

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Siam Steel International Public Company Limited

I have audited the accompanying consolidated financial statements of Siam Steel International Public Company Limited and its subsidiaries and joint ventures, comprising the consolidated statement of financial position as at 30 June 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosure summarizing significant accounting policies and other explanatory information. I have also audited separate financial statements of Siam Steel International Public Company Limited, comprising the separate statement of financial position as at 30 June 2013, and the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosure summarizing significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 30 June 2013 and the consolidated results of operations and cash flows for the year then ended of Siam Steel International Public Company Limited and its subsidiaries and joint ventures, and the separate financial position as at 30 June 2013 and the results of operations and cash flows for the year then ended of Siam Steel International Public Company Limited, in accordance with Thai Financial Reporting Standards.

Mrs. Sumalee Chokdeeanant

Certified Public Accountant

Registration No. 3322

Bangkok, Thailand

28 August 2013

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	450,931,317	860,303,271	281,450,798	739,292,197
Trade accounts receivable from sales and services					
- general customers - net	8	679,461,257	624,855,335	467,807,760	428,513,388
- related companies - net	7, 8	17,393,460	21,851,757	19,340,859	26,971,371
Trade accounts receivable from construction work					
- related companies - net	7, 8	2,376,815	2,376,815	4,660,422	4,660,422
Unbilled accrued income					
- general customers	9	-	41,528,975	-	41,528,975
Inventories - net	10	502,501,789	559,858,671	430,155,091	482,924,524
Receivables from and advances					
to related companies	7	3,264,112	4,604,111	4,948,245	6,733,210
Other current assets	11	18,382,991	59,654,816	13,808,397	54,140,182
Total Current Assets		1,674,311,741	2,175,033,751	1,222,171,572	1,784,764,269
NON - CURRENT ASSETS					
Restricted deposit with bank	12	184,356	460,625	-	-
Retentions receivable		250,841,066	235,648,678	250,841,066	235,648,678
Investments					
- Subsidiary companies - net	13	-	-	32,399,300	22,199,300
- Associated companies	13	574,427,281	530,256,289	102,427,400	102,427,400
- Other companies - net	13	44,604,589	47,718,903	39,604,589	42,718,903
- Joint ventures - net	13	-	-	16,000	16,000
Property, plant and equipment - net	14	766,912,575	658,249,957	757,550,096	648,468,233
Refundable value added tax		3,983,353	7,232,025	2,097,729	5,821,840
Income tax withheld at sources		9,727,587	4,212,617	5,594,391	-
Other non - current assets - net		30,816,427	19,227,389	20,051,043	11,131,630
Total Non - Current Assets		1,681,497,234	1,503,006,483	1,210,581,614	1,068,431,984
TOTAL ASSETS		3,355,808,975	3,678,040,234	2,432,753,186	2,853,196,253

The accompanying notes form an integral part of these financial statements.

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short - term loans from financial institution	15	1,076,629	-	1,076,629	-
Trade accounts payable - general suppliers		333,524,124	445,287,154	302,835,613	414,667,903
Payables to and advances from related companies	7	86,549,360	97,242,511	43,606,998	58,775,372
Advances and deposits from customers					
- general customers		53,118,719	120,280,549	49,004,816	118,362,338
- related companies	7	5,034,825	3,095,400	5,034,825	3,095,400
Accrued income tax	23	1,373,725	17,235,475	-	233,068
Other current liabilities	16	131,767,160	154,560,092	114,112,286	137,758,738
Total Current Liabilities		612,444,542	837,701,181	515,671,167	732,892,819
NON - CURRENT LIABILITIES					
Employee benefits obligation	17	50,146,107	47,850,852	40,506,817	39,201,186
Other non - current liabilities		6,425,660	9,365,079	5,684,790	9,365,079
Total Non - Current Liabilities		56,571,767	57,215,931	46,191,607	48,566,265
TOTAL LIABILITIES		669,016,309	894,917,112	561,862,774	781,459,084
SHAREHOLDERS' EQUITY					
Share capital - common share at Baht 1 par value					
- Registered 593,125,849 shares		593,125,849	593,125,849	593,125,849	593,125,849
- Issued and paid - up 593,125,849 shares		593,125,849	593,125,849	593,125,849	593,125,849
Premium on share capital		72,403,683	72,403,683	72,403,683	72,403,683
Retained earnings					
- Appropriated for legal reserve		59,312,585	59,312,585	59,312,585	59,312,585
- Unappropriated	18	1,782,588,192	1,913,106,952	1,146,048,295	1,346,895,052
Shareholders' equity attributable to the Company's shareholders		2,507,430,309	2,637,949,069	1,870,890,412	2,071,737,169
Non - controlling interests' equity		179,362,357	145,174,053	-	-
TOTAL SHAREHOLDERS' EQUITY		2,686,792,666	2,783,123,122	1,870,890,412	2,071,737,169
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,355,808,975	3,678,040,234	2,432,753,186	2,853,196,253

The accompanying notes form an integral part of these financial statements.

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2013	2012	2013	2012
REVENUES					
Sales and services - net		3,492,614,971	4,284,563,557	2,315,563,223	3,189,204,453
Revenues from construction work		66,199,998	194,811,297	66,199,998	194,811,297
Total revenues	7, 24	3,558,814,969	4,479,374,854	2,381,763,221	3,384,015,750
COSTS					
Costs of sales and services		2,888,551,997	3,365,018,214	1,944,483,380	2,491,341,382
Costs of construction work		60,298,092	177,427,307	60,298,092	177,427,307
Total costs	7, 10, 22, 24	2,948,850,089	3,542,445,521	2,004,781,472	2,668,768,689
Gross income		609,964,880	936,929,333	376,981,749	715,247,061
Gain (loss) on foreign exchange rates		(26,411,505)	35,193,888	(28,435,511)	36,059,643
Dividend income	7, 13	19,286,195	7,754,463	77,889,655	42,713,023
Other income	7, 21	59,013,937	118,825,116	70,196,770	124,611,491
Income before expenses		661,853,507	1,098,702,800	496,632,663	918,631,218
Selling expenses	7	(372,425,860)	(354,193,898)	(371,412,652)	(351,553,392)
Administrative expenses	7	(337,139,158)	(329,785,753)	(206,237,683)	(208,166,422)
Reversal of allowance (allowance) for doubtful debts and bad debt	7	(1,197,342)	(3,296,411)	(1,225,815)	12,163,016
Reversal of allowance (allowance) for decline value of investment		(3,114,314)	4,468,688	(3,005,948)	(8,531,312)
Total expenses	22	(713,876,674)	(682,807,374)	(581,882,098)	(556,088,110)
Income (loss) from operations		(52,023,167)	415,895,426	(85,249,435)	362,543,108
Equity in net income of associated companies - net		92,575,152	80,594,607	-	-
Income (loss) before finance cost and income tax		40,551,985	496,490,033	(85,249,435)	362,543,108
Financial costs		(2,907,705)	(2,764,754)	(2,907,705)	(2,764,754)
Income (loss) before income tax		37,644,280	493,725,279	(88,157,140)	359,778,354
Income tax	23	(21,284,419)	(113,819,390)	-	(85,259,173)
Net income (loss) for the year		16,359,861	379,905,889	(88,157,140)	274,519,181
Other comprehensive income for the year		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		16,359,861	379,905,889	(88,157,140)	274,519,181
NET INCOME (LOSS) ATTRIBUTABLE TO :					
The Company's shareholders		(17,829,143)	346,312,752	(88,157,140)	274,519,181
Non - controlling interests in subsidiaries		34,189,004	33,593,137	-	-
		16,359,861	379,905,889	(88,157,140)	274,519,181
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :					
The Company's shareholders		(17,829,143)	346,312,752	(88,157,140)	274,519,181
Non - controlling interests in subsidiaries		34,189,004	33,593,137	-	-
		16,359,861	379,905,889	(88,157,140)	274,519,181
BASIC EARNINGS PER SHARE					
Net income (loss) attributable to the Company per share (Baht)		(0.03)	0.58	(0.15)	0.46
Weighted average number of common shares (share)		593,125,849	593,125,849	593,125,849	593,125,849

The accompanying notes form an integral part of these financial statements.

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 JUNE

(Unit : Baht)

	Equity attributable to the Company's shareholders							
	Notes	Paid - up Share Capital	Premium on Share capital	Retained earnings		Total	Non-controlling interests	Total
				Legal Reserve	Unappropriated			
Consolidated F/S								
Balance as at 1 July 2011		593,125,849	72,403,683	59,312,585	1,661,690,816	2,386,532,933	111,580,916	2,498,113,849
Comprehensive income for the year		-	-	-	346,312,752	346,312,752	33,593,137	379,905,889
Dividend payment of company		-	-	-	(94,896,616)	(94,896,616)	-	(94,896,616)
Balance as at 30 June 2012		593,125,849	72,403,683	59,312,585	1,913,106,952	2,637,949,069	145,174,053	2,783,123,122
Balance as at 1 July 2012		593,125,849	72,403,683	59,312,585	1,913,106,952	2,637,949,069	145,174,053	2,783,123,122
Increase share capital of subsidiary company		-	-	-	-	-	9,800,000	9,800,000
Comprehensive income for the year		-	-	-	(17,829,143)	(17,829,143)	34,189,004	16,359,861
Dividend payment of subsidiary company	13	-	-	-	-	-	(9,800,700)	(9,800,700)
Dividend payment of company	19	-	-	-	(112,689,617)	(112,689,617)	-	(112,689,617)
Balance as at 30 June 2013		593,125,849	72,403,683	59,312,585	1,782,588,192	2,507,430,309	179,362,357	2,686,792,666

The accompanying notes form an integral part of these financial statements.

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUE)

FOR THE YEAR ENDED 30 JUNE

(Unit : Baht)						
	Note	Paid - up Share Capital	Premium on share capital	Retained earnings		Total
				Legal Reserve	Unappropriated	
<u>Separate F/S</u>						
Balance as at 1 July 2011		593,125,849	72,403,683	59,312,585	1,167,272,487	1,892,114,604
Comprehensive income for the year		-	-	-	274,519,181	274,519,181
Dividend payment of company		-	-	-	(94,896,616)	(94,896,616)
Balance as at 30 June 2012		<u>593,125,849</u>	<u>72,403,683</u>	<u>59,312,585</u>	<u>1,346,895,052</u>	<u>2,071,737,169</u>
Balance as at 1 July 2012		593,125,849	72,403,683	59,312,585	1,346,895,052	2,071,737,169
Comprehensive loss for the year		-	-	-	(88,157,140)	(88,157,140)
Dividend payment of company	19	-	-	-	(112,689,617)	(112,689,617)
Balance as at 30 June 2013		<u>593,125,849</u>	<u>72,403,683</u>	<u>59,312,585</u>	<u>1,146,048,295</u>	<u>1,870,890,412</u>

The accompanying notes form an integral part of these financial statements.

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Cash Flows From Operating Activities				
Income (loss) before tax	37,644,280	493,725,279	(88,157,140)	359,778,354
Adjustments to reconcile income (loss) before tax to net cash provided from (used in) operating activities:				
Depreciation	45,370,492	50,476,740	41,772,290	46,630,040
Allowance (reversal of allowance) for doubtful debts and bad debt - net	1,197,342	3,296,410	1,225,815	(12,163,016)
Reversal of allowance for obsolete and decline value of inventories - net	(2,442,639)	(20,060,186)	(1,833,559)	(19,233,339)
Allowance (reversal of allowance) for decline value of investment	3,114,314	(4,468,688)	3,005,948	8,531,312
Refundable vat written - off	-	(10,661,901)	-	-
Gain on sales of property, plant and equipment	(795,555)	(5,894,995)	(215,477)	(5,509,490)
Unrealized loss (gain) on foreign exchange	24,873,270	(3,419,907)	24,873,270	(3,419,907)
Interest expense	2,907,705	3,126,447	2,907,705	2,764,754
Equity in net income of associated companies - net	(92,575,152)	(80,594,607)	-	-
Employee benefit obligations expenses	2,938,607	2,392,981	1,948,983	1,683,658
Cash Flows Provided from (Used in) Operations before Changes in Operating Assets and Liabilities	22,232,664	427,917,573	(14,472,165)	379,062,366
Decrease (increase) in operating assets;				
Trade accounts receivable from sales and services				
- general customers	(58,636,146)	(207,015,834)	(43,324,596)	(191,603,075)
- related companies	4,458,297	(5,418,566)	7,630,512	13,680,165
Trade accounts receivable from construction work				
- general customers	-	705,600	-	-
- related companies	2,832,882	10,141,791	14,164,409	56,768,680
Unbilled accrued income				
- general customers	41,528,975	86,809,411	41,528,975	50,626,597
- related companies	-	42,321,814	-	82,983,949
Inventories	59,799,521	396,658,962	54,602,991	428,681,511
Receivables from and advances to - related companies	1,339,999	(4,604,111)	1,784,965	(4,877,871)
Other current assets	40,457,098	71,574,657	39,517,058	41,540,245
Retentions receivable	(42,421,711)	(100,689,710)	(42,421,711)	(100,689,710)
Other non - current assets	(8,340,366)	98,655,132	(10,789,693)	77,094,840
Increase (decrease) in operating liabilities;				
Trade accounts payable - general suppliers	(109,041,587)	132,530,884	(109,110,846)	127,056,335
Payables to and advances from related companies	(10,677,880)	23,943,190	(15,168,374)	22,384,926
Advances and deposits from customers	(64,704,576)	(533,708,399)	(66,900,268)	(533,615,333)
Other current liabilities	(22,808,730)	(39,114,841)	(23,646,979)	(38,863,487)
Employee benefits obligation	(1,990,300)	-	(1,990,300)	-
Other non current liabilities	(2,939,419)	(3,566,221)	(3,680,289)	(3,566,221)
Cash Provided from (Used in) Operating Activities	(148,911,279)	397,141,332	(172,276,311)	406,663,917
Interest payment	(1,560,230)	(1,127,047)	(1,560,229)	(1,127,047)
Income tax payment	(42,661,139)	(128,819,069)	(233,068)	(106,619,369)
Net Cash Provided from (Used in) Operating Activities	(193,132,648)	267,195,216	(174,069,608)	298,917,501

The accompanying notes form an integral part of these financial statements.

6

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Cash Flows from Investing Activities				
Decrease in restricted deposits with banks	276,269	76,241,386	-	76,524,820
Acquisition of property, plant and equipment	(154,138,929)	(56,341,349)	(150,887,518)	(52,252,622)
Proceeds from sales of property, plant and equipment	901,374	6,524,785	248,842	6,074,275
Increase in investment in subsidiary company and joint venture	-	-	(21,560,000)	(25,000,000)
Received back from investment in joint venture	-	-	108,365	-
Dividend received from an associated company	48,404,160	34,958,560	-	-
Net Cash Provided from (Used in) Investing Activities	(104,557,126)	61,383,382	(172,090,311)	5,346,473
Cash Flows from Financing Activities				
Increase (decrease) in short - term loan from financial institution	1,008,137	(63,444,164)	1,008,137	(63,444,164)
Payments of cash dividend	(112,689,617)	(94,896,616)	(112,689,617)	(94,896,616)
Dividend paid to non - controlling interests by subsidiary	(9,800,700)	-	-	-
Increase share capital of subsidiary company	9,800,000	-	-	-
Net Cash Used in Financing Activities	(111,682,180)	(158,340,780)	(111,681,480)	(158,340,780)
Increase (decrease) in cash and cash equivalents - net	(409,371,954)	170,237,818	(457,841,399)	145,923,194
Cash and cash equivalents at beginning of year	860,303,271	690,065,453	739,292,197	593,369,003
Cash and cash equivalents at end of year	450,931,317	860,303,271	281,450,798	739,292,197

The accompanying notes form an integral part of these financial statements.

**SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES
AND JOINT VENTURES
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2013**

1. GENERAL INFORMATION

The Company was incorporated and registered as a juristic company on 28 August 1979 under the law of Thailand and become a public company on 27 December 1993. The Company's core businesses are manufacturing and sales of steel office equipment and furniture and furniture parts, and the construction business. The Company's registered office is located at 51 Moo 2 Poochao Road, Bangyaprak, Phrapradaeng, Samuthprakarn.

As at 30 June 2013 and 2012, the Company has major shareholders as follows :

<u>Name</u>	Percentage of Shareholding	
	2013	2012
Mr. Pongsak Pongphundacha	30.11	30.11
Mr. Wanchai Kunanantakul	17.19	17.19
Mr. Surapol Kunanantakul	16.52	16.52
Thai NVDR Company Limited	2.27	1.36
The Bank of New York Nominees LTD-CGT Exempt	2.24	2.24
Bangkok Bank Public Company Limited	2.03	2.03

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The accompanying financial statements have been officially prepared in Thai in accordance with the Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543 and Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The translation of these financial statements to other language should be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

During the year 2011 and 2012, the Federation of Accounting Professions has announced the accounting standards, financial reporting standards and interpretation of accounting standards that will affect the Company's operations but are not effective for the year 2012/2013 as follows;

Accounting Standards No.	Topic	Effective date	Effect to the financial statements
12	Income Taxes	1 Jul 2013	Being assessed
21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates	1 Jul 2013	Being assessed

Moreover, during the year 2012, the Federation of Accounting Professions issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013. The Company's management believes that this financial reporting standard will not have any significant impact on its financial statements when it is initially applied.

3. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

- 3.1 The consolidated financial statements include the accounts of Siam Steel International Public Company Limited and its subsidiaries for which it owns more than 50% of capital shares voting right, and joint ventures which the Company can exercise control as follows :

Company	Percentage of shareholding		Type of business
	2013	2012	
<u>Subsidiaries</u>			
Siam Okamura International Co., Ltd.	51	51	Distribution of office furniture and furniture used for public
Sri Chareon International Co., Ltd.	99.99	99.99	Distribution of office furniture and furniture parts
Siam OC	51	-	Distribution of finished buildings, wall and relating products
<u>Joint ventures</u>			
Siam Steel – Wangsingcome	80	80	Construction service
Siam Steel – Kanok Furniture	49	49	Interior decoration service
Siam Steel – Thai Service	80	80	Interior decoration service

- 3.2 Significant intercompany transactions with subsidiaries and joint ventures included in the consolidated financial statements have been eliminated.
- 3.3 The consolidated financial statements have been prepared with the same accounting policy for the same accounting transactions or accounting events used by the Company, subsidiaries and joint ventures.
- 3.4 As of 30 June 2013 and 2012, the total assets of subsidiaries represent 14.68 percent and 11.73 percent, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiaries for the years ended 30 June 2013 and 2012, represent 32.35 percent and 23.72 percent, respectively, of the total revenues in the consolidated financial statements.

- 3.5 The consolidated financial statements as at 30 June 2013 and 2012, and for the years ended 30 June 2013 and 2012 included the proportion of the assets, liabilities, revenues and expenses of the joint ventures, the balances of which are as follows : -

	In Thousand Baht	
	Consolidated F/S	
	2013	2012
Current assets	314	717
Non-current assets	2,500	2,580
Current liabilities	2,764	14,426

	In Thousand Baht	
	Consolidated F/S	
	For the years ended 30 June	
	2013	2012
Revenues	1	2,241
Expenses	72	9,989

The construction work with Siam Steel-Wangsingcome Joint Venture and Siam Steel-Kanok Furniture Joint Venture was 100% completed since the 1st quarter of year 2010/2011. Consequently, starting the 2nd quarter of year 2010/2011, there have been no revenues from construction work of both Joint Ventures.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

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

4.2 Trade accounts receivable and allowance for doubtful debts

Trade accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on past collection experiences and a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

4.3 Inventories

The Company and its subsidiaries value their inventories as follows:

	Valuation Method
Merchandises - The Company	Lower of cost (moving average method) or net realizable value.
- The Subsidiary	Lower of cost (moving average method and first-in first-out method) or net realizable value.
Own manufactured finished goods	Lower of cost (standard cost which approximate actual cost) or net realizable value.
Work in process	Standard cost which approximates actual cost/at cost.
Raw materials	Cost (specific identification method)
Supplies	Cost (moving average method)

Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is taken up in the books, where necessary, for obsolete, slow - moving and defective inventories, based on the physical status of inventories.

4.4 Investments in related companies

Investments in associated companies in consolidated statement of financial positions are valued by the equity method, and investments in subsidiaries, associated companies and joint ventures in the separate statement of financial position are valued by the cost method.

Investments in non-marketable securities of related and other companies that are non-subsidiaries, non-associated companies and/or non-joint ventures, held as “General investment”, are valued at costs.

The Company makes the adjustments to devalue those investments when there is an indication of impairment.

4.5 Related companies

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 directing the Company’s operations.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from their activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of profits and losses of associates by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate companies.

Joint ventures

The joint ventures are those companies in which the Company has joint control, established by contractual agreements. The consolidated financial statements include the Company's proportionate share of the joint ventures' assets, liabilities, revenues and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commenced until the date that joint control ceases.

4.6 Property, plant and equipment

Land is stated at cost with no depreciation.

Equipment are stated at historical cost less accumulated depreciation.

The Company and its subsidiaries depreciate their plant and equipment by the straight-line method over the estimated useful lives of the assets at the following annual rates :

	<u>Year</u>
Buildings and improvements	3 - 20
Leasehold right and improvements	10
Improvements of leased factory	5
Machinery and equipment	5 - 10
Furniture, fixtures and office equipment	5
Transportation equipment	5

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are recognized in the statement of comprehensive income.

Expenditures for expansion, renewal and betterment, which result in a substantial increase in an asset current replacement value, are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

4.7 Impairment of assets

The Company, subsidiaries, and joint ventures review the impairment of assets for property, plant and equipment and intangible assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount (the higher of an asset net selling price or value in use). The review is made for individual asset or for the cash-generating unit, whichever the case may be.

In case that the carrying value of an asset exceeds its recoverable amount, the Company, subsidiaries, and joint ventures recognize the impairment losses in the statement of comprehensive income or reduce the revaluation increment of the related assets previously recorded under the caption of shareholders' equity. The reversal of impairment is recorded when there is an indication that the impairment are no longer exist or have decreased, by crediting to "other income".

4.8 Leases - where a company is the lessee

Leases of equipment, where the Company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalized at the fair value of leases of assets or estimated present value of the underlying lease payments whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding lease payments. Lease payments net of financial charges, is recognized as liabilities under financial lease agreements. The interest expense is charged to statement of income over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to statement of income on a straight – line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

4.9 Revenue recognition

The Company and its subsidiaries recognize sales when goods are delivered and the significant risks and rewards of ownership are transferred to customers.

Revenues from construction services are recognized on the basis of percentage of completion. The recognized revenues, which are not due for billing as per contracts, are shown under the caption of “Unbilled accrued income” in the statement of financial position. Provision for foreseeable loss on project will be made in the accounts as soon as the possibility of loss is ascertained.

Service income is recognized after the delivery of services.

Other income is recognized on an accrual basis.

4.10 Foreign currency translation

Transactions in foreign currencies are translated into Baht at the exchange rates prevailing the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates prevailing at the end of reporting period. Gains and losses on exchange are included in determining income.

4.11 Employee benefit

Short-term employment benefits

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

Post-employment benefits

Defined contribution plan

The Company and subsidiaries and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and the Company and its subsidiaries. The fund assets are held in a separate trust fund from the Company’s and its subsidiaries’ contributions are recognised as expenses when incurred.

Defined benefit plan

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in statement of comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation.

4.12 Income tax

The Company, subsidiaries and joint ventures account for income tax based on the provision of the Revenue Code.

4.13 Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

4.14 Financial instruments

Financial assets in the statement of financial position include cash and bank balances, investments, and receivables. Financial liabilities include trade accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.15 Segment information

Segment information is presented in respect of the Company, subsidiaries and joint ventures businesses. The primary format, geographical segments, is based on the Company, subsidiaries and joint ventures management and internal reporting structure.

4.16 Earnings per share

Earnings per share is determined by dividing the net income by the weighted average number of common shares outstanding during the years.

4.17 Accounting estimate

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company and its subsidiaries to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures for contingent assets and liabilities. Actual results may differ from those estimates.

4.18 Provisions for liabilities and charges and contingent assets

The Company, subsidiaries and joint ventures account for estimated liabilities and accrued expenses in the books of accounts when legal or constructive obligations occurred as the results of past events with probable outflows of resources to settle the obligations, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT

5.1 Critical accounting estimates, assumption and judgments

5.1.1 Construction revenues

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process, management carries out significant judgement about milestone, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcome in terms of actual costs or revenue may be higher or lower than estimates at the reporting date, which would affect the revenue and profit to be recognised in future years as an adjustment to the amounts recorded to date.

5.1.2 Allowance for project losses

The Company, subsidiaries and joint ventures review its construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in the statement of comprehensive income when it is probable that total contract costs will exceed total contract revenue as determined by the management.

5.1.3 Impairment of receivables

The Company, subsidiaries and joint ventures accounts for allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on historical collection experience couple with a review of outstanding receivables at the reporting date.

5.1.4 Allowance for obsolete, slow-moving and defective inventories

The Company, subsidiaries and joint ventures estimate allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowances are based on the consideration of inventory turnovers and deterioration of each category.

5.1.5 Plant and equipment

Management regularly determines the estimated useful lives and residual values of plant and equipment and will revise the depreciation charge where useful lives and residual values previously estimated have changed or subject to be written down or if asset is no longer in used.

5.1.6 Leases

In determining whether a lease is to be classified as an operating lease or financial lease, management is required to use judgment whether significant risk and reward of ownership of the leased asset has been transferred, taking into consideration term and condition of the arrangement.

5.1.7 Impairment of assets

The Company considers the allowance for impairment of asset when there is an indication that an asset may be impaired. If any such indication exists with a significant decline in the fair value below its cost, the Company make re-assessesment of asset recoverable amount. The determination of recoverable amount requires judgment.

5.1.8 Post-employment benefits under defined benefit plans

The obligation under defined benefit plan is determined based on actuarial valuation. Inherent within this calculation is assumption as to discount rate, future salary adjustment, mortality rate and other demographic factor. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality table for the country. Actual post-retirement cost may ultimately differ from this estimate.

5.1.9 Litigation

The Company, subsidiaries and joint ventures normally have contingent liabilities as results of disputes and litigation. Management uses judgment to assess the results of the disputes and litigation and recognize reasonable provision for losses in the accounts at the reporting date. However, actual results could differ from the estimates.

5.2 Capital risk management

Objectives of the Company and subsidiaries in the management of capital are to safeguard their abilities to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimal capital structures to reduce the cost of capital.

In order to maintain or adjust the capital structures, the Company and subsidiaries may adjust the amount of dividends payment for shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

6. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Cash	1,414	358	1,292	244
Deposits with financial institutions				
- Current accounts	10,862	7,585	1,150	7,585
- Savings accounts	445,385	628,684	284,868	488,189
- Fixed deposit with maturity less than 3 months	-	250,002	-	250,002
- Cheques in transit	(6,730)	(26,326)	(5,859)	(6,728)
Total	<u>450,931</u>	<u>860,303</u>	<u>281,451</u>	<u>739,292</u>

Saving deposits with banks bear interest at the floating rates determined by banks.

7. TRANSACTIONS WITH RELATED COMPANIES

A portion of the Company's assets, liabilities, revenues, costs and expenses arose from transactions with related companies which are related through common shareholding and/or directorship. These financial statements reflected the effects of significant transactions with related companies based on market prices in the normal course of business, or based on the basis mutually agreed to for transactions with non comparative market prices.

As at 30 June 2013 and 2012, the account balances with related companies are as follows :

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Trade accounts receivable from sales and services				
<u>Subsidiary companies</u>				
Sri Chareon International Co., Ltd.	-	-	1,645	4,776
Siam Okamura International Co., Ltd.	-	-	327	357
Total	-	-	1,972	5,133
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	111	648	104	648
Siam Steel Service Center Public Company Limited	10	68	10	68
Total	121	716	114	716
<u>Related companies</u>				
Lucky – Kingdom Center (Chiangmai) Co., Ltd.	5,919	11,971	5,919	11,971
Lucky – Kingdom Center (Nakornratchasima) Co., Ltd.	8,089	5,683	8,089	5,683
Siam Chitose Co., Ltd.	2,963	2,581	2,963	2,581
Unity Service Co., Ltd.	112	111	112	111
Others	189	790	172	776
Total	17,272	21,136	17,255	21,122
Total trade accounts receivable from sales and services – related companies – net	17,393	21,852	19,341	26,971
Trade accounts receivable from construction work				
<u>Joint ventures</u>				
Siam Steel-Wangsingcome	-	-	-	14,164
Siam Steel-Kanok Furniture	-	-	5,600	5,600
Total	-	-	5,600	19,764
<u>Less</u> Allowance for doubtful accounts	-	-	(940)	(15,104)
Net	-	-	4,660	4,660

In Thousand Baht

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
<u>Outstanding balances and portion of other</u>				
<u>joint ventures' partners</u>				
Siam Steel-Wangsingcome	-	2,833	-	-
Siam Steel-Kanok Furniture	2,856	2,856	-	-
Total	2,856	5,689	-	-
<u>Less</u> Allowance for doubtful accounts	(479)	(3,312)	-	-
Net	2,377	2,377	-	-
Total accounts receivable from construction work				
- related companies – net	2,377	2,377	4,660	4,660
Receivables from and advances				
<u>Subsidiary company</u>				
Siam Okamura International Co., Ltd.	-	-	1,538	2,005
Siam Steel OC Co., Ltd.	-	-	146	-
Total	-	-	1,684	2,005
<u>Joint venture</u>				
Siam Steel-Kanok Furniture	-	-	-	253
<u>Outstanding balances and portion of other</u>				
<u>joint venture's partner</u>				
Siam Steel-Kanok Furniture	-	129	-	-
<u>Associated company</u>				
Siam Okamura Steel Co., Ltd.	3,264	4,475	3,264	4,475
Total receivables from and advances to				
related companies	3,264	4,604	4,948	6,733

There is no interest charge for the above receivables and advances.

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Trade accounts payable				
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	46,006	52,613	14,104	14,969
Siam Steel Service Center Public Company Limited	286	269	286	268
Total	46,292	52,882	14,390	15,237
<u>Related companies</u>				
Siam Chitose Co., Ltd.	24,472	34,643	24,472	34,643
Formica (Thailand) Co., Ltd.	2,419	6,996	2,419	6,996
Others	9,733	823	-	-
Total	36,624	42,462	26,891	41,639
Total trade accounts payable - related companies	82,916	95,344	41,281	56,876
Advances from				
<u>Associated company</u>				
Siam Okamura Steel Co., Ltd.	678	-	-	-
Siam Steel Service Center Public Company Limited	57	87	57	87
Total	735	87	57	87
<u>Related companies</u>				
Unity Service Co., Ltd.	2,269	1,812	2,269	1,812
Others	630	-	-	-
Total	2,899	1,812	2,269	1,812
Total advances from related companies	3,634	1,899	2,326	1,899
Total trade accounts payable and advances from related companies	86,550	97,243	43,607	58,775
Advances and deposit from customer				
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	1,553	-	1,553	-
<u>Related company</u>				
Formica (Thailand) Co., Ltd.	3,482	3,095	3,482	3,095
Total advances and deposit from customers - related companies	5,035	3,095	5,035	3,095

The significant transactions with related companies for the years ended 30 June 2013 and 2012 are as follows :

	The Policy of Pricing
Sales and services	Cost plus margin or agreed price
Income from construction	Cost plus margin
Income from sales of raw materials, factory supplies and others	Cost plus margin
Rental revenue	Agreed price
Purchases of raw materials	Cost plus margin or agreed price
Purchases of finished goods	Agreed price
Land and factory rental	Agreed price
Administrative and other expenses	Cost plus margin or agreed price

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	For the years ended 30 June			
	2013	2012	2013	2012
Sales and services income	50,064	60,848	65,785	79,415
Revenues from sales of raw materials, factory supplies and others	32,876	30,163	46,716	43,880
Rental revenue	15,261	13,266	15,285	13,290
Dividend income	19,286	7,754	77,890	42,713
Reversal of allowance for doubtful accounts	2,833	-	2,804	22,883
Purchases of finished goods	685,485	704,850	174,132	165,622
Purchases of raw materials	23,270	28,876	23,269	28,876
Administrative and other expenses	88,931	56,902	13,377	13,492
Land and factory rental	17,400	17,400	17,400	17,400
Allowance for doubtful accounts	-	1,856	-	9,280
<u>Key management personnel compensation</u>				
Short-term employee benefits	27,427	29,294	22,578	24,768
Post-employment benefits	765	765	749	749
Total	<u>28,192</u>	<u>30,059</u>	<u>23,327</u>	<u>25,517</u>

The Company has land and factory building lease agreements with the Company's directors. The purpose of leases is to support the special projects and for storage of raw materials and finished products. This lease agreement covers a period of three years with monthly rental of Baht 1.45 million for total areas of 32 rai 1 ngan.

8. TRADE ACCOUNTS RECEIVABLE

As at 30 June 2013 and 2012, the aged analysis of accounts receivable are as follows :

Trade accounts receivable from sales and services

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
<u>Trade accounts receivable – general customers</u>				
Current	270,951	472,954	185,946	374,894
Overdue:				
Less than 3 months	290,437	135,356	170,500	41,986
3 months – 6 months	71,664	10,586	64,574	5,671
6 months – 12 months	30,085	4,069	30,502	4,069
Over 12 months	20,661	6,239	17,794	3,413
Total	683,798	629,204	469,316	430,033
<u>Less</u> Allowance for doubtful accounts	(4,337)	(4,349)	(1,508)	(1,520)
Net	679,461	624,855	467,808	428,513
<u>Trade accounts receivable - related companies</u>				
Current	13,882	18,585	15,563	21,423
Overdue:				
Less than 3 months	3,511	3,267	3,778	5,548
Total	17,393	21,852	19,341	26,971

Trade accounts receivable – construction work

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
<u>Trade accounts receivable - related companies</u>				
Overdue:				
6 months – 12 months	-	2,856	-	5,600
Over 12 months	2,856	2,833	5,600	14,164
Total	2,856	5,689	5,600	19,764
<u>Less</u> Allowance for doubtful accounts	(479)	(3,312)	(940)	(15,104)
Net	2,377	2,377	4,660	4,660

9. UNBILLED ACCRUED INCOME

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
<u>General customers</u>				
Project value as per contracts	395,302	365,520	395,302	365,520
Accumulated amount recognized as revenues on percentage of completion basis	395,302	329,102	395,302	329,102
<u>Less</u> Value of construction work billed	(395,302)	(287,573)	(395,302)	(287,573)
Net	-	41,529	-	41,529

10. INVENTORIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Finished goods	165,207	181,264	92,860	103,721
Work in process	121,812	135,976	121,812	135,976
Raw materials and supplies	224,045	255,896	224,045	255,896
Goods in transit	2,273	-	2,273	-
Total	513,337	573,136	440,990	495,593
<u>Less</u> Allowance for obsolete and decline value of inventories	(10,835)	(13,277)	(10,835)	(12,668)
Net	502,502	559,859	430,155	482,925

During the year, the movements in allowance for obsolete and decline value of inventories are as follows :

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Balance as at 1 July	13,277	33,337	12,668	31,901
<u>Add</u> Additional allowance during the year	2,437	366	75	-
<u>Less</u> Reversal of allowance during the year	(4,879)	(20,426)	(1,908)	(19,233)
Balance as at 30 June	10,835	13,277	10,835	12,668

Costs of inventories which were recognised as expenses for the years ended 30 June 2013 and 2012 are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Costs of goods sold	2,951,292	3,562,506	2,006,614	2,688,002
Reversal of allowance for obsolete and decline value of inventories - net	(2,442)	(20,060)	(1,833)	(19,233)
Total costs of goods sold	2,948,850	3,542,446	2,004,781	2,668,769

11. OTHER CURRENT ASSETS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Deposits	5,661	28,973	5,661	28,973
Penalty compensation	-	9,739	-	9,739
Prepaid expenses	2,556	5,541	1,650	4,763
Retention receivable	-	4,592	-	4,592
Undue input VAT	4,254	4,214	3,387	3,532
Cash advances	2,144	1,813	1,488	996
Others	3,768	4,783	1,622	1,545
Total	18,383	59,655	13,808	54,140

12. RESTRICTED DEPOSIT WITH BANK

As at 30 June 2013 and 2012, the subsidiary's time deposits totaling Baht 0.18 million and Baht 0.46 million, respectively, have been placed with bank as collaterals for bank guarantees in respect of certain agreements required in normal course of business of the subsidiary.

13. INVESTMENTS IN SUBSIDIARIES AND RELATED COMPANIES

Investment in shares of Lucky-Kingdom Center Co., Ltd. is considered as indirect associated company invested by a subsidiary company. Such subsidiary company recognizes its equity in the net operating results of such indirect associated company based on unaudited net operating results. However, the equity in such associated company is not significant.

Investments in non-marketable securities of related companies that are non-subsiaries and/or non-associated companies, held as “General investment”, are valued at cost. The Company makes the adjustment to devalue those investments when they are impaired.

At the Ordinary Shareholder’s meeting of Siam Okamura International Co., Ltd. No. 1/2012 held on 25 September 2012, the shareholders passed a resolution to pay cash dividend from the Company’s net income for the year ended 30 June 2012 at Baht 100 per share to the entitle shareholders, for 200,000 common shares totaling Baht 20,000,000 which was paid on 27 September 2012.

During third quarter of year 2012/2013, Siam Steel – Wangsingcome Joint Venture increased its capital of Baht 14.20 million to be Baht 245.20 million. And as at 28 May 2013, joint ventures’ partner of Siam Steel-Wangsingcome JV agree to go out of business due to construction work agreement has been completed and paid back money to Siam Steel International Public Company Limited in amount of Baht 108,366 and Wangsingcome Engineering Co., Ltd. in amount of Baht 27,091 by investment proportion and it is during repayment of the remaining expenses.

As at 30 June 2012 and 2011, the Company had provided allowance for impairment of investment in shares of an affiliated company, Formica (Thailand) Co., Ltd., amounting to Baht 10.11 million and 6.99 million, respectively, which are in the portion of investments in such companies.

Share of profit of certain associated companies, for the years ended 30 June 2013 and 2012 were computed from financial statements of those companies based on unaudited financial statements but reviewed by auditors. As at 30 June 2013 and 2012, the total investment in those associated companies amounted to approximately Baht 574.43 million and Baht 530.26 million, 17.12% and 14.42% respectively, of the Company’s consolidated total asset. The share of profit of such associated companies for the years ended 30 June 2013 and 2012, amounted to approximately Baht 92.58 million and 80.59 million, (519.24%) and 23.27%, respectively, of net income (loss) of the Company’s consolidated financial statements.

As at 30 June 2013 and 2012, the balances of investments in related companies are shown on the following pages :

(In Thousand Baht)

Type of business	Consolidated F/S										
	Paid-up Share capital		Percentage of shareholding		Cost method		Equity method		Dividend income		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
<u>Investments</u>											
<u>Associated companies - equity method</u>											
Siam Okamura Steel Co., Ltd.	Manufacturing of steel furniture	88,000	88,000	40	40	35,199	35,199	103,785	104,884		
Siam Steel Service Center Public Company Limited	Steel cutting services and manufacturing of element steel parts	639,998	639,998	21.01	21.01	67,228	67,228	464,518	419,430		
						<u>102,427</u>	<u>102,427</u>	<u>568,303</u>	<u>524,314</u>		
<u>Indirect associated company – equity method</u>											
Lucky-Kingdom Center Co., Ltd.	Investment in shares	12,000	12,000	40	40	4,800	4,800	6,124	5,942		
Total investments in associated companies						<u>107,227</u>	<u>107,227</u>	<u>574,427</u>	<u>530,256</u>		
<u>Related companies - cost method</u>											
Formica (Thailand) Co., Ltd.	Manufacturing of melamine laminated product	199,150	199,150	5	5	38,052	38,052			14,936	5,476
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660			4,350	2,278
Total investment in related companies						<u>49,712</u>	<u>49,712</u>			<u>19,286</u>	<u>7,754</u>
<u>Less</u> Allowance for decline value of investments						<u>(10,107)</u>	<u>(6,993)</u>				
Net						<u>39,605</u>	<u>42,719</u>				
<u>Other company - cost method</u>											
Siam Auto Bags Co., Ltd.	Sales parts and accessories of car	39,900	39,900	6.39	6.39	5,000	5,000				
Total investment by cost method – net						<u>44,605</u>	<u>47,719</u>				

(In Thousand Baht)

	Type of business	Separate F/S							
		Paid-up Share capital		Percentage of shareholding		Cost method		Dividend income	
		2013	2012	2013	2012	2013	2012	2013	2012
<u>Investments accounted for by cost method</u>									
<u>Subsidiary companies</u>									
Sri Chareon International Co., Ltd.	Distribution of steel furniture	75,000	75,000	99.99	99.99	75,000	75,000	-	-
Siam Okamura International Co., Ltd.	Distribution of steel furniture	20,000	20,000	51	51	10,199	10,199	10,199	-
Siam Steel OC Co., Ltd.	Distribution of finished buildings, wall and relating products	20,000	-	51	-	10,200	-	-	-
Total investment in subsidiary companies						95,399	85,199	10,199	-
<u>Less</u> Allowance for decline in value of investments						(63,000)	(63,000)		
Net						32,399	22,199		
<u>Associated companies</u>									
Siam Okamura Steel Co., Ltd.	Manufacturing of steel furniture	88,000	88,000	40	40	35,199	35,199	-	-
Siam Steel Service Center Public Company Limited	Steel cutting services and manufacturing of element steel parts	639,998	639,998	21.01	21.01	67,228	67,228	48,404	34,959
Total investment in associated companies						102,427	102,427	48,404	34,959
<u>Related companies</u>									
Formica (Thailand) Co., Ltd.	Manufacturing of melamine laminated products	199,150	199,150	5	5	38,052	38,052	14,936	5,476
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660	4,351	2,278
Total investments in related companies						49,712	49,712	19,287	7,754
<u>Less</u> Allowance for decline in value of investments						(10,107)	(6,993)		
Net						39,605	42,719		
<u>Joint ventures</u>									
Siam Steel – Wangsingcome	Construction service	-	231,000	80	80	-	184,800	-	-
Siam Steel – Kanok Furniture	Interior decoration service	100	100	49	49	49	49	-	-
Siam Steel – Thai Service	Interior decoration service	20	20	80	80	16	16	-	-
Total investments in joint ventures						65	184,865	-	-
<u>Less</u> Allowance for decline in value of investments						(49)	(184,849)		
Net						16	16		
Total dividend income from investments accounted for by cost method								77,890	42,713

During the years, the movements in investments in associated companies are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Opening balance	530,256	493,424	102,427	102,427
Effect of change in accounting policy for employee past service benefits obligation		(8,803)	-	-
Share of profits of investment - equity method	93,675	80,598	-	-
Share of loss of investment - equity method	(1,100)	(4)	-	-
Dividend income	(48,404)	(34,959)	-	-
Closing balance	<u>574,427</u>	<u>530,256</u>	<u>102,427</u>	<u>102,427</u>

14. PROPERTY, PLANT AND EQUIPMENT

	(Unit : Thousand Baht)			
	Consolidated F/S			
	2012	Increase	Decrease	2013
<u>At Cost</u>				
Land	250,244	-	-	250,244
Buildings and improvements	874,298	37,041	-	911,339
Leasehold right and improvements	1,746	-	-	1,746
Machinery and equipment	621,165	30,431	27,789	623,807
Furniture, fixtures and office equipment	252,588	9,301	638	261,251
Transportation equipment	26,812	2,170	1,677	27,305
Machinery and building under installation	-	75,196	-	75,196
Total	<u>2,026,853</u>	<u>154,139</u>	<u>30,104</u>	<u>2,150,888</u>
<u>Less Accumulated Depreciation</u>				
Buildings and improvements	536,995	20,348	-	557,343
Leasehold right and improvements	1,746	-	-	1,746
Machinery and equipment	570,205	13,425	27,788	555,842
Furniture, fixtures and office equipment	225,440	10,446	533	235,353
Transportation equipment	12,577	3,672	1,677	14,572
Total	<u>1,346,963</u>	<u>47,891</u>	<u>29,998</u>	<u>1,364,856</u>
<u>Less Allowance for impairments</u>				
Land	6,517	-	-	6,517
Buildings and improvements	15,123	-	2,520	12,603
Total	<u>21,640</u>	<u>-</u>	<u>2,520</u>	<u>19,120</u>
Property, plant and equipment – Net	<u>658,250</u>			<u>766,912</u>

(Unit: Thousand Baht)

	Separate F/S			2013
	2012	Increase	Decrease	
At Cost				
Land	250,243	-	-	250,243
Buildings and improvements	874,299	37,041	-	911,340
Leasehold right and improvements and improvements of leased factory	1,746	-	-	1,746
Machinery and equipment	621,165	30,432	27,789	623,808
Furniture, fixtures and office equipment	201,912	7,292	104	209,100
Transportation equipment	20,870	927	-	21,797
Machinery and building under installation	-	75,196	-	75,196
Total	1,970,235	150,888	27,893	2,093,230
<u>Less Accumulated Depreciation</u>				
Buildings and improvements	536,995	20,348	-	557,343
Leasehold right and improvements and improvements of leased factory	1,746	-	-	1,746
Machinery and equipment	570,205	13,425	27,788	555,842
Furniture, fixtures and office equipment	183,697	7,197	71	190,823
Transportation equipment	7,484	3,322	-	10,806
Total	1,300,127	44,292	27,859	1,316,560
<u>Less Allowance for impairments</u>				
Land	6,517	-	-	6,517
Buildings and improvements	15,123	-	2,520	12,603
Total	21,640	-	2,520	19,120
Property, plant and equipment – Net	648,468			757,550

Depreciation for the years ended 30 June 2013 and 2012 amounted to Baht 45.37 million and Baht 50.48 million, million, respectively, for the consolidated financial statements, and amounted to Baht 41.77 million and Baht 46.63 million, respectively, for the separate financial statements.

As at 30 June 2013 and 2012, the gross carrying amount of fully depreciated building and equipment still in use amounted to Baht 992.72 million and Baht 957.48 million, respectively, for the consolidated financial statements, and amounted to Baht 954.03 million and Baht 927.08 million, respectively, for the separate financial statements.

The Company has mortgaged a portion of its land as collateral for outstanding guarantees which were issued by certain local banks on behalf of the Company and its joint ventures as disclosed in Note 25 to the financial statements.

15. SHORT – TERM LOANS FROM FINANCIAL INSTITUTION

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Liabilities under trust receipts	1,077	-	1,077	-

As at 30 June 2013, the liabilities under trust receipts bear interest at rates ranging between 2.9225% - 2.9425% per annum.

16. OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Accrued construction costs	28,645	40,625	28,645	40,625
Accrued employee expenses	30,789	29,910	20,214	20,453
Accrued rental and utilities expenses	3,803	4,073	3,766	4,002
Accrued incentive expenses	1,230	1,291	1,230	1,291
Other accrued expenses	60,956	72,129	56,834	68,133
Other liabilities	6,344	6,532	3,423	3,255
Total	131,767	154,560	114,112	137,759

17. EMPLOYEE BENEFITS OBLIGATION

	In Thousand Baht	
	Consolidated F/S	Separate F/S
Opening net book balance	47,851	39,201
Current cost recognized in the statement of comprehensive income	4,409	3,296
Employee benefits paid during the year	(2,114)	(1,990)
Closing net book balance	50,146	40,507

The employee benefit expenses were recorded in the statement of comprehensive income for the year ended 30 June 2013 :

	In Thousand Baht	
	Consolidated F/S	Separate F/S
Current service cost	2,664	1,949
Financial cost	1,745	1,347
Total	4,409	3,296

The Company and subsidiaries recognise the reserve for employee benefits obligation for employee retirement in compliance with the Thai labour law. The defined benefits obligation are measured, using the actuarial technique. The estimated amounts are computed by the discounted cashflows for amounts to be paid in the future based on the government bond interest rate with term to maturity approximate the term of the related obligation. The estimated future cash outflows are based on employee wages, turnover rate, mortality rate, length of service and others. The employee benefits expenses were recognised in the statement of comprehensive income to allocate the expense through the hiring period. Actuarial gains or losses arising from changes in actuarial assumptions, when exceeding 10% of the present value of defined benefit, are recognised as income or expenses over the average remaining service lives of the related employees. Principal actuarial assumptions are as follows :

	Daily staff	Monthly staff
Average future salary increment rate	4.22 percent per annum	3.91 percent per annum
Normal retirement age	60 years	60 years
Discount rate : separate F/S	4.39 percent per annum	4.41 percent per annum
: subsidiary company	-	4.41 percent per annum
Number of employees : separate F/S	384 persons	1,018 persons
Number of employees : subsidiary company	-	3 - 76 persons

18. LEGAL RESERVE

Under the provision of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as legal reserve until the reserve reaches not less than 10% of the authorized capital.

19. DIVIDEND PAYMENT

At the Ordinary Shareholder's meeting held on 26 October 2012, the shareholders passed a resolution to pay cash dividend from the net profit for the year ended 30 June 2012, for the entitled shareholders, 593,103,249 common shares, totaling Baht 112,689,617 or at the rate of Baht 0.19. This was paid on 23 November 2012.

20. PROVIDENT FUND

The Company established a provident fund under the Provident Fund Act (B.E. 2530). The fund is contributed to by the employees and the Company and is managed by Kasikorn Asset Management. The fund will be paid to the employees upon termination in accordance with the rules of the fund. In 2013, Baht 5.08 million has been contributed to the fund by the Company (2012 : Baht 4.59 million)

21. OTHER INCOME

	Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Tax compensation income	4,642	46,767	4,642	46,767
Rental revenue	15,261	13,274	15,285	13,298
Interest income	8,817	9,033	7,070	7,568
Other service income	1,996	9,046	1,992	9,042
Penalty income	-	5,768	-	2,621
Income from goods guarantee	3,956	3,956	3,956	3,956
Utilities income	3,877	3,564	3,877	3,564
Commission income	-	-	13,783	13,837
Others	20,465	27,417	19,592	23,958
Total	59,014	118,825	70,197	124,611

22. EXPENSES BY NATURE

	Thousand Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Salaries, wages and other employee benefits	510,548	521,265	436,119	455,801
Subcontractor expenses	243,988	261,828	243,905	261,828
Depreciation	45,370	50,477	41,772	46,630
Rental expenses	66,555	63,576	54,491	53,648
Utilities expenses	48,454	47,545	46,364	45,579
Allowance (reversal of allowance) for loss on decline value of investment	3,114	(4,469)	3,006	8,531
Allowance (reversal of allowance) for doubtful accounts and bad debts	1,197	3,296	1,226	(12,163)
Reversal of allowance for obsolete and decline value of inventories	(2,443)	(20,060)	(1,833)	(19,233)
Raw materials and supplies used	1,097,972	1,332,000	1,097,972	1,332,000
Changes in inventories of finished goods and work in progress	30,221	377,793	25,025	409,816

23. INCOME TAX

	In Million Baht			
	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Income before income tax	38	494	(88)	360
<u>Add</u> Non-allowable expense	34	52	30	36
Loss of the Company	178	-	-	-
<u>Less</u> Tax exempted income	(158)	(158)	(120)	(112)
Loss carried forward not exceeding 5 years	-	(5)	-	-
Net taxable income	<u>92</u>	<u>383</u>	<u>(178)</u>	<u>284</u>
Income tax	21	114	-	85
Advance payments and withholding tax	(20)	97	(5)	(85)
Accrued income tax	<u>1</u>	<u>17</u>	<u>-</u>	<u>-</u>
Income tax rate (%)	<u>23</u>	<u>30</u>	<u>23</u>	<u>30</u>

24. SEGMENTAL FINANCIAL INFORMATION

	In Thousand Baht					
	For the years ended 30 June					
	Domestic		Export		Total	
	2013	2012	2013	2012	2013	2012
Consolidated						
Sales and services – net	2,274,770	2,323,160	1,217,845	1,961,403	3,492,615	4,284,563
Costs of sales and services	(1,792,079)	(1,744,848)	(1,096,473)	(1,620,170)	(2,888,552)	(3,365,018)
Gross profit	<u>482,691</u>	<u>578,312</u>	<u>121,372</u>	<u>341,233</u>	<u>604,063</u>	<u>919,545</u>
Revenues from construction work	66,200	194,811	-	-	66,200	194,811
Costs of construction work	(60,298)	(177,427)	-	-	(60,298)	(177,427)
Gross profit	<u>5,902</u>	<u>17,384</u>	<u>-</u>	<u>-</u>	<u>5,902</u>	<u>17,384</u>
Total gross profit	<u>488,593</u>	<u>595,696</u>	<u>121,372</u>	<u>341,233</u>	<u>609,965</u>	<u>936,929</u>
Net income after tax					<u>16,360</u>	<u>379,906</u>
Property, plant and equipment – net					<u>766,912</u>	<u>658,250</u>
Other assets					<u>2,588,897</u>	<u>3,019,790</u>
Total assets as at 30 June					<u>3,355,809</u>	<u>3,678,040</u>

	In Thousand Baht					
	For the years ended 30 June					
	Domestic		Export		Total	
	2013	2012	2013	2012	2013	2012
Separate F/S						
Sales and services – net	1,097,718	1,227,801	1,217,845	1,961,403	2,315,563	3,189,204
Costs of sales and services	(848,010)	(871,171)	(1,096,473)	(1,620,170)	(1,944,483)	(2,491,341)
Gross profit	249,708	356,630	121,372	341,233	371,080	697,863
Revenues from construction work	66,200	194,811	-	-	66,200	194,811
Costs of construction work	(60,298)	(177,427)	-	-	(60,298)	(177,427)
Gross profit	5,902	17,384	-	-	5,902	17,384
Total gross profit	255,610	374,014	121,372	341,233	376,982	715,247
Net income (loss) after tax					(88,157)	274,519
Property, plant and equipment – net					757,550	648,468
Other assets					1,675,203	2,204,728
Total assets at 30 June					2,432,753	2,853,196

25. GUARANTEE

As at 30 June 2013, the Company and subsidiary company has outstanding guarantees of approximately Baht 545.00 million which were issued by certain local banks in respect of certain performance bonds required in the normal course of business of the Company and subsidiary company.

26. COMMITMENTS

26.1 As at 30 June 2013, the Company had the outstanding commitments for the project work of the Company with major contractor of Baht 48.03 million.

26.2 The Company has commitment for land and factory building lease agreement with the Company's director. This lease agreement is for a period of three (3) years commencing 1 December 2011 with annual rental totalling Baht 17.40 million for total areas of 32 rai 1 ngan. The Company has an option to renew the lease terms with the lessor.

27. CONTINGENT LIABILITIES

During the year 2012, a contractor sued the Company as joint defendant with other party for compensation totaling approximately Baht 41.53 million, plus interest at the rate of 7.50 percent per annum from 24 March 2011 to the payment date. On 6 July 2012, the Company submitted a counterclaim to such contractor because the plaintiff was at fault by the delay and the delivery of a defect and the Company has lien to hold the payment. The default of the contract of the plaintiff affects damage to the Company because it was fined by the customer following the contract and modified the defect work by itself. The Company, therefore, counterclaimed for the fine following the contract of approximately Baht 22.72 million and the damage from modifying the defect work approximately Baht 26.76 million, plus interest at the rate of 7.50 percent per annum. Currently, such case is in the process of waiting for the plaintiff submission of alibi for the counterclaim. The Company believes that there will be no damage from such case. The Company therefore, has not set up any provision in its accounts.

28. DISCLOSURE OF FINANCIAL INSTRUMENTS

28.1 Interest Rate Risk

The interest rate risk arises from future movements in market interest rates that will affect the results of the Company and its subsidiaries operations and their cash flows. The Company's and subsidiaries' exposure to interest rate risk relate primarily to their cash and cash equivalents, short - term investment, and restricted deposit with bank as follows :

	In Thousand Baht			
	Consolidated F/S			
	30 June 2013			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	450,931	-	-	450,931
Restricted deposit with bank	184	-	-	184
Short-term loans from financial institution	1,077	-	-	1,077

	In Thousand Baht			
	Separate F/S			
	30 June 2013			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	281,451	-	-	281,451
Short-term loans from financial institution	1,077	-	-	1,077

	In Thousand Baht			
	Consolidated F/S			
	30 June 2012			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	860,303	-	-	860,303
Restricted deposits with banks	461	-	-	461

	In Thousand Baht			
	Separate F/S			
	30 June 2012			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	739,292	-	-	739,292

As of 30 June 2013 and 2012, the financial instruments classified by the periods of time from the statement of financial position date to their maturity dates are as follows :

	In Thousand Baht				
	Consolidated F/S				
	30 June 2013				
	At call	1 - 6 months	7 - 12 months	Total	Interest rate
<u>Financial assets / liabilities</u>					
Cash and cash equivalents	450,931	-	-	450,931	0.625 – 1.30%
Restricted deposit with bank	184	-	-	184	0.625 – 1.30%
Short - term loans from financial institution	1,077	-	-	1,077	2.9225 – 2.9425%

	In Thousand Baht				
	Separate F/S				
	30 June 2013				
	At call	1 - 6 months	7 - 12 months	Total	Interest rate
<u>Financial assets / liabilities</u>					
Cash and cash equivalents	281,451	-	-	281,451	0.625 – 1.30%
Short - term loans from financial institution	1,077	-	-	1,077	2.9225 – 2.9425%

In Thousand Baht				
Consolidated F/S				
30 June 2012				
	1 - 6	7 - 12		
At call	months	months	Total	Interest rate
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	860,303	-	860,303	0.625 – 2.25%
Restricted deposit with bank	461	-	461	0.625 – 2.25%

In Thousand Baht				
Separate F/S				
30 June 2012				
	1 - 6	7 - 12		
At call	months	months	Total	Interest rate
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	739,292	-	739,292	0.625 – 2.25%

28.2 Foreign Exchange Risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2013 are summarized below:

Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Average exchange rate as at 30 June 2013 (Baht per 1 foreign currency unit)
USD	6,053	4,176	31.1271
JPY	1,405	-	0.315196
AUD	14,705	486	28.7987

Below is the summary of the Company's foreign currency denominated assets and liabilities as at 30 June 2013 which were unhedged.

	USD (Thousand)	JPY (Thousand)	AUD (Thousand)
<u>Financial assets</u>			
Cash and cash equivalents	76	1,405	3,580
Trade accounts receivable - net	5,197	-	11,125
<u>Financial liabilities</u>			
Advances from customers	107	-	198
Other current liabilities	271	-	-
Trade accounts payable	3,798	-	288

28.3 Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company within the normal terms of trade. To manage this risk, the Company and its subsidiaries periodically assess the financial viability of customers.

28.4 Credit Risk

Credit risk is the risk that a counter party is unable or unwilling to meet a commitment that it entered into with the Company and its subsidiaries. To manage this risk, the Company and its subsidiaries periodically assess the financial viability of customers.

The carrying amount of accounts receivable recorded in the statement of financial positions, net of allowance for doubtful accounts, is the maximum exposure to credit risk.

28.5 Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length basis. Fair values are obtained from quoted market prices.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

- Cash and cash equivalents, trade and non-trade receivables - net - the carrying values approximate their fair values due to the relative short-term maturity of these financial instruments.

- Short - term loan from financial institution and trade and non-trade payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short - term maturity of these financial instruments.

Long - term investments in shares of subsidiaries and associated companies, and general investments - the carrying amounts of these financial assets approximate their fair values.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on 28 August 2013.