

# **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 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes disclosure summarizing significant accounting policies and other explanatory information. I have also audited the separate financial statements of Siam Steel International Public Company Limited, comprising the separate statement of financial position as at 30 June 2014, and the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and 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 2014 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 2014 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.

### **Prior year report**

The consolidated financial statements of Siam Steel International Public Company Limited and its subsidiaries and joint ventures and the separate financial statement of Siam Steel International Public Company Limited as at and for the year ended 30 June 2013 (before restatement) were audited by Mrs. Sumalee Chokdeeanant, an auditor in the same office as mine, who issued her audit report dated 28 August 2013 expressed an unqualified opinion thereon. The consolidated and separate statements of financial position as at 30 June 2013, which are integral part of such audited financial statements, were restated as discussed in Note 2 to the financial statements, for comparative purpose.

### **Mr. Somckid Tiatragul**

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand

27 August 2014

## SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES

## STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S			Separate F/S		
		30 June 2014	30 June 2013 (Restated)	30 June 2012 (Restated)	30 June 2014	30 June 2013 (Restated)	30 June 2012 (Restated)
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	5	333,077,863	450,931,317	860,303,271	114,887,482	281,450,798	739,292,197
Trade accounts receivable from sales and services							
- general customers - net	7	425,490,358	667,040,376	624,855,335	275,311,155	455,386,879	428,513,388
- related companies	6, 7	22,535,214	29,814,341	21,851,757	24,104,738	31,761,740	26,971,371
Trade accounts receivable from construction work							
- related companies - net	6, 7	2,376,815	2,376,815	2,376,815	4,660,422	4,660,422	4,660,422
Unbilled accrued income - general customers		-	-	41,528,975	-	-	41,528,975
Inventories - net	8	390,225,448	502,501,789	559,858,671	300,196,939	430,155,091	482,924,524
Receivables from and advances							
to related companies	6	3,078,578	3,264,112	4,604,111	4,514,502	4,948,245	6,733,210
Other current assets	9	18,541,858	18,382,991	59,654,816	13,785,341	13,808,397	54,140,182
<b>Total current assets</b>		<b>1,195,326,134</b>	<b>1,674,311,741</b>	<b>2,175,033,751</b>	<b>737,460,579</b>	<b>1,222,171,572</b>	<b>1,784,764,269</b>
<b>NON - CURRENT ASSETS</b>							
Restricted deposit with bank	10	324,585	184,356	460,625	-	-	-
Retentions receivable		94,822,417	250,841,066	235,648,678	94,822,417	250,841,066	235,648,678
Investments							
- Subsidiary companies - net	11	-	-	-	32,399,300	32,399,300	22,199,300
- Associated companies	11	671,914,412	576,763,177	533,057,374	162,627,400	102,427,400	102,427,400
- Other companies - net	11	53,287,486	44,604,589	47,718,903	48,287,486	39,604,589	42,718,903
- Joint ventures - net	11	-	-	-	16,000	16,000	16,000
Property, plant and equipment - net	12	581,474,991	766,912,575	658,249,957	566,695,400	757,550,096	648,468,233
Assets not used in operation - net	13	168,821,755	-	-	168,821,755	-	-
Refundable value added tax		1,603,061	3,983,353	7,232,025	-	2,097,729	5,821,840
Income tax withheld at sources		13,275,768	9,727,587	4,212,617	9,142,578	5,594,391	-
Deferred income tax asset - net	14	100,267,612	46,788,522	19,092,206	111,821,554	57,203,295	31,877,765
Other non - current assets - net		30,342,927	30,816,427	19,227,389	19,520,417	20,051,043	11,131,630
<b>Total non - current assets</b>		<b>1,716,135,014</b>	<b>1,730,621,652</b>	<b>1,524,899,774</b>	<b>1,214,154,307</b>	<b>1,267,784,909</b>	<b>1,100,309,749</b>
<b>TOTAL ASSETS</b>		<b>2,911,461,148</b>	<b>3,404,933,393</b>	<b>3,699,933,525</b>	<b>1,951,614,886</b>	<b>2,489,956,481</b>	<b>2,885,074,018</b>

## SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES

## STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S			Separate F/S		
		30 June 2014	30 June 2013 (Restated)	30 June 2012 (Restated)	30 June 2014	30 June 2013 (Restated)	30 June 2012 (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Short - term loans from financial institution	15	53,460,579	1,076,629	-	53,460,579	1,076,629	-
Trade accounts payable - general suppliers		113,905,343	333,524,124	445,287,154	83,105,139	302,835,613	414,667,903
Payables to and advances from related companies	6	70,092,984	86,549,360	97,242,511	31,198,676	43,606,998	58,775,372
Advances and deposits from customers							
- general customers		19,774,768	53,118,719	120,280,549	18,692,391	49,004,816	118,362,338
- related companies	6	5,034,825	5,034,825	3,095,400	5,034,825	5,034,825	3,095,400
Accrued income tax		2,615,110	1,373,725	17,235,475	-	-	233,068
Other current liabilities	16	91,748,426	131,767,160	154,560,092	77,081,321	114,112,286	137,758,738
<b>Total current liabilities</b>		<b>356,632,035</b>	<b>612,444,542</b>	<b>837,701,181</b>	<b>268,572,931</b>	<b>515,671,167</b>	<b>732,892,819</b>
<b>NON - CURRENT LIABILITIES</b>							
Liabilities under employee benefits obligation	17	21,955,691	50,146,107	47,850,852	19,438,962	40,506,817	39,201,186
Other non - current liabilities		2,491,202	6,425,660	9,365,079	2,051,213	5,684,790	9,365,079
<b>Total non - current liabilities</b>		<b>24,446,893</b>	<b>56,571,767</b>	<b>57,215,931</b>	<b>21,490,175</b>	<b>46,191,607</b>	<b>48,566,265</b>
<b>TOTAL LIABILITIES</b>		<b>381,078,928</b>	<b>669,016,309</b>	<b>894,917,112</b>	<b>290,063,106</b>	<b>561,862,774</b>	<b>781,459,084</b>
<b>SHAREHOLDERS' EQUITY</b>							
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	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	593,125,849	593,125,849
Premium on share capital		72,403,683	72,403,683	72,403,683	72,403,683	72,403,683	72,403,683
Retained earnings							
- Appropriated for legal reserve	18	59,312,585	59,312,585	59,312,585	59,312,585	59,312,585	59,312,585
- Unappropriated		1,612,609,121	1,830,758,785	1,934,117,730	936,709,663	1,203,251,590	1,378,772,817
<b>Shareholders' equity attributable to the Company's shareholders</b>		<b>2,337,451,238</b>	<b>2,555,600,902</b>	<b>2,658,959,847</b>	<b>1,661,551,780</b>	<b>1,928,093,707</b>	<b>2,103,614,934</b>
Non - controlling interests in subsidiaries		192,930,982	180,316,182	146,056,566	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,530,382,220</b>	<b>2,735,917,084</b>	<b>2,805,016,413</b>	<b>1,661,551,780</b>	<b>1,928,093,707</b>	<b>2,103,614,934</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,911,461,148</b>	<b>3,404,933,393</b>	<b>3,699,933,525</b>	<b>1,951,614,886</b>	<b>2,489,956,481</b>	<b>2,885,074,018</b>

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

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

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2014	2013	2014	2013
			(Restated)		(Restated)
<b>REVENUES</b>					
Sales and services - net		2,141,921,890	3,492,614,971	1,133,571,842	2,315,563,223
Revenues from construction work		-	66,199,998	-	66,199,998
<b>Total revenues</b>		<b>2,141,921,890</b>	<b>3,558,814,969</b>	<b>1,133,571,842</b>	<b>2,381,763,221</b>
<b>COSTS</b>					
Costs of sales and services		1,831,607,352	2,888,551,997	1,011,207,647	1,944,483,380
Costs of construction work		-	60,298,092	-	60,298,092
<b>Total costs</b>	22	<b>1,831,607,352</b>	<b>2,948,850,089</b>	<b>1,011,207,647</b>	<b>2,004,781,472</b>
<b>Gross income</b>		<b>310,314,538</b>	<b>609,964,880</b>	<b>122,364,195</b>	<b>376,981,749</b>
Gain (loss) on foreign exchange rates		21,733,375	(26,411,505)	20,954,285	(28,435,511)
Dividend income		5,392,146	19,286,195	70,940,726	77,889,655
Other income	21	63,598,781	59,013,937	71,991,705	70,196,770
<b>Income before expenses</b>		<b>401,038,840</b>	<b>661,853,507</b>	<b>286,250,911</b>	<b>496,632,663</b>
Selling expenses		(180,225,715)	(372,425,860)	(179,373,831)	(371,412,652)
Administrative expenses		(320,344,155)	(337,139,158)	(191,546,161)	(206,237,683)
Compensation for defect products		(189,067,209)	-	(189,067,209)	-
Provision for doubtful debts and bad debt - net		(57,641,599)	(1,197,342)	(57,641,599)	(1,225,815)
Reversal of allowance (provision) for decline value of investment	11	8,682,897	(3,114,314)	8,682,897	(3,005,948)
<b>Total expenses</b>	22	<b>(738,595,781)</b>	<b>(713,876,674)</b>	<b>(608,945,903)</b>	<b>(581,882,098)</b>
<b>Loss from operations</b>		<b>(337,556,941)</b>	<b>(52,023,167)</b>	<b>(322,694,992)</b>	<b>(85,249,435)</b>
Equity in net income of associated companies - net		90,322,062	92,109,963	-	-
<b>Income (loss) before finance cost and income tax</b>		<b>(247,234,879)</b>	<b>40,086,796</b>	<b>(322,694,992)</b>	<b>(85,249,435)</b>
Financial costs		(4,206,902)	(2,907,705)	(3,695,693)	(2,907,705)
<b>Income (loss) before income tax</b>		<b>(251,441,781)</b>	<b>37,179,091</b>	<b>(326,390,685)</b>	<b>(88,157,140)</b>
Income tax benefits from timing differences	14	42,139,736	6,411,897	54,618,259	25,325,530
<b>Net income (loss) for the year</b>		<b>(209,302,045)</b>	<b>43,590,988</b>	<b>(271,772,426)</b>	<b>(62,831,610)</b>

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES  
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEARS ENDED 30 JUNE

(Unit : Baht)

	Note	Consolidated F/S		Separate F/S	
		2014	2013 (Restated)	2014	2013 (Restated)
<b>Other comprehensive income :</b>					
Reversal of liabilities for employee benefits obligation	17	13,567,881	-	5,230,499	-
<b>Total comprehensive income (loss) for the year</b>		<b>(195,734,164)</b>	<b>43,590,988</b>	<b>(266,541,927)</b>	<b>(62,831,610)</b>
<b>Attribution of income (loss)</b>					
The Company's shareholders		(227,641,725)	9,330,672	(271,772,426)	(62,831,610)
Non - controlling interests in subsidiaries		18,339,680	34,260,316	-	-
<b>Total</b>		<b>(209,302,045)</b>	<b>43,590,988</b>	<b>(271,772,426)</b>	<b>(62,831,610)</b>
<b>Attribution of comprehensive income (loss)</b>					
The Company's shareholders		(218,149,664)	9,330,672	(266,541,927)	(62,831,610)
Non - controlling interests in subsidiaries		22,415,500	34,260,316	-	-
<b>Total</b>		<b>(195,734,164)</b>	<b>43,590,988</b>	<b>(266,541,927)</b>	<b>(62,831,610)</b>
<b>Basic earnings (loss) per share</b>					
Income (loss) of the Company's shareholders (Baht per share)		(0.38)	0.02	(0.46)	(0.11)
Weighted average number of common shares (share)		593,125,849	593,125,849	593,125,849	593,125,849

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 30 JUNE

(Unit : Baht)

	Notes	Shareholders' equity of the Company						Total
		Paid - up share capital	Premium on share capital	Retained earnings		Total	Non-controlling interests	
				Appropriated for legal reserve	Unappropriated (Restated)			
<b>Consolidated F/S</b>								
<b>Balance as at 1 July 2012 - as previously reported</b>		593,125,849	72,403,683	59,312,585	1,913,106,952	2,637,949,069	145,174,053	2,783,123,122
Cumulative effect adjustment for change in accounting policy								
for deferred income tax	2	-	-	-	21,010,778	21,010,778	882,513	21,893,291
<b>Balance as at 1 July 2012 - as restated</b>		593,125,849	72,403,683	59,312,585	1,934,117,730	2,658,959,847	146,056,566	2,805,016,413
Share increment of subsidiary		-	-	-	-	-	9,800,000	9,800,000
Comprehensive income for the year - restated		-	-	-	9,330,672	9,330,672	34,260,316	43,590,988
Dividend payment of subsidiary company		-	-	-	-	-	(9,800,700)	(9,800,700)
Dividend payment of Company	19	-	-	-	(112,689,617)	(112,689,617)	-	(112,689,617)
<b>Balance as at 30 June 2013 - as restated</b>		593,125,849	72,403,683	59,312,585	1,830,758,785	2,555,600,902	180,316,182	2,735,917,084
<b>Balance as at 1 July 2013 - as previously reported</b>		593,125,849	72,403,683	59,312,585	1,782,588,192	2,507,430,309	179,362,357	2,686,792,666
Cumulative effect adjustment for change in accounting policy								
for deferred income tax	2	-	-	-	48,170,593	48,170,593	953,825	49,124,418
<b>Balance as at 1 July 2013 - as restated</b>		593,125,849	72,403,683	59,312,585	1,830,758,785	2,555,600,902	180,316,182	2,735,917,084
Comprehensive income (loss) for the year		-	-	-	(218,149,664)	(218,149,664)	22,415,500	(195,734,164)
Dividend payment of subsidiary company		-	-	-	-	-	(9,800,700)	(9,800,700)
<b>Balance as at 30 June 2014</b>		593,125,849	72,403,683	59,312,585	1,612,609,121	2,337,451,238	192,930,982	2,530,382,220

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

FOR THE YEARS ENDED 30 JUNE

(Unit : Baht)						
	Notes	Paid - up share capital	Premium on share capital	Retained earnings		Total
				Appropriated for legal reserve	Unappropriated (Restated)	
<b>Separate F/S</b>						
<b>Balance as at 1 July 2012 - as previously reported</b>		593,125,849	72,403,683	59,312,585	1,346,895,052	2,071,737,169
Cumulative effect adjustment for change in accounting policy						
for deferred income tax	2	-	-	-	31,877,765	31,877,765
<b>Balance as at 1 July 2012 - as restated</b>		593,125,849	72,403,683	59,312,585	1,378,772,817	2,103,614,934
Comprehensive loss for the year - restated		-	-	-	(62,831,610)	(62,831,610)
Dividend payment of Company	19	-	-	-	(112,689,617)	(112,689,617)
<b>Balance as at 30 June 2013 - as restated</b>		593,125,849	72,403,683	59,312,585	1,203,251,590	1,928,093,707
<b>Balance as at 1 July 2013 - as previously reported</b>		593,125,849	72,403,683	59,312,585	1,146,048,295	1,870,890,412
Cumulative effect adjustment for change in accounting policy						
for deferred income tax	2	-	-	-	57,203,295	57,203,295
<b>Balance as at 1 July 2013 - as restated</b>		593,125,849	72,403,683	59,312,585	1,203,251,590	1,928,093,707
Comprehensive loss for the year		-	-	-	(266,541,927)	(266,541,927)
<b>Balance as at 30 June 2014</b>		593,125,849	72,403,683	59,312,585	936,709,663	1,661,551,780

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 YEARS ENDED 30 JUNE**

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013 (Restated)	2014	2013 (Restated)
<b>Cash flows from operating activities</b>				
Income (loss) before tax	(251,441,781)	37,179,091	(326,390,685)	(88,157,140)
<b>Adjustments to reconcile income (loss) before tax to net cash</b>				
<b>provided from (used in) operating activities:</b>				
Depreciation	51,779,010	45,370,492	48,879,534	41,772,290
Provision for doubtful debts and bad debt - net	57,641,599	1,197,342	57,641,599	1,225,815
Reversal of allowance (provision) for decline value of inventories - net	4,464,040	(2,442,639)	4,464,040	(1,833,559)
Reversal of allowance (provision) for decline value of investment	(8,682,897)	3,114,314	(8,682,897)	3,005,948
Loss (gain) on sales of property, plant and equipment	1,499,524	(795,555)	1,512,629	(215,477)
Unrealized loss (gain) on foreign exchange	(12,977,595)	24,873,270	(12,977,595)	24,873,270
Financial costs	4,206,902	2,907,705	3,695,693	2,907,705
Equity in net income of associated companies - net	(90,322,062)	(92,109,963)	-	-
Employee benefits obligation expenses	2,510,382	2,664,585	1,750,243	1,948,983
<b>Cash provided from (used in) operations before changes in</b>				
<b>operating assets and liabilities</b>	(241,322,878)	21,958,642	(230,107,439)	(14,472,165)
<b>Decrease (increase) in operating assets;</b>				
Trade accounts receivable from sales and services				
- general customers	191,156,697	(71,057,027)	129,682,402	(43,324,596)
- related companies	7,279,127	16,879,178	7,657,002	7,630,512
Trade accounts receivable from construction work				
- related companies	-	2,832,882	-	14,164,409
Unbilled accrued income				
- general customers	-	41,528,975	-	41,528,975
Inventories	107,812,301	59,799,521	125,494,112	54,602,991
Receivables from and advances to related companies	185,534	1,339,999	433,743	1,784,965
Other current assets	(158,867)	40,457,098	23,056	39,517,058
Retentions receivable	162,502,686	(42,421,711)	162,502,686	(42,421,711)
Other non - current assets	(9,396,342)	(8,340,366)	(919,832)	(10,789,693)
<b>Increase (decrease) in operating liabilities;</b>				
Trade accounts payable - general suppliers	(220,087,580)	(109,041,587)	(220,199,273)	(109,110,846)
Payables to and advances from related companies	(16,456,376)	(10,677,880)	(12,408,322)	(15,168,374)
Advances and deposits from customers	(33,629,872)	(64,704,576)	(30,598,346)	(66,900,268)
Other current liabilities	(40,018,734)	(22,808,730)	(37,030,965)	(23,646,979)
Employee benefits obligation	(18,999,713)	(2,114,062)	(18,999,713)	(1,990,300)
Other non - current liabilities	(3,934,458)	(2,939,419)	(3,633,577)	(3,680,289)
<b>Cash used in operating activities</b>	(115,068,475)	(149,309,063)	(128,104,466)	(172,276,311)
Interest payment	(2,340,849)	(1,162,446)	(2,283,578)	(1,560,229)
Income tax payment	(1,373,725)	(42,661,139)	-	(233,068)
<b>Net cash used in operating activities</b>	(118,783,049)	(193,132,648)	(130,388,044)	(174,069,608)

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 (CONTINUED)**  
**FOR THE YEARS ENDED 30 JUNE**

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013 (Restated)	2014	2013 (Restated)
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted deposits with banks	(140,229)	276,269	-	-
Acquisition of property, plant and equipment	(37,069,674)	(154,138,929)	(28,734,928)	(150,887,518)
Proceeds from sales of property, plant and equipment	406,968	901,374	375,706	248,842
Increase in investment in associated company	(60,200,000)	-	(60,200,000)	-
Increase in investment in subsidiary company and joint venture	-	-	-	(21,560,000)
Received back from investment in joint venture	-	-	-	108,365
Dividend received from associated company	55,349,280	48,404,160	-	-
<b>Net cash used in investing activities</b>	<b>(41,653,655)</b>	<b>(104,557,126)</b>	<b>(88,559,222)</b>	<b>(172,090,311)</b>
<b>Cash flows from financing activities</b>				
Increase in short - term loan from financial institution	52,383,950	1,008,137	52,383,950	1,008,137
Payments for cash dividend	-	(112,689,617)	-	(112,689,617)
Dividend paid by subsidiary	(9,800,700)	(9,800,700)	-	-
Increased share capital of subsidiary company	-	9,800,000	-	-
<b>Net cash provided from (used in) financing activities</b>	<b>42,583,250</b>	<b>(111,682,180)</b>	<b>52,383,950</b>	<b>(111,681,480)</b>
<b>Decrease in cash and cash equivalents - net</b>	<b>(117,853,454)</b>	<b>(409,371,954)</b>	<b>(166,563,316)</b>	<b>(457,841,399)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>450,931,317</b>	<b>860,303,271</b>	<b>281,450,798</b>	<b>739,292,197</b>
<b>Cash and cash equivalents at end of year</b>	<b>333,077,863</b>	<b>450,931,317</b>	<b>114,887,482</b>	<b>281,450,798</b>

**SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 JUNE 2014**

1. GENERAL INFORMATION

The Company was incorporated as a juristic company on 28 August 1979 under the Civil and Commercial code 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, Bangyaparak, Phrapradaeng, Samuthprakarn.

As at 30 June 2014 and 2013, the Company has major shareholders as follows :

<u>Name</u>	Percentage of Shareholding	
	2014	2013
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	2.78	2.27
CLSA SINGAPORE PTE	2.24	-
Bangkok Bank Public Company Limited	2.03	2.03

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Basis of financial statement preparation

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

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

During the year 2013, the Federation of Accounting Professions has announced the application of accounting standards, the financial reporting standards that were amended in 2012, and the interpretation of accounting standards and reporting standards, effective for fiscal years beginning on or after 1 January 2014. The Company's management has considered the impact to its financial statements when these accounting and financial reporting standards are initially applied.

These financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended 30 June 2013, except for the adoption of TAS 12 : "Income tax" as follow:

#### TAS 12 Income tax

This accounting standard requires the Company to identify temporary differences between the carrying amounts of asset or liability used for accounting purpose and related amounts used for income tax computation in order to recognize the income tax effects as deferred income tax asset or liability subject to certain recognition criteria. Effective 1 July 2013, the Company has changed this accounting policy and restated the prior year financial statements, presented as comparative information, as if the Company had recognized the tax effects as deferred income tax asset or liability in the previous years.

The income tax expense for the year comprises current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss accounts, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

#### *Current income tax*

Current income tax is the expected tax payable on the taxable income for the year, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years.

#### *Deferred income tax*

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purpose. Deferred income tax is measured at the income tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax asset is reviewed at the end of each reporting period and reduced to the extent that it is probable that the related income tax benefit will be realized.

CUMULATIVE EFFECT OF THE CHANGE IN ACCOUNTING POLICY

Effective 1 July 2013, the Company has initially adopted of TAS 12: Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The adjustments affecting the statements of financial position and statements of comprehensive income are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	30 June 2013	1 July 2012	30 June 2013	1 July 2012
<b>Statements of financial position</b>				
Increase in investment in associated company	2,336	2,801	-	-
Increase in deferred income tax asset	46,789	19,093	57,203	31,878
Increase in unappropriated retained earnings	48,171	21,011	57,203	31,878
Increase in non-controlling interests in subsidiaries	954	883	-	-

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 30 June			
	2014	2013	2014	2013
<b>Statements of comprehensive income</b>				
Increase (decrease) in equity income in associated company	1,711	(465)	-	-
Increase (decrease) in income tax expense	(53,479)	(27,696)	(54,618)	(25,326)
Increase (decrease) in non-controlling interests in subsidiaries	(299)	71	-	-
Increase (decrease) in basic earnings per share (Baht per share)	0.09	0.05	0.09	0.04

## 2.2 Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries for which the Company owns shares more than 50% of voting right, and joint ventures which the Company can proportionately exercise control as follows :

Company	Percentage of shareholding		Type of business
	2014	2013	
<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 Steel OC Co., Ltd.	51	51	Distribution of finished buildings, wall and relating products
<u>Joint ventures</u>			
Siam Steel – Kanok Furniture	49	49	Interior decoration service
Siam Steel – Thai Service	80	80	Interior decoration service

2.3 Significant intercompany transactions with subsidiaries and joint ventures included in the consolidated financial statements have been eliminated.

2.4 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.

2.5 As of 30 June 2014 and 2013, the total assets of subsidiaries represent 17.30 percent and 14.68 percent, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiaries for the years ended 30 June 2014 and 2013, represent 44.25 percent and 32.35 percent, respectively, of the total revenues in the consolidated financial statements.

2.6 The consolidated financial statements as at 30 June 2014 and 2013, and for the years ended 30 June 2014 and 2013 included the proportion of the assets, liabilities, revenues and expenses of the joint ventures as follows:

	In Thousand Baht	
	Joint Venture financial information	
	2014	2013
Current assets	295	314
Non-current assets	2,501	2,500
Current liabilities	2,757	2,764

	In Thousand Baht	
	Consolidated F/S	
	For the years ended 30 June	
	2014	2013
Revenues	-	1
Expenses	13	72

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash at banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

Restricted deposit with bank is presented under non - current assets in the statement of financial position

#### 3.2 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.

#### 3.3 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.

#### 3.4 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 securities of related and other companies that are not subsidiaries, not associated companies and/or not 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.

#### 3.5 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 its 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.

### 3.6 Property, plant and equipment

Land is stated at cost with no depreciation.

Equipment is 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 as follow:

	<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.

### 3.7 Assets not used in operation

Assets not used in operations are stated at cost which measured initially with its cost, including transaction costs. Moreover, after recognition, it is measured at cost net of accumulated depreciation and allowance for impairment (if any).

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of income in the period when the asset is derecognized.

### 3.8 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".

### 3.9 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.

### 3.10 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.

### 3.11 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.

### 3.12 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 subsidiaries 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.

### 3.13 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.

#### 3.14 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.

#### 3.15 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.

#### 3.16 Basic earnings per share

Basic earnings (loss) per share is determined by dividing the net income (loss) by the weighted average number of common shares outstanding during the years.

#### 3.17 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.

#### 3.18 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.

#### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT

##### 4.1 Critical accounting estimates, assumption and judgments

###### 4.1.1 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.

###### 4.1.2 Allowance for project losses

The Company, subsidiaries and joint ventures review their 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.

###### 4.1.3 Impairment of receivables

The Company, subsidiaries and joint ventures account 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.

###### 4.1.4 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.

###### 4.1.5 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.

#### 4.1.6 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.

#### 4.1.7 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 makes re-assessment of asset recoverable amount. The determination of recoverable amount requires judgment.

#### 4.1.8 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.

#### 4.1.9 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.

### 4.2 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.

5. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Cash	295	1,414	185	1,292
Deposits with financial institutions				
- Current accounts	370	10,862	579	1,150
- Savings accounts	352,790	445,385	132,704	284,868
- Cheques in transit	(20,377)	(6,730)	(18,581)	(5,859)
Total	333,078	450,931	114,887	281,451

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

6. 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 2014 and 2013, the account balances with related companies are as follows :

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Trade accounts receivable from sales and services</b>				
<u>Subsidiary companies</u>				
Sri Chareon International Co., Ltd.	-	-	1,396	1,645
Siam Okamura International Co., Ltd.	-	-	174	327
Total	-	-	1,570	1,972
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	94	111	94	104
Siam Steel Service Center Public Company Limited	10	10	10	10
Total	104	121	104	114

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Related companies</u>				
Lucky - Kingdom Center (Chiangmai) Co., Ltd.	4,007	5,919	4,007	5,919
Lucky - Kingdom Center (Nakornratchasima) Co., Ltd.	3,561	8,089	3,561	8,089
Siam Chitose Co., Ltd.	968	2,963	968	2,963
Unity Service Co., Ltd.	43	112	43	112
Hirokoh (Thailand) Ltd.	13,618	12,421	13,618	12,421
Others	234	189	234	172
Total	22,431	29,693	22,431	29,676
Total trade accounts receivable from				
sales and services – related companies	22,535	29,814	24,105	31,762
<b>Accounts receivable from construction work</b>				
<u>Joint Venture</u>				
Siam Steel-Kanok Furniture	-	-	5,600	5,600
<u>Less</u> Allowance for doubtful accounts	-	-	(940)	(940)
Net	-	-	4,660	4,660
<u>Outstanding balances and portion of other</u>				
<u>joint ventures' partner</u>				
Siam Steel-Kanok Furniture	2,856	2,856	-	-
<u>Less</u> Allowance for doubtful accounts	(479)	(479)	-	-
Net	2,377	2,377	-	-
Total accounts receivable from construction work				
- related companies – net	2,377	2,377	4,660	4,660
<b>Receivables from and advances</b>				
<u>Subsidiary companies</u>				
Siam Okamura International Co., Ltd.	-	-	1,436	1,538
Siam Steel OC Co., Ltd.	-	-	-	146
Total	-	-	1,436	1,684
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	3,079	3,264	3,079	3,264
Total receivables from and advances to				
related companies	3,079	3,264	4,515	4,948

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



	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Trade accounts payable</b>				
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	45,449	46,006	8,023	14,104
Siam Steel Service Center Public Company Limited	51	285	51	286
Total	<u>45,500</u>	<u>46,291</u>	<u>8,074</u>	<u>14,390</u>
<u>Related companies</u>				
Siam Chitose Co., Ltd.	20,715	24,472	20,715	24,472
Formica (Thailand) Co., Ltd.	1,395	2,419	1,395	2,419
Others	1,577	9,733	-	-
Total	<u>23,687</u>	<u>36,624</u>	<u>22,110</u>	<u>26,891</u>
Total trade accounts payable - related companies	<u>69,187</u>	<u>82,915</u>	<u>30,184</u>	<u>41,281</u>
<b>Advances from</b>				
<u>Subsidiary companies</u>				
Sri Chareon International Co., Ltd.	-	-	49	-
Siam Okamura International Co., Ltd.	-	-	60	-
Total	<u>-</u>	<u>-</u>	<u>109</u>	<u>-</u>
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	-	678	-	-
Siam Steel Service Center Public Company Limited	-	57	-	57
Total	<u>-</u>	<u>735</u>	<u>-</u>	<u>57</u>
<u>Related companies</u>				
Unity Service Co., Ltd.	906	2,269	906	2,269
Others	-	630	-	-
Total	<u>906</u>	<u>2,899</u>	<u>906</u>	<u>2,269</u>
Total advances from related companies	<u>906</u>	<u>3,634</u>	<u>1,015</u>	<u>2,326</u>
Total trade accounts payable and advances from related companies	<u>70,093</u>	<u>86,549</u>	<u>31,199</u>	<u>43,607</u>

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Advances and deposit from customers</b>				
<u>Associated company</u>				
Siam Okamura Steel Co., Ltd.	1,553	1,553	1,553	1,553
<u>Related company</u>				
Formica (Thailand) Co., Ltd.	3,482	3,482	3,482	3,482
Total advances and deposits from customers				
- related companies	5,035	5,035	5,035	5,035

The significant transactions with related companies for the years ended 30 June 2014 and 2013 and pricing policy 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			
	2014	2013	2014	2013
Sales and services income	93,956	102,968	108,966	118,689
Revenues from sales of raw materials, factory supplies and others	26,690	33,415	37,550	47,255
Rental revenue	23,244	15,261	23,413	15,285
Dividend income	5,392	19,286	70,941	77,890
Reversal of allowance for doubtful accounts	-	2,833	-	2,804
Purchases of finished goods	571,217	685,485	124,400	174,132
Purchases of raw materials	13,791	24,251	13,791	24,251
Administrative and other expenses	83,727	89,949	13,760	14,395
Land and factory rental	18,282	17,400	10,150	17,400
<u>Key management personnel compensation</u>				
Current employment benefits	24,142	27,427	19,792	22,578
Post-employment benefits	765	765	748	749
Total	<u>24,907</u>	<u>28,192</u>	<u>20,540</u>	<u>23,327</u>

The Company has certain agreement with the Company's directors to lease land and factory building. 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.

#### 7. TRADE ACCOUNTS RECEIVABLE

As at 30 June 2014 and 2013, 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	
	2014	2013	2014	2013
	2014	2013	2014	2013
<u>Trade accounts receivable – general customers</u>				
Current	224,574	260,569	135,248	175,564
Overdue:				
Less than 3 months	76,454	288,398	17,168	168,461
3 months – 6 months	11,477	71,664	9,815	64,574
6 months – 12 months	8,109	30,085	8,109	30,502
Over 12 months	152,742	20,661	150,031	17,794
Total	<u>473,356</u>	<u>671,377</u>	<u>320,371</u>	<u>456,895</u>
<u>Less</u> Allowance for doubtful accounts	(47,866)	(4,337)	(45,060)	(1,508)
Net	<u>425,490</u>	<u>667,040</u>	<u>275,311</u>	<u>455,387</u>

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Trade accounts receivable - related companies</u>				
Current	20,783	24,263	22,353	25,945
Overdue:				
Less than 3 months	1,752	5,551	1,752	5,817
Total	22,535	29,814	24,105	31,762

Trade accounts receivable – construction work

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Trade accounts receivable - related companies</u>				
Overdue:				
Over 12 months	2,856	2,856	5,600	5,600
Total	2,856	2,856	5,600	5,600
<u>Less</u> Allowance for doubtful accounts	(479)	(479)	(940)	(940)
Net	2,377	2,377	4,660	4,660

8. INVENTORIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Finished goods	162,408	165,207	72,829	92,860
Work in process	55,928	121,812	55,928	121,812
Raw materials and supplies	186,119	224,045	186,119	224,045
Goods in transit	1,068	2,273	619	2,273
Total	405,523	513,337	315,495	440,990
<u>Less</u> Allowance for decline value of inventories	(15,298)	(10,835)	(15,298)	(10,835)
Net	390,225	502,502	300,197	430,155

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

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Balance as at 1 July	10,835	13,277	10,835	12,668
<u>Add</u> Additional allowance during the year	5,439	2,437	5,439	75
<u>Less</u> Reversal of allowance during the year	(976)	(4,879)	(976)	(1,908)
Balance as at 30 June	15,298	10,835	15,298	10,835

9. OTHER CURRENT ASSETS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Deposits	7,919	5,661	7,323	5,661
Prepaid expenses	2,775	2,556	2,070	1,650
Undue input VAT	4,050	4,254	2,705	3,387
Cash advances	1,048	2,144	351	1,488
Others	2,750	3,768	1,336	1,622
Total	18,542	18,383	13,785	13,808

10. RESTRICTED DEPOSIT WITH BANK

As at 30 June 2014 and 2013, Time deposits totaling Baht 0.32 million and Baht 0.18 million are restricted for usage as they have been placed as collaterals for bank guarantees in respect of certain agreements required in normal course of business of the subsidiary.

11. 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 net operating results from unaudited financial statements.. However, the equity in such associated company is not significant.

Investments in securities of related companies that are not subsidiaries and/or not associated companies, held as “General investment”, are valued at cost. The Company makes the adjustment to devalue those investments when there is indication of impairment.

At the Ordinary Shareholders' meeting of Siam Okamura International Co., Ltd. No. 1/2013 held on 23 September 2013, its shareholders passed a resolution to pay cash dividend to shareholders from net profit for the year ended 30 June 2013 at Baht 100 per share, for 200,000 common shares totaling Baht 20,000,000 which was paid on 27 September 2013.

As at 30 June 2014 and 2013, the Company had allowance for decline in value of investment in shares of an affiliated company, Formica (Thailand) Co., Ltd., amounting of Baht 1.42 million and Baht 10.11 million, respectively, based on the portion of investments in such companies. During 2014, the Company reversed allowance for decline in value of investment in shares of an affiliated company amounted of Baht 8.68 million.

During 2014, the Company mortgaged its investment in totaling 3,361,400 shares of associated company as collateral for the bills of exchange from financial institution of Baht 50 million, as discussed in note 15.

As at 30 June 2014 and 2013, the balances of investments in subsidiaries and 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		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
<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	104,044	103,785		
Siam Steel Service Center Public Company Limited	Steel cutting services and manufacturing of element steel parts	639,998	639,998	22.76	21.01	127,428	67,228	561,916	466,854		
						<u>162,627</u>	<u>102,427</u>	<u>665,960</u>	<u>570,639</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	5,954	6,124		
	Total investments in associated companies					<u>167,427</u>	<u>107,227</u>	<u>671,914</u>	<u>576,763</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
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660			5,392	4,350
	Total investment in related companies					<u>49,712</u>	<u>49,712</u>			<u>5,392</u>	<u>19,286</u>
	<u>Less</u> Allowance for decline value of investments					<u>(1,425)</u>	<u>(10,107)</u>				
	Net					<u>48,287</u>	<u>39,605</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>53,287</u>	<u>44,605</u>				

(In Thousand Baht)

Type of business	Separate F/S								
	Paid-up Share capital		Percentage of shareholding		Cost method		Dividend income		
	2014	2013	2014	2013	2014	2013	2014	2013	
<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	10,199
Siam Steel OC Co., Ltd.	Distribution of finished buildings, wall and relating products	20,000	20,000	51	51	10,200	10,200	-	-
Total investment in subsidiary companies						95,399	95,399	10,199	10,199
<u>Less</u> Allowance for decline in value of investments						(63,000)	(63,000)		
Net						32,399	32,399		
<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	22.76	21.01	127,428	67,228	55,350	48,405
Total investment in associated companies						162,627	102,427	55,350	48,405
<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
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660	5,392	4,350
Total investments in related companies						49,712	49,712	5,392	19,286
<u>Less</u> Allowance for decline in value of investments						(1,425)	(10,107)		
Net						48,287	39,605		
<u>Joint ventures</u>									
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	65	-	-
<u>Less</u> Allowance for decline in value of investments						(49)	(49)		
Net						16	16		
Total dividend income from investments accounted for by cost method								70,941	77,890



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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Opening balance	576,763	530,256	102,427	102,427
Effect of change in accounting policy for employee past service benefits obligation	(1,469)	2,336	-	-
Purchase of investments in associates increased during the year	60,200	-	60,200	-
Share of profits of investment - equity method	91,939	93,675	-	-
Share of loss of investment - equity method	(170)	(1,100)	-	-
Dividend income	(55,349)	(48,404)	-	-
Ending balance	<u>671,914</u>	<u>576,763</u>	<u>162,627</u>	<u>102,427</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

	(Unit : Thousand Baht)				
	Consolidated F/S				
	2013	Increase	Decrease	Transfer	2014
<u>At Cost</u>					
Land	250,243	-	-	(41,091)	209,152
Buildings and improvements	911,340	9,553	2,851	(85,225)	832,817
Leasehold right and improvements	1,746	-	-	-	1,746
Machinery and equipment	623,808	1,288	-	(38,254)	586,842
Furniture, fixtures and office equipment	261,251	9,865	1,823	(4,074)	265,219
Transportation equipment	27,305	-	190	-	27,115
Machinery and building under installation	75,196	16,363	175	(75,435)	15,949
Total	<u>2,150,889</u>	<u>37,069</u>	<u>5,039</u>	<u>(244,079)</u>	<u>1,938,840</u>
<u>Less Accumulated Depreciation</u>					
Buildings and improvements	557,343	27,633	1,278	(35,978)	547,720
Leasehold right and improvements	1,746	-	-	-	1,746
Machinery and equipment	555,842	13,790	-	(36,147)	533,485
Furniture, fixtures and office equipment	235,353	9,093	1,712	(3,132)	239,602
Transportation equipment	14,572	3,782	142	-	18,212
Total	<u>1,364,856</u>	<u>54,298</u>	<u>3,132</u>	<u>(75,257)</u>	<u>1,340,765</u>
<u>Less Allowance for impairments</u>					
Land	6,517	-	-	-	6,517
Buildings and improvements	12,603	-	2,520	-	10,083
Total	<u>19,120</u>	<u>-</u>	<u>2,520</u>	<u>-</u>	<u>16,600</u>
Property, plant and equipment – Net	<u>766,913</u>				<u>581,475</u>

(Unit : Thousand Baht)

	Separate F/S				2014
	2013	Increase	Decrease	Transfer	
<b>At Cost</b>					
Land	250,243	-	-	(41,091)	209,152
Buildings and improvements	911,340	9,553	2,851	(85,225)	832,817
Leasehold right and improvements	1,746	-	-	-	1,746
Machinery and equipment	623,808	1,288	-	(38,254)	586,842
Furniture, fixtures and office equipment	209,100	1,530	344	(4,074)	206,212
Transportation equipment	21,797	-	190	-	21,607
Machinery and building under installation	75,196	16,363	175	(75,435)	15,949
<b>Total</b>	<b>2,093,230</b>	<b>28,734</b>	<b>3,560</b>	<b>(244,079)</b>	<b>1,874,325</b>
<b>Less Accumulated Depreciation</b>					
Buildings and improvements	557,343	27,633	1,278	(35,978)	547,720
Leasehold right and improvements	1,746	-	-	-	1,746
Machinery and equipment	555,842	13,790	-	(36,147)	533,485
Furniture, fixtures and office equipment	190,823	6,743	252	(3,132)	194,182
Transportation equipment	10,806	3,233	142	-	13,897
<b>Total</b>	<b>1,316,560</b>	<b>51,399</b>	<b>1,672</b>	<b>(75,257)</b>	<b>1,291,030</b>
<b>Less Allowance for impairments</b>					
Land	6,517	-	-	-	6,517
Buildings and improvements	12,603	-	2,520	-	10,083
<b>Total</b>	<b>19,120</b>	<b>-</b>	<b>2,520</b>	<b>-</b>	<b>16,600</b>
<b>Property, plant and equipment – Net</b>	<b>757,550</b>				<b>566,695</b>

Depreciation for the years ended 30 June 2014 and 2013 amounted to Baht 51.78 million and Baht 45.37 million, respectively, for the consolidated financial statements, and amounted to Baht 48.88 million and Baht 41.77 million, respectively, for the separate financial statements.

As at 30 June 2014 and 2013, the gross carrying amount of fully depreciated building and equipment still in use amounted to Baht 1,021.90 million and Baht 992.72 million, respectively, for the consolidated financial statements, and amounted to Baht 979.68 million and Baht 954.03 million, respectively, for the separate financial statements.

During 2014, the Company suspended its manufacturing line in Bangna factory and sales office - Prakanong branch. The Company therefore, reclassified the net book values of land, buildings, machinery and equipments of Bangna factory and land and buildings of sales office - Prakanong branch, totalling Baht 165.40 million and Baht 3.42 million, respectively, to assets not used in operation.

13. ASSETS NOT USED IN OPERATION

	Thousand Baht		
	30 June 2013	Transfer in	30 June 2014
At Cost			
Land	-	41,091	41,091
Buildings and improvements	-	157,023	157,023
Machinery and equipment	-	41,891	41,891
Furniture, fixtures and office equipment	-	4,074	4,074
Total	-	244,079	244,079
<u>Less</u> Accumulated Depreciation			
Buildings and improvements	-	35,979	35,979
Machinery and equipment	-	36,146	36,146
Furniture, fixtures and office equipment	-	3,132	3,132
Total	-	75,257	75,257
Assets not use in operation - net	-	168,822	168,822

As at 30 June 2014, assets not used in operation are presented at cost less accumulated depreciation and provision for impairment (if any). The Company hired an independent appraiser to appraise its assets not used in operation. Based on the report of the independent appraiser, the appraised value of land and related assets of the Bangna factory amounted to Baht 401.64 million. The Company considers the fair value of its land and buildings of Prakanong branch by comparing the appraised price from The Treasury Department which is approximately Baht 29.44 million. (net of estimated selling expenses)

14. DEFERRED INCOME TAX ASSEST / TAX EXPENSES

Deferred income tax assets/liabilities as at 30 June 2014 and 2013, which were resulted from temporary differences between those assets/liabilities for income tax computation purpose and assets/liabilities for accounting purpose are summarized below :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Deferred income tax assets</u>				
From allowance for doubtful accounts of trade accounts receivable from sales and service	279	863	279	302
From allowance for doubtful accounts of trade accounts receivable from construction work	96	96	188	188
From allowance for obsolete and decline value in inventories	3,060	2,055	3,060	2,167
From allowance for impairment of investments in subsidiary and other companies	54	1,756	12,895	14,631
From reserve for employee benefits obligation	4,391	10,029	3,888	8,101
From loss carried forward not exceed 5 years	100,647	35,711	99,771	35,536
<b>Total</b>	<b>108,527</b>	<b>50,510</b>	<b>120,081</b>	<b>60,925</b>
<u>Deferred income tax liabilities</u>				
From the difference of depreciation of fixed assets between accounting base and tax base	8,259	3,721	8,259	3,721
<b>Total</b>	<b>8,259</b>	<b>3,721</b>	<b>8,259</b>	<b>3,721</b>
<b>Net</b>	<b>100,268</b>	<b>46,789</b>	<b>111,822</b>	<b>57,204</b>

Tax expenses for the years ended 30 June 2014 and 2013 are as follows :-

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013 (Restated)	2014	2013 (Restated)
Income (loss) before income tax	(251,442)	37,179	(326,391)	(88,157)
<u>Add</u> Transaction added back under the conditions of the Revenue Code	82,846	34,709	79,358	30,307
Loss of the Company and subsidiary companies	376,005	178,555	-	-
<u>Less</u> Other tax exempted income	(150,713)	(157,903)	(125,476)	(119,828)
<b>Net taxable income (loss)</b>	<b>56,696</b>	<b>92,540</b>	<b>(372,509)</b>	<b>(177,678)</b>
Current tax expense under the Revenue Code - at the rate of 20% (2013 : rate of 23%)	11,339	21,284	-	-
Current tax expense under the Revenue Code	11,339	21,284	-	-
The amount of deferred income tax expense relating to temporary differences	(53,479)	(27,696)	(54,618)	(25,325)
Income tax benefits from timing differences	(42,140)	(6,412)	(54,618)	(25,325)

15. SHORT – TERM LOANS FROM FINANCIAL INSTITUTION

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Liabilities under trust receipts	4,154	1,077	4,154	1,077
Bills of exchange	50,000	-	50,000	-
Total	54,154	1,077	54,154	1,077
<u>Less</u> Deferred interest	(693)	-	(693)	-
Net	53,461	1,077	53,461	1,077

As at 30 June 2014, the liabilities under trust receipts bear interest at rates 2.8214 % per annum.

As at 30 June 2014, the bills of exchange bear interest at rates 5.90 % per annum. These bills of exchange are collateralized by the pledge of 3,361,400 shares of an associated company.

16. OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Accrued construction costs	27,884	28,645	27,884	28,645
Accrued employee expenses	22,666	30,789	14,387	20,214
Accrued rental and utilities expenses	2,805	3,803	2,771	3,766
Accrued incentive expenses	1,043	1,230	1,043	1,230
Other accrued expenses	33,142	60,956	29,994	56,834
Other liabilities	4,208	6,344	1,002	3,423
Total	91,748	131,767	77,081	114,112

17. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Opening net book balance as at 1 July	50,146	47,851	40,507	39,201
Current cost recognized in the statement of comprehensive income	4,378	4,409	3,162	3,296
Employee benefits paid during the year	(19,000)	(2,114)	(19,000)	(1,990)
Reversal of liabilities for employee benefits obligation	(13,568)	-	(5,230)	-
Closing net book balance as at 30 June	21,956	50,146	19,439	40,507

The employee benefit expenses were recorded in the statement of comprehensive income for the years ended 30 June 2014 and 2013 as follow :-

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Current service cost	2,510	2,664	1,750	1,949
Financial costs	1,868	1,745	1,412	1,347
Total	4,378	4,409	3,162	3,296

Significant assumptions of reserve for employee benefits obligation based on actuarial techniques as at 30 June 2014 and 2013 are as follows;

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Discount rate : Monthly staff	2.09% - 4.36%	4.41%	4.34%	4.41%
: Daily staff	4.30 %	4.39%	4.30%	4.39%
Average future salary increment rate	4.34% - 6.16%	3.91% - 7.78%	4.34% - 6.09%	3.91% - 4.22%
Mortality rate	TMO 2008	TMO 1997	TMO 2008	TMO 1997
Normal retirement age	60 years	55 and 60 years	60 years	60 years

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 2014, Baht 4.69 million has been contributed to the fund by the Company (2013 : Baht 5.08 million)

21. OTHER INCOME

	Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Tax compensation income	1,162	4,642	1,162	4,642
Rental revenue	23,244	15,261	23,414	15,285
Interest income	4,536	8,817	2,837	7,070
Other service income	2,706	1,996	2,801	1,992
Income from goods guarantee	3,956	3,956	3,956	3,956
Utilities income	4,196	3,877	4,196	3,877
Commission income	-	-	10,862	13,783
Others	23,799	20,465	22,764	19,592
Total	63,599	59,014	71,992	70,197

## 22. EXPENSES BY NATURE

	Thousand Baht			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Raw materials and supplies used	430,849	1,097,972	430,849	1,097,972
Changes in inventories of finished goods and work in process	68,110	30,221	85,915	25,025
Salaries, wages and other employee benefits	398,126	510,548	324,932	436,119
Compensation for product defective	189,067	-	189,067	-
Subcontractor expenses	89,194	243,988	89,194	243,905
Provision for doubtful debts	57,642	1,197	57,642	1,226
Depreciation	51,779	45,370	48,879	41,772
Rental expenses	36,244	66,555	21,929	54,491
Utilities expenses	34,226	48,454	32,060	46,364
Provision (reversal of allowance) for decline value of inventories	4,464	(2,443)	4,464	(1,833)
Provision (reversal of allowance) for impairment of investments	(8,683)	3,114	(8,683)	3,006

The Company had produced the unit houses and sold to overseas customer in the previous years. However, during the second quarter of the fiscal year 2013/2014, such customers submitted the claim for defective units for a significant amount. After negotiation, the Company agreed to pay compensation for a total amount of Baht 189.07 million, or 5.13% of total revenues for such customers.



23. SEGMENTAL FINANCIAL INFORMATION

	In Thousand Baht					
	Domestic		Export		Total	
			For the years ended 30 June			
	2014	2013	2014	2013	2014	2013
<b>Consolidated</b>						
Sales and services - net	1,961,001	2,274,770	180,921	1,217,845	2,141,922	3,492,615
Costs of sales and services	(1,637,306)	(1,792,079)	(194,301)	(1,096,473)	(1,831,607)	(2,888,552)
Gross profit	<u>323,695</u>	<u>482,691</u>	<u>(13,380)</u>	<u>121,372</u>	<u>310,315</u>	<u>604,063</u>
Revenues from construction work	-	66,200	-	-	-	66,200
Costs of construction work	-	(60,298)	-	-	-	(60,298)
Gross profit	<u>-</u>	<u>5,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,902</u>
Total gross profit	<u>323,695</u>	<u>488,593</u>	<u>(13,380)</u>	<u>121,372</u>	<u>310,315</u>	<u>609,965</u>
Gain (loss) on exchange rate					21,733	(26,412)
Depreciation					51,779	45,370
Allowance for doubtful debts					(57,642)	(1,197)
Compensation for product defective					(189,067)	-
Income (loss) before income tax					<u>(251,442)</u>	<u>37,179</u>
Trade accounts receivable from sales and services - net					448,025	696,854
Inventories - net					390,225	502,502
Property, plant and equipment - net					581,475	766,913
Assets not use in operation - net					168,822	-
Other assets					1,322,914	1,438,664
Total assets as at 30 June					<u>2,911,461</u>	<u>3,404,933</u>

	In Thousand Baht					
	Domestic		Export		Total	
	2014	2013	For the years ended 30 June		2014	2013
		2014	2013			
<b>Separate F/S</b>						
Sales and services - net	954,500	1,097,718	179,072	1,217,845	1,133,572	2,315,563
Costs of sales and services	(818,493)	(848,010)	(192,715)	(1,096,473)	(1,011,208)	(1,944,483)
Gross profit	136,007	249,708	(13,643)	121,372	122,364	371,080
Revenues from construction work	-	66,200	-	-	-	66,200
Costs of construction work	-	(60,298)	-	-	-	(60,298)
Gross profit	-	5,902	-	-	-	5,902
Total gross profit	136,007	255,610	(13,643)	121,372	122,364	376,982
Gain (loss) on exchange rate					20,954	(28,436)
Depreciation					48,879	41,772
Allowance for doubtful debts					(57,642)	(1,226)
Compensation for product defective					(189,067)	-
Loss before income tax					(326,391)	(88,157)
Trade accounts receivable from sales and services - net					299,416	487,149
Inventories - net					300,197	430,155
Property, plant and equipment - net					566,695	757,550
Assets not use in operation - net					168,822	-
Other assets					616,485	815,102
Total assets as at 30 June					1,951,615	2,489,956

#### 24. GUARANTEE

As at 30 June 2014, the Company and subsidiaries have outstanding guarantees of approximately Baht 328.26 million and Bath 3.44 million, respective which were issued by certain local banks in respect of certain performance bonds required in the normal course of business of the Company.

#### 25. COMMITMENTS

25.1 As at 30 June 2014, the Company had outstanding commitments for the project work of the Company with major contractor of Baht 48.03 million.

25.2 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 if required.

- 25.3 As at 30 June 2014, subsidiary company has various operating lease agreement covering its office premises, showroom, warehouse and related utility service and vehicles for periods of 1 – 3 years, approximately Baht 10.66 million per annum.

## 26. DISCLOSURE OF FINANCIAL INSTRUMENTS

### 26.1 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 2014			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	333,078	-	-	333,078
Restricted deposit with bank	325	-	-	325
Short - term loans from financial institution	-	53,461	-	53,461
	In Thousand Baht			
	Separate F/S			
	30 June 2014			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	114,887	-	-	114,887
Short - term loans from financial institution	-	53,461	-	53,461
	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

As of 30 June 2014 and 2013, 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 2014				
	At call	1 - 6 months	7 - 12 months	Total	Interest rate
<u>Financial assets / liabilities</u>					
Cash and cash equivalents	333,078	-	-	333,078	0.37 - 0.70%
Restricted deposit with bank	325	-	-	325	0.37 - 0.70%
Short - term loans from financial institution	4,154	49,307	-	53,461	2.8214 - 5.90%

	In Thousand Baht				
	Separate F/S				
	30 June 2014				
	At call	1 - 6 months	7 - 12 months	Total	Interest rate
<u>Financial assets / liabilities</u>					
Cash and cash equivalents	114,887	-	-	114,887	0.37 - 0.70%
Short - term loans from financial institution	4,154	49,307	-	53,461	2.8214 - 5.90%

	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				Interest rate
	Separate F/S				
	30 June 2013				
	At call	1 - 6 months	7 - 12 months	Total	
<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%

## 26.2 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 2014 are summarized below:

Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Average exchange rate as at 30 June 2014 (Baht per 1 foreign currency unit)
USD	337	170	32.45500
JPY	672	-	0.320348
AUD	6,400	488	30.56725

Below is the summary of the Company's foreign currency denominated assets and liabilities as at 30 June 2014 which were not covered by hedging agreement.

	USD (Thousand)	JPY (Thousand)	AUD (Thousand)
<u>Financial assets</u>			
Cash and cash equivalents	5	672	9
Trade accounts receivable - net	332	-	6,391
<u>Financial liabilities</u>			
Advances from customers	3	-	158
Other current liabilities	11	-	330
Trade accounts payable	156	-	-

### 26.3 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.

### 26.4 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.

### 26.5 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.

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. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on 27 August 2014.