

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, subsidiaries and joint ventures, comprising the consolidated statement of financial position as at 30 June 2015, 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 2015, 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 2015 and the consolidated results of operations and cash flows for the year then ended of Siam Steel International Public Company Limited, subsidiaries and joint ventures, and the separate financial position as at 30 June 2015 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.

Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand

28 August 2015

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 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 5 | 269,479,164 | 333,077,863 | 96,086,239 | 114,887,482 |
| Temporary investment | 6 | 5,049,249 | - | - | - |
| Trade accounts receivable from sales and services | | | | | |
| - general customers - net | 8 | 395,978,847 | 425,490,358 | 239,524,837 | 275,311,155 |
| - related companies | 7, 8 | 15,397,556 | 22,535,214 | 26,723,573 | 24,104,738 |
| Trade accounts receivable from construction work | | | | | |
| - general customers - net | 8 | 1,790,500 | - | 1,790,500 | - |
| - related companies - net | 7, 8 | 1,027,203 | 2,376,815 | 2,014,124 | 4,660,422 |
| Unbilled accrued income - general customers | | 12,753,547 | - | 12,753,547 | - |
| Inventories - net | 9 | 365,112,256 | 390,225,448 | 274,534,693 | 300,196,939 |
| Receivables from and advances to related companies | 7 | 6,097,579 | 3,078,578 | 7,912,521 | 4,514,502 |
| Refundable value added tax | | 13,934 | 1,603,061 | - | - |
| Other current assets | 10 | 28,074,067 | 18,541,858 | 21,383,169 | 13,785,341 |
| Total current assets | | 1,100,773,902 | 1,196,929,195 | 682,723,203 | 737,460,579 |
| NON - CURRENT ASSETS | | | | | |
| Restricted deposit with bank | 11 | 268,456 | 324,585 | - | - |
| Retentions receivable | | 80,664,394 | 94,822,417 | 80,664,395 | 94,822,417 |
| Investments | | | | | |
| - Subsidiary companies - net | 12 | - | - | 32,399,300 | 32,399,300 |
| - Associated companies | 12 | 685,835,992 | 671,914,412 | 162,627,400 | 162,627,400 |
| - Other companies - net | 12 | 53,442,400 | 53,287,486 | 49,712,400 | 48,287,486 |
| - Joint ventures - net | 12 | - | - | - | 16,000 |
| Property, plant and equipment - net | 13 | 541,391,420 | 581,474,991 | 528,193,080 | 566,695,400 |
| Assets not used in operation - net | 14 | 168,816,523 | 168,821,755 | 168,816,523 | 168,821,755 |
| Income tax withheld at sources | | 21,061,022 | 13,275,768 | 13,171,570 | 9,142,578 |
| Deferred income tax asset - net | 15 | 100,909,259 | 100,267,612 | 111,610,573 | 111,821,554 |
| Other non - current assets - net | | 27,836,624 | 30,342,927 | 19,351,584 | 19,520,417 |
| Total non - current assets | | 1,680,226,090 | 1,714,531,953 | 1,166,546,825 | 1,214,154,307 |
| TOTAL ASSETS | | 2,780,999,992 | 2,911,461,148 | 1,849,270,028 | 1,951,614,886 |

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 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short - term loans from financial institution - net | 16 | - | 53,460,579 | - | 53,460,579 |
| Trade accounts payable - general suppliers | | 104,874,785 | 113,905,343 | 80,349,706 | 83,105,139 |
| Payables to and advances from related companies | 7 | 58,334,836 | 70,092,984 | 35,280,008 | 31,198,676 |
| Advances and deposits from customers | | | | | |
| - general customers | | 33,522,488 | 19,774,768 | 32,380,790 | 18,692,391 |
| - related companies | 7 | 3,482,325 | 5,034,825 | 5,034,825 | 5,034,825 |
| Accrued income tax | | 77,208 | 2,615,110 | - | - |
| Other current liabilities | 17 | 90,068,385 | 91,748,426 | 80,249,376 | 77,081,321 |
| Total current liabilities | | 290,360,027 | 356,632,035 | 233,294,705 | 268,572,931 |
| NON - CURRENT LIABILITIES | | | | | |
| Liabilities under employee benefits obligation | 18 | 23,260,194 | 21,955,691 | 20,366,481 | 19,438,962 |
| Other non - current liabilities | | 1,720,897 | 2,491,202 | 1,720,897 | 2,051,213 |
| Total non - current liabilities | | 24,981,091 | 24,446,893 | 22,087,378 | 21,490,175 |
| TOTAL LIABILITIES | | 315,341,118 | 381,078,928 | 255,382,083 | 290,063,106 |
| 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 | | 1,553,581,809 | 1,612,609,121 | 869,045,828 | 936,709,663 |
| Shareholders' equity attributable to the Company's shareholders | | 2,278,423,926 | 2,337,451,238 | 1,593,887,945 | 1,661,551,780 |
| Non - controlling interests in subsidiaries | | 187,234,948 | 192,930,982 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 2,465,658,874 | 2,530,382,220 | 1,593,887,945 | 1,661,551,780 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 2,780,999,992 | 2,911,461,148 | 1,849,270,028 | 1,951,614,886 |

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 | |
|---|--------|----------------------|----------------------|----------------------|----------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | | |
| Sales and services - net | | 1,636,444,580 | 2,141,921,890 | 968,253,854 | 1,133,571,842 |
| Revenues from construction work | | 22,408,220 | - | 22,408,220 | - |
| Total revenues | 23 | <u>1,658,852,800</u> | <u>2,141,921,890</u> | <u>990,662,074</u> | <u>1,133,571,842</u> |
| COSTS | | | | | |
| Costs of sales and services | | 1,323,594,581 | 1,831,607,352 | 796,960,109 | 1,011,207,647 |
| Costs of construction work | | 19,830,423 | - | 19,830,423 | - |
| Total costs | 22, 23 | <u>1,343,425,004</u> | <u>1,831,607,352</u> | <u>816,790,532</u> | <u>1,011,207,647</u> |
| Gross income | | <u>315,427,796</u> | <u>310,314,538</u> | <u>173,871,542</u> | <u>122,364,195</u> |
| Gain (loss) on foreign exchange rates | | (25,256,729) | 21,733,375 | (26,147,632) | 20,954,285 |
| Dividend income | 12 | 2,494,881 | 5,392,146 | 50,564,741 | 70,940,726 |
| Other income | 21 | 39,482,026 | 63,598,781 | 51,661,856 | 71,991,705 |
| Income before expenses | | <u>332,147,974</u> | <u>401,038,840</u> | <u>249,950,507</u> | <u>286,250,911</u> |
| Selling expenses | | (152,052,677) | (180,225,715) | (156,679,398) | (179,373,831) |
| Administrative expenses | | (282,619,427) | (320,344,155) | (160,640,127) | (191,546,161) |
| Compensation for defect products | | - | (189,067,209) | - | (189,067,209) |
| Reversal of allowance (allowance) for doubtful debts and bad debt - net | | 84,930 | (57,641,599) | 84,930 | (57,641,599) |
| Reversal of allowance for decline value of investment | 12 | 154,914 | 8,682,897 | 1,424,914 | 8,682,897 |
| Total expenses | 22 | <u>(434,432,260)</u> | <u>(738,595,781)</u> | <u>(315,809,681)</u> | <u>(608,945,903)</u> |
| Loss from operations | | <u>(102,284,286)</u> | <u>(337,556,941)</u> | <u>(65,859,174)</u> | <u>(322,694,992)</u> |
| Equity in net income of associated companies - net | | 51,792,140 | 90,322,062 | - | - |
| Loss before finance cost and income tax | | <u>(50,492,146)</u> | <u>(247,234,879)</u> | <u>(65,859,174)</u> | <u>(322,694,992)</u> |
| Financial costs | | (1,661,523) | (4,206,902) | (1,593,680) | (3,695,693) |
| Loss before income tax | | <u>(52,153,669)</u> | <u>(251,441,781)</u> | <u>(67,452,854)</u> | <u>(326,390,685)</u> |
| Income tax benefits (income tax) | 15 | (2,768,977) | 42,139,736 | (210,981) | 54,618,259 |
| Net loss for the year | | <u>(54,922,646)</u> | <u>(209,302,045)</u> | <u>(67,663,835)</u> | <u>(271,772,426)</u> |

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 | |
|---|------|---------------------|----------------------|---------------------|----------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Other comprehensive income : | | | | | |
| Actuarial gain | 18 | - | 13,567,881 | - | 5,230,499 |
| Total comprehensive loss for the year | | (54,922,646) | (195,734,164) | (67,663,835) | (266,541,927) |
| Attribution of income (loss) | | | | | |
| The Company's shareholders | | (59,027,312) | (227,641,725) | (67,663,835) | (271,772,426) |
| Non - controlling interests in subsidiaries | | 4,104,666 | 18,339,680 | - | - |
| Total | | (54,922,646) | (209,302,045) | (67,663,835) | (271,772,426) |
| Attribution of comprehensive income (loss) | | | | | |
| The Company's shareholders | | (59,027,312) | (218,149,664) | (67,663,835) | (266,541,927) |
| Non - controlling interests in subsidiaries | | 4,104,666 | 22,415,500 | - | - |
| Total | | (54,922,646) | (195,734,164) | (67,663,835) | (266,541,927) |
| Basic earnings (loss) per share | | | | | |
| Loss of the Company's shareholders (Baht per share) | | (0.10) | (0.38) | (0.11) | (0.46) |
| 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)

| | 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 | | | |
| Consolidated F/S | | | | | | | |
| Balance as at 1 July 2013 | 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) |
| Balance as at 30 June 2014 | 593,125,849 | 72,403,683 | 59,312,585 | 1,612,609,121 | 2,337,451,238 | 192,930,982 | 2,530,382,220 |
| Balance as at 1 July 2014 | 593,125,849 | 72,403,683 | 59,312,585 | 1,612,609,121 | 2,337,451,238 | 192,930,982 | 2,530,382,220 |
| Comprehensive income (loss) for the year | - | - | - | (59,027,312) | (59,027,312) | 4,104,666 | (54,922,646) |
| Dividend payment of subsidiary company | - | - | - | - | - | (9,800,700) | (9,800,700) |
| Balance as at 30 June 2015 | 593,125,849 | 72,403,683 | 59,312,585 | 1,553,581,809 | 2,278,423,926 | 187,234,948 | 2,465,658,874 |

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)

| | Paid - up share capital | Premium on share capital | Retained earnings | | Total |
|-----------------------------------|----------------------------|-----------------------------|-----------------------------------|--------------------|----------------------|
| | | | Appropriated for legal reserve | Unappropriated | |
| Separate F/S | | | | | |
| Balance as at 1 July 2013 | 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) |
| Balance as at 30 June 2014 | 593,125,849 | 72,403,683 | 59,312,585 | 936,709,663 | 1,661,551,780 |
| Balance as at 1 July 2014 | 593,125,849 | 72,403,683 | 59,312,585 | 936,709,663 | 1,661,551,780 |
| Comprehensive loss for the year | - | - | - | (67,663,835) | (67,663,835) |
| Balance as at 30 June 2015 | 593,125,849 | 72,403,683 | 59,312,585 | 869,045,828 | 1,593,887,945 |

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 | |
|--|------------------|---------------|--------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | |
| Loss before income tax | (52,153,669) | (251,441,781) | (67,452,854) | (326,390,685) |
| Adjustments to reconcile loss before income tax to net cash provided from (used in) operating activities: | | | | |
| Depreciation | 44,756,274 | 51,779,010 | 41,583,504 | 48,879,534 |
| Allowance (reversal of allowance) for doubtful debts and bad debt - net | (84,930) | 57,641,599 | (84,930) | 57,641,599 |
| Allowance for decline value of inventories - net | 20,851,272 | 4,464,040 | 20,851,272 | 4,464,040 |
| Reversal of allowance for decline value of investment - net | (154,914) | (8,682,897) | (1,424,914) | (8,682,897) |
| Loss (gain) on sales of property, plant and equipment | (6,994) | 1,499,524 | (308,390) | 1,512,629 |
| Unrealized gain on revaluation of temporary investment | (14,064) | - | - | - |
| Unrealized loss (gain) on foreign exchange | 28,221,199 | (12,977,595) | 28,221,199 | (12,977,595) |
| Financial costs | 1,661,523 | 4,206,902 | 1,593,680 | 3,695,693 |
| Equity in net income of associated companies - net | (51,792,140) | (90,322,062) | - | - |
| Employee benefits obligation expenses | 1,226,967 | 2,510,382 | 917,828 | 1,750,243 |
| Cash provided from (used in) operations before changes in operating assets and liabilities | (7,489,476) | (241,322,878) | 23,896,395 | (230,107,439) |
| Decrease (increase) in operating assets; | | | | |
| Trade accounts receivable from sales and services | | | | |
| - general customers | 13,434,550 | 191,156,697 | 19,709,357 | 129,682,402 |
| - related companies | 7,137,658 | 7,279,127 | (2,618,835) | 7,657,002 |
| Trade accounts receivable from construction work | | | | |
| - general customers | (1,790,500) | - | (1,790,500) | - |
| - related companies | 1,349,612 | - | 2,646,298 | - |
| Unbilled accrued income | | | | |
| - general customers | (12,753,547) | - | (12,753,547) | - |
| Inventories | 4,261,920 | 107,812,301 | 4,810,973 | 125,494,112 |
| Receivables from and advances to related companies | (3,019,001) | 185,534 | (3,398,019) | 433,743 |
| Other current assets | (9,532,209) | (158,867) | (7,597,828) | 23,056 |
| Retentions receivable | - | 162,502,686 | - | 162,502,686 |
| Other non - current assets | (7,023,239) | (9,396,342) | (3,860,159) | (919,832) |
| Increase (decrease) in operating liabilities; | | | | |
| Trade accounts payable - general suppliers | (9,043,498) | (220,087,580) | (2,768,373) | (220,199,273) |
| Payables to and advances from related companies | (11,758,148) | (16,456,376) | 4,081,332 | (12,408,322) |
| Advances and deposits from customers | 12,907,505 | (33,629,872) | 14,400,684 | (30,598,346) |
| Other current liabilities | (280,672) | (40,018,734) | 4,567,425 | (37,030,965) |
| Employee benefits obligation | (875,225) | (18,999,713) | (875,224) | (18,999,713) |
| Other non - current liabilities | (770,305) | (3,934,458) | (330,316) | (3,633,577) |
| Cash provided from (used in) operating activities | (25,244,575) | (115,068,475) | 38,119,663 | (128,104,466) |
| Interest payment | (708,762) | (2,340,849) | (708,764) | (2,283,578) |
| Income tax payment | (2,615,110) | (1,373,725) | - | - |
| Net cash provided from (used in) operating activities | (28,568,447) | (118,783,049) | 37,410,899 | (130,388,044) |

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 | |
|---|---------------------|----------------------|---------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from investing activities | | | | |
| Decrease (increase) in restricted deposits with banks | 56,129 | (140,229) | - | - |
| Increase in temporary investment | (5,035,185) | - | - | - |
| Acquisition of property, plant and equipment | (10,060,215) | (37,069,674) | (6,540,572) | (28,734,928) |
| Proceeds from sales of property, plant and equipment | 5,399,738 | 406,968 | 3,773,009 | 375,706 |
| Increase in investment in associated company | - | (60,200,000) | - | (60,200,000) |
| Received back from investment in joint venture | - | - | 16,000 | - |
| Dividend received from associated company | 37,870,560 | 55,349,280 | - | - |
| Net cash provided from (used in) investing activities | 28,231,027 | (41,653,655) | (2,751,563) | (88,559,222) |
| Cash flows from financing activities | | | | |
| Increase (decrease) in short - term loan from financial institution | (53,460,579) | 52,383,950 | (53,460,579) | 52,383,950 |
| Dividend paid to non - controlling interests by subsidiary | (9,800,700) | (9,800,700) | - | - |
| Net cash provided from (used in) financing activities | (63,261,279) | 42,583,250 | (53,460,579) | 52,383,950 |
| Decrease in cash and cash equivalents - net | (63,598,699) | (117,853,454) | (18,801,243) | (166,563,316) |
| Cash and cash equivalents at beginning of year | 333,077,863 | 450,931,317 | 114,887,482 | 281,450,798 |
| Cash and cash equivalents at end of year | 269,479,164 | 333,077,863 | 96,086,239 | 114,887,482 |

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED, SUBSIDIARIES AND JOINT VENTURES
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2015

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 2015 and 2014, the Company has major shareholders as follows:

| <u>Name</u> | Percentage of Shareholding | |
|---------------------------|----------------------------|-------|
| | 2015 | 2014 |
| Mr. Pongsak Pongphundacha | 26.73 | 30.11 |
| Mr. Wanchai Kunanantakul | 17.19 | 17.19 |
| Mr. Surapol Kunanantakul | 16.53 | 16.53 |
| Mr. Amnuay Witchayawilat | 2.52 | - |
| Thai NVDR Company Limited | 2.39 | 2.78 |

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Basis of financial statement preparation

The accompanying financial statements have been prepared 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 which are officially prepared in Thai language. 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.

2.2 New Accounting Standards

Accounting standards that became effective in the current accounting year and those that will become effective in the future.

Accounting standards that became effective in the current accounting year

| | |
|-----------------------|--|
| TAS 1 (revised 2012) | Presentation of Financial Statements |
| TAS 7 (revised 2012) | Statement of Cash Flows |
| TAS 12 (revised 2012) | Income Taxes |
| TAS 17 (revised 2012) | Leases |
| TAS 18 (revised 2012) | Revenue |
| TAS 19 (revised 2012) | Employee Benefits |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (revised 2012) | Related Party Disclosures |
| TAS 28 (revised 2012) | Investments in Associates |
| TAS 31 (revised 2012) | Interests in Joint Ventures |
| TAS 34 (revised 2012) | Interim Financial Reporting |
| TAS 36 (revised 2012) | Impairment of Assets |
| TAS 38 (revised 2012) | Intangible Assets |

Financial Reporting Standards:

| | |
|-----------------------|--|
| TFRS 2 (revised 2012) | Share-based Payment |
| TFRS 3 (revised 2012) | Business Combinations |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2012) | Operating Segments |

Accounting Standard Interpretations:

| | |
|---------|--|
| TSIC 15 | Operating Leases - Incentives |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 | Service Concession Arrangements: Disclosures |
| TSIC 32 | Intangible Assets - Web Site Costs |

Financial Reporting Standard Interpretations:

| | |
|---------|--|
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies |

Financial Reporting Standard Interpretations (Continue):

| | |
|----------|--|
| TFRIC 10 | Interim Financial Reporting and Impairment |
| TFRIC 12 | Service Concession Arrangements |
| TFRIC 13 | Customer Loyalty Programmes |
| TFRIC 17 | Distributions of Non-cash Assets to Owners |
| TFRIC 18 | Transfers of Assets from Customers |

Accounting Treatment Guidance for Stock Dividend

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These accounting standards do not have any significant impact on the financial statements.

Accounting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. However, some of these accounting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognize such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognize them gradually in profit or loss.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management believes that these standards will not have any significant impact on the financial statements.

2.3 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 |
|--------------------------------------|----------------------------|-------|---|
| | 2015 | 2014 | |
| <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 equipment, office furniture and industrial parts. |
| <u>Joint ventures</u> | | | |
| Siam Steel – Kanok Furniture | 49 | 49 | Interior decoration service |
| Siam Steel – Thai Service | - | 80 | Interior decoration service |

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

2.5 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.

2.6 As of 30 June 2015 and 2014, the total assets of subsidiaries represent 17.02 percent and 17.30 percent, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiaries for the years ended 30 June 2015 and 2014, represent 40.41 percent and 44.25 percent, respectively, of the total revenues in the consolidated financial statements.

- 2.7 The consolidated financial statements as at 30 June 2015 and 2014, and for the years ended 30 June 2015 and 2014 included the proportion of the assets, liabilities, revenues and expenses of the joint ventures as follows :

| | In Thousand Baht | |
|----------------------|-------------------------------------|-------|
| | Joint Venture financial information | |
| | 2015 | 2014 |
| Current assets | 117 | 295 |
| Non - current assets | 1,090 | 2,501 |
| Current liabilities | 1,561 | 2,757 |
| Expenses | 387 | 13 |

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 (moving average method) or net realizable value |
| Work in process | Lower of cost (moving average method) |
| 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 of investment 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 operation are stated at cost which are measured initially with their costs, including transaction costs. Moreover, after recognition, they are measured at costs 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

The Company and subsidiaries recognised salaries, wages, bonuses, contribution to the social security and provident fund 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 account for the obligation under the defined benefit plan based on the amounts 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 recognized immediately in statement of comprehensive income.

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

3.13 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.

3.14 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.

3.15 Basic earnings (loss) per share

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

3.16 Income Tax

The income tax expense for the year comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except to the extent that they relate 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 tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of earlier years.

Deferred income tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts of corresponding items used for income tax computation purpose. Deferred income tax is measured by applying the tax rate to the temporary differences which are expected to be reversed, using tax rate enacted or substantively enacted at the end of the reporting period.

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

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 revenues, may be higher or lower than estimates at the reporting date, which would affect the revenues and profit to be recognised in future years will be accounted for 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 possible losses are recognised immediately in the statement of comprehensive income when it is probable that total contract costs will exceed total contract revenues 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 should the customers be unable to pay for their accounts. The estimated losses are based on historical collection experiences 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 management's 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 has contingent liabilities as results of disputes and litigation. Management uses judgment to assess the results of the disputes and litigation and recognized 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 | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash | 300 | 295 | 190 | 185 |
| Deposits with financial institutions | | | | |
| - Current accounts | 245 | 370 | 245 | 579 |
| - Savings accounts | 268,934 | 332,413 | 95,651 | 114,123 |
| Total | <u>269,479</u> | <u>333,078</u> | <u>96,086</u> | <u>114,887</u> |

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

6. TEMPORARY INVESTMENT

As at 30 June 2015, a subsidiary company has temporary investment in open-end mutual fund of Baht 5.05 million which yields more return than general savings deposits. The said investment does not have any restriction for redemption.

Movements during the year are as follow:

| | (Unit : In Thousand Baht) |
|--------------------------------------|---------------------------|
| | <u>Consolidated F/S</u> |
| Balance as at 1 July 2014 | - |
| <u>Add</u> Addition | 5,035 |
| Unrealized gain from change in value | 14 |
| Balance as at 30 June 2015 | <u>5,049</u> |

7. TRANSACTIONS WITH RELATED COMPANIES

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

| Name | Country of incorporation | Type of Business | Relationship |
|---|--------------------------|---|------------------------|
| Sri Chareon International Co., Ltd. | Thailand | Distribution of office furniture | Subsidiaries Companies |
| Siam Okamura International Co., Ltd. | Thailand | Distribution of office furniture and furniture used for public | Subsidiaries Companies |
| Siam Steel OC Co.,Ltd. | Thailand | Distribution of equipment, office furniture and industrial parts. | Subsidiaries Companies |
| Siam Okamura Steel Co., Ltd. | Thailand | Manufacturer and distribution of Office Automation furniture for export | Associated Companies |
| Siam Steel Service Center Plc. | Thailand | Manufacturer and distribution of primary steel parts for various industries. | Associated Companies |
| Unity Service Co., Ltd. | Thailand | Providing of utilities and nursing facilities | Co-director |
| Formica (Thailand) Ltd. | Thailand | Manufacturing and distribution of plastic laminate products | Co-director |
| Panasonic Eco Solutions Steel (Thailand) Co., Ltd. | Thailand | Manufacturing and distribution of electrical appliance and supplies for construction such as electric wire, pipe and downstream equipment | Co-director |
| Siam Chitose Co.,Ltd | Thailand | Manufacturing and distribution of furniture and furniture parts. | Co-director |
| Lucky-Kingdom Center (Nakornratchasima) Co., Ltd. | Thailand | Distribution of office furniture | Co-director |
| Lucky-Kingdom Center (Chiangmai) Co., Ltd. | Thailand | Distribution of office furniture | Co-director |
| Union Autoparts Manufacturing Co., Ltd. | Thailand | Manufacturing and distribution of motorcycles and motorcycle parts. | Co-director |
| Hirokoh (Thailand) Co., Ltd. | Thailand | Distribution and rental of movable instant office, movable instant restroom | Co-director |
| Mr.Surapol Kunanantakul and Mr.Sittichai Kunanantakul | Thailand | - | Company's Directors |

As at 30 June 2015 and 2014, the account balances with related companies are as follows:

| | In Thousand Baht | | | |
|---|------------------|--------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade accounts receivable from sales and services | | | | |
| <u>Subsidiary companies</u> | | | | |
| Sri Chareon International Co., Ltd. | - | - | 11,188 | 1,396 |
| Siam Okamura International Co., Ltd. | - | - | 181 | 174 |
| Siam Steel OC Co., Ltd. | - | - | 16 | - |
| Total | - | - | 11,385 | 1,570 |
| <u>Associated companies</u> | | | | |
| Siam Okamura Steel Co., Ltd. | 29 | 94 | 29 | 94 |
| Siam Steel Service Center Public Company Limited | 11 | 10 | 11 | 10 |
| Total | 40 | 104 | 40 | 104 |
| <u>Related companies</u> | | | | |
| Hirokoh (Thailand) Ltd. | 8,667 | 13,618 | 8,667 | 13,618 |
| Lucky - Kingdom Center (Nakornratchasima) Co., Ltd. | 3,097 | 3,561 | 3,097 | 3,561 |
| Lucky - Kingdom Center (Chiangmai) Co., Ltd. | 2,092 | 4,007 | 2,092 | 4,007 |
| Siam Chitose Co., Ltd. | 1,113 | 968 | 1,113 | 968 |
| Unity Service Co., Ltd. | 32 | 43 | 32 | 43 |
| Others | 357 | 234 | 298 | 234 |
| Total | 15,358 | 22,431 | 15,299 | 22,431 |
| Total trade accounts receivable from sales and services – related companies | 15,398 | 22,535 | 26,724 | 24,105 |
| Accounts receivable from construction work | | | | |
| <u>Joint Venture</u> | | | | |
| Siam Steel-Kanok Furniture | - | - | 2,954 | 5,600 |
| <u>Less</u> Allowance for doubtful accounts | - | - | (940) | (940) |
| Net | - | - | 2,014 | 4,660 |

| | In Thousand Baht | | | |
|--|------------------|-------|--------------|-------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Outstanding balances and portion of other</u> | | | | |
| <u>joint ventures' partner</u> | | | | |
| Siam Steel-Kanok Furniture | 1,506 | 2,856 | - | - |
| <u>Less</u> Allowance for doubtful accounts | (479) | (479) | - | - |
| Net | 1,027 | 2,377 | - | - |
| | | | | |
| Total accounts receivable from construction work | | | | |
| - related companies – net | 1,027 | 2,377 | 2,014 | 4,660 |
| | | | | |
| Receivables from and advances | | | | |
| <u>Subsidiary companies</u> | | | | |
| Sri Chareon International Co., Ltd. | - | - | 1,018 | - |
| Siam Okamura International Co., Ltd. | - | - | 797 | 1,436 |
| Total | - | - | 1,815 | 1,436 |
| | | | | |
| <u>Associated companies</u> | | | | |
| Siam Okamura Steel Co., Ltd. | 1,425 | 3,079 | 1,425 | 3,079 |
| | | | | |
| <u>Related companies</u> | | | | |
| Siam Chitose Co., Ltd. | 4,673 | - | 4,673 | - |
| | | | | |
| Total receivables from and advances to related | | | | |
| companies | 6,098 | 3,079 | 7,913 | 4,515 |

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

| | In Thousand Baht | | | |
|--|------------------|--------|--------------|-------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade accounts payable | | | | |
| <u>Subsidiary companies</u> | | | | |
| Siam Okamura International Co., Ltd. | - | - | 35 | - |
| | | | | |
| <u>Associated companies</u> | | | | |
| Siam Okamura Steel Co., Ltd. | 34,739 | 45,449 | 12,527 | 8,023 |
| Siam Steel Service Center Public Company Limited | 21 | 51 | 21 | 51 |
| Total | 34,760 | 45,500 | 12,548 | 8,074 |

In Thousand Baht

| | Consolidated F/S | | Separate F/S | |
|---|------------------|--------|--------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| <u>Related companies</u> | | | | |
| Siam Chitose Co., Ltd. | 20,700 | 20,715 | 20,700 | 20,715 |
| Formica (Thailand) Co., Ltd. | 983 | 1,395 | 983 | 1,395 |
| Hirokoh (Thailand) Ltd. | 34 | - | 34 | - |
| Others | 938 | 1,577 | - | - |
| Total | 22,655 | 23,687 | 21,717 | 22,110 |
| Total trade accounts payable - related companies | 57,415 | 69,187 | 34,300 | 30,184 |
| Advances from | | | | |
| <u>Subsidiary companies</u> | | | | |
| Sri Chareon International Co., Ltd. | - | - | - | 49 |
| Siam Okamura International Co., Ltd. | - | - | 60 | 60 |
| Total | - | - | 60 | 109 |
| <u>Related companies</u> | | | | |
| Unity Service Co., Ltd. | 914 | 906 | 914 | 906 |
| Others | 6 | - | 6 | - |
| Total | 920 | 906 | 920 | 906 |
| Total advances from related companies | 920 | 906 | 980 | 1,015 |
| Total trade accounts payable and advances from related companies | 58,335 | 70,093 | 35,280 | 31,199 |
| Advances and deposit from customers | | | | |
| <u>Subsidiary companies</u> | | | | |
| Siam Okamura International Co., Ltd. | - | - | 1,553 | - |
| <u>Associated company</u> | | | | |
| Siam Okamura Steel Co., Ltd. | - | 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 | 3,482 | 5,035 | 5,035 | 5,035 |

The significant transactions with related companies for the years ended 30 June 2015 and 2014 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 | | | |
| | 2015 | 2014 | 2015 | 2014 |
| Sales and services income | 59,609 | 93,956 | 75,430 | 108,966 |
| Revenues from sales of raw materials, factory supplies and others | 25,270 | 26,690 | 31,292 | 37,550 |
| Rental revenue | 17,034 | 23,244 | 23,393 | 23,413 |
| Dividend income | 2,495 | 5,392 | 50,565 | 70,941 |
| Purchases of finished goods | 385,581 | 571,217 | 141,150 | 124,400 |
| Purchases of raw materials | 8,433 | 13,791 | 8,433 | 13,791 |
| Administrative and other expenses | 54,074 | 83,727 | 11,750 | 13,760 |
| Land and factory rental | 2,711 | 18,282 | - | 10,150 |
| <u>Key management personnel compensation</u> | | | | |
| Current employment benefits | 16,394 | 24,142 | 13,630 | 19,792 |
| Post-employment benefits | 392 | 765 | 366 | 748 |
| Total | <u>16,786</u> | <u>24,907</u> | <u>13,996</u> | <u>20,540</u> |

8. TRADE ACCOUNTS RECEIVABLE

As at 30 June 2015 and 2014, 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 | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Trade accounts receivable – general customers</u> | | | | |
| Current | 186,294 | 224,574 | 119,152 | 135,248 |
| Overdue: | | | | |
| Less than 3 months | 100,714 | 76,454 | 22,647 | 17,168 |
| 3 months – 6 months | 16,215 | 11,477 | 6,958 | 9,815 |
| 6 months – 12 months | 3,246 | 8,109 | 1,258 | 8,109 |
| Over 12 months | 134,480 | 149,936 | 134,480 | 150,031 |
| Total | 440,949 | 470,550 | 284,495 | 320,371 |
| <u>Less</u> Allowance for doubtful accounts | (44,970) | (45,060) | (44,970) | (45,060) |
| Net | 395,979 | 425,490 | 239,525 | 275,311 |

Trade accounts receivable - related companies

| | | | | |
|--------------------|--------|--------|--------|--------|
| Current | 9,092 | 20,783 | 20,418 | 22,353 |
| Overdue: | | | | |
| Less than 3 months | 6,306 | 1,752 | 6,306 | 1,752 |
| Total | 15,398 | 22,535 | 26,724 | 24,105 |

Trade accounts receivable – construction work

| | In Thousand Baht | | | |
|--|------------------|-------|--------------|-------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Trade accounts receivable – general customers</u> | | | | |
| Current | 1,791 | - | 1,791 | - |
| <u>Trade accounts receivable - related companies</u> | | | | |
| Overdue: | | | | |
| Over 12 months | 1,506 | 2,856 | 2,954 | 5,600 |
| Total | 1,506 | 2,856 | 2,954 | 5,600 |
| <u>Less</u> Allowance for doubtful accounts | (479) | (479) | (940) | (940) |
| Net | 1,027 | 2,377 | 2,014 | 4,660 |

9. INVENTORIES

| | In Thousand Baht | | | |
|--|------------------|----------|--------------|----------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Finished goods | 168,599 | 162,408 | 80,233 | 72,829 |
| Work in process | 62,581 | 55,928 | 62,581 | 55,928 |
| Raw materials and supplies | 164,534 | 186,119 | 164,534 | 186,119 |
| Goods in transit | 5,547 | 1,068 | 3,336 | 619 |
| Total | 401,261 | 405,523 | 310,684 | 315,495 |
| <u>Less</u> Allowance for decline value of inventories | (36,149) | (15,298) | (36,149) | (15,298) |
| Net | 365,112 | 390,225 | 274,535 | 300,197 |

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 | |
| | 2015 | 2014 | 2015 | 2014 |
| Balance as at 1 July | 15,298 | 10,834 | 15,298 | 10,834 |
| <u>Add</u> Additional allowance during the year | 25,928 | 5,440 | 25,928 | 5,440 |
| <u>Less</u> Reversal of allowance during the year | (5,077) | (976) | (5,077) | (976) |
| Balance as at 30 June | 36,149 | 15,298 | 36,149 | 15,298 |

10. OTHER CURRENT ASSETS

| | In Thousand Baht | | | |
|-------------------|------------------|--------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Prepaid expenses | 19,723 | 7,919 | 15,885 | 7,323 |
| Prepaid insurance | 3,614 | 2,775 | 3,050 | 2,070 |
| Undue input VAT | 991 | 4,050 | 114 | 2,705 |
| Cash advances | 2,467 | 1,048 | 1,689 | 351 |
| Others | 1,279 | 2,750 | 645 | 1,336 |
| Total | 28,074 | 18,542 | 21,383 | 13,785 |

11. RESTRICTED DEPOSITS WITH BANK

As at 30 June 2015 and 2014, Time deposits totaling Baht 0.27 million and Baht 0.32 million, respectively, 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.

12. 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.

During the year 2015, the Company evaluates net investment in Formica (Thailand) Co., Ltd. from the audited 2014 financial statements. Formica (Thailand) Co., Ltd. has net asset amount (calculated from shareholding of the Company at 5 percent) exceed the investment cost, the Company therefore, reversed provision for impairment of investment, of Baht 1.42 million.

At the Extraordinary Shareholders’ meeting of Sri Chareon International Co. Ltd. No.1/2015 held on 4 June 2015, its shareholders passed a resolution to reduce its share capital by 5,625,000 common shares, at Baht 10 par value totaling Baht 56,250,000 for reduction of its deficits as at 31 March 2015. Sri Chareon International Co., Ltd. registered its share reduction on 13 July 2015. The remaining registered share capital is Baht 18,750,000.

As at 30 June 2015 and 2014, 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 | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| <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 | 105,797 | 104,044 | | |
| Siam Steel Service Center Public Company Limited | Steel cutting services and manufacturing of element steel parts | 639,998 | 639,998 | 22.76 | 22.76 | 127,428 | 127,428 | 574,985 | 561,916 | | |
| | | | | | | <u>162,627</u> | <u>162,627</u> | <u>680,782</u> | <u>665,960</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 | 5,054 | 5,954 | | |
| | Total investments in associated companies | | | | | <u>167,427</u> | <u>167,427</u> | <u>685,836</u> | <u>671,914</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 | | | - | - |
| Panasonic Eco Solutions Steel (Thailand) Co., Ltd. | Manufacturing of electrical conduit pipes | 170,000 | 170,000 | 5 | 5 | 11,660 | 11,660 | | | 2,495 | 5,392 |
| | Total investment in related companies | | | | | <u>49,712</u> | <u>49,712</u> | | | <u>2,495</u> | <u>5,392</u> |
| | <u>Less</u> Allowance for decline value of investments | | | | | | (1,425) | | | | |
| | Net | | | | | <u>49,712</u> | <u>48,287</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 | | | | |
| | <u>Less</u> Allowance for decline value of investments | | | | | (1,270) | - | | | | |
| | Net | | | | | <u>3,730</u> | <u>5,000</u> | | | | |
| | Total investment by cost method – net | | | | | <u>53,442</u> | <u>53,287</u> | | | | |

(In Thousand Baht)

| Type of business | Separate F/S | | | | | | | | |
|---|---|---------|----------------------------|-------|-------------|----------|-----------------|--------|--------|
| | Paid-up Share capital | | Percentage of shareholding | | Cost method | | Dividend income | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| <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 | 22.76 | 127,428 | 127,428 | 37,870 | 55,349 |
| Total investment in associated companies | | | | | | 162,627 | 162,627 | 37,870 | 55,349 |
| <u>Related companies</u> | | | | | | | | | |
| Formica (Thailand) Co., Ltd. | Manufacturing of melamine laminated products | 199,150 | 199,150 | 5 | 5 | 38,052 | 38,052 | - | - |
| Panasonic Eco Solutions Steel (Thailand) Co., Ltd. | Manufacturing of electrical conduit pipes | 170,000 | 170,000 | 5 | 5 | 11,660 | 11,660 | 2,495 | 5,392 |
| Total investments in related companies | | | | | | 49,712 | 49,712 | 2,495 | 5,392 |
| <u>Less</u> Allowance for decline in value of investments | | | | | | - | (1,425) | | |
| Net | | | | | | 49,712 | 48,287 | | |
| <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 | - | 80 | - | 16 | - | - |
| Total investments in joint ventures | | | | | | 49 | 65 | - | - |
| <u>Less</u> Allowance for decline in value of investments | | | | | | (49) | (49) | | |
| Net | | | | | | - | 16 | | |
| Total dividend income from investments accounted for by cost method | | | | | | | | 50,564 | 70,940 |

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

| | (Unit : Thousand Baht) | | | |
|--|------------------------|----------------|----------------|----------------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Opening balance | 671,914 | 576,763 | 162,627 | 102,427 |
| Effect of change in accounting policy for employee past service benefits obligation | - | (1,469) | - | - |
| Purchase of investments in associates increased during the year | - | 60,200 | - | 60,200 |
| Share of income of investment - equity method | 52,692 | 91,939 | - | - |
| Share of loss of investment - equity method | (900) | (170) | - | - |
| Dividend income | (37,870) | (55,349) | - | - |
| Ending balance | <u>685,836</u> | <u>671,914</u> | <u>162,627</u> | <u>162,627</u> |

13. PROPERTY, PLANT AND EQUIPMENT

(Unit : Thousand Baht)

| | Consolidated F/S | | | | 2015 |
|--|------------------|---------------|--------------|----------|------------------|
| | 2014 | Increase | Decrease | Transfer | |
| <u>At Cost</u> | | | | | |
| Land | 209,152 | - | - | - | 209,152 |
| Buildings and improvements | 832,817 | - | 390 | 4,125 | 836,552 |
| Leasehold right and improvements | 1,746 | - | - | - | 1,746 |
| Machinery and equipment | 586,842 | 1,493 | - | 11,633 | 599,968 |
| Furniture, fixtures and office equipment | 265,219 | 4,880 | 4,913 | - | 265,186 |
| Transportation equipment | 27,115 | 887 | 1,360 | - | 26,642 |
| Machinery and building under installation | 15,949 | 2,800 | 2,291 | (15,758) | 700 |
| Total | <u>1,938,840</u> | <u>10,060</u> | <u>8,954</u> | <u>-</u> | <u>1,939,946</u> |
| <u>Less Accumulated Depreciation</u> | | | | | |
| Buildings and improvements | 547,720 | 25,515 | 94 | - | 573,141 |
| Leasehold right and improvements | 1,746 | - | - | - | 1,746 |
| Machinery and equipment | 533,485 | 10,555 | - | - | 544,040 |
| Furniture, fixtures and office equipment | 239,602 | 7,602 | 2,730 | - | 244,474 |
| Transportation equipment | 18,212 | 3,605 | 742 | - | 21,075 |
| Total | <u>1,340,765</u> | <u>47,277</u> | <u>3,566</u> | <u>-</u> | <u>1,384,476</u> |
| <u>Less Allowance for impairments</u> | | | | | |
| Land | 6,517 | - | - | - | 6,517 |
| Buildings and improvements | 10,083 | - | 2,521 | - | 7,562 |
| Total | <u>16,600</u> | <u>-</u> | <u>2,521</u> | <u>-</u> | <u>14,079</u> |
| Property, plant and equipment – Net | <u>581,475</u> | | | | <u>541,391</u> |
| <u>Allocation of depreciation</u> | | | | | |
| Cost | 31,932 | | | | 22,750 |
| Selling and administration expense | 22,368 | | | | 24,527 |
| <u>Less Allowance for impairments amortization</u> | <u>(2,521)</u> | | | | <u>(2,521)</u> |
| Total | <u>51,779</u> | | | | <u>44,756</u> |

(Unit : Thousand Baht)

| | Separate F/S | | | | 2015 |
|--|--------------|----------|----------|----------|-----------|
| | 2014 | Increase | Decrease | Transfer | |
| At Cost | | | | | |
| Land | 209,152 | - | - | - | 209,152 |
| Buildings and improvements | 832,817 | - | 390 | 4,125 | 836,552 |
| Leasehold right and improvements | 1,746 | - | - | - | 1,746 |
| Machinery and equipment | 586,842 | 1,493 | - | 11,633 | 599,968 |
| Furniture, fixtures and office equipment | 206,212 | 2,248 | 3,327 | - | 205,133 |
| Transportation equipment | 21,607 | - | 730 | - | 20,877 |
| Machinery and building under installation | 15,949 | 2,800 | 2,291 | (15,758) | 700 |
| Total | 1,874,325 | 6,541 | 6,738 | - | 1,874,128 |
| <u>Less</u> Accumulated Depreciation | | | | | |
| Buildings and improvements | 547,720 | 25,515 | 94 | - | 573,141 |
| Leasehold right and improvements | 1,746 | - | - | - | 1,746 |
| Machinery and equipment | 533,485 | 10,555 | - | - | 544,040 |
| Furniture, fixtures and office equipment | 194,182 | 4,905 | 2,455 | - | 196,632 |
| Transportation equipment | 13,897 | 3,130 | 730 | - | 16,297 |
| Total | 1,291,030 | 44,105 | 3,279 | - | 1,331,856 |
| <u>Less</u> Allowance for impairments | | | | | |
| Land | 6,517 | - | - | - | 6,517 |
| Buildings and improvements | 10,083 | - | 2,521 | - | 7,562 |
| Total | 16,600 | - | 2,521 | - | 14,079 |
| Property, plant and equipment – Net | 566,695 | | | | 528,193 |
| Allocation of depreciation | | | | | |
| Cost | 31,932 | | | | 22,750 |
| Selling and administration expense | 19,469 | | | | 21,355 |
| <u>Less</u> Allowance for impairments amortization | (2,521) | | | | (2,521) |
| Total | 48,880 | | | | 41,584 |

Depreciation for the years ended 30 June 2015 and 2014 amounted to Baht 44.76 million and Baht 51.78 million, respectively, for the consolidated financial statements, and amounted to Baht 41.58 million and Baht 48.88 million, respectively, for the separate financial statements.

As at 30 June 2015 and 2014, the gross carrying amount of fully depreciated building and equipment which are still in use amounted to Baht 1,027.70 million and Baht 1,021.90 million, respectively, for the consolidated financial statements, and amounted to Baht 982.57 million and Baht 979.68 million, respectively, for the separate financial statements.

During 2014, the Company suspended its manufacturing line in Bangna factory and the operations of sales office - Prakanong branch. The Company therefore, reclassified the net book values of land, buildings, machinery and equipment 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.

14. ASSETS NOT USED IN OPERATION

| | Thousand Baht | | | 30 June 2015 |
|--|--------------------|----------|------------|--------------------|
| | 30 June 2014 | Increase | Decrease | |
| <u>At Cost</u> | | | | |
| Land | 41,091 | - | - | 41,091 |
| Buildings and improvements | 157,023 | - | - | 157,023 |
| Machinery and equipment | 41,891 | - | 27 | 41,864 |
| Furniture, fixtures and office equipment | 4,074 | - | 95 | 3,979 |
| Total | 244,079 | - | 122 | 243,957 |
| <u>Less Accumulated Depreciation</u> | | | | |
| Buildings and improvements | 35,979 | - | - | 35,979 |
| Machinery and equipment | 36,146 | - | 24 | 36,122 |
| Furniture, fixtures and office equipment | 3,132 | - | 92 | 3,040 |
| Total | 75,257 | - | 116 | 75,141 |
| Assets not use in operation - net | 168,822 | | | 168,816 |

As at 30 June 2015, assets not used in operation are presented at cost less accumulated depreciation and allowance for impairment (if any). In March 2014, 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). The fair values have higher than the net book value. The Company, therefor, does not set allowance for impairment. As at 30 June 2015, the Company considers the fair value of assets not used in operation does not change significantly from the latest appraise in 2014.

15. DEFERRED INCOME TAX ASSEST / TAX EXPENSES

Deferred income tax assets/liabilities as at 30 June 2015 and 2014, 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 | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Deferred income tax assets</u> | | | | |
| From allowance for doubtful accounts of trade accounts receivable from sales and service | 261 | 279 | 261 | 279 |
| 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 | 7,230 | 3,060 | 7,230 | 3,060 |
| From allowance for impairment of investments in subsidiary and other companies | - | 54 | 12,610 | 12,895 |
| From reserve for employee benefits obligation | 4,652 | 4,391 | 4,073 | 3,888 |
| From loss carried forward not exceed 5 years | 101,244 | 100,647 | 99,771 | 99,771 |
| Total | <u>113,483</u> | <u>108,527</u> | <u>124,133</u> | <u>120,081</u> |
| <u>Deferred income tax liabilities</u> | | | | |
| From equity in net income of associated companies | 51 | - | - | - |
| From the difference of depreciation of fixed assets between accounting base and tax base | 12,523 | 8,259 | 12,522 | 8,259 |
| Total | <u>12,574</u> | <u>8,259</u> | <u>12,522</u> | <u>8,259</u> |
| Net | <u>100,909</u> | <u>100,268</u> | <u>111,611</u> | <u>111,822</u> |

Income tax expenses for the years ended 30 June 2015 and 2014 are as follows :-

| | (Unit : Thousand Baht) | | | |
|--|------------------------|-----------------|------------------|------------------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Loss before income tax | (52,154) | (251,442) | (67,453) | (326,391) |
| <u>Add</u> Transaction added back under the conditions of the Revenue Code | 38,206 | 82,846 | 36,008 | 79,358 |
| Loss of the Company and subsidiary companies | 122,168 | 376,005 | - | - |
| <u>Less</u> Other tax exempted income | (91,167) | (150,713) | (87,420) | (125,476) |
| Net taxable income (loss) | <u>17,053</u> | <u>56,696</u> | <u>(118,865)</u> | <u>(372,509)</u> |
| Current tax expense under the Revenue Code - at the rate of 20% | <u>3,411</u> | <u>11,339</u> | <u>-</u> | <u>-</u> |
| Current tax expense under the Revenue Code | 3,411 | 11,339 | - | - |
| The amount of deferred income tax expense (benefit) relating to temporary differences | (642) | (53,479) | 211 | (54,618) |
| Income tax expenses (income tax benefit) | <u>2,769</u> | <u>(42,140)</u> | <u>211</u> | <u>(54,618)</u> |

16. SHORT – TERM LOANS FROM FINANCIAL INSTITUTION

| | In Thousand Baht | | | |
|----------------------------------|------------------|---------------|--------------|---------------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Liabilities under trust receipts | - | 4,154 | - | 4,154 |
| Bills of exchange | - | 50,000 | - | 50,000 |
| Total | <u>-</u> | <u>54,154</u> | <u>-</u> | <u>54,154</u> |
| <u>Less</u> Deferred interest | - | (693) | - | (693) |
| Net | <u>-</u> | <u>53,461</u> | <u>-</u> | <u>53,461</u> |

As at 30 June 2014, the liabilities under trust receipts bear interest at rates 2.8214% per annum with no collateral.

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.

17. OTHER CURRENT LIABILITIES

| | In Thousand Baht | | | |
|---|------------------|--------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Accrued construction costs | 30,441 | 27,884 | 30,441 | 27,884 |
| Accrued employee expenses | 20,029 | 22,666 | 14,695 | 14,387 |
| Accrued compensation for defective products | 8,679 | 10,188 | 8,679 | 10,188 |
| Accrued retentions | 5,023 | 8,759 | 5,023 | 8,759 |
| Accrued incentive expenses | 3,837 | 1,093 | 3,837 | 1,093 |
| Accrued commissions | 2,509 | 323 | 2,509 | 323 |
| Accrued rental and utilities expenses | 2,433 | 2,805 | 2,433 | 2,771 |
| Accrued transportation | 2,233 | 1,921 | 2,232 | 1,921 |
| Accrued consulting service | 882 | 206 | 882 | 206 |
| Other accrued expenses | 9,312 | 11,695 | 7,579 | 8,547 |
| Other liabilities | 4,690 | 4,208 | 1,939 | 1,002 |
| Total | 90,068 | 91,748 | 80,249 | 77,081 |

18. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

| | In Thousand Baht | | | |
|--|------------------|----------|--------------|----------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Opening balance as at 1 July | 21,956 | 50,146 | 19,439 | 40,507 |
| Current cost recognized in the statement of comprehensive income | 2,179 | 4,378 | 1,802 | 3,162 |
| Employee benefits paid during the year | (875) | (19,000) | (875) | (19,000) |
| Reversal of liabilities for employee benefits obligation | - | (13,568) | - | (5,230) |
| Closing balance as at 30 June | 23,260 | 21,956 | 20,366 | 19,439 |

The employee benefit expenses were recorded in the statement of comprehensive income for the years ended 30 June 2015 and 2014 as follow :-

| | In Thousand Baht | | | |
|----------------------|------------------|-------|--------------|-------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Current service cost | 1,179 | 2,510 | 917 | 1,750 |
| Financial costs | 1,000 | 1,868 | 885 | 1,412 |
| Total | 2,179 | 4,378 | 1,802 | 3,162 |

Significant assumptions of reserve for employee benefits obligation based on actuarial techniques as at 30 June 2015 and 2014 are as follows;

| | In Thousand Baht | | | |
|--------------------------------------|------------------|---------------|---------------|---------------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Discount rate : Monthly staff | 2.09% - 4.36% | 2.09% - 4.36% | 4.34% | 4.34% |
| : Daily staff | 4.30 % | 4.30 % | 4.30% | 4.30% |
| Average future salary increment rate | 4.34% - 6.16% | 4.34% - 6.16% | 4.34% - 6.09% | 4.34% - 6.09% |
| Mortality rate | TMO 2008 | TMO 2008 | TMO 2008 | TMO 2008 |
| Normal retirement age | 60 years | 60 years | 60 years | 60 years |

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. 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 2015, Baht 3.75 million was contributed to the fund by the Company (2014 : Baht 4.69 million)

21. OTHER INCOME

| | Thousand Baht | | | |
|-----------------------------|------------------|--------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Rental revenue | 17,034 | 23,244 | 23,393 | 23,414 |
| Other service income | 15,044 | 26,505 | 15,047 | 25,565 |
| Utilities income | 3,686 | 4,196 | 3,849 | 4,196 |
| Interest income | 2,530 | 4,536 | 1,327 | 2,837 |
| Tax compensation income | 1,188 | 1,162 | 1,188 | 1,162 |
| Commission income | - | - | 6,858 | 10,862 |
| Income from goods guarantee | - | 3,956 | - | 3,956 |
| Total | 39,482 | 63,599 | 51,662 | 71,992 |

22. EXPENSES BY NATURE

| | Thousand Baht | | | |
|--|------------------|---------|--------------|---------|
| | Consolidated F/S | | Separate F/S | |
| | 2015 | 2014 | 2015 | 2014 |
| Raw materials and supplies used | 382,505 | 430,849 | 382,505 | 430,849 |
| Changes in inventories of finished goods and work in process | (12,844) | 68,110 | (14,057) | 85,915 |
| Salaries, wages and other employee benefits | 345,836 | 398,126 | 278,416 | 324,932 |
| Compensation for product defective | - | 189,067 | - | 189,067 |
| Subcontractor expenses | 58,815 | 89,194 | 58,815 | 89,194 |
| Allowance (reversal of allowance) for doubtful debts | (85) | 57,642 | (85) | 57,642 |
| Depreciation | 44,756 | 51,779 | 41,584 | 48,879 |
| Rental expenses | 16,026 | 36,244 | 7,054 | 21,929 |
| Utilities expenses | 29,369 | 34,226 | 27,414 | 32,060 |
| Allowance for decline value of inventories | 20,851 | 4,464 | 20,851 | 4,464 |
| Reversal of allowance for impairment of investments | (155) | (8,683) | (1,425) | (8,683) |

23. SEGMENTAL FINANCIAL INFORMATION

| | In Thousand Baht | | | | | |
|--|------------------|----------------|-----------------------------|-----------------|------------------|------------------|
| | Domestic | | Export | | Total | |
| | | | For the years ended 30 June | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Consolidated | | | | | | |
| Sales and services - net | 1,525,327 | 1,961,001 | 111,117 | 180,921 | 1,636,444 | 2,141,922 |
| Costs of sales and services | (1,216,542) | (1,637,306) | (107,052) | (194,301) | (1,323,594) | (1,831,607) |
| Gross profit | <u>308,785</u> | <u>323,695</u> | <u>4,065</u> | <u>(13,380)</u> | <u>312,850</u> | <u>310,315</u> |
| Revenues from construction work | 22,408 | - | - | - | 22,408 | - |
| Costs of construction work | (19,830) | - | - | - | (19,830) | - |
| Gross profit | <u>2,578</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,578</u> | <u>-</u> |
| Total gross profit | <u>311,363</u> | <u>323,695</u> | <u>4,065</u> | <u>(13,380)</u> | <u>315,428</u> | <u>310,315</u> |
| Gain (loss) on exchange rate | | | | | (25,257) | 21,733 |
| Depreciation | | | | | 44,756 | 51,779 |
| Allowance for doubtful debts | | | | | 85 | (57,642) |
| Compensation for product defective | | | | | - | (189,067) |
| Loss before income tax | | | | | <u>(52,154)</u> | <u>(251,442)</u> |
| Trade accounts receivable from sales and services - net | | | | | 411,376 | 448,025 |
| Inventories - net | | | | | 365,112 | 390,225 |
| Property, plant and equipment - net | | | | | 541,391 | 581,475 |
| Assets not use in operation - net | | | | | 168,816 | 168,822 |
| Other assets | | | | | 1,294,305 | 1,322,914 |
| Total assets as at 30 June | | | | | <u>2,781,000</u> | <u>2,911,461</u> |

| | In Thousand Baht | | | | | |
|--|------------------|-----------|-----------------------------|-----------|-----------|-------------|
| | Domestic | | Export | | Total | |
| | 2015 | 2014 | For the years ended 30 June | | 2015 | 2014 |
| Separate F/S | | | | | | |
| Sales and services - net | 858,071 | 954,500 | 110,183 | 179,072 | 968,254 | 1,133,572 |
| Costs of sales and services | (690,710) | (818,493) | (106,250) | (192,715) | (796,960) | (1,011,208) |
| Gross profit | 167,361 | 136,007 | 3,933 | (13,643) | 171,294 | 122,364 |
| Revenues from construction work | 22,408 | - | - | - | 22,408 | - |
| Costs of construction work | (19,830) | - | - | - | (19,830) | - |
| Gross profit | 2,578 | - | - | - | 2,578 | - |
| Total gross profit | 169,939 | 136,007 | 3,933 | (13,643) | 173,872 | 122,364 |
| Gain (loss) on exchange rate | | | | | (26,148) | 20,954 |
| Depreciation | | | | | 41,584 | 48,879 |
| Allowance for doubtful debts | | | | | 85 | (57,642) |
| Compensation for product defective | | | | | - | (189,067) |
| Loss before income tax | | | | | (67,453) | (326,391) |
| Trade accounts receivable from sales and services - net | | | | | 266,248 | 299,416 |
| Inventories - net | | | | | 274,535 | 300,197 |
| Property, plant and equipment - net | | | | | 528,193 | 566,695 |
| Assets not use in operation - net | | | | | 168,816 | 168,822 |
| Other assets | | | | | 611,478 | 616,485 |
| Total assets as at 30 June | | | | | 1,849,270 | 1,951,615 |

24. GUARANTEE

As at 30 June 2015, the Company and subsidiaries have outstanding guarantees of approximately Baht 284.73 million and Baht 1.45 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. COMMITMENT

25.1 As at 30 June 2015, the Company had outstanding commitments for the project work of the Company with major contractor of Baht 48.03 million.

25.2 As at 30 June 2015, 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. Under the terms of these agreements, the Company is committed to pay the rental as follow:

| | <u>In Thousand Baht</u> |
|---------------|-------------------------|
| Within 1 year | 7,167 |
| 2 - 3 year | 2,467 |

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 :

| | <u>In Thousand Baht</u> | | | |
|---------------------------------------|-------------------------|-------------------|----------------------------|--------------|
| | <u>Consolidated F/S</u> | | | |
| | <u>30 June 2015</u> | | | |
| | <u>Floating rate</u> | <u>Fixed rate</u> | <u>None - interest</u> | <u>Total</u> |
| <u>Financial assets / liabilities</u> | | | | |
| Cash and cash equivalents | 269,479 | - | - | 269,479 |
| Restricted deposit with bank | 268 | - | - | 268 |

| | <u>In Thousand Baht</u> | | | |
|---------------------------------------|-------------------------|-------------------|----------------------------|--------------|
| | <u>Separate F/S</u> | | | |
| | <u>30 June 2015</u> | | | |
| | <u>Floating rate</u> | <u>Fixed rate</u> | <u>None - interest</u> | <u>Total</u> |
| <u>Financial assets / liabilities</u> | | | | |
| Cash and cash equivalents | 96,086 | - | - | 96,086 |

| | 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 |

As of 30 June 2015 and 2014, 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 2015 | | | | |
| | At call | 1 - 6 months | 7 - 12 months | Total | Interest rate |
| <u>Financial assets / liabilities</u> | | | | | |
| Cash and cash equivalents | 269,479 | - | - | 269,479 | 0.125 – 1.5% |
| Restricted deposit with bank | 268 | - | - | 268 | 0.125 – 1.5% |

| | In Thousand Baht | | | | |
|---------------------------------------|------------------|--------------|---------------|--------|---------------|
| | Separate F/S | | | | |
| | 30 June 2015 | | | | |
| | At call | 1 - 6 months | 7 - 12 months | Total | Interest rate |
| <u>Financial assets / liabilities</u> | | | | | |
| Cash and cash equivalents | 96,086 | - | - | 96,086 | 0.125 – 1.5% |

| | In Thousand Baht | | | | |
|--|------------------|--------|--------|---------|----------------|
| | Consolidated F/S | | | | |
| | 30 June 2014 | | | | |
| | | 1 - 6 | 7 - 12 | | |
| | At call | months | 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 | | | | |
| | | 1 - 6 | 7 - 12 | | |
| | At call | months | 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% |

26.2 Foreign Exchange Risk

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

As at 30 June 2015, the balances of financial assets and liabilities denominated in foreign currencies are as follows:

| Foreign currency | Financial assets (Thousand) | Financial liabilities (Thousand) | Average exchange rate as at 30 June 2015 (Baht per 1 foreign currency unit) |
|------------------|-----------------------------------|--|---|
| USD | 533 | 45 | 33.7768 |
| JPY | 658 | 225 | 0.275826 |
| AUD | 6,391 | 489 | 25.9072 |

As at 30 June 2015, the Company's foreign currency denominated assets and liabilities which were not covered by hedging agreement are as follows:

| | USD (Thousand) | JPY (Thousand) | AUD (Thousand) |
|---------------------------------|-------------------|-------------------|-------------------|
| <u>Financial assets</u> | | | |
| Cash and cash equivalents | 325 | 658 | - |
| Trade accounts receivable - net | 208 | - | 6,391 |
| <u>Financial liabilities</u> | | | |
| Advances from customers | 20 | 204 | 159 |
| Other current liabilities | 11 | - | 330 |
| Trade accounts payable | 14 | 21 | - |

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 being considered by the Court of Appeal. 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. EVENT AFTER THE REPORTING PERIOD

At the Board of Directors' meeting No.4/2015 held on 28 August 2015, the Board of Directors passed a resolution to change its fiscal year from 30 June to 31 December each year, The first accounting period, after the change, is for the period from 1 July 2015 to 31 December 2015. The change of accounting period must be approved at the Annual General Meeting of the Company's shareholders.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on 28 August 2015.