht)								
Auto Metal Company Limited	240	240	60	60	144,000	144,000	-	-	144,000	144,000
Alternative EnMat										
Company Limited	6	6	100	100	5,499	5,499	(930)	-	4,569	5,499
NSC Metal Company Limited	230	230	100	100	258,238	258,238	-	-	258,238	258,238
Total					407,737	407,737	(930)	-	406,807	407,737

### 13.2 Dividend income

(Unit: Thousand Baht)		
Company's name	2019	2018
Auto Metal Company Limited	75,600	69,840
NSC Metal Company Limited	23,000	32,200
Total	98,600	102,040

#### Auto Metal Company Limited

On 20 June 2018, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 54 per share from the operating profit for the year ended 31 March 2018, the subsidiary had paid out the interim dividend of Baht 26.50 per share. The remaining dividend was Baht 27.50 per share and was paid on 27 June 2018.

On 9 November 2018, the meeting of Board of Directors of Auto Metal Company Limited No. 6/2561 passed a resolution to approve the payment of an interim dividend of Baht 25.00 per share to the Company's ordinary shareholders from the net operating profit from 1 April 2018 to 30 September 2018. This dividend was paid on 26 November 2018.

#### NSC Metal Company Limited

On 20 June 2018, the Annual General Meeting of the shareholders of NSC Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 11 per share from the operating profit for the year ended 31 March 2018, the subsidiary had paid out the interim dividend of Baht 5.50 per share. The remaining dividend was Baht 5.50 per share and was paid on 27 June 2018.

On 8 November 2018, the meeting of Board of Directors of NSC Metal Company Limited No. 4/2561 passed a resolution to approve the payment of an interim dividend of Baht 4.50 per share to the Company's ordinary shareholders from the net operating profit from 1 April 2018 to 30 September 2018. This dividend was paid on 26 November 2018.

#### **14. Long-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
<b><u>Investment in marketable unit classified as available-for-sale securities</u></b>				
Industrial freehold and leasehold real estate investment trust	2,442	3,508	2,466	2,765
Less: Capital recovery of investment unit	(1)	-	(24)	-
Total available-for-sale securities	2,441	3,508	2,442	2,765
Add: Changes in fair value	1,067		323	
Total available-for-sale securities	3,508		2,765	



As at 11 September 2018, TICON Freehold and Leasehold Real Estate Investment Trust (TREIT) had reduced fund register capital and paid the capital reduction.

On 28 January 2019, the 2019 Annual General Meeting of TICON Freehold and Leasehold Real Estate Investment Trust ("TREIT") has resolved to acknowledge change of name and abbreviation of the REIT to Frasers Property Thailand Industrial Freehold & Leasehold REIT ("FTREIT") and registered for the such change name with the Minister of Commerce on the same day. In this connection, effective in the Stock Exchange of Thailand since 31 January 2019.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and buildings improvement fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	
<b>Cost</b>							
1 April 2017	140,446	320,985	861,723	17,959	80,440	1,638	1,423,191
Acquisitions	-	-	4,206	458	15,842	14,536	35,042
Disposals / write-off	-	-	(10,074)	(1,419)	(16,932)	-	(28,425)
Transfer in (out)	-	-	8,646	-	5,083	(13,729)	-
31 March 2018	140,446	320,985	864,501	16,998	84,433	2,445	1,429,808
Acquisitions	-	-	3,810	1,340	9,887	174,265	189,302
Disposals / write-off	-	(284)	(11,659)	(916)	(11,071)	-	(23,930)
Transfer in (out)	53,576	-	255	38	-	(53,869)	-
31 March 2019	194,022	320,701	856,907	17,460	83,249	122,841	1,595,180
<b>Accumulated depreciation</b>							
1 April 2017	-	170,781	728,385	15,763	59,744	-	974,673
Depreciation for the year	-	10,916	46,734	997	11,707	-	70,354
Depreciation for disposals / write-off	-	-	(10,069)	(1,419)	(15,800)	-	(27,288)
31 March 2018	-	181,697	765,050	15,341	55,651	-	1,017,739
Depreciation for the year	-	10,835	33,302	844	10,482	-	55,463
Depreciation for disposals / write-off	-	(282)	(11,622)	(881)	(9,511)	-	(22,296)
31 March 2019	-	192,250	786,730	15,304	56,622	-	1,050,906
<b>Net book value</b>							
31 March 2018	140,446	139,288	99,451	1,657	28,782	2,445	412,069
31 March 2019	194,022	128,451	70,177	2,156	26,627	122,841	544,274
<b>Depreciation for the year</b>							
2018 (Baht 62 million included in manufacturing cost, and the balance in selling and administrative expenses)							70,354
2019 (Baht 49 million included in manufacturing cost, and the balance in selling and administrative expenses)							55,463

(Unit: Thousand Baht)

Separate financial statements							
	Land and improvement	Buildings and improvement fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost</b>							
1 April 2017	94,745	184,196	491,720	10,156	53,591	1,638	836,046
Acquisitions	-	-	2,492	219	2,513	12,910	18,134
Disposals / write-off	-	-	(10,074)	(1,419)	(9,863)	-	(21,356)
Transfer in (out)	-	-	8,646	-	3,457	(12,103)	-
31 March 2018	94,745	184,196	492,784	8,956	49,698	2,445	832,824
Acquisitions	-	-	2,355	436	8,940	26,043	37,774
Disposals / write-off	-	(284)	(11,659)	(369)	(8,305)	-	(20,617)
Transfer in (out)	-	-	255	38	-	(293)	-
31 March 2019	94,745	183,912	483,735	9,061	50,333	28,195	849,981
<b>Accumulated depreciation</b>							
1 April 2017	-	112,178	385,476	8,596	39,650	-	545,900
Depreciation for the year	-	4,298	30,573	700	7,309	-	42,880
Depreciation for disposals / write-off	-	-	(10,069)	(1,419)	(8,731)	-	(20,219)
31 March 2018	-	116,476	405,980	7,877	38,228	-	568,561
Depreciation for the year	-	4,217	27,244	567	5,589	-	37,617
Depreciation for disposals / write-off	-	(282)	(11,621)	(350)	(6,745)	-	(18,998)
31 March 2019	-	120,411	421,603	8,094	37,072	-	587,180
<b>Net book value</b>							
31 March 2018	94,745	67,720	86,804	1,079	11,470	2,445	264,263
31 March 2019	94,745	63,501	62,132	967	13,261	28,195	262,801
<b>Depreciation for the year</b>							
2018 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)							42,880
2019 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)							37,617

On 5 July 2018, a subsidiary entered into a sale and purchase agreement of land and building amounting to Baht 125 million for factory expansion purposes and paid for the deposit of Baht 12.5 million on the agreement date. Subsequently, on 2 August 2018 the subsidiary already paid the remaining amount and obtained the transfer of the title to the land and building.

As at 31 March 2019, the Company and its subsidiaries 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 841 million (2018: Baht 789 million) (Separate financial statements: Baht 483 million (2018: Baht 453 million)).

The Company and a subsidiary have mortgaged a part of their land with structures thereon and pledged a part of machinery 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 28.5 to the financial statements.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cost	284	282	174	173
Net book value	-	-	-	-

## 16. Intangible assets

The net book value of intangible assets which are computer software as at 31 March 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cost	14,050	14,050	11,053	11,053
Less: Accumulated amortisation	(13,682)	(13,485)	(10,784)	(10,645)
Net book value	368	565	269	408

A reconciliations of the net book value of intangible assets for the years 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	565	762	408	547
Amortisation	(197)	(197)	(139)	(139)
Net book value at end of year	368	565	269	408

## 17. Short-term loans from banks

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Bank overdrafts	1.80	1.90	3,889	1,121	-	-
Promissory notes	3.65	-	10,000	-	-	-
Trust receipts	3.50 - 3.98	3.50	78,357	34,721	13,326	-
Total			92,246	35,842	13,326	-

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 28.5 to the financial statements.

## 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payable - unrelated parties	483,219	546,832	269,904	329,579
Other payables - unrelated parties	30,195	13,441	7,204	7,152
Other payables - related party (Note 6)	1,843	1,985	-	-
Accrued commission expenses - unrelated parties	37	42	37	42
Accrued expenses	1,526	1,501	883	816
Total	516,820	563,801	278,028	337,589



## 19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	36,504	31,069	22,601	19,139
Included in profit or loss:				
Current service cost	3,210	2,907	1,926	1,868
Interest cost	1,022	929	650	569
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	10	1,281	2	721
Financial assumptions changes	35	340	122	62
Experience adjustments	583	(22)	2	242
Total	628	1,599	126	1,025
<b>Provision for long-term employee benefits at end of year</b>	<u>41,364</u>	<u>36,504</u>	<u>25,303</u>	<u>22,601</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Selling and administrative expenses	4,232	3,836	2,576	2,437
Total expenses recognised in profit or loss	<u>4,232</u>	<u>3,836</u>	<u>2,576</u>	<u>2,437</u>

The Company and its subsidiaries expect to pay Baht 26 million of long-term employee benefits during the next year (Separate financial statements: Baht 15 million) (2018: Baht 19 million (Separate financial statements: Baht 11 million)).

As at 31 March 2019, the weighted average duration of the liabilities for long-term employee benefit of monthly and daily employee are 6 - 15 years and 4 - 19 years (Separate financial statements: 10 years and 13 years) (2018: 6 - 15 years and 5 - 19 years (Separate financial statements: 10 years and 13 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.10 - 3.38	2.03 - 3.08	2.55 - 2.92	2.65 - 2.81
Salary increase rate	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00
Turnover rate	0 - 54	0 - 56	0 - 54	0 - 56

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 March 2019 are summarised below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(1.0)	1.1	(0.6)	0.6
Salary increase rate	1.1	(1.0)	0.6	(0.6)
Turnover rate	(1.0)	1.1	(0.6)	0.6

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 8 million (The Company only: Baht 6 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the first quarter of the year ending 31 March 2020.

## 20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside 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. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Civil and Commercial Code, the subsidiaries are required to set aside to a statutory reserve at least 5 percent of its net income each time the subsidiaries pay a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve can neither be used to offset with deficit nor be used for dividend payment.

## 21. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salary and wages and other employee benefits	204,777	192,720	112,937	109,852
Depreciation	55,463	70,354	37,617	42,880
Amortisation	197	197	139	139
Raw materials used	1,962,775	2,018,724	1,290,661	1,331,440
Consumables used	32,116	36,547	23,852	29,019
Purchase of finished goods	726,803	656,247	-	-
Changes in inventories of finished goods	(12,901)	(8,616)	19,710	11,224
Reversal of inventories to net realisable value	(11,443)	(8,992)	(11,500)	(9,439)

## 22. Corporate income tax

Income tax expenses for the years ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	47,143	63,922	7,533	20,151
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,250	4,024	1,967	1,412
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>49,393</b>	<b>67,946</b>	<b>9,500</b>	<b>21,563</b>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 March 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on gain from the change in value of available-for-sale investments	(213)	-	-	-
Deferred tax on actuarial losses	125	320	25	205
	(88)	320	25	205

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	250,090	338,535	152,410	211,352
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	50,018	67,707	30,482	42,270
Effects of:				
Dividend income from subsidiaries and associate	-	-	(20,700)	(20,408)
Bad debt recoveries	(119)	(150)	(119)	(150)
Non-deductible expenses	1,073	974	638	652
Tax-exempt revenues	-	(19)	-	-
Additional expense deductions allowed	(902)	(898)	(801)	(801)
Unused tax loss	6	476	-	-
Others	(683)	(144)	-	-
Total	(625)	239	(20,982)	(20,707)
Income tax expenses reported in the statement of comprehensive income	49,393	67,946	9,500	21,563



As at 31 March 2019 and 2018, the components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for impairment of investment in subsidiary	-	-	186	-
Allowance for doubtful accounts	315	1,209	-	369
Allowance for diminution in value of inventories	6,969	9,258	4,833	7,133
Provision for long-term employee benefits	8,273	7,301	5,060	4,520
Unused tax losses	215	129	-	-
<b>Total</b>	<b>15,772</b>	<b>17,897</b>	<b>10,079</b>	<b>12,022</b>
<b>Deferred tax liabilities</b>				
Unrealised gain from the change in value of available-for-sale investments	(213)	-	-	-
<b>Total</b>	<b>(213)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets - net</b>	<b>15,559</b>	<b>17,897</b>	<b>10,079</b>	<b>12,022</b>

## 23. Promotional privileges

On 29 March 2018, a subsidiary has received promotional privileges by the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 61-0357-1-04-1-0 for a project to improve the efficiency of the production of alternative energy pursuant to promotion certificate No. 1407(2)/2548. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net income from the promoted business in an amount not exceeding 50% of the capital investment in the project to improve production efficiency, excluding land and working capital, for a period of 3 years from the date the promoted operations commenced generating revenues and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the Company 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.

On 17 April 2018, the Company has received promotional privileges by the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 61-0413-1-04-1-0 for a project to improve the efficiency of the production of alternative energy pursuant to promotion certificate No. 3007/Wo./2550. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net income from the promoted business in an amount not exceeding 50% of the capital investment in the project to improve production efficiency, excluding land and working capital, for a period of 3 years from the date the promoted operations commenced generating revenues.

#### **24. 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.

#### **25. 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 years ended 31 March 2019 and 2018, respectively.

(Unit: Million Baht)

	For the year ended 31 March 2019				
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
<b>Revenue</b>					
Revenue from external customers	2,514	780	3,294	-	3,294
Inter-segment revenue	51	-	51	(51)	-
<b>Total revenues</b>	<u>2,565</u>	<u>780</u>	<u>3,345</u>	<u>(51)</u>	<u>3,294</u>
<b>Operating result</b>					
Segment profit	350	61	411	-	411
Other income					25
Selling and distribution expenses					(68)
Administrative expenses					(115)
Share of profit from investment in associate accounted for by the equity method					2
Finance cost					(5)
Profit before income tax expense					250
Income tax expenses					(49)
<b>Profit for the year</b>					<u>201</u>
<b>Segment total assets</b>	1,893	455	2,348	(3)	<u>2,345</u>
Investment in associate accounted for by the equity method	10	-	10	-	<u>10</u>
Additions (reduction) to non- current assets other than financial instruments and deferred tax assets	141	(1)	140	1	<u>141</u>

(Unit: Million Baht)

	For the year ended 31 March 2018				Consolidated
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	
<b>Revenue</b>					
Revenue from external customers	2,625	751	3,376	-	3,376
Inter-segment revenue	57	1	58	(58)	-
<b>Total revenues</b>	<u>2,682</u>	<u>752</u>	<u>3,434</u>	<u>(58)</u>	<u>3,376</u>
<b>Operating results</b>					
<b>Segment profit</b>	410	73	483	-	483
Other income					31
Selling and distribution expenses					(66)
Administrative expenses					(106)
Share of profit from investment in associate accounted for by the equity method					1
Finance cost					(5)
<b>Profit before income tax expense</b>					<u>338</u>
Income tax expenses					(68)
<b>Profit for the year</b>					<u>270</u>
<b>Segment total assets</b>	1,949	414	2,363	(1)	<u>2,362</u>
Investment in associate accounted for by the equity method	12	-	12	-	<u>12</u>
Additions (reduction) to non- current assets other than financial instruments and deferred tax assets	(39)	3	(36)	(1)	<u>(37)</u>

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.

#### Major customers

For the year 2019 and 2018, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.



## 26. 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. The contributions for the year ended 31 March 2019 amounting to approximately Baht 5 million (2018: Baht 4 million) (Separate financial statements: Baht 3 million (2018: Baht 2 million)) were recognised as expenses.

## 27. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Payment date
Final dividends for the year ended 31 March 2018 (net of interim dividend payment)	Annual General Meeting of the shareholders on 26 July 2018	95.75	0.25	10 August 2018
Interim dividends for the year ended 31 March 2019	The Board of Directors Meeting on 9 November 2018	72.77	0.19	7 December 2018
Total dividends paid during the year ended 31 March 2019		168.52	0.44	
Final dividends for the year ended 31 March 2017 (net of interim dividend payment)	Annual General Meeting of the shareholders on 27 July 2017	76.60	0.20	11 August 2017
Interim dividends for the year ended 31 March 2018	The Board of Directors Meeting on 7 November 2017	76.60	0.20	6 December 2017
Total dividends paid during the year ended 31 March 2018		153.20	0.40	

## **28. Commitments and contingent liabilities**

### **28.1 Operating lease commitments**

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

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 March	
	2019	2018
Payable:		
In up to 1 year	1	3
In over 1 and up to 5 years	-	1

### **28.2 Other service commitment**

As at 31 March 2019, the Company and a subsidiary had commitments of approximately Baht 7 million relating to a technical assistance service agreement and other agreements (2018: Baht 6 million).

### **28.3 Other commitments**

As at 31 March 2019, the Company had outstanding commitments of Baht 4.5 million (2018: Baht 4.5 million) in respect of uncalled portion of investment in a subsidiary.

### **28.4 Guarantees**

As at 31 March 2019, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 350 million (2018: Baht 350 million).

## 28.5 Credit facilities

As at 31 March 2019, 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 24 million (2018: Baht 59 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.
- Overdraft facilities of Baht 30 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machinery and the fixed deposits account.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 3 million (2018: Baht 50 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.

### A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.
- Overdraft facilities of Baht 10 million, have not yet been utilised (2018: 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 (2018: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.

### **A subsidiary**

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 100 million (2018: Baht 35 million) of the 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, the subsidiary's fixed deposit accounts and a guarantee provided by the Company.
- Overdraft facilities of Baht 60 million, of which Baht 4 million (2018: Baht 1 million) of the utilised amount are outstanding. These credit facilities are secured by the subsidiary's fixed deposit accounts and a guarantee provided by the Company.
- Forward foreign exchange contract facilities, comprising USD 11.7 million (equivalent to Baht 373 million) and Baht 115 million, or a total approximately Baht 488 million, of which USD 50,000 (equivalent to Baht 2 million) (2018: USD 0.5 million (equivalent to Baht 17 million)) of the utilised amount are outstanding.

### **A subsidiary**

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 22 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the Company.
- Overdraft facilities of Baht 5 million have not yet been utilised (2018: Nil). These credit facilities are secured by the Company.
- Forward foreign exchange contract facilities of Baht 30 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the Company.

## **28.6 Capital commitment**

As at 31 March 2019, the Company and its subsidiary have commitments of approximately Baht 7.5 million and USD 1 million, relating to construction contract, design and installation of solar cells on the roof (2018: Nil).



## 29. Fair value hierarchy

The Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	-	4.4	-	4.4
Investment in marketable unit classified as available-for-sale investment	3.5	-	-	3.5
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	4.3	-	4.3

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	-	4.9	-	4.9
Investment in marketable unit classified as available-for-sale investment	2.8	-	-	2.8
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	65.7	-	65.7

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2019				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	2.7	-	2.7

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2018				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	48.9	-	48.9

## **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, current investments, trade and other receivables, restricted bank deposits, long-term investments, short-term loans from banks and trade and other payables. The financial risks associated with these financial instruments and how they are managed is 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 they have 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. Certain financial assets and liabilities carry floating interest rates or fixed interest rates which are close to the market rate.

(Unit: Million Baht)

## Consolidated financial statements as at 31 March 2019

	Fixed interest rate					
	Within		Floating	Non-interest		Effective
	1 year	1 - 5 years	interest rate	bearing	Total	interest rate
						(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	2	-	7	305	314	0.37 - 0.90
Current investments	-	-	-	4	4	-
Trade and other receivables	-	-	-	673	673	-
Restricted bank deposits	46	-	-	-	46	0.65 - 1.00
Long-term investment	-	-	-	4	4	-
	48	-	7	986	1,041	
<b>Financial liabilities</b>						
Short-term loans from banks	92	-	-	-	92	1.80 - 3.98
Trade and other payables	-	-	-	517	517	-
	92	-	-	517	609	

(Unit: Million Baht)

## Consolidated financial statements as at 31 March 2018

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within					
	1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2	-	15	472	489	0.37 - 0.90
Current investments	-	-	-	5	5	-
Trade and other receivables	-	-	-	706	706	-
Restricted bank deposits	46	-	-	-	46	0.65 - 1.00
Long-term investment	-	-	-	3	3	-
	48	-	15	1,186	1,249	
<b>Financial liabilities</b>						
Short-term loans from banks	36	-	-	-	36	1.90 - 3.50
Trade and other payables	-	-	-	565	565	-
	36	-	-	565	601	

(Unit: Million Baht)

## Separate financial statements as at 31 March 2019

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2	-	4	86	92	0.37 - 0.90
Trade and other receivables	-	-	-	326	326	-
Restricted bank deposits	6	-	-	-	6	0.65 - 0.90
	8	-	4	412	424	
<b>Financial liabilities</b>						
Short-term loans from banks	13	-	-	-	13	3.76 - 3.98
Trade and other payables	-	-	-	278	278	-
	13	-	-	278	291	

(Unit: Million Baht)

## Separate financial statements as at 31 March 2018

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2	-	2	172	176	0.37 - 0.90
Trade and other receivables	-	-	-	336	336	-
Restricted bank deposits	6	-	-	-	6	0.65 - 0.90
	8	-	2	508	518	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	338	338	-
	-	-	-	338	338	

**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 have the balances of financial assets and liabilities denominated in foreign currencies as summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 March		as at 31 March		as at 31 March	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.1	0.1	0.1	1.7	31.77	31.19
Japanese Yen	0.5	0.5	0.5	-	0.2867	0.2893
SG Dollar	-	-	-	0.1	-	24.10

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

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b><u>As at 31 March 2019</u></b>				
US Dollar	0.14	-	31.33 - 32.85	-
<b><u>As at 31 March 2018</u></b>				
US Dollar	2.1	-	31.20 - 32.17	-

### 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. However, the Company and its subsidiaries estimated fair value of derivatives, their fair value has been determined by using a discounted future cash flows model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries considered counterparty credit risk when determining the fair value of derivatives.

The estimated fair value of the derivatives is as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
<b>Derivatives</b>				
Forward exchange contracts	-	(1.6)	-	(1.3)

### 31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholders value. As at 31 March 2019, the Company and its subsidiaries' total debt-to-equity ratio was 0.41:1 (2018: 0.40:1) and the Company's total debt-to-equity ratio was 0.27:1 (2018: 0.31:1).

### 32. Events after the reporting period

32.1 On 17 May 2019, the meeting of the Board of Directors of NSC Metal Company Limited (a subsidiary) No. 2/2019 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the subsidiary's shareholders of Baht 6.50 per share, or totaling Baht 14.95 million, from its net operating profit for the year ended 31 March 2019. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 4/2018 held on 8 November 2018, the subsidiary had paid out the interim dividend of Baht 4.50 per share, for 2.3 million ordinary shares, to the subsidiary's shareholders totaling Baht 10.35 million. The subsidiary already paid interim dividend on 26 November 2018. The remaining dividend is Baht 2.00 per share, or totaling Baht 4.60 million.

32.2 On 21 May 2019, the meeting of the Board of Directors of Auto Metal Company Limited (a subsidiary) No. 2/2019 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the subsidiary's shareholders of Baht 54.00 per share, or totaling Baht 129.60 million from its net operating profit for the year ended 31 March 2019. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 6/2018 held on 9 November 2018, the subsidiary had paid out the interim dividend of Baht 25.00 per share, for 2.4 million ordinary shares, to the subsidiary's shareholders totaling Baht 60.00 million on 26 November 2018. The remaining dividend is Baht 29.00 per share, or totaling Baht 69.60 million.

32.3 On 28 May 2019, the meeting of the Company's Board of Directors No. 2/2019 passed a resolution to propose an approval by the Annual General Meeting of its shareholders, of the dividend payment to the Company's shareholders of Baht 0.37 per share, or totaling Baht 141.71 million from its net operating profit for the year ended 31 March 2019. However, by the resolution of the meeting of the Company's Board of Directors No. 5/2018 held on 9 November 2018, the Company paid out the interim dividend of Baht 0.19 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 72.77 million on 7 December 2018. The remaining dividend is Baht 0.18 per share, or totaling Baht 68.94 million.

### **33. Approval of consolidated financial statements**

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 May 2019.



## Location Map of the Company

### 1. Head Office (Factory)



### 2. Sales Office

