

SIAM 002/2014

February 20, 2014

Attn : The President
The Stock Exchange of Thailand

Subject : Clarification on the Additional Interim Management Discussion and Analysis for the second quarter period ending 31 December 2013, the Changed Performance over 20%

Siam Steel International Public Company Limited would like to clarify additionally the cause of the Statement of Comprehensive Income for the consolidated financial statements of the Company's net loss in the second quarter 2013/2014 was Baht 164 million, increased by Baht 159 million or 3,180 percent from the second quarter 2012/2013. This was mainly due to the following reasons :

1. The Company's total revenues in the second quarter of this year was Baht 523 million, decreased by Baht 363 million or 41 percent from the second quarter of last year. This was mainly resulted from the decrease of export sales and services of "Lucky" Hi-tech Building System due to none of special project from the export sales and services.
2. The Company's compensation in product defects was Baht 189 million, resulting from the defects of prefabricated buildings exported to our 3 international customers in Australia, which the Company has completely shipped to our international customers with recognized in net deferred revenues since the accounting period 2009/2010 to 2012/2013. Afterward, in the second quarter 2013/2014 those 3 customers have claimed to the company about the product defects and asking for the compensation. After the negotiation with the customers, finally the Company is required to pay the compensation to those customers amounted Baht 189 million being 5.13% of the revenues from such customers with recognized in net deferred revenues since the accounting period 2009/2010 to 2012/2013. Those international customers are not related to the Company. However, the Company is aware and emphasizes such problem on the quality control in every process of the manufacturing in order to avoid such problem.

Please be informed accordingly.

Yours sincerely,

(Mr. Surasak Kunanantakul)

Vice President