

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2014
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission File No. 1-7521

FRIEDMAN INDUSTRIES, INCORPORATED

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

19747 Hwy 59 N Suite 200, Humble, TX
(Address of principal executive offices)

74-1504405
(I.R.S. Employer
Identification No.)

77338
(Zip Code)

Registrant's telephone number, including area code: **(713) 672-9433**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1 Par Value	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes _____ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes _____ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

X

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer () Accelerated filer () Non-accelerated filer () Smaller reporting company (X)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes _____ No X

The aggregate market value of the Common Stock held by non-affiliates of the registrant as of September 30, 2013 (computed by reference to the closing price on such date) was approximately \$66,966,000.

The number of shares of the registrant's Common Stock outstanding at June 11, 2014 was 6,799,444 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders of Friedman Industries, Incorporated for the fiscal year ended March 31, 2014 — Part II.

Proxy Statement for the 2014 Annual Meeting of Shareholders of Friedman Industries, Incorporated — Part III.

PART I

Item 1. Business

Friedman Industries, Incorporated (the “Company”), a Texas corporation incorporated in 1965, is engaged in steel processing, pipe manufacturing and processing and steel and pipe distribution.

The Company has two product groups: coil and tubular products. Significant financial information relating to the Company’s product groups for the last two years is contained in Note 7 of the Consolidated Financial Statements included in the Company’s Annual Report to Shareholders for the fiscal year ended March 31, 2014, which financial statements are incorporated herein by reference in Item 8 hereof.

Coil Products

The Company purchases prime hot-rolled steel coils, processes the coils into flat, finished sheet and plate and sells these products on a wholesale, rapid-delivery basis in competition with steel mills, importers and steel service centers.

The Company owns and operates two coil processing facilities located in Hickman, Arkansas (“Hickman”) and Decatur, Alabama (“Decatur”). Each facility operates a cut-to-length line and a steel temper mill. The cut-to-length lines are designed to level the steel and cut the material to prescribed lengths. The steel temper mills are designed to improve the flatness of the steel and its surface qualities. The Company’s processing machinery is heavy, mill-type equipment capable of processing coils weighing up to 25 tons. Coils are processed to the specifications required for a particular order. Shipments are made via unaffiliated truckers or by rail and can generally be made within 48 hours of the receipt of a customer’s order.

The Hickman and Decatur facilities are functionally equivalent with respect to machinery, equipment, capacities and products produced. The Company makes shipments of coil products based on which facility offers the desired product or, if the product is available at both facilities, based on other factors, such as customer location, freight conditions and the ability of the facility to fulfill the order on a timely basis.

The Company also purchases and markets non-standard hot-rolled steel coils through its XSCP Division (“XSCP”). XSCP routinely processes non-standard coils into flat, finished sheet and plate. XSCP operates from the Company’s Hickman and Decatur coil processing facilities and shares certain expenses and employees with Hickman and Decatur. In addition, Hickman and Decatur provide warehousing, processing and distribution services to XSCP.

The Company primarily purchases hot-rolled steel coils from steel mills operated by Nucor Steel Company (“NSC”) located near the Hickman and Decatur processing facilities. Loss of NSC as a source of coil supply could have a material adverse effect on the Company’s business.

The Company also processes customer-owned coils on a fee basis. Revenues generated from processing customer-owned coils are not material to the Company’s results of operations and financial condition.

Tubular Products

Through its Texas Tubular Products Division (“TTP”) in Lone Star, Texas, the Company manufactures, purchases, processes and markets tubular products (“pipe”).

TTP operates two pipe mills. Both pipe mill #1 and pipe mill #2 are American Petroleum Institute-licensed to manufacture line and oil country pipe and also manufacture pipe for structural and piling purposes that meet other recognized industry standards. TTP also employs various pipe processing equipment, including beveling machines, pipe handling equipment and other related machinery.

In recent years, the Company has purchased steel coils from U.S. Steel Tubular Products, Inc. (“USS”), an affiliate of United States Steel Corporation, converted these coils into line and oil country pipe, and sold this pipe to USS pursuant to orders received from USS. The Company has also purchased pipe from USS and marketed it to other customers for structural and other miscellaneous applications. In addition, the Company manufactures pipe and markets it to other customers for structural and other miscellaneous applications.

Loss of USS as a supplier or customer could have a material adverse effect on the Company’s business. The Company can make no assurances as to orders from USS or the amounts of pipe and coil material that will be available from USS in the future.

Marketing

The following table sets forth the approximate percentage of total sales contributed by each group of products and services during each of the Company’s last two fiscal years:

<u>Product and Service Groups</u>	<u>2014</u>	<u>2013</u>
Coil Products	57%	49%
Tubular Products	43%	51%

Coil Products. The Company sells coil products and processing services to approximately 160 customers located primarily in the midwestern, southwestern and southeastern regions of the United States. The Company’s principal customers for these products and services are steel distributors and customers fabricating steel products such as storage tanks, steel buildings, farm machinery and equipment, construction equipment, transportation equipment, conveyors and other similar products. During the fiscal years ended March 31, 2014 and 2013, five and seven customers of coil products, respectively, accounted for approximately 25% of the Company’s total sales. Sales of coil products to Trinity Industries, Inc. accounted for approximately 14% and 11% of the Company’s total sales in fiscal 2014 and 2013, respectively.

The Company sells substantially all of its coil products through its own sales force. At March 31, 2014, the sales force was comprised of a vice president and three professional sales personnel under the direction of the Senior Vice President – Sales and Marketing. Sales personnel are paid on a salary and commission basis.

The Company regularly contracts on a quarterly basis with many of its larger customers to supply minimum quantities of steel.

Tubular Products. The Company sells its tubular products nationally to approximately 140 customers. The Company’s principal customers for these products are steel and pipe distributors, piling contractors and, historically, USS. Sales of pipe to USS accounted for approximately 15% and 14% of the Company’s total sales in fiscal 2014 and 2013, respectively. The Company can make no assurances as to the amount of future sales to USS.

The Company sells its tubular products through its own sales force comprised of a sales manager and three professional sales personnel under the direction of the Senior Vice President – Sales and Marketing. Sales personnel are paid on a salary and commission basis.

Competition

The Company is engaged in a non-seasonal, highly-competitive business. The Company competes with steel mills, importers and steel service centers. The steel industry, in general, is characterized by a small number of extremely large companies dominating the bulk of the market and a large number of relatively small companies, such as the Company, competing for a limited share of such market.

The Company believes that, generally, its ability to compete is dependent upon its ability to offer products at prices competitive with or below those of other steel suppliers, as well as its ability to provide products meeting customer specifications on a rapid-delivery basis.

Employees

At March 31, 2014, the Company had approximately 100 full-time employees.

Executive Officers of the Company

The following table sets forth as of March 31, 2014, for each executive officer of the Company, the name, age, officer positions and arrangements with other persons regarding his selection as an officer, if any, and the period during which such officer has served in such capacity:

<u>Name</u>	<u>Age</u>	<u>Position, Offices with the Company and Other Arrangements, if any</u>
William E. Crow	66	Chief Executive Officer since 2006 and President since 1995; formerly Chief Operating Officer since 1995, Vice President since 1981 and President of Texas Tubular Products Division since August 1990
Thomas Thompson . . .	63	Senior Vice President — Sales and Marketing since 1995; formerly Vice President — Sales since 1990
Alex LaRue	28	Assistant Vice President — Secretary and Treasurer since 2013; formerly Controller — Texas Tubular Products since 2011

Item 1A. Risk Factors

Not required.

Item 1B. Unresolved Staff Comments

Not required.

Item 2. Properties

The principal real properties of the Company are described in the following table:

<u>Location</u>	<u>Approximate Size</u>	<u>Ownership</u>
Lone Star, Texas		
Plant — Texas Tubular Products	118,260 sq. feet	Owned(1)
Offices — Texas Tubular Products	9,200 sq. feet	Owned(1)
Land — Texas Tubular Products	122.43 acres	Owned(1)
Longview, Texas		
Offices	2,600 sq. feet	Leased(2)
Humble, TX		
Offices	2,500 sq. feet	Leased(3)
Hickman, Arkansas		
Plant and Warehouse — Coil Products	42,600 sq. feet	Owned(1)
Offices — Coil Products	2,500 sq. feet	Owned(1)
Land — Coil Products	26.19 acres	Owned(1)
Decatur, Alabama		
Plant and Warehouse — Coil Products	48,000 sq. feet	Owned(1)
Offices — Coil Products	2,000 sq. feet	Owned(1)
Land — Coil Products	47.30 acres	Owned(1)

(1) All of the Company's owned real properties, plants and offices are held in fee and are not subject to any mortgage or deed of trust.

(2) The office lease is with a non-affiliated party, expires on April 30, 2018, and provides for an annual rental payment by the Company of \$32,736.

(3) The office lease is with a non-affiliated party, expires on December 31, 2016, and provides for an annual rental payment by the Company of \$37,826.

Item 3. Legal Proceedings

The Company is not a party to, nor is its property the subject of, any material pending legal proceedings.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's Common Stock is traded principally on the NYSE MKT (Symbol: FRD).

Reference is hereby made to the sections of the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2014, entitled "Description of Business — Range of High and Low Sales Prices of Common Stock" and "Description of Business — Cash Dividends Declared Per Share of Common Stock", which sections are hereby incorporated herein by reference.

The approximate number of shareholders of record of Common Stock of the Company as of May 23, 2014 was 260.

Item 6. Selected Financial Data

Not required.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information with respect to Item 7 is hereby incorporated herein by reference from the section of the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2014, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not required.

Item 8. Financial Statements and Supplementary Data

The following financial statements and notes thereto of the Company included in the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2014, are hereby incorporated herein by reference:

Consolidated Balance Sheets — March 31, 2014 and 2013

Consolidated Statements of Earnings — Years ended March 31, 2014 and 2013

Consolidated Statements of Stockholders' Equity — Years ended March 31, 2014 and 2013

Consolidated Statements of Cash Flows — Years ended March 31, 2014 and 2013

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Information with respect to supplementary financial information relating to the Company appears in Note 8 — Summary of Quarterly Results of Operations (Unaudited) of the Notes to Consolidated Financial Statements incorporated herein by reference above in this Item 8 from the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2014.

The following supplementary schedule for the Company for the year ended March 31, 2014, is included elsewhere in this report:

Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the U.S. Securities and Exchange Commission (the "SEC") are not required under the related instructions or are inapplicable and, therefore, have been omitted.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's principal executive officer ("CEO") and principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on this evaluation, the CEO and principal financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective to ensure that information that is required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management's report on internal control over financial reporting appears on page 14 of the Company's Annual Report to Shareholders for the year ended March 31, 2014, which is incorporated herein by reference. This Annual Report on Form 10-K does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the SEC that permit the Company to provide only management's report in this Annual Report.

There were no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Except as otherwise set forth below, information with respect to Item 10 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2014 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the SEC on or before 120 days after the end of the Company's 2014 fiscal year.

Information with respect to Item 10 regarding executive officers is hereby incorporated by reference from the information set forth under the caption "Executive Officers of the Company" in Item 1 of this Annual Report on Form 10-K.

The Company has adopted the Friedman Industries, Incorporated Code of Conduct and Ethics (the "Code"), which applies to the Company's employees, directors and officers, including its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. A copy of the Code is filed as an exhibit hereto.

Item 11. Executive Compensation

Information with respect to Item 11 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2014 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the SEC on or before 120 days after the end of the Company's 2014 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The Company had no equity compensation plans as of March 31, 2014.

Security Ownership Information

The additional information with respect to Item 12 regarding the security ownership of certain beneficial owners and management, and related matters, is hereby incorporated herein by reference from the Company's proxy statement in respect to the 2014 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the SEC on or before 120 days after the end of the Company's 2014 fiscal year.

Item 13. Certain Relationships, Related Transactions and Director Independence

Information with respect to Item 13 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2014 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the SEC on or before 120 days after the end of the Company's 2014 fiscal year.

Item 14. Principal Accountant Fees and Services

Information with respect to Item 14 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2014 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the SEC on or before 120 days after the end of the Company's 2014 fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents included in this report

1. Financial Statements

The following financial statements and notes thereto of the Company are included in the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2014, which is incorporated herein by reference:

Consolidated Balance Sheets — March 31, 2014 and 2013

Consolidated Statements of Earnings — Years ended March 31, 2014 and 2013

Consolidated Statements of Stockholders' Equity — Years end March 31, 2014 and 2013

Consolidated Statements of Cash Flows — Years ended March 31, 2014 and 2013

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedules

The following financial statement schedule of the Company is included in this report at page S-1:

Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1	— Articles of Incorporation of the Company, as amended (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1982).
3.2	— Articles of Amendment to the Articles of Incorporation of the Company, as filed with the Texas Secretary of State on September 22, 1987 (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1988).
3.3	— Amended and Restated Bylaws of the Company (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 9, 2006).
**13.1	— The Company's Annual Report to Shareholders for the fiscal year ended March 31, 2014.
**14.1	— Friedman Industries, Incorporated Code of Conduct and Ethics.
**21.1	— List of Subsidiaries.
**31.1	— Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by William E. Crow.
**31.2	— Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by Alex LaRue.
**32.1	— Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by William E. Crow.
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**101.INS	— XBRL Instance Document.
**101.SCH	— XBRL Taxonomy Schema Document.

<u>Exhibit No.</u>	<u>Description</u>
**101.CAL	— XBRL Calculation Linkbase Document.
**101.DEF	— XBRL Definition Linkbase Document.
**101.LAB	— XBRL Label Linkbase Document.
**101.PRE	— XBRL Presentation Linkbase Document.
**	Filed herewith.

Copies of exhibits filed as a part of this Annual Report on Form 10-K may be obtained by shareholders of record at a charge of \$.10 per page. Direct inquiries to: Alex LaRue, Assistant Vice President — Secretary & Treasurer, Friedman Industries, Incorporated, P.O. Box 62388, Houston, Texas 77205.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Friedman Industries, Incorporated has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRIEDMAN INDUSTRIES, INCORPORATED

By: /s/ William E. Crow

William E. Crow
Chief Executive Officer and
President

Dated: June 11, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Friedman Industries, Incorporated in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ WILLIAM E. CROW </u> William E. Crow	Chief Executive Officer and President and Director (Principal Executive Officer)	June 11, 2014
<u> /s/ ALEX LARUE </u> Alex LaRue	Assistant Vice President — Secretary & Treasurer (Principal Financial Officer)	June 11, 2014
<u> /s/ DURGA D. AGRAWAL </u> Durga D. Agrawal	Director	June 11, 2014
<u> /s/ CHARLES W. HALL </u> Charles W. Hall	Director	June 11, 2014
<u> /s/ ALAN M. RAUCH </u> Alan M. Rauch	Director	June 11, 2014
<u> /s/ MAX REICHENTHAL </u> Max Reichenthal	Director	June 11, 2014
<u> /s/ JOEL SPIRA </u> Joel Spira	Director	June 11, 2014
<u> /s/ JOE L. WILLIAMS </u> Joe L. Williams	Director	June 11, 2014

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

FRIEDMAN INDUSTRIES, INCORPORATED

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>		<u>Column D</u>	<u>Column E</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>		<u>Deductions— Describe(B)</u>	<u>Balance at End of Period</u>
		<u>Charged to Costs and Expenses</u>	<u>Charged to Other Accounts— Describe(A)</u>		
Year ended March 31, 2014					
Allowance for doubtful accounts receivable and cash discounts (deducted from related asset account)	<u>\$37,276</u>	<u>\$12,363</u>	<u>\$541,556</u>	<u>\$563,919</u>	<u>\$27,276</u>
Year ended March 31, 2013					
Allowance for doubtful accounts receivable and cash discounts (deducted from related asset account)	<u>\$37,276</u>	<u>\$ —</u>	<u>\$736,502</u>	<u>\$736,502</u>	<u>\$37,276</u>

(A) Cash discounts allowed on sales and charged against revenue.

(B) Accounts receivable written off and cash discounts allowed on sales.

EXHIBIT INDEX

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** Filed herewith.

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**THE COMPANY'S ANNUAL
REPORT TO SHAREHOLDERS FOR
THE FISCAL YEAR ENDED MARCH 31, 2014**

**FRIEDMAN
INDUSTRIES,
INCORPORATED**

**2014
ANNUAL REPORT**

FINANCIAL HIGHLIGHTS

	2014	2013
Net sales	\$116,149,022	\$136,448,786
Net earnings	\$ 1,712,926	\$ 6,135,812
Net earnings per share (Basic)	\$ 0.25	\$ 0.90
Cash dividends per share	\$ 0.20	\$ 0.97
Stockholders' equity	\$ 63,310,656	\$ 62,957,619
Working capital	\$ 52,075,979	\$ 51,971,475

TO OUR SHAREHOLDERS:

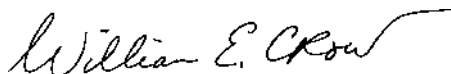
Friedman Industries, Incorporated (the "Company") experienced positive earnings in fiscal 2014 despite a challenging marketplace for the Company's products. The Company earned \$1,712,926 (\$0.25 per share diluted) on sales of \$116,149,022 in fiscal 2014 compared to earnings of \$6,135,812 (\$0.90 per share diluted) on sales of \$136,448,786 in fiscal 2013. Earnings were attributable to the Company's tubular product segment. The Company experienced soft market conditions for its products and services in fiscal 2014.

The steel industry, as a whole, is cyclical. Currently, the Company is experiencing volatility in the market for its products and services as a result of oversupply, foreign competition and the slow recovery of the U.S. economy. Management is focused on balancing operational requirements with changing market conditions.

Construction continues on the pipe-finishing facility to be located in Lone Star, Texas as a component of the Company's Texas Tubular Products division. The facility will focus primarily on threading and coupling oil country tubular goods. The Company expects the facility to be completed and operational in the fourth quarter of fiscal 2015.

You are invited to attend the Annual Meeting of Shareholders scheduled to start at 11:00 a.m. (Central Time) on Thursday, August 28, 2014, in the offices of Fulbright & Jaworski LLP, 1301 McKinney, 51st Floor, Houston, Texas 77010.

Sincerely,



William E. Crow
Chief Executive Officer and President

OFFICERS

William E. Crow
*Chief Executive Officer and
President*

Thomas N. Thompson
Senior Vice President — Sales and Marketing

Benny B. Harper
Vice President

Ronald L. Burgerson
Vice President

Howard Henderson
*Vice President of Operations — Texas Tubular
Division*

Robert McCain
Vice President — Decatur Facility

Dale Ray
Vice President

Robert Sparkman
Vice President of Sales — Coil Divisions

Steve Teeter
Vice President — Hickman Facility

Alex LaRue
Assistant Vice President — Secretary & Treasurer

Charles W. Hall
Assistant Secretary

COMPANY OFFICES AND WEB SITE

CORPORATE OFFICE
P.O. Box 62388
Houston, Texas 77205
713-672-9433

SALES OFFICE — COIL PRODUCTS
1121 Judson Road, Suite 124
Longview, Texas 75601
903-758-3431

SALES OFFICE — TUBULAR PRODUCTS
P.O. Box 0388
Lone Star, Texas 75668
903-639-2511

WEB SITE
www.friedmanindustries.com

COUNSEL
Fulbright & Jaworski LLP
1301 McKinney, Suite 5100
Houston, Texas 77010

AUDITORS
Hein & Associates LLP
500 Dallas Street, Suite 2500
Houston, TX 77002

TRANSFER AGENT AND REGISTRAR
American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219

DIRECTORS

William E. Crow
*Chief Executive Officer and
President*
Longview, Texas

Durga D. Agrawal
*President, Piping Technology & Products, Inc.
(pipe fabrication)*
Houston, Texas

Charles W. Hall
Fulbright & Jaworski LLP (law firm)
Houston, Texas

Alan M. Rauch
*President, Ener-Tex
International, Inc.
(oilfield equipment sales)*
Houston, Texas

Max Reichenthal
*President, Texas Iron and Metal
(steel product sales)*
Houston, Texas

Joel Spira
*Private investor; formerly, Partner, Weinstein
Spira & Company (accounting firm)*
Houston, Texas

Joe L. Williams
*Partner, PozmantierWilliams Insurance Con-
sultants, LLC
(insurance and risk management consultants)*
Houston, Texas

ANNUAL REPORT ON FORM 10-K

Shareholders may obtain without charge a copy of the Company's Annual Report on Form 10-K for the year ended March 31, 2014 as filed with the U.S. Securities and Exchange Commission. Written requests should be addressed to: Alex LaRue, Assistant Vice President — Secretary & Treasurer, Friedman Industries, Incorporated, P.O. Box 62388, Houston, Texas 77205.

DESCRIPTION OF BUSINESS

Friedman Industries, Incorporated (the "Company") is engaged in steel processing, pipe manufacturing and processing and steel and pipe distribution.

At its coil processing facilities in Hickman, Arkansas ("Hickman") and Decatur, Alabama ("Decatur"), the Company processes hot-rolled steel coils into flat, finished sheet and plate and sells these products on a wholesale, rapid-delivery basis in competition with steel mills, importers and steel service centers. The Company's XSCP Division ("XSCP") purchases and markets non-standard hot-rolled coils. XSCP routinely processes non-standard coils into flat, finished sheet and plate. XSCP operates at both Hickman and Decatur, which provide personnel, warehousing, processing and distribution services to XSCP. The Company purchases a substantial amount of its annual coil tonnage from Nucor Steel Company ("NSC"). Loss of NSC as a source of coil supply could have a material adverse effect on the Company's business. The Company also processes customer-owned coils on a fee basis. Revenues generated from processing customer-owned coils are not material to the Company's results of operations and financial condition.

The Company sells its coil products and processing services directly through the Company's own sales force to approximately 160 customers located primarily in the midwestern, southwestern and southeastern regions of the United States. These products and services are sold principally to steel distributors and to customers fabricating steel products such as storage tanks, steel buildings, farm machinery and equipment, construction equipment, transportation equipment, conveyors and other similar products.

The Company, through its Texas Tubular Products Division ("TTP") located in Lone Star, Texas, manufactures, purchases, processes and markets tubular products ("pipe"). The Company sells pipe nationally to approximately 140 customers including, in recent years, a substantial amount of manufactured pipe to U.S. Steel Tubular Products, Inc. ("USS"), an affiliate of United States Steel Corporation. The Company also purchases a substantial portion of its annual supply of pipe and coil material used in pipe production from USS. Loss of USS as a supplier or customer could have a material adverse effect on the Company's business. The Company can make no assurances as to orders from USS or the amounts of pipe and coil material that will be available from USS in the future.

Significant financial information relating to the Company's two product groups, coil and tubular products, is contained in Note 7 of the Notes to the Company's Consolidated Financial Statements appearing herein.

RANGE OF HIGH AND LOW SALES PRICES OF COMMON STOCK

	Fiscal 2014		Fiscal 2013	
	High	Low	High	Low
First Quarter	\$10.12	\$9.00	\$11.93	\$9.81
Second Quarter	10.36	9.56	10.64	8.95
Third Quarter	10.23	8.31	10.94	9.26
Fourth Quarter	9.00	7.87	11.98	9.67

CASH DIVIDENDS DECLARED PER SHARE OF COMMON STOCK

	Fiscal 2014	Fiscal 2013
First Quarter	\$.08	\$.13
Second Quarter .....	.08	.13
Third Quarter .....	.02	.13
Special	—	.50
Fourth Quarter .....	.02	.08

The Company's Common Stock is traded principally on the NYSE MKT (trading symbol FRD).

The approximate number of shareholders of record of the Company as of May 23, 2014 was 260.

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31	
	2014	2013
CURRENT ASSETS:		
Cash	\$ 15,081,024	\$ 15,923,294
Accounts receivable, net of allowances for bad debts and cash discounts of \$27,276 and \$37,276 at March 31, 2014 and 2013, respectively	9,347,289	9,037,548
Inventories	35,288,559	39,219,168
Other	129,796	103,547
TOTAL CURRENT ASSETS	<u>59,846,668</u>	<u>64,283,557</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land	1,410,689	1,082,331
Buildings and yard improvements	7,113,482	7,014,180
Machinery and equipment	31,773,161	30,293,590
Less accumulated depreciation	<u>(28,934,601)</u>	<u>(27,111,529)</u>
	11,362,731	11,278,572
OTHER ASSETS:		
Cash value of officers' life insurance and other assets	1,075,000	1,013,000
TOTAL ASSETS	<u>\$ 72,284,399</u>	<u>\$ 76,575,129</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31	
	2014	2013
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 7,206,340	\$11,181,804
Dividends payable	135,989	543,956
Contribution to profit sharing plan	52,500	52,500
Employee compensation and related expenses	375,860	533,822
TOTAL CURRENT LIABILITIES	<u>7,770,689</u>	<u>12,312,082</u>
DEFERRED INCOME TAXES	189,998	362,279
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	1,013,056	943,149
STOCKHOLDERS' EQUITY:		
Common stock, par value \$1:		
Authorized shares — 10,000,000		
Issued shares — 7,975,160 at March 31, 2014 and 2013, respectively	7,975,160	7,975,160
Additional paid-in capital	29,003,674	29,003,674
Treasury stock at cost (1,175,716 shares at March 31, 2014 and 2013, respectively)	<u>(5,475,964)</u>	<u>(5,475,964)</u>
Retained earnings	31,807,786	31,454,749
TOTAL STOCKHOLDERS' EQUITY	<u>63,310,656</u>	<u>62,957,619</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$72,284,399</u>	<u>\$76,575,129</u>

See accompanying notes.

CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended March 31	
	2014	2013
Net sales	\$116,149,022	\$136,448,786
Costs and expenses:		
Cost of products sold	109,086,539	122,047,302
Selling, general and administrative	4,587,787	5,314,971
	113,674,326	127,362,273
	2,474,696	9,086,513
Interest and other income	62,012	58,764
EARNINGS BEFORE INCOME TAXES	2,536,708	9,145,277
Income taxes:		
Current	996,063	3,093,185
Deferred	(172,281)	(83,720)
	823,782	3,009,465
NET EARNINGS	\$ 1,712,926	\$ 6,135,812
Weighted average number of common shares outstanding:		
Basic	6,799,444	6,799,444
Diluted	6,799,444	6,799,444
Net earnings per share:		
Basic	\$ 0.25	\$ 0.90
Diluted	\$ 0.25	\$ 0.90

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings
BALANCE AT MARCH 31, 2012 ...	\$7,975,160	\$29,003,674	\$(5,475,964)	\$31,914,398
Net earnings	—	—	—	6,135,812
Cash dividends (\$0.97)	—	—	—	(6,595,461)
BALANCE AT MARCH 31, 2013 ...	7,975,160	29,003,674	(5,475,964)	31,454,749
Net earnings	—	—	—	1,712,926
Cash dividends (\$0.20)	—	—	—	(1,359,889)
BALANCE AT MARCH 31, 2014 ..	\$7,975,160	\$29,003,674	\$(5,475,964)	\$31,807,786

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31	
	2014	2013
OPERATING ACTIVITIES		
Net earnings	\$ 1,712,926	\$ 6,135,812
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	1,823,072	1,790,041
Deferred taxes	(172,281)	(83,720)
Change in post-retirement benefits other than pensions	69,907	89,411
Changes in operating assets and liabilities:		
Accounts receivable, net	(309,741)	7,246,829
Inventories	3,930,609	(2,465,488)
Other	(26,249)	(15,261)
Accounts payable and accrued expenses	(3,975,464)	(909,350)
Employee compensation and related expenses	(157,962)	(193,520)
Income taxes payable	—	(98,464)
Net cash provided by operating activities	<u>2,894,817</u>	<u>11,496,290</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,907,231)	(499,486)
Proceeds from sales of assets	—	42,375
Increase in cash value of officers' life insurance	(62,000)	(62,000)
Net cash used in investing activities	<u>(1,969,231)</u>	<u>(519,111)</u>
FINANCING ACTIVITIES		
Cash dividends paid	(1,767,856)	(6,935,433)
Net cash used in financing activities	<u>(1,767,856)</u>	<u>(6,935,433)</u>
Increase (decrease) in cash	(842,270)	4,041,746
Cash at beginning of year	15,923,294	11,881,548
Cash at end of year	<u>\$15,081,024</u>	<u>\$15,923,294</u>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION: The consolidated financial statements include the accounts of Friedman Industries, Incorporated and its subsidiary (collectively, the “Company”). All material intercompany amounts and transactions have been eliminated.

REVENUE RECOGNITION: Revenue from sales of products is recognized at the time that title and the risks and rewards of ownership pass, which is on the date of shipment. This date is when the terms of customers’ arrangements are met, the sales price is fixed or determinable and collection is reasonably assured.

TRADE RECEIVABLES: The Company’s receivables are recorded when billed, advanced or accrued and represent claims against third parties that will be settled in cash. The carrying value of the Company’s receivables, net of the allowance for doubtful accounts and cash discounts allowed, represents their estimated net realizable value. The Company estimates its allowance for doubtful accounts based on historical collection trends, the age of outstanding receivables and existing economic conditions. Trade receivables are generally considered past due after 30 days from invoice date. Past-due receivable balances are written-off when the Company’s internal collection efforts have been unsuccessful in collecting the amount due.

INVENTORIES: Inventories consist of prime coil, non-standard coil and tubular materials. Prime coil inventory consists primarily of raw materials, non-standard coil inventory consists primarily of raw materials and tubular inventory consists of both raw materials and finished goods. Inventories are valued at the lower of cost or replacement market. Cost for prime coil inventory is determined under the last-in, first-out (“LIFO”) method. In fiscal 2014, LIFO inventories were partially liquidated. Since the replacement costs and liquidation costs of material associated with this liquidation were approximately equal in the year, no meaningful gain or loss resulted from this partial liquidation. At March 31, 2014 and March 31, 2013, replacement cost exceeded LIFO cost by approximately \$9,024,000 and \$6,504,000, respectively. Cost for non-standard coil inventory is determined using the specific identification method. Cost for tubular inventory is determined using the weighted average method. Obsolete or slow-moving inventories are not significant based on the Company’s review of inventories. Accordingly, no allowance has been provided for such items.

The following is a summary of inventory by product group:

	March 31	
	2014	2013
Prime coil inventory	\$ 7,685,177	\$10,981,835
Non-standard coil inventory	2,572,787	3,741,718
Tubular raw material	463,254	3,308,419
Tubular finished goods	24,567,341	21,187,196
	<u>\$35,288,559</u>	<u>\$39,219,168</u>

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated at cost. Depreciation is calculated primarily by the straight-line method over the estimated useful lives of the various classes of assets as follows:

Buildings	20 years
Machinery and equipment	10 years
Yard improvements	5 to 10 years
Loaders and other rolling stock	5 to 10 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The Company assesses recoverability by comparing the carrying amount of the asset to estimated undiscounted future cash flows expected to be generated by the asset. If an asset is considered impaired, the impairment loss to be recognized is measured as the amount by which the asset's carrying amount exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairments were necessary at March 31, 2014 or 2013.

Maintenance and repairs are expensed as incurred.

SHIPPING COSTS: Sales are credited for freight billed to customers and freight costs are charged to cost of products sold.

SUPPLEMENTAL CASH FLOW INFORMATION: The Company paid no interest in fiscal 2014 or 2013. The Company paid income taxes of approximately \$748,000 and \$3,666,000 in fiscal 2014 and 2013, respectively. In fiscal 2014 and 2013, noncash financing activity consisted of accrued dividends of \$135,989 and \$543,956, respectively.

INCOME TAXES: The Company accounts for income taxes under the liability method, whereby the Company recognizes, on a current and long-term basis, deferred tax assets and liabilities, which represent differences between the financial and income tax reporting bases of its assets and liabilities. Deferred tax assets and liabilities are determined based on temporary differences between income and expenses reported for financial reporting and tax reporting. The Company has assessed, using all available positive and negative evidences, the likelihood that the deferred tax assets will be recovered from future taxable income.

The Company has also analyzed tax positions taken on tax returns filed and does not believe that any are more likely than not to be overturned by the respective tax jurisdiction. Therefore, no liability for uncertain tax positions has been recognized.

USE OF ESTIMATES: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS: Since the Company's financial instruments are considered short-term in nature, their carrying values approximate fair value.

EARNINGS PER SHARE: Net income per basic common share is computed using the weighted average number of common shares outstanding during the period. Net income per diluted common share is computed using the weighted average number of common shares and potential common shares outstanding during the period. Potential common shares result from the assumed exercise of outstanding common stock options having a dilutive effect using the treasury stock method.

ECONOMIC RELATIONSHIP: U.S. Steel Tubular Products, Inc. ("USS") and Nucor Steel Company supply a significant amount of steel products to the Company. Loss of either of these mills as a source of supply could have a material adverse effect on the Company. Additionally, the Company derives revenue by selling a substantial amount of its manufactured pipe to USS. Total sales to USS were approximately 15% and 14% of total Company sales in fiscal 2014 and 2013, respectively. Sales of coil products to Trinity Industries, Inc. accounted for approximately 14% and 11% of total Company sales in fiscal 2014 and 2013, respectively. No other customers accounted for 10% or more of total sales in the two years ended March 31, 2014. Loss of USS or Trinity as a customer could have a material adverse effect on the Company's business.

The Company's sales are concentrated primarily in the midwestern, southwestern, and southeastern regions of the United States and are primarily to customers in the steel distributing and fabricating industries. The Company performs periodic credit evaluations of the financial conditions of its customers and generally does not require collateral. Generally, receivables are due within 30 days.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENTS:

There were no new accounting pronouncements that affected the financial statements and disclosures of the Company for the fiscal years ended March 31, 2014 or 2013.

2. STOCK OPTIONS AND CAPITAL STOCK

In fiscal 2014 and 2013, the Company maintained no stock option plans. Accordingly, no options were outstanding and no options were granted in either fiscal year.

The Company has 1,000,000 authorized shares of Cumulative Preferred Stock with a par value of \$1 per share. The stock may be issued in one or more series, and the Board of Directors is authorized to fix the designations, preferences, rights, qualifications, limitations and restrictions of each series, except that any series must provide for cumulative dividends and must be convertible into Common Stock. There were no shares of Cumulative Preferred Stock issued as of March 31, 2014 or March 31, 2013.

3. COMMITMENTS AND CONTINGENCIES

The Company is obligated under noncancelable operating leases for its Longview, Texas and Humble, Texas office buildings, which expire April 30, 2018 and December 31, 2016, respectively. The following is a schedule of future minimum annual rental payments for the next five years required under these operating leases as of March 31, 2014:

2015	\$ 70,562
2016	70,562
2017	61,106
2018	32,736
2019	<u>2,728</u>
Total	<u>\$237,694</u>

Rental expenses for leased properties were approximately \$70,500 and \$67,900 during fiscal 2014 and 2013, respectively.

4. EARNINGS PER SHARE

Basic and dilutive net earnings per share is computed based on the following information:

	Year Ended March 31	
	2014	2013
Basic		
Net earnings	<u>\$1,712,926</u>	<u>\$6,135,812</u>
Weighted average common shares	<u>6,799,444</u>	<u>6,799,444</u>
Dilutive		
Net earnings	<u>\$1,712,926</u>	<u>\$6,135,812</u>
Weighted average common shares and common share equivalents	<u>6,799,444</u>	<u>6,799,444</u>

5. INCOME TAXES

Components of tax expense (benefit) are as follows:

	<u>Year Ended March 31</u>	
	<u>2014</u>	<u>2013</u>
Federal		
Current	\$ 863,049	\$2,840,388
Deferred	(172,281)	(83,720)
	690,768	2,756,668
State		
Current	133,014	252,797
	133,014	252,797
Total	\$ 823,782	\$3,009,465

The U.S. federal statutory income tax rate is reconciled to the effective rate as follows:

	<u>Year Ended March 31</u>	
	<u>2014</u>	<u>2013</u>
Income Tax Expense at U.S. federal statutory rate	34.0%	34.0%
Benefit of tax deduction allowed to manufacturing companies	(3.0)	(3.0)
State and local income tax rates net of federal income tax benefit and true up of income taxes on prior year filing	1.5	1.9
Provision for income taxes	32.5%	32.9%

The Company’s tax returns may be subject to examination by the Internal Revenue Service for the fiscal years ending March 31, 2011 through March 31, 2013. State and local returns may be subject to examination for fiscal years ended March 31, 2011 through March 31, 2013.

Deferred income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s consolidated deferred tax assets (liabilities) are as follows:

	<u>March 31</u>	
	<u>2014</u>	<u>2013</u>
Deferred tax liabilities:		
Depreciation	\$(1,500,000)	\$(1,700,000)
Total deferred tax liabilities	(1,500,000)	(1,700,000)
Deferred tax assets:		
Inventory capitalization	170,000	170,000
LIFO Inventory	700,000	785,000
Postretirement benefits other than pensions	375,000	316,000
Other	65,002	66,721
Total deferred tax assets	1,310,002	1,337,721
Net deferred tax liability	\$ (189,998)	\$ (362,279)

6. PROFIT SHARING PLAN

Effective May 1, 2007, the Company merged its defined contribution retirement plan and its 401(k) plan into the Friedman Industries, Inc. Employees’ Retirement and 401(k) Plan (the “Plan”). In addition, the Plan year end was changed to December 31. Employees fully vest in the Plan upon six years of service.

The retirement portion of the Plan covers substantially all employees, including officers. The Company’s contribution expenses, which are determined at the discretion of the Board of Directors in

6. PROFIT SHARING PLAN (Continued)

an amount not to exceed 15% of the total compensation paid during the year to all eligible employees, were \$206,000 for the year ended March 31, 2014, and \$210,000 for the year ended March 31, 2013. Contributions, Plan earnings and forfeitures of nonvested accounts of terminated participants are allocated to the remaining individual accounts determined by a point schedule based on years of employment with the Company.

Employees may participate in the 401(k) portion of the Plan. Employees are eligible to participate in the Plan when the employee has completed one year of service. Under the Plan, participating employees may defer a portion of their pretax earnings up to certain limits prescribed by the Internal Revenue Service. The Company provides matching contributions under the provisions of the Plan. Contribution expense related to the 401(k) portion of the Plan was approximately \$47,500 and \$59,000 for the years ended March 31, 2014 and 2013, respectively.

7. INDUSTRY SEGMENT DATA

The Company is engaged in the steel processing, pipe manufacturing and processing and steel and pipe distribution business. Within the Company, there are two product groups: coil and tubular. The Company's coil operations involve converting steel coils into flat sheet and plate steel cut to customer specifications and reselling steel coils. Through its tubular operations, the Company purchases, processes, manufactures and markets tubular products. The following is a summary of significant financial information relating to the product groups:

	Year Ended March 31	
	2014	2013
NET SALES:		
Coil	\$ 66,138,845	\$ 67,045,885
Tubular	50,010,177	69,402,901
TOTAL NET SALES	<u>\$116,149,022</u>	<u>\$136,448,786</u>
OPERATING PROFIT (LOSS):		
Coil	\$ (839,442)	\$ 848,252
Tubular	5,288,372	10,696,683
TOTAL OPERATING PROFIT	4,448,930	11,544,935
General corporate expenses	(1,974,234)	(2,458,422)
Interest and other income	62,012	58,764
TOTAL EARNINGS BEFORE INCOME TAXES	<u>\$ 2,536,708</u>	<u>\$ 9,145,277</u>
IDENTIFIABLE ASSETS:		
Coil	\$ 22,308,165	\$ 29,779,697
Tubular	33,794,992	29,834,246
	56,103,157	59,613,943
General corporate assets	16,181,242	16,961,186
TOTAL ASSETS	<u>\$ 72,284,399</u>	<u>\$ 76,575,129</u>
DEPRECIATION:		
Coil	\$ 1,140,250	\$ 1,113,053
Tubular	673,850	669,876
Corporate and other	8,972	7,112
	<u>\$ 1,823,072</u>	<u>\$ 1,790,041</u>
CAPITAL EXPENDITURES:		
Coil	\$ 364,443	\$ 333,916
Tubular	1,533,489	165,570
Corporate and other	9,299	—
	<u>\$ 1,907,231</u>	<u>\$ 499,486</u>

7. INDUSTRY SEGMENT DATA (Continued)

Operating profit is total net sales less operating expenses, excluding general corporate expenses, interest expense and interest and other income. General corporate expenses reflect general and administrative expenses not directly associated with segment operations and consist primarily of corporate and accounting salaries, professional fees and services, bad debts, accrued profit sharing expense, accrued quarterly incentive bonuses, corporate insurance expenses and office supplies. Corporate assets consist primarily of cash and the cash value of officers' life insurance. Although inventory is transferred at cost between product groups, there are no sales between product groups. Capital expenditures were related primarily to the Company's pipe-finishing facility to be located in Lone Star, Texas. As of March 31, 2014, capitalized expenditures related to the construction of the facility totaled approximately \$1,500,000.

8. SUMMARY OF QUARTERLY RESULTS OF OPERATIONS (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended March 31, 2014 and 2013:

	Quarter Ended			
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014
Net sales	\$29,582,144	\$26,310,369	\$28,274,696	\$31,981,813
Gross profit	2,443,844	1,077,913	1,846,778	1,693,948
Net earnings	808,359	27,659	487,468	389,440
Basic . . . . .	.12	.00	.07	.06
Diluted . . . . .	.12	.00	.07	.06

	Quarter Ended			
	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013
Net sales	\$39,434,770	\$33,334,070	\$31,719,922	\$31,960,024
Gross profit	4,647,758	3,776,798	2,884,278	3,092,650
Net earnings	2,091,854	1,644,329	1,150,058	1,249,571
Basic . . . . .	.31	.24	.17	.18
Diluted . . . . .	.31	.24	.17	.18

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Friedman Industries, Incorporated
Houston, Texas

We have audited the consolidated balance sheets of Friedman Industries, Incorporated (the "Company") as of March 31, 2014 and 2013, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the two years in the period ended March 31, 2014. Our audits also included the financial statement schedule of Friedman Industries, Incorporated listed in Item 15(a). These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Friedman Industries, Incorporated as of March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We were not engaged to examine management's assertion about the effectiveness of the Company's internal control over financial reporting as of March 31, 2014 included in the accompanying management's report on internal control over financial reporting and, accordingly, we do not express an opinion thereon.

/s/ HEIN & ASSOCIATES LLP

Houston, Texas
June 11, 2014

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officers, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of the end of our most recent fiscal year. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework. Based on such assessment, management concluded that, as of March 31, 2014, our internal control over financial reporting is effective based on that criteria.

This annual report does not include an attestation report of our registered, independent public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the U.S. Securities and Exchange Commission that permit us to provide only management's report in this annual report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Year ended March 31, 2014 compared to year ended March 31, 2013

During the year ended March 31, 2014, sales, costs of goods sold and gross profit decreased \$20,299,764, \$12,960,763 and \$7,339,001, respectively, from the comparable amounts recorded during the year ended March 31, 2013. The decrease in sales was related to both a decline in tons sold and a decrease in the average per ton selling price. Tons sold decreased from approximately 184,000 tons in fiscal 2013 to approximately 163,000 tons in fiscal 2014. The average per ton selling price decreased from approximately \$740 per ton in fiscal 2013 to \$712 per ton in fiscal 2014. The decrease in costs of goods sold was related primarily to the decline in tons sold. The average per ton cost increased from approximately \$662 per ton in fiscal 2013 to \$669 per ton in fiscal 2014. The decrease in gross profit was related to the decline in sales and a decline in margins earned on sales. Gross profit as a percentage of sales decreased from approximately 10.6% in fiscal 2013 to approximately 6.1% in fiscal 2014. In fiscal 2014, the Company experienced soft market conditions and reduced demand for its products and services.

Coil product segment sales decreased \$907,040 during fiscal 2014. This decrease resulted from a decrease in the average selling price partially offset by an increase in coil tons sold. The average per ton selling price decreased from approximately \$727 per ton in fiscal 2013 to \$710 per ton in fiscal 2014. Coil tons sold increased from approximately 92,000 tons in fiscal 2013 to approximately 93,000 tons in fiscal 2014. The coil product segment recorded an operating loss of \$839,442 in fiscal 2014 and an operating profit of \$848,252 in fiscal 2013. Management believes that the operations of this segment have been adversely impacted in both fiscal 2014 and 2013 by soft demand related primarily to a weak U.S. economy and that market conditions will remain soft until the U.S. economy experiences sustained, significant improvement.

The Company is primarily dependent on Nucor Steel Company ("NSC") for its supply of coil inventory. In fiscal 2014, NSC continued to supply the Company with steel coils in amounts that were adequate for the Company's purposes. The Company does not currently anticipate any significant change in such supply from NSC. Loss of NSC as a supplier could have a material adverse effect on the Company's business.

Tubular product segment sales decreased by \$19,392,724 during fiscal 2014. This decrease resulted from a decline in tons sold and a decrease in the average selling price. Tubular tons sold decreased from approximately 92,000 tons in fiscal 2013 to approximately 70,000 tons in fiscal 2014. The average per ton selling price of tubular products decreased from approximately \$754 per ton in fiscal 2013 to \$715 per ton in fiscal 2014. Tubular product segment operating profit decreased \$5,408,311 in fiscal 2014. Segment operating profits as a percentage of segment sales were approximately 10.6% and 15.4% in fiscal 2014 and 2013, respectively. In fiscal 2014, the tubular segment experienced a reduction in tons sold which had the effect of increasing the per ton cost of production and decreasing margins earned. Management believes the lower demand for its tubular products is related to soft market conditions created by oversupply, foreign competition and, more significantly, a weak U.S. economy.

U.S. Steel Tubular Products, Inc. ("USS") has been the Company's primary supplier of tubular products and coil material used in pipe manufacturing and has been a major customer of finished tubular products. Certain finished tubular products used in the energy business are manufactured by the Company and sold to USS. Loss of USS as a supplier or customer could have a material adverse effect on the Company's business. The Company can make no assurances as to orders from USS or the amounts of pipe and coil material that will be available from USS in the future.

In fiscal 2014, general, selling and administrative costs decreased \$727,184 from the amount recorded during fiscal 2013. This decrease was related primarily to decreases in bonuses and commissions associated with decreased earnings and sales volume.

Income taxes decreased \$2,185,683 from the amount recorded in fiscal 2013. This decrease was related primarily to the decrease in earnings before taxes. Effective tax rates were 32.5% and 32.9% in fiscal 2014 and 2013, respectively.

FINANCIAL CONDITION, LIQUIDITY AND SOURCES OF CAPITAL

The Company remained in a strong, liquid position at March 31, 2014. Current ratios were 7.7 and 5.2 at March 31, 2014 and March 31, 2013, respectively. Working capital was \$52,075,979 at March 31, 2014 and \$51,971,475 at March 31, 2013.

During the year ended March 31, 2014, the Company maintained assets and liabilities at levels it believed were commensurate with operations. Changes in balance sheet amounts occurred in the ordinary course of business. The Company expects to continue to monitor, evaluate and manage balance sheet components depending on changes in market conditions and the Company's operations.

The Company has in the past and may in the future borrow funds on a term basis to build or improve facilities. The Company currently has no plans to borrow funds on a term basis.

Construction is in progress for the Company's pipe-finishing facility to be located in Lone Star, Texas. The Company plans to finance the estimated \$9,200,000 total cost of this facility from internal sources. As of March 31, 2014, capitalized expenditures related to the construction of the facility totaled approximately \$1,500,000. These expenditures were made from internally generated funds and as a result, no debt associated with this project has been incurred. The Company expects the facility to be completed and operational in the fourth quarter of fiscal 2015.

The Company believes that its current cash position along with cash flows from operations and borrowing capability due to its strong balance sheet are adequate to fund its expected cash requirements for the next 24 months.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

INFLATION

During fiscal 2014 and 2013, the Company believes that the general level of inflation had little effect on its operations.

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. One such accounting policy that requires significant estimates and judgments is the valuation of LIFO inventories in the Company's quarterly reporting. The Company's quarterly valuation of inventory requires estimates of the year end quantities, which is inherently difficult. Historically, these estimates have been materially correct.

FORWARD-LOOKING STATEMENTS

From time to time, the Company may make certain statements that contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1996, as amended) and that involve risk and uncertainty. These forward-looking statements may include, but are not limited to, future results of operations, future production capacity, product quality and proposed expansion plans. Forward-looking statements may be made by management orally or in writing, including, but

not limited to, this Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of the Company's filings with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Actual results and trends in the future may differ materially depending on a variety of factors, including, but not limited to, changes in the demand and prices for the Company's products, changes in the demand for steel and steel products in general and the Company's success in executing its internal operating plans, including any proposed expansion plans.

TEN YEAR FINANCIAL SUMMARY

	Year Ended March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net sales	\$116,149,022	\$136,448,786	\$161,521,993	\$131,709,492	\$65,132,170	\$208,779,750	\$178,785,110	\$199,726,619	\$181,900,351	\$188,022,253
Net earnings	\$ 1,712,926	\$ 6,135,812	\$ 8,150,464	\$ 8,155,637	\$ 652,024	\$ 13,673,406	\$ 4,465,127	\$ 7,018,318(1)	\$ 6,453,888	\$ 6,246,043
Current assets	\$ 59,846,668	\$ 64,283,557	\$ 65,007,891	\$ 54,562,344	\$ 48,703,119	\$ 42,673,377	\$ 49,422,594	\$ 51,731,369	\$ 47,551,003	\$ 43,498,759
Current liabilities	\$ 7,770,689	\$ 12,312,082	\$ 13,853,388	\$ 9,467,375	\$ 7,576,278	\$ 3,353,013	\$ 14,784,366	\$ 23,266,583	\$ 18,383,193	\$ 14,959,516
Working capital	\$ 52,075,979	\$ 51,971,475	\$ 51,154,503	\$ 45,094,969	\$ 41,126,841	\$ 39,320,364	\$ 34,638,228	\$ 28,464,786	\$ 29,167,810	\$ 28,539,243
Total assets	\$ 72,284,399	\$ 76,575,129	\$ 78,570,393	\$ 69,584,131	\$ 65,031,722	\$ 60,460,064	\$ 66,958,392	\$ 65,871,706	\$ 55,930,889	\$ 50,796,342
Stockholders' equity	\$ 63,310,656	\$ 62,957,619	\$ 63,417,268	\$ 58,802,514	\$ 56,358,410	\$ 56,114,352	\$ 44,956,741	\$ 42,109,998	\$ 37,097,335	\$ 35,354,550
Net earnings as a percent of										
Net sales	1.5	4.5	5.0	6.2	1.0	6.5	2.5	3.5	3.5	3.3
Stockholders' equity	2.7	9.7	12.9	13.9	1.2	24.4	9.9	16.7	17.4	17.7
Weighted average number of common shares outstanding:										
Basic	6,799,444	6,799,444	6,799,444	6,799,444	6,799,444	6,799,444	6,733,942	6,685,577	7,072,637	7,418,410
Per share										
Net earnings per share:										
Basic	\$ 0.25	\$ 0.90	\$ 1.20	\$ 1.20	\$ 0.10	\$ 2.01	\$ 0.66	\$ 1.05(1)	\$ 0.91	\$ 0.84
Stockholders' equity	\$ 9.31	\$ 9.26	\$ 9.33	\$ 8.65	\$ 8.29	\$ 8.25	\$ 6.68	\$ 6.30	\$ 5.25	\$ 4.77
Cash dividends per common share	\$ 0.20	\$ 0.97	\$ 0.52	\$ 0.84	\$ 0.06	\$ 0.37	\$ 0.27	\$ 0.34	\$ 0.32	\$ 0.29

(1) Includes an after tax gain of \$866,474 (\$.13 per share basic) related to a gain on the sale of assets.



FRIEDMAN INDUSTRIES, *Incorporated*

P.O. BOX 62388 • HOUSTON, TEXAS 77205 • (713) 672-9433



FRIEDMAN INDUSTRIES, INCORPORATED
CODE OF CONDUCT AND ETHICS

It is the policy of Friedman Industries, Incorporated (the “Company”) to endeavor to conduct business with the highest standards of honesty and integrity and in compliance with all applicable laws. In view thereof, the Company’s Board of Directors has adopted this Code of Conduct and Ethics (the “Code”).

In addition to other Company policies, all Company employees, directors and officers are expected to:

- Carry out their duties honestly and with the highest degree of integrity.
- Avoid actual or apparent conflicts of interest between personal and professional relationships.
- Report promptly any transaction or relationship that could compromise one’s ability to (i) adhere fully to the Code, other Company policies or applicable laws or (ii) make business decisions without regard to personal gain or benefit.
- Seek, at all times, to provide information to Company officials and its outside professionals (e.g. accountants, counsel, insurance providers, etc.) that is accurate, relevant, complete, objective, timely and understandable, and encourage others within the Company to do the same.
- Use reasonable efforts to assure full, fair, accurate, timely and understandable disclosure of information related to the Company’s business and financial operations in Company reports and documents filed with the U.S. Securities and Exchange Commission (the “SEC”) or the NYSE MKT or in other public communications made by the Company.
- Use reasonable efforts to cause the Company to comply fully with the letter and spirit of all laws, rules and regulations applicable to the Company or its business.
- Promptly report to the Audit Committee of the Board of Directors (the “Audit Committee”) (i) any weakness or deficiency in the design or operation of the Company’s internal controls or (ii) any fraud involving Company management or other employees having significant roles in the Company’s operations, financial reporting, disclosures or internal controls.

The Board of Directors is responsible for applying and interpreting the Code. Any questions relating to how the Code should be interpreted or applied should be addressed to a supervisor, the Chief Executive Officer, the President or the Assistant Vice President — Secretary & Treasurer. Any employee, officer or director who becomes aware of any existing or potential violation of laws, rules, regulations or the Code should promptly notify the Chief Executive Officer, the President, the Assistant Vice President — Secretary & Treasurer or the Chairman of the Audit Committee. Reports may be made orally or in writing and may be made anonymously and will be kept confidential to the extent permitted. Written reports should be sent to the attention of the Chief Executive Officer, the President or the Assistant Vice President — Secretary & Treasurer, at P.O. Box 62388, Houston, Texas 77205. In addition, reports may be made to the Chairman of the Audit Committee by calling (713) 622-7000 or sent to Three Greenway Plaza, Suite 1700, Houston, Texas 77046.

Failure to notify the Chief Executive Officer, the President, the Assistant Vice President — Secretary & Treasurer or the Chairman of the Audit Committee of any violation or potential violation is in itself a violation of the Code. To encourage employees to report any violations, the Company will not allow retaliation for reports made hereunder in good faith. In addition, the Company may not retaliate against any employee for providing information or assisting in the investigation of any law enforcement agency, regulatory agency or other governmental body relating to the Company.

Observance of the provisions of the Code is of extreme importance to the Company. A violation of the Code will be regarded as a serious offense and may constitute grounds for disciplinary action, including, but not limited to, demotion, suspension (with or without pay), discharge, or, in the case of directors, removal from the Board of Directors and legal proceedings.

From time to time, the Company may waive some provisions of the Code. Any employee, officer or director who believes that a waiver may be called for should contact the Assistant Vice President — Secretary & Treasurer. Any waiver of the Code for directors and executive officers of the Company must be approved by the Company's Board of Directors and will be promptly reported in such manner as may be required by the SEC or NYSE MKT.

SUBSIDIARIES

FRIEDMAN/DECATUR, L.L.C.

Alabama Limited Liability Company

100% owned

I, William E. Crow, certify that:

1. I have reviewed this report on Form 10-K of Friedman Industries, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 11, 2014

/s/ WILLIAM E. CROW

Chief Executive Officer and President

I, Alex LaRue, certify that:

1. I have reviewed this report on Form 10-K of Friedman Industries, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 11, 2014

/s/ ALEX LARUE

*Assistant Vice President — Secretary and
Treasurer*

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906
of The Sarbanes-Oxley Act of 2002**

Not Filed Pursuant to the Securities Exchange Act of 1934

In connection with the Annual Report of Friedman Industries, Incorporated (the "Company") on Form 10-K for the fiscal year ended March 31, 2014, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, William E. Crow, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ WILLIAM E. CROW
Chief Executive Officer and President

Dated: June 11, 2014

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906
of The Sarbanes-Oxley Act of 2002**

Not Filed Pursuant to the Securities Exchange Act of 1934

In connection with the Annual Report of Friedman Industries, Incorporated (the "Company") on Form 10-K for the fiscal year ended March 31, 2014, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Alex LaRue, Assistant Vice President – Secretary & Treasurer for the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: _____ /s/ ALEX LARUE
*Assistant Vice President – Secretary &
Treasurer*

Dated: June 11, 2014