

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Siam Steel International Public Company Limited

I have audited the accompanying consolidated statements of financial position of Siam Steel International Public Company Limited and subsidiaries and joint ventures as at 30 June 2012 and 2011, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. I have also audited the separate statements of financial position of Siam Steel International Public Company Limited as at 30 June 2012 and 2011, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of presentation. My responsibility is to express opinion on these financial statements based on my audits. I did not audit the financial statements of one subsidiary which is included in the consolidated financial statements. The total assets of this subsidiary is approximately Baht 412.76 million and Baht 335.79 million, or 11.22 percent and 8.59 percent of consolidated total assets as at 30 June 2012 and 2011, respectively. Its total revenues amounted to approximately Baht 1,100.43 million and 779.36 million, or 23.31 percent and 18.49 percent of consolidated total revenues for the years ended 30 June 2012 and 2011, respectively. In addition, the consolidated financial statements for the years ended 30 June 2012 and 2011 includes the equity in net income of an associated company for which the financial statements for the year ended 30 June 2012 and 2011 were reviewed by other auditors. The investment in such associated company represents 11.40 percent and 9.78 percent of total assets in the consolidated statement of financial position as at 30 June 2012 and 2011, respectively, and the equity in net income in such company represents Baht 78.96 million and Baht 72.45 million, or 20.78 percent and 23.53 percent of the consolidated net income for the years ended 30 June 2012 and 2011, respectively. Such amounts as included in the consolidated financial statements were audited and reviewed by other auditors whose reports have been furnished to me. My report, in so far as it relates to those subsidiary and associated companies, are based on the reports of those other auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Such audits include examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audits and the use of the reports of other auditors provide reasonable basis for my opinion.

In my opinion, based on my audits and the use of other auditors' reports, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial positions as at 30 June 2012 and 2011 and the consolidated results of operations and cash flows for the years then ended of Siam Steel International Public Company Limited and its subsidiaries and joint ventures, and the separate financial positions as at 30 June 2012 and 2011 and the results of operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Without modifying my above audit report, I draw attention to information as discussed in Note 2 to the financial statements that effective 1 July 2011, the Company adopted the new and amended accounting and financial reporting standards issued by the Federation of Accounting Professions for the preparation and presentation of financial statements. The financial statements for the year ended 30 June 2011, presented herein for comparative purpose, have been modified and presented in new format to conform with the financial statements for the year ended 30 June 2012.

Mrs. Sumalee Chokdeeanant

Certified Public Accountant

Registration No. 3322

Bangkok, Thailand

27 August 2012

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 AND 2011

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2012	2011	2012	2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	860,303,271	690,065,453	739,292,197	593,369,003
Trade accounts receivable from sales and services					
- general customers - net	9	624,855,335	419,279,908	428,513,388	238,350,720
- related companies - net	8, 9	21,851,757	16,433,191	26,971,371	17,768,096
Trade accounts receivable from construction work					
- general customers	9	-	705,600	-	-
- related companies - net	8, 9	2,376,815	14,374,609	4,660,422	70,709,119
Unbilled accrued income					
- general customers	10	41,528,975	128,338,386	41,528,975	92,155,572
- related companies - net	8, 10	-	42,321,814	-	82,983,949
Inventories - net	11	559,858,671	936,457,447	482,924,524	892,372,696
Receivables from and advances					
to related companies	8	4,604,111	-	6,733,210	1,855,339
Share subscription receivable		-	36,000,000	-	-
Other current assets	12	59,654,816	95,213,116	54,140,182	95,664,070
Total Current Assets		2,175,033,751	2,379,189,524	1,784,764,269	2,085,228,564
NON - CURRENT ASSETS					
Restricted deposits with banks	13	460,625	76,702,011	-	76,524,820
Retentions receivable		235,648,678	125,187,308	235,648,678	125,187,308
Investments accounted for by the equity method					
- Associated companies	14	530,256,289	493,423,526	-	-
Investments - at cost					
- Subsidiary companies - net	14	-	-	22,199,300	10,199,300
- Associated companies	14	-	-	102,427,400	102,427,400
- Other companies - net	14	47,718,903	43,250,215	42,718,903	38,250,215
- Joint ventures - net	14	-	-	16,000	16,000
Property, plant and equipment - net	15	658,249,957	653,015,139	648,468,233	643,410,436
Refundable value added tax		7,232,025	86,475,547	5,821,840	72,381,305
Income tax withheld at sources		4,212,617	5,564,144	-	-
Other non - current assets - net		19,227,389	27,977,098	11,131,630	21,667,005
Total Non - Current Assets		1,503,006,483	1,511,594,988	1,068,431,984	1,090,063,789
TOTAL ASSETS		3,678,040,234	3,890,784,512	2,853,196,253	3,175,292,353

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

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
 STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2012 AND 2011

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short - term loans from financial institution	16	-	63,444,164	-	63,444,164
Trade accounts payable - general suppliers		445,287,154	309,006,438	414,667,903	283,861,736
Payables to and advances from related companies	8	97,242,511	71,802,792	58,775,372	33,456,075
Advances and deposits from customers					
- general customers		120,280,549	651,370,670	118,362,338	649,359,393
- related companies	8	3,095,400	4,591,929	3,095,400	6,029,771
Accrued income tax	24	17,235,475	33,586,681	233,068	21,593,264
Other current liabilities	17	154,560,092	193,722,713	137,758,738	176,670,004
Total Current Liabilities		837,701,181	1,327,525,387	732,892,819	1,234,414,407
NON - CURRENT LIABILITIES					
Employee benefits obligation	18	47,850,852	-	39,201,186	-
Other non - current liabilities		9,365,079	12,931,300	9,365,079	12,931,300
Total Non - Current Liabilities		57,215,931	12,931,300	48,566,265	12,931,300
TOTAL LIABILITIES		894,917,112	1,340,456,687	781,459,084	1,247,345,707
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	19	59,312,585	59,312,585	59,312,585	59,312,585
- Unappropriated		1,913,106,952	1,710,343,309	1,346,895,052	1,203,104,529
Shareholders' equity attributable					
to the Company's shareholders		2,637,949,069	2,435,185,426	2,071,737,169	1,927,946,646
Non - controlling interests in subsidiaries		145,174,053	115,142,399	-	-
TOTAL SHAREHOLDERS' EQUITY		2,783,123,122	2,550,327,825	2,071,737,169	1,927,946,646
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		3,678,040,234	3,890,784,512	2,853,196,253	3,175,292,353

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 2012 AND 2011

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2012	2011	2012	2011
REVENUES					
Sales and services - net		4,284,563,557	3,939,839,675	3,189,204,453	3,155,714,956
Revenues from construction work		194,811,297	128,118,573	194,811,297	135,530,007
Total revenues	8, 25	4,479,374,854	4,067,958,248	3,384,015,750	3,291,244,963
COSTS					
Costs of sales and services		3,365,018,214	3,172,549,131	2,491,341,382	2,555,292,126
Costs of construction work		177,427,307	112,369,193	177,427,307	119,780,627
Total costs	8, 11, 23, 25	3,542,445,521	3,284,918,324	2,668,768,689	2,675,072,753
Gross income		936,929,333	783,039,924	715,247,061	616,172,210
Gain on foreign exchange rates		35,193,888	4,105,151	36,059,643	3,979,639
Dividend income	8, 14	7,754,463	9,619,482	42,713,023	47,637,832
Other income	8, 22	118,825,116	66,638,846	124,611,491	75,443,533
Income before expenses		1,098,702,800	863,403,403	918,631,218	743,233,214
Selling expenses	8	(354,193,898)	(240,941,006)	(351,553,392)	(238,600,693)
Administrative expenses	8	(329,785,753)	(316,691,664)	(208,166,422)	(217,604,750)
Reversal of allowance (allowance) for doubtful debts and bad debt	8	(3,296,411)	39,692,507	12,163,016	4,729,955
Reversal of allowance (allowance) for impairment of investment		4,468,688	2,728,719	(8,531,312)	2,679,719
Total expenses	23	(682,807,374)	(515,211,444)	(556,088,110)	(448,795,769)
Income from operations		415,895,426	348,191,959	362,543,108	294,437,445
Equity in net income of associated companies - net		80,594,607	66,029,204	-	-
Income before finance cost and income tax		496,490,033	414,221,163	362,543,108	294,437,445
Financial costs		(2,764,754)	(14,778,232)	(2,764,754)	(14,778,232)
Income before income tax		493,725,279	399,442,931	359,778,354	279,659,213
Income tax	24	(113,819,390)	(71,742,838)	(85,259,173)	(54,743,450)
Net income for the year		379,905,889	327,700,093	274,519,181	224,915,763
Other comprehensive income for the year		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		379,905,889	327,700,093	274,519,181	224,915,763
COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
The Company's shareholders		346,312,752	307,961,859	274,519,181	224,915,763
Non - controlling interests in subsidiaries		33,593,137	19,738,234	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		379,905,889	327,700,093	274,519,181	224,915,763
BASIC EARNINGS PER SHARE					
Net income attributable to the Company per share (Baht)		0.58	0.52	0.46	0.38
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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 30 JUNE 2012 AND 2011

(Unit : Baht)

	Equity attributable to the Company's shareholders							
	Notes	Paid - up Share Capital	Premium on Share capital	Retained earnings		Total shareholders' equity of the Company	Non-controlling interests	Total
				Legal Reserve	Unappropriated			
Consolidated F/S								
Balance as at 1 July 2010		593,125,849	72,403,683	59,312,585	1,414,241,385	2,139,083,502	98,344,375	2,237,427,877
Net income for the year		-	-	-	307,961,859	307,961,859	19,738,234	327,700,093
Dividend payment of subsidiary company		-	-	-	-	-	(2,940,210)	(2,940,210)
Dividend payment of the Company	20	-	-	-	(11,859,935)	(11,859,935)	-	(11,859,935)
Balance as at 30 June 2011		593,125,849	72,403,683	59,312,585	1,710,343,309	2,435,185,426	115,142,399	2,550,327,825
Balance as at 1 July 2011 as previous reported		593,125,849	72,403,683	59,312,585	1,710,343,309	2,435,185,426	115,142,399	2,550,327,825
The retrospective effects of change in accounting policy for employee benefits	3	-	-	-	(48,652,493)	(48,652,493)	(3,561,483)	(52,213,976)
Balance as at 1 July 2011 as restated		593,125,849	72,403,683	59,312,585	1,661,690,816	2,386,532,933	111,580,916	2,498,113,849
Net income for the year		-	-	-	346,312,752	346,312,752	33,593,137	379,905,889
Dividend payment of the Company	20	-	-	-	(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

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 YEARS ENDED 30 JUNE 2012 AND 2011

(Unit : Baht)						
	Notes	Paid - up Share Capital	Premium on share capital	Retained earnings		Total
				Legal Reserve	Unappropriated	
Separate F/S						
Balance as at 1 July 2010		593,125,849	72,403,683	59,312,585	990,048,701	1,714,890,818
Net income for the year		-	-	-	224,915,763	224,915,763
Dividend payment	20	-	-	-	(11,859,935)	(11,859,935)
Balance as at 30 June 2011		<u>593,125,849</u>	<u>72,403,683</u>	<u>59,312,585</u>	<u>1,203,104,529</u>	<u>1,927,946,646</u>
Balance as at 1 July 2011 as previous reported		593,125,849	72,403,683	59,312,585	1,203,104,529	1,927,946,646
The retrospective effects of change in accounting policy for employee benefits	3	-	-	-	(35,832,042)	(35,832,042)
Balance as at 1 July 2011 as restated		<u>593,125,849</u>	<u>72,403,683</u>	<u>59,312,585</u>	<u>1,167,272,487</u>	<u>1,892,114,604</u>
Net income for the year		-	-	-	274,519,181	274,519,181
Dividend payment	20	-	-	-	(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>

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 2012 AND 2011

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Cash Flows From Operating Activities				
Income before tax	493,725,279	399,442,931	359,778,354	279,659,213
Adjustments to reconcile income before tax to net cash provided from (used in) operating activities:				
Depreciation	50,476,740	77,452,282	46,630,040	71,669,831
Allowance (reversal of allowance) for doubtful debts and bad debt - net	3,296,410	(39,692,507)	(12,163,016)	(4,729,955)
Reversal of allowance for obsolete and decline value of inventories - net	(20,060,186)	(10,002,941)	(19,233,339)	(8,128,933)
Allowance (reversal of allowance) for decline value of investment	(4,468,688)	(2,728,719)	8,531,312	(2,679,719)
Refundable vat written - off	(10,661,901)	-	-	-
Gain on sales of property, plant and equipment	(5,894,995)	(7,007,747)	(5,509,490)	(6,587,861)
Unrealized loss (gain) on foreign exchange	(3,419,907)	17,113,332	(3,419,907)	17,113,332
Interest expense	3,126,447	14,778,232	2,764,754	14,778,232
Equity in net income of associated companies - net	(80,594,607)	(66,029,205)	-	-
Provision for employee benefit obligations	2,392,981	-	1,683,658	-
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	427,917,573	383,325,658	379,062,366	361,094,140
Decrease (increase) in operating assets;				
Trade accounts receivable from sales and services				
- general customers	(207,015,834)	(32,302,983)	(191,603,075)	82,891,012
- related companies	(5,418,566)	(2,536,140)	13,680,165	162,730
Trade accounts receivable from construction work				
- general customers	705,600	9,022,470	-	-
- related companies	10,141,791	52,208,536	56,768,680	234,387,545
Unbilled accrued income				
- general customers	86,809,411	(66,653,136)	50,626,597	(78,094,107)
- related companies	42,321,814	(6,335,443)	82,983,949	(12,422,438)
Inventories	396,658,962	197,304,170	428,681,511	205,994,207
Receivables from and advances to - related companies	(4,604,111)	98,656	(4,877,871)	(641,801)
Other current assets	71,574,657	7,636,252	41,540,245	8,411,872
Retentions receivable	(100,689,710)	(106,691,152)	(100,689,710)	(106,691,152)
Other non - current assets	98,655,132	(8,897,100)	77,094,840	2,617,801
Increase (decrease) in operating liabilities;				
Trade accounts payable - general suppliers	132,530,884	(24,971,766)	127,056,335	(41,665,726)
Payables to and advances from related companies	23,943,190	6,769,560	22,384,926	(16,384,625)
Advances and deposits from customers	(533,708,399)	21,875,615	(533,615,333)	23,333,363
Other current liabilities	(39,114,841)	146,104,731	(38,863,487)	119,645,290
Other non current liabilities	(3,566,221)	3,517,944	(3,566,221)	3,517,944
Cash Provided from Operating Activities	397,141,332	579,475,872	406,663,917	786,156,055
Interest payment	(1,127,047)	(14,756,599)	(1,127,047)	(14,756,599)
Income tax payment	(128,819,069)	(24,173,243)	(106,619,369)	(36,601,695)
Net Cash Provided from Operating Activities	267,195,216	540,546,030	298,917,501	734,797,761

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 2012 AND 2011

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Cash Flows from Investing Activities				
Decrease (increase) in restricted deposits with banks	76,241,386	(55,687,382)	76,524,820	(55,848,337)
Acquisition of property, plant and equipment	(56,341,349)	(27,174,256)	(52,252,622)	(25,334,768)
Proceeds from sales of property, plant and equipment	6,524,785	13,775,069	6,074,275	12,825,347
Increase in investment in subsidiary company and joint venture	-	(36,000,000)	(25,000,000)	(180,000,000)
Dividend received from an associated company	34,958,560	34,958,560	-	-
Net Cash Provided from (Used in) Investing Activities	61,383,382	(70,128,009)	5,346,473	(248,357,758)
Cash Flows from Financing Activities				
Decrease in short-term loan from financial institution	(63,444,164)	(146,224,165)	(63,444,164)	(146,224,165)
Payment of cash dividend	(94,896,616)	(11,859,935)	(94,896,616)	(11,859,935)
Dividend paid to minority interest by subsidiary	-	(2,940,210)	-	-
Net Cash Used in Financing Activities	(158,340,780)	(161,024,310)	(158,340,780)	(158,084,100)
Increase in cash and cash equivalents - net	170,237,818	309,393,711	145,923,194	328,355,903
Cash and cash equivalents at beginning of year	690,065,453	380,671,742	593,369,003	265,013,100
Cash and cash equivalents at end of year	860,303,271	690,065,453	739,292,197	593,369,003
Supplemental cash flows information:				
Non-cash transactions				
The Company recognises provision for employee benefits obligation as at 1 July 2011				
by adjusting the past service cost with retained earnings	48,652,493	-	35,832,042	-

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 2012 AND 2011**

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 2012 and 2011, the Company has major shareholders as follows :

<u>Name</u>	Percentage of Shareholding	
	2012	2011
Mr. Pongsak Pongphundacha	30.11	30.11
Mr. Wanchai Kunanantakul	17.19	17.19
Mr. Surapol Kunanantakul	16.52	16.52
Mr. Anan Raweesangsun	2.26	-
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 years 2010 and 2011, the Federation of Accounting Professions has announced the new and amendments to some accounting standards and financial reporting standards, which are effective for the accounting periods beginning on or after 1 January 2011 and 1 January 2013. The Company has adopted those standards which are effective for the accounting periods beginning on or after 1 January 2011 in this the financial statements. The standards which impact the changes to the financial statements from pervious year are as follows:

TAS 1 (Revised 2009): Presentation of financial statements

Presentation of financial statements, a set of financial statements comprises statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows and notes to financial statements. The change impacts only the presentation of financial information with no effect to net income or earnings per share.

TAS 16 (Revised in 2009): Property, plant and equipment

The significant changes that affect the Company are the determination of depreciation for assets based on the segregation of components of assets, if each part is significant with different useful lives, and the residual value of such asset that needs to be estimated with present value, if it has useful life under the current condition at the end of its useful life. In addition, the residual value and useful life of an asset have to be reviewed at least at the end of the year.

The changes have been applied prospectively in accordance with the transitional provisions of the revised TAS. However, this revised standard does not cause significant impact to the property, plant and equipment of the Company.

TAS 19 : Employee benefits

Post-employment benefits (Defined contribution plan)

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

Post-employment benefits (Defined benefit plan)

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

Other long-term employee benefits

The Company and subsidiaries have obligation for long-service benefits.

The obligation under the defined benefit plan and other long-term employee benefits is determined by actuary, using the projected unit credit method.

For the first-time adoption of TAS 19, the Company elected to recognise the transitional liability, through an adjustment to the retained earnings as at 1 July 2011 as permitted as an option under the transitional of this standard that are presented in the Note 18 to the financial statements.

TAS 24 (Revised 2009) : Related party disclosures

The significant change is to disclose key management personnel compensation.

TAS 12 : Income Taxes

This accounting standard requires the Company and subsidiaries to identify temporary differences, which are differences between the carrying amount of assets or liabilities in the accounting records and their tax based, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 21 (revised 2009) : The Effects of Changes in Foreign Exchange Rates

This accounting standard requires the Company and subsidiaries to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when this standard is adopted.

3. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES FROM THE ADOPTION OF NEW ACCOUNTING STANDARDS

During the current period, the Company and its subsidiaries made changes to their significant accounting policies described in Note 2, as a result of the adoption of revised and new accounting standards. The cumulative effects of the changes in the accounting policies are separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position as at 30 June 2012 are summarised below:

	In Thousand Baht	
	30 June 2012	
	CONSOLIDATED F/S	SEPARATE F/S
Statements of financial position		
Retained earnings at 30 June 2011 – as previously reported	1,710,343	1,203,105
Increase in provision for long-term employee benefits	(43,411)	(35,832)
Decrease in investment in associated companies	(8,803)	-
Decrease in non - controlling interests	3,562	-
Retained earnings as at 1 July 2011 – adjusted	1,661,691	1,167,273

4. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

- 4.1 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 with voting right, and joint ventures which the Company can exercise control as follows :

Company	Percentage of shareholding		Type of business
	2012	2011	
<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.
<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

- 4.2 Significant intercompany transactions with subsidiaries and joint ventures included in the consolidated financial statements have been eliminated.
- 4.3 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.
- 4.4 As of 30 June 2012 and 2011, the total assets of subsidiaries represent 11.73 percent and 8.88 percent, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiaries for the years ended 30 June 2012 and 2011, represent 23.72 percent and 18.73 percent, respectively, of the total revenues in the consolidated financial statements.
- 4.5 The consolidated financial statements as at 30 June 2012 and 2011, and for the years ended 30 June 2012 and 2011 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	
	2012	2011
Current assets	717	81,689
Non-current assets	2,580	16,625
Current liabilities	14,426	101,696

	In Thousand Baht	
	Consolidated F/S	
	For the years ended 30 June	
	2012	2011
Revenues	2,241	7,787
Expenses	9,989	8,930

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.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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".

5.8 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.

5.9 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.

5.10 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.

5.11 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.

5.12 Income tax

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

5.13 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.

5.14 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.

5.15 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.

5.16 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.

5.17 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.

5.18 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.

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

6.1 Critical accounting estimates, assumption and judgments

6.1.1 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.

6.1.2 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.

6.1.3 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.

6.1.4 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.

6.1.5 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.

6.1.6 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.

6.1.7 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.

6.1.8 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.

6.1.9 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.

6.2 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.

7. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Cash	358	445	244	343
Deposits with financial institutions				
- Current accounts	7,321	104,507	7,321	104,507
- Savings accounts	628,683	532,120	488,189	434,488
- Fixed deposit with maturity less than 3 months	250,002	105,000	250,002	105,000
- Cheques in transit	(26,061)	(52,007)	(6,464)	(50,969)
Total	<u>860,303</u>	<u>690,065</u>	<u>739,292</u>	<u>593,369</u>

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

8. 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 2012 and 2011, the account balances with related companies are as follows :

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Trade accounts receivable from sales and services				
<u>Subsidiary companies</u>				
Sri Chareon International Co., Ltd.	-	-	4,776	24,073
Siam Okamura International Co., Ltd.	-	-	357	283
Total	-	-	5,133	24,356
<u>Less</u> Allowance for doubtful accounts	-	-	-	(22,883)
Net	-	-	5,133	1,473
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	648	514	648	514
Siam Steel Service Center Public Company Limited	68	162	68	162
Total	716	676	716	676
<u>Related companies</u>				
Lucky – Kingdom Center (Chiangmai) Co., Ltd.	11,971	5,722	11,971	5,722
Lucky – Kingdom Center (Nakornratchasima) Co., Ltd.	5,683	7,774	5,683	7,774
Siam Chitose Co., Ltd.	2,581	1,825	2,581	1,825
Unity Service Co., Ltd.	111	110	111	110
Others	790	326	776	188
Total	21,136	15,757	21,122	15,619
Total trade accounts receivable from sale and services – related companies – net	21,852	16,433	26,971	17,768
Trade accounts receivable from construction work				
<u>Joint ventures</u>				
Siam Steel-Wangsingcome	-	-	14,164	74,843
Siam Steel-Kanok Furniture	-	-	5,600	1,690
Total	-	-	19,764	76,533
<u>Less</u> Allowance for doubtful accounts	-	-	(15,104)	(5,824)
Net	-	-	4,660	70,709

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
<u>Outstanding balances and portion of other</u>				
<u>joint ventures' partners</u>				
Siam Steel-Wangsingcome	2,833	14,969	-	-
Siam Steel-Kanok Furniture	2,856	862	-	-
Total	5,689	15,831	-	-
<u>Less</u> Allowance for doubtful accounts	(3,312)	(1,456)	-	-
Net	2,377	14,375	-	-
Total accounts receivable from construction work				
- related companies – net	2,377	14,375	4,660	70,709
Unbilled accrued income				
<u>Joint venture</u>				
Siam Steel-Kanok Furniture	-	-	-	82,984
<u>Outstanding balance and portion of other</u>				
<u>joint venture's partner</u>				
Siam Steel-Kanok Furniture	-	42,322	-	-
Total unbilled accrued income – related company	-	42,322	-	82,984
Receivables from and advances to related				
Companies				
<u>Subsidiary company</u>				
Siam Okamura International Co., Ltd.	-	-	2,005	1,855
<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.	4,475	-	4,475	-
Total receivables from and advances to				
related companies	4,604	-	6,733	1,855

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

In Thousand Baht

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Trade accounts payable				
<u>Associated companies</u>				
Siam Okamura Steel Co., Ltd.	52,613	47,325	14,969	11,055
Siam Steel Service Center Public Company Limited	269	149	268	149
Total	52,882	47,474	15,237	11,204
<u>Related companies</u>				
Siam Chitose Co., Ltd.	34,643	18,635	34,643	18,635
Formica (Thailand) Co., Ltd.	6,996	2,481	6,996	2,481
Others	823	2,015	-	-
Total	42,462	23,131	41,639	21,116
Total trade accounts payable - related companies	95,344	70,605	56,876	32,320
Advances from				
<u>Joint venture</u>				
Siam Steel - Thai Service	-	-	-	16
<u>Subsidiary company</u>				
Siam Okamura International Co., Ltd.	-	-	-	60
<u>Associated company</u>				
Siam Steel Service Center Public Company Limited	87	123	87	123
<u>Related companies</u>				
Unity Service Co., Ltd.	1,812	937	1,812	937
Others	-	138	-	-
Total	1,812	1,075	1,812	937
Total advances from related companies	1,899	1,198	1,899	1,136
Total trade accounts payable and advances from related companies	97,243	71,803	58,775	33,456

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Advances and deposits from customers;				
<u>Joint venture</u>				
Siam Stejel - Kanok Furniture	-	-	-	2,935
<u>Related company</u>				
Formica (Thailand) Co., Ltd.	3,095	3,095	3,095	3,095
<u>Outstanding balance and portion of other</u>				
<u>joint venture's partner</u>				
Siam Steel - Kanok Furniture	-	1,497	-	-
Total advances and deposits from customers				
- related companies	3,095	4,592	3,095	6,030

The significant transactions with related companies for the years ended 30 June 2012 and 2011 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			
	2012	2011	2012	2011
Sales and services income	60,848	54,496	79,415	61,274
Revenues from construction work	-	7,714	-	15,125
Revenues from sales of raw materials, factory supplies and others	30,163	9,704	43,880	18,265
Rental revenue	13,266	13,266	13,290	13,290
Dividend income	7,754	9,619	42,713	47,638
Reversal of allowance for doubtful accounts	-	36,000	22,883	1,500
Purchases of finished goods	704,850	459,014	165,622	118,348
Purchases of raw materials	28,876	22,302	28,876	22,302
Administrative and other expenses	56,902	54,216	13,492	11,236
Land and factory rental	17,400	17,400	17,400	17,400
Allowance for doubtful accounts	1,856	479	9,280	939
<u>Key management personnel compensation</u>				
Short-term employee benefits	29,294	26,278	24,768	21,790
Post-employment benefits	765	-	749	-
Total	<u>30,059</u>	<u>26,278</u>	<u>25,517</u>	<u>21,790</u>

On 1 December 2011, the Company entered into 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.

9. TRADE ACCOUNTS RECEIVABLE

As at 30 June 2012 and 2011, 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	
	2012	2011	2012	2011
<u>Trade accounts receivable – general customers</u>				
Current	472,954	288,451	374,894	200,771
Overdue:				
Less than 3 months	135,356	118,172	41,986	33,170
3 months – 6 months	10,586	10,241	5,671	2,241
6 months – 12 months	4,069	1,527	4,069	1,280
Over 12 months	6,239	5,707	3,413	2,019
Total	629,204	424,098	430,033	239,481
<u>Less</u> Allowance for doubtful accounts	(4,349)	(4,818)	(1,520)	(1,130)
Net	624,855	419,280	428,513	238,351
<u>Trade accounts receivable - related companies</u>				
Current	18,585	13,853	21,423	15,188
Overdue:				
Less than 3 months	3,267	2,580	5,548	2,580
Over 12 months	-	-	-	22,883
Total	21,852	16,433	26,971	40,651
<u>Less</u> Allowance for doubtful accounts	-	-	-	(22,883)
Net	21,852	16,433	26,971	17,768

Trade accounts receivable – construction work

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
<u>Trade accounts receivable – general customers</u>				
Overdue:				
More than 12 months	-	706	-	-
Total	-	706	-	-
<u>Trade accounts receivable - related companies</u>				
Overdue:				
Less than 3 months	2,856	-	5,600	-
More than 12 months	2,833	15,831	14,164	76,533
Total	5,689	15,831	19,764	76,533
<u>Less</u> Allowance for doubtful accounts	(3,312)	(1,456)	(15,104)	(5,824)
Net	2,377	14,375	4,660	70,709

10. UNBILLED ACCRUED INCOME

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
<u>General customers</u>				
Project value as per contracts	365,520	519,912	365,520	319,649
Accumulated amount recognized as revenues on percentage of completion basis	329,102	326,164	329,102	125,901
<u>Less</u> Value of construction work billed	(287,573)	(197,826)	(287,573)	(33,745)
Net	41,529	128,338	41,529	92,156
<u>Related companies</u>				
Project value as per contract	-	190,208	-	372,956
Accumulated amount recognized as revenues on percentage of completion basis	-	190,208	-	372,956
<u>Less</u> Value of construction work billed	-	(147,886)	-	(289,972)
Net	-	42,322	-	82,984

11. INVENTORIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Finished goods	181,264	459,474	103,721	413,954
Work in process	135,976	235,559	135,976	235,559
Raw materials and supplies	255,896	274,761	255,896	274,761
Total	573,136	969,794	495,593	924,274
<u>Less</u> Allowance for obsolete and decline value of inventories	(13,277)	(33,337)	(12,668)	(31,901)
Net	559,859	936,457	482,925	892,373

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	
	2012	2011	2012	2011
Balance as at 1 July	33,337	43,340	31,901	40,030
<u>Add</u> Additional allowance during the year	366	4,543	-	4,543
<u>Less</u> Reversal of allowance during the year	(20,426)	(14,546)	(19,233)	(12,672)
Balance as at 30 June	13,277	33,337	12,668	31,901

Costs of inventories which were recognised as expenses for the years ended 30 June 2012 and 2011 are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Costs of goods sold	3,562,506	3,294,921	2,688,002	2,683,202
Reversal of allowance for obsolete and decline value of inventories - net	(20,060)	(10,003)	(19,233)	(8,129)
Total costs of goods sold	3,542,446	3,284,918	2,668,769	2,675,073

12. OTHER CURRENT ASSETS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Deposits	28,973	49,940	28,973	49,928
Penalty compensation	9,739	21,423	9,739	21,423
Prepaid expenses	5,541	10,903	4,763	10,104
Retention receivable	4,592	-	4,592	-
Undue input vat	4,214	4,230	3,532	3,278
Cash advances	1,813	7,524	996	6,900
Accrued dividend income	-	-	-	3,060
Others	4,783	1,193	1,545	971
Total	59,655	95,213	54,140	95,664

13. RESTRICTED DEPOSITS WITH BANKS

As at 30 June 2012 and 2011, the Company's and a subsidiary's time deposits totaling Baht 0.50 million and Baht 76.70 million, respectively, for consolidated financial statements, and as at 30 June 2011 of Baht 76.53 million for the separate financial statements, have been placed with banks as collaterals for bank guarantees and for importation of materials issued on behalf of the Company and subsidiaries.

14. INVESTMENTS IN SUBSIDIARIES AND RELATED COMPANIES

Investments in associated companies are accounted for by the equity method in the consolidated statement of financial position and by the cost method in the separate statement of financial position.

During the year 2011/2012, Sri Chareon International Co., Ltd. increased its share capital of Baht 25 million to be Baht 75 million. The Company purchased all increment shares and fully paid.

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-subsidiaries 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.

The Company entered into a Joint-Venture Agreement with Wangsingcome Engineering Company Limited to form “Siam Steel-Wangsingcome Joint-Venture” to provide renovation services for the Chiang Mai International Airport. The signed service contract under the joint venture amounted to Baht 405.72 million. As at 30 June 2011, the construction work is 100% completed. The Joint venture has recorded all related construction expenses adequately.

The Company entered into a Joint-Venture Agreement with Kanok Furniture and Decoration Co., Ltd. to form “Siam Steel-Kanok Furniture Joint-Venture” to provide interior decoration services for the office building of the Government Center. The signed service agreement under the joint venture amounted to Baht 437.31 million. As at 30 June 2011, the work is about 100% completed.

As at 30 June 2011 and 2010, the Company had provided allowance for impairment of investment in shares of an affiliated company, Formica (Thailand) Co., Ltd., amounting to Baht 6.99 million and 11.46 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 2012 and 2011 were computed from financial statements of those companies based on unaudited financial statements but reviewed by auditors. As at 30 June 2012 and 2011, the total investment in those associated companies amounted to approximately Baht 530.26 million and Baht 493.42 million, 14.42% and 12.62% respectively, of the Company’s consolidated total asset. The share of profit of such associated companies for the years ended 30 June 2012 and 2011, amounted to approximately Baht 80.59 million and 66.03 million, 23.27% and 21.44%, respectively, of net income of the Company’s consolidated financial statements.

As at 30 June 2012 and 2011, 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	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<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	104,884	105,085		
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	419,430	382,393		
						<u>102,427</u>	<u>102,427</u>	<u>524,314</u>	<u>487,478</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	5,942	5,946		
Total investments in associated companies						<u>107,227</u>	<u>107,227</u>	<u>530,256</u>	<u>493,424</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			5,476	4,979
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660			2,278	4,641
Total investment in related companies						<u>49,712</u>	<u>49,712</u>			<u>7,754</u>	<u>9,620</u>
<u>Less Allowance for decline value of investments</u>						<u>(6,993)</u>	<u>(11,462)</u>				
Net						<u>42,719</u>	<u>38,250</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>47,719</u>	<u>43,250</u>				

(In Thousand Baht)

Type of business	Separate F/S								
	Paid-up Share capital		Percentage of shareholding		Cost method		Dividend income		
	2012	2011	2012	2011	2012	2011	2012	2011	
<u>Investments accounted for by cost method</u>									
<u>Subsidiary companies</u>									
Sri Chareon International Co., Ltd.	Distribution of steel furniture	75,000	50,000	99.99	99.99	75,000	49,999	-	-
Siam Okamura International Co., Ltd.	Distribution of steel furniture	20,000	20,000	51	51	10,199	10,199	-	3,060
Total investment in subsidiary companies						85,199	60,198	-	3,060
<u>Less</u> Allowance for decline in value of investments						(63,000)	(49,999)		
Net						22,199	10,199		
<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	34,958	34,958
Total investment in associated companies						102,427	102,427	34,958	34,958
<u>Related companies</u>									
Formica (Thailand) Co., Ltd.	Manufacturing of melamine laminated products	199,150	199,150	5	5	38,052	38,052	5,476	4,979
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660	2,278	4,641
Total investments in related companies						49,712	49,712	7,754	9,620
<u>Less</u> Allowance for decline in value of investments						(6,993)	(11,462)		
Net						42,719	38,250		
<u>Joint ventures</u>									
Siam Steel – Wangsingcome	Construction service	231,000	231,000	80	80	184,800	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						184,865	184,865	-	-
<u>Less</u> Allowance for decline in value of investments						(184,849)	(184,849)		
Net						16	16		
Total dividend income from investments accounted for by cost method								42,713	47,638

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Opening balance	493,424	462,353	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	80,598	72,452	-	-
Share of loss of investment - equity method	(4)	(6,422)	-	-
Dividend income	(34,959)	(34,959)	-	-
Closing balance	<u>530,256</u>	<u>493,424</u>	<u>102,427</u>	<u>102,427</u>

15. PROPERTY, PLANT AND EQUIPMENT

	(Unit : Thousand Baht)				
	Consolidated F/S				
	2011	Increase	Decrease	Transfer	2012
<u>At Cost</u>					
Land	250,243	-	-	-	250,244
Buildings and improvements	871,114	2,851	8,136	8,469	874,298
Leasehold right and improvements	1,746	-	-	-	1,746
Machinery and equipment	601,932	8,495	2,247	12,985	621,165
Furniture, fixtures and office equipment	242,758	12,360	2,530	-	252,588
Transportation equipment	24,055	11,116	8,359	-	26,812
Machinery and building under installation	201	21,519	266	(21,454)	-
Total	<u>1,992,049</u>	<u>56,341</u>	<u>21,538</u>	<u>-</u>	<u>2,026,853</u>
<u>Less Accumulated Depreciation</u>					
Buildings and improvements	522,138	22,993	8,136	-	536,995
Leasehold right and improvements	1,746	-	-	-	1,746
Machinery and equipment	559,829	12,337	1,961	-	570,205
Furniture, fixtures and office equipment	213,133	14,758	2,451	-	225,440
Transportation equipment	18,027	2,909	8,359	-	12,577
Total	<u>1,314,873</u>	<u>52,997</u>	<u>20,907</u>	<u>-</u>	<u>1,346,963</u>
<u>Less Allowance for impairments</u>					
Land	6,517	-	-	-	6,517
Buildings and improvements	17,644	-	-	(2,521)	15,123
Total	<u>24,161</u>	<u>-</u>	<u>-</u>	<u>(2,521)</u>	<u>21,640</u>
Property, plant and equipment - Net	<u>653,015</u>				<u>658,250</u>

(Unit: Thousand Baht)

	Separate F/S				2012
	2011	Increase	Decrease	Transfer	
At Cost					
Land	250,243	-	-	-	250,243
Buildings and improvements	871,115	2,851	8,136	8,469	874,299
Leasehold right and improvements and improvements of leased factory	1,746	-	-	-	1,746
Machinery and equipment	601,932	8,495	2,247	12,985	621,165
Furniture, fixtures and office equipment	195,930	8,271	2,289	-	201,912
Transportation equipment	17,253	11,117	7,500	-	20,870
Machinery and building under installation	201	21,519	266	(21,454)	-
Total	1,938,420	52,253	20,438	-	1,970,235
<u>Less Accumulated Depreciation</u>					
Buildings and improvements	522,138	22,993	8,136	-	536,995
Leasehold right and improvements and improvements of leased factory	1,746	-	-	-	1,746
Machinery and equipment	559,829	12,337	1,961	-	570,205
Furniture, fixtures and office equipment	174,382	11,591	2,276	-	183,697
Transportation equipment	12,754	2,230	7,500	-	7,484
Total	1,270,849	49,151	19,873	-	1,300,127
<u>Less Allowance for impairments</u>					
Land	6,517	-	-	-	6,517
Buildings and improvements	17,644	-	-	(2,521)	15,123
Total	24,161	-	-	(2,521)	21,640
Property, plant and equipment - Net	643,410				648,468

Depreciation for the years ended 30 June 2012 and 2011 amounted to Baht 50.48 million and 77.45 million, million, respectively, for the consolidated financial statements, and amounted to Baht 46.63 million and Baht 71.67 million, respectively, for the separate financial statements.

As at 30 June 2012 and 2011, the gross carrying amount of fully depreciated building and equipment still in use amounted to Baht 957.48 million and Baht 826.96 million, respectively, for the consolidated financial statements, and amounted to Baht 927.08 million and Baht 806.66 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 26 to the financial statements.

16. SHORT - TERM LOANS FROM FINANCIAL INSTITUTION

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Liabilities under trust receipts	-	63,444	-	63,444

As at 30 June 2011, the liabilities under trust receipts bear interest rates ranging between 1.97% - 7.15% per annum. The Company has credit facilities from local banks covering liabilities under trust receipts and other credit facilities totaling Baht 610 million. The Company credit facilities are collateralized by some parts of land of the Company.

17. OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Accrued construction costs	40,625	39,746	40,625	39,746
Accrued employee expenses	29,910	41,653	20,453	34,810
Accrued rental and utilities expenses	4,073	3,481	4,002	3,439
Accrued incentive expenses	1,291	642	1,291	642
Other accrued expenses	72,129	86,315	68,133	79,431
Other liabilities	6,532	21,886	3,255	18,602
Total	154,560	193,723	137,759	176,670

18. EMPLOYEE BENEFITS OBLIGATION

	In Thousand Baht	
	Consolidated F/S	Separate F/S
Opening net book balance	-	-
Effect of change in accounting policy for employee past service benefits obligation	43,411	35,832
Adjusted opening net book balance	43,411	35,832
Current cost recognized in the statement of comprehensive income	5,165	4,094
Employee benefits paid during the year	(725)	(725)
Closing net book balance	47,851	39,201

The employee benefit expenses were recorded in the statement of comprehensive income for the year ended 30 June 2012 :

	In Thousand Baht	
	Consolidated F/S	Separate F/S
Current service cost	3,114	2,409
Financial cost	2,051	1,685
Total	5,165	4,094

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

19. 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.

20. DIVIDEND PAYMENT

At the Ordinary Shareholder's meeting held on 28 October 2011, the shareholders passed a resolution to pay cash dividend from the net profit for the year ended 30 June 2011 for eligible shareholders, 593,103,849 common shares totaling Baht 94,896,616 or at the rate of Baht 0.16 per share which was paid on 25 November 2011.

At the Ordinary Shareholder's meeting held on 29 October 2010, the shareholders passed a resolution to pay cash dividend from the net profit for the year ended 30 June 2010 for eligible 592,996,749 common shares totaling Baht 11,859,935 or at the rate of Baht 0.02 per share.

21. 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 2012, Baht 4.59 million has been contributed to the fund by the Company (2011 : Baht 3.77 million)

22. OTHER INCOME

	Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Tax compensation income	46,767	2,192	46,767	2,192
Rental revenue	13,274	16,709	13,298	16,733
Interest income	9,033	1,823	7,568	1,576
Income from repairment	7,698	1,560	7,694	1,482
Penalty income	5,768	21,423	2,621	21,423
Income from goods guarantee	3,956	-	3,956	-
Utilities income	3,564	3,823	3,564	3,823
Installation income	695	1,024	695	1,067
Cutting and forming steel income	653	255	653	255
Income from sales of molds	-	2,599	-	2,599
Commission income	-	-	13,837	9,802
Others	27,417	15,231	23,958	14,492
Total	<u>118,825</u>	<u>66,639</u>	<u>124,611</u>	<u>75,444</u>

23. EXPENSES BY NATURE

	Thousand Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Salaries, wages and other employee benefits	521,265	479,835	455,801	418,296
Subcontractor expenses	261,828	273,721	261,828	273,188
Rental expenses	63,576	74,111	53,648	65,404
Depreciation	50,477	77,452	46,630	71,670
Utilities expenses	47,545	47,297	45,579	44,791
Allowance (reversal of allowance) for doubtful accounts and bad debts	3,296	(39,693)	(12,163)	(4,730)
Allowance (reversal of allowance) for loss on decline value of investment	(4,469)	(2,729)	8,531	(2,680)
Reversal of allowance for obsolete and decline value of inventories	(20,060)	(10,003)	(19,233)	(8,129)
Raw materials and supplies used	1,332,000	1,698,967	1,332,000	1,698,986
Changes in inventories of finished goods and work in progress	377,793	43,531	409,816	52,222

24. INCOME TAX

	In Million Baht			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Income before income tax	494	399	360	280
<u>Add</u> Non-allowable expense	52	197	36	194
<u>Less</u> Tax exempted income	(158)	(322)	(112)	(254)
Loss carried forward not exceeding 5 years	(5)	-	-	-
Net taxable income	383	274	284	220
Income tax	114	72	85	55
Advance payments and withholding tax	97	(38)	(85)	(33)
Accrued income tax	17	34	-	22

The Company's income taxes for the year ended 30 June 2012 was computed at 30 percent of net taxable income, while for the year ended 30 June 2011 was computed at 25 percent for the first layer of net taxable income of Baht 300 million and the profit in excess of Baht 300 million is subject to the rate of 30 percent, because the Company has been listed in the Securities Exchange of Thailand that is entitled to tax rate reduction for 3 consecutive accounting periods from 1 January 2008.

Subsidiaries and joint ventures' income taxes were computed at 30 percent of net taxable income.

25. SEGMENTAL FINANCIAL INFORMATION

	In Thousand Baht					
	For the years ended 30 June					
	Domestic		Export		Total	
	2012	2011	2012	2011	2012	2011
Consolidated						
Sales and services - net	2,323,160	1,661,174	1,961,403	2,278,666	4,284,563	3,939,840
Costs of sales and services	(1,744,848)	(1,273,690)	(1,620,170)	(1,898,859)	(3,365,018)	(3,172,549)
Gross profit	578,312	387,484	341,233	379,807	919,545	767,291
Revenues from construction work	194,811	128,118	-	-	194,811	128,118
Costs of construction work	(177,427)	(112,369)	-	-	(177,427)	(112,369)
Gross profit (loss)	17,384	15,749	-	-	17,384	15,749
Total gross profit	595,696	403,233	341,233	379,807	936,929	783,040
Net income after tax					379,906	327,700
Property, plant and equipment – net					658,250	653,015
Other assets					3,019,790	3,237,770
Total assets as at 30 June					3,678,040	3,890,785

	In Thousand Baht					
	For the years ended 30 June					
	Domestic		Export		Total	
	2012	2011	2012	2011	2012	2011
Separate F/S						
Sales and services – net	1,227,801	877,049	1,961,403	2,278,666	3,189,204	3,155,715
Costs of sales and services	(871,171)	(656,433)	(1,620,170)	(1,898,859)	(2,491,341)	(2,555,292)
Gross profit	356,630	220,616	341,233	379,807	697,863	600,423
Revenues from construction work	194,811	135,530	-	-	194,811	135,530
Costs of construction work	(177,427)	(119,781)	-	-	(177,427)	(119,781)
Gross profit	17,384	15,749	-	-	17,384	15,749
Total gross profit	374,014	236,365	341,233	379,807	715,247	616,172
Net income after tax					274,519	224,916
Property, plant and equipment – net					648,468	643,410
Other assets					2,204,728	2,531,882
Total assets at 30 June					2,853,196	3,175,292

26. GUARANTEE

As at 30 June 2012, the Company has outstanding guarantees of approximately Baht 638.88 million which were issued by certain local banks on behalf of the Company and its joint ventures in respect of certain performance bonds required in the normal course of business of the Company and its joint ventures. The letters of guarantees are collateralized by the bank deposits (as disclosed in Note 13 to the financial statements) and some part of land of the Company (as disclosed in Note 15 to the financial statements).

27. COMMITMENTS

- 27.1 As at 30 June 2012, the Company had the outstanding commitments for the project work of the Company with major contractor of Baht 48.03 million and commitment for purchase machinery of Euro 0.37 million.
- 27.2 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.

28. CONTINGENT LIABILITIES

During the year 2012, a contractor sued the Company to be 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 submit 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.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

The accounting policies on recognition and measurement of financial assets and financial liabilities are disclosed in the respective accounting policies as described in the notes to financial statements for the years ended 30 June 2012 and 2011.

29.1 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 deposits with bank, bank overdrafts and short-term loan from bank as follows :

	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

	In Thousand Baht			
	Consolidated F/S			
	30 June 2011			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	690,065	-	-	690,065
Restricted deposits with banks	76,702	-	-	76,702
Short-term loans from financial institution	-	63,444	-	63,444

	In Thousand Baht			
	Separate F/S			
	30 June 2011			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	593,369	-	-	593,369
Restricted deposits with banks	76,525	-	-	76,525
Short-term loans from financial institution	-	63,444	-	63,444

As of 30 June 2012 and 2011, 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 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 deposits with banks	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%

In Thousand Baht				
Consolidated F/S				
30 June 2011				
	1 - 6	7 - 12		
At call	months	months	Total	Interest rate
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	690,065	-	690,065	0.625 – 0.875%
Restricted deposits with banks	76,702	-	76,702	0.625 – 0.875%
Short-term loans from financial institution	-	63,444	63,444	1.968 – 7.150%

In Thousand Baht				
Separate F/S				
30 June 2011				
	1 - 6	7 - 12		
At call	months	months	Total	Interest rate
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	593,369	-	593,369	0.625 – 0.875%
Restricted deposits with banks	76,525	-	76,525	0.625 – 0.875%
Short-term loans from financial institution	-	63,444	63,444	1.968 – 7.150%

29.2 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 2012 are summarized below:

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 30 June 2012
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)
USD	8,737	4,004	31.826100
JPY	1,405	4,123	0.401388
AUD	8,606	3,291	32.143500

Below is the summary of the Company's foreign currency denominated assets and liabilities as at 30 June 2012 which were unhedged.

	USD (Thousand)	JPY (Thousand)	AUD (Thousand)
<u>Financial assets</u>			
Cash and cash equivalents	46	1,405	3,277
Trade accounts receivable - net	8,604	-	5,329
<u>Financial liabilities</u>			
Trade accounts payable	19	-	2,900
Advances from customers	3,937	-	18
Other current liabilities	48	4,123	373

29.3 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.

29.4 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.

29.5 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.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on 27 August 2012.