

## **AUDITOR'S REPORT**

To The Shareholders of

DCON PRODUCTS PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of DCON PRODUCTS PUBLIC COMPANY LIMITED, which comprise consolidated and separate statements of financial position as at December 31, 2014, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards, and for such internal control as management determines is 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 standards on auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair 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 entity'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 the financial statements.

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

**Opinion**

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of DCON PRODUCTS PUBLIC COMPANY LIMITED as at December 31, 2014, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 26, 2015

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

| Assets                          | Note | Consolidated financial statements (Baht) |                         | Separate financial statements (Baht) |                         |
|---------------------------------|------|--|-------------------------|--------------------------------------|-------------------------|
|                                 |      | 2014                                     | 2013                    | 2014                                 | 2013                    |
| <b>Current assets</b>           |      |  |                         |                                      |                         |
| Cash and cash equivalents       | 6    | 144,533,660.52                           | 38,078,922.46           | 43,953,790.69                        | 29,699,094.90           |
| Current investment              |      | 0.00                                     | 271,487.80              | 0.00                                 | 271,487.80              |
| Trade and other receivables     | 7    | 135,022,675.30                           | 158,790,048.84          | 274,836,478.10                       | 148,212,882.61          |
| Short-term loans                |      | 3,570,350.00                             | 3,570,350.00            | 3,570,350.00                         | 23,570,350.00           |
| Inventories                     | 8    | 454,665,419.09                           | 424,039,849.50          | 58,933,711.68                        | 53,550,073.66           |
| <b>Total current assets</b>     |      | <b>737,792,104.91</b>                    | <b>624,750,658.60</b>   | <b>381,294,330.47</b>                | <b>255,303,888.97</b>   |
| <b>Non-current assets</b>       |      |  |                         |                                      |                         |
| Land held for development       | 9    | 19,933,323.78                            | 27,154,366.11           | 0.00                                 | 0.00                    |
| Investment in subsidiaries      | 10   | 0.00                                     | 0.00                    | 341,663,520.71                       | 341,663,520.71          |
| Investment properties           | 11   | 23,743,031.03                            | 24,713,992.97           | 0.00                                 | 0.00                    |
| Property, plant and equipment   | 12   | 533,776,337.45                           | 517,208,661.74          | 483,907,507.59                       | 466,165,752.90          |
| Intangible assets               | 13   | 2,693,979.05                             | 3,295,307.25            | 2,693,979.05                         | 3,295,307.25            |
| Deferred tax assets             | 14   | 5,049,104.65                             | 5,260,984.52            | 4,805,053.71                         | 5,108,593.98            |
| Non-operating assets            | 15   | 79,493,904.50                            | 87,971,642.10           | 79,493,904.50                        | 87,971,642.10           |
| Other non-current assets        |      | 1,763,656.02                             | 2,031,693.40            | 1,763,656.02                         | 2,031,693.40            |
| <b>Total non-current assets</b> |      | <b>666,453,336.48</b>                    | <b>667,636,648.09</b>   | <b>914,327,621.58</b>                | <b>906,236,510.34</b>   |
| <b>Total assets</b>             |      | <b>1,404,245,441.39</b>                  | <b>1,292,387,306.69</b> | <b>1,295,621,952.05</b>              | <b>1,161,540,399.31</b> |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2014

| Liabilities and shareholders' equity | Note   | Consolidated financial statements (Baht) |                       | Separate financial statements (Baht) |                       |
|--------------------------------------|--------|--|-----------------------|--------------------------------------|-----------------------|
|                                      |        | 2014                                     | 2013                  | 2014                                 | 2013                  |
| <b>Current liabilities</b>           |        |  |                       |                                      |                       |
| Bank overdrafts and short-term loans |        |  |                       |                                      |                       |
| from financial institutions          | 16     | 1,573,035.31                             | 25,705,041.46         | 1,073,035.31                         | 24,705,041.46         |
| Trade and other payables             | 17     | 131,434,168.71                           | 180,827,291.23        | 115,689,978.63                       | 143,108,698.83        |
| Short-term loans                     |        | 0.00                                     | 0.00                  | 20,000,000.00                        | 0.00                  |
| Current portion of long-term debt    | 18, 19 | 52,845,237.45                            | 33,243,190.12         | 52,845,237.45                        | 33,198,590.87         |
| Accrued income tax                   |        | 52,818,691.15                            | 29,914,032.68         | 18,580,183.29                        | 25,299,855.43         |
| <b>Total current liabilities</b>     |        | <b>238,671,132.62</b>                    | <b>269,689,555.49</b> | <b>208,188,434.68</b>                | <b>226,312,186.59</b> |
| <b>Non-current liabilities</b>       |        |  |                       |                                      |                       |
| Long-term loans                      | 18     | 73,750,000.00                            | 28,358,029.44         | 73,750,000.00                        | 8,358,029.44          |
| Financial lease liabilities          | 19     | 12,949,133.19                            | 35,845,797.24         | 12,949,133.19                        | 35,845,797.24         |
| Deferred tax liabilities             | 14     | 2,797,775.25                             | 1,822,883.00          | 2,797,775.25                         | 1,822,883.00          |
| Employee benefit obligations         |        | 6,933,234.00                             | 5,331,854.57          | 5,837,133.00                         | 4,707,787.57          |
| Other non-current liabilities        |        | 1,080,000.00                             | 930,000.00            | 0.00                                 | 0.00                  |
| <b>Total non-current liabilities</b> |        | <b>97,510,142.44</b>                     | <b>72,288,564.25</b>  | <b>95,334,041.44</b>                 | <b>50,734,497.25</b>  |
| <b>Total liabilities</b>             |        | <b>336,181,275.06</b>                    | <b>341,978,119.74</b> | <b>303,522,476.12</b>                | <b>277,046,683.84</b> |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2014

| Liabilities and shareholders' equity (Cont'd)     | Note | Consolidated financial statements (Baht) |                         | Separate financial statements (Baht) |                         |
|---|------|--|-------------------------|--------------------------------------|-------------------------|
|   |      | 2014                                     | 2013                    | 2014                                 | 2013                    |
| <b>Shareholders' equity</b>                       |      |  |                         |                                      |                         |
| Share capital                                     |      |  |                         |                                      |                         |
| Authorized share capital                          |      |  |                         |                                      |                         |
| 246,876,000 common shares                         |      |  |                         |                                      |                         |
| of Baht 1 each                                    | 20   | <u>246,876,000.00</u>                    |                         | <u>246,876,000.00</u>                |                         |
| Authorized share capital                          |      |  |                         |                                      |                         |
| 206,000,000 common shares                         |      |  |                         |                                      |                         |
| of Baht 1 each                                    |      |  | <u>206,000,000.00</u>   |                                      | <u>206,000,000.00</u>   |
| Issued and paid-up share capital                  |      |  |                         |                                      |                         |
| 205,434,400 common shares                         |      |  |                         |                                      |                         |
| of Baht 1 each                                    | 20   | 205,434,400.00                           |                         | 205,434,400.00                       |                         |
| 202,865,000 common shares                         |      |  |                         |                                      |                         |
| of Baht 1 each                                    |      |  | 202,865,000.00          |                                      | 202,865,000.00          |
| Premium on common share capital                   |      | 319,825,000.00                           | 319,825,000.00          | 319,825,000.00                       | 319,825,000.00          |
| Retained earnings                                 |      |  |                         |                                      |                         |
| Appropriated                                      |      |  |                         |                                      |                         |
| Legal reserve                                     | 21   | 24,687,600.00                            | 20,600,000.00           | 24,687,600.00                        | 20,600,000.00           |
| Unappropriated                                    | 22   | 524,124,351.65                           | 413,109,743.72          | 442,152,475.93                       | 341,203,715.47          |
| Other components of equity                        |      | (5,992,404.63)                           | (5,992,404.63)          | 0.00                                 | 0.00                    |
| <b>Total owners of the Company</b>                |      | <u>1,068,078,947.02</u>                  | <u>950,407,339.09</u>   | <u>992,099,475.93</u>                | <u>884,493,715.47</u>   |
| Non-controlling interests                         |      | (14,780.69)                              | 1,847.86                | 0.00                                 | 0.00                    |
| <b>Total shareholders' equity</b>                 |      | <u>1,068,064,166.33</u>                  | <u>950,409,186.95</u>   | <u>992,099,475.93</u>                | <u>884,493,715.47</u>   |
| <b>Total liabilities and shareholders' equity</b> |      | <u>1,404,245,441.39</u>                  | <u>1,292,387,306.69</u> | <u>1,295,621,952.05</u>              | <u>1,161,540,399.31</u> |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2014

|  | Note | Consolidated financial statements (Baht) |                       | Separate financial statements (Baht) |                       |
|--|------|--|-----------------------|--------------------------------------|-----------------------|
|  |      | 2014                                     | 2013                  | 2014                                 | 2013                  |
| Sales and services                             |      | 1,862,856,919.65                         | 1,311,249,815.22      | 1,022,890,865.25                     | 1,119,894,380.89      |
| Cost of sales and services                     |      | (1,207,396,543.75)                       | (798,763,377.72)      | (627,661,184.50)                     | (687,130,338.11)      |
| <b>Gross profit</b>                            |      | <b>655,460,375.90</b>                    | <b>512,486,437.50</b> | <b>395,229,680.75</b>                | <b>432,764,042.78</b> |
| Other income                                   |      |  |                       |                                      |                       |
| Dividend received                              |      | 0.00                                     | 0.00                  | 151,149,388.90                       | 9,519,453.28          |
| Gain on disposal of investment properties      |      | 0.00                                     | 6,603,012.31          | 0.00                                 | 0.00                  |
| Others   |      | 16,684,594.43                            | 12,604,247.01         | 22,578,685.08                        | 13,621,654.52         |
| Selling expenses                               |      | (156,720,325.56)                         | (169,386,712.22)      | (126,712,718.86)                     | (146,784,228.20)      |
| Administrative expenses                        |      | (94,829,745.35)                          | (86,831,169.33)       | (71,817,190.20)                      | (63,165,363.53)       |
| Finance costs                                  |      | (9,619,190.55)                           | (4,852,242.47)        | (9,697,171.87)                       | (4,648,761.27)        |
| <b>Profit before income tax</b>                |      | <b>410,975,708.87</b>                    | <b>270,623,572.80</b> | <b>360,730,673.80</b>                | <b>241,306,797.58</b> |
| Income tax expenses                            | 23   | (82,237,742.39)                          | (55,241,390.51)       | (42,042,537.34)                      | (46,548,971.26)       |
| Profit for the year                            |      | 328,737,966.48                           | 215,382,182.29        | 318,688,136.46                       | 194,757,826.32        |
| Other comprehensive income (expense)           |      | 0.00                                     | 0.00                  | 0.00                                 | 0.00                  |
| <b>Total comprehensive income for the year</b> |      | <b>328,737,966.48</b>                    | <b>215,382,182.29</b> | <b>318,688,136.46</b>                | <b>194,757,826.32</b> |
| Total comprehensive income attributable to :   |      |  |                       |                                      |                       |
| Owners of the Company                          |      | 328,753,983.93                           | 215,385,442.09        | 318,688,136.46                       | 194,757,826.32        |
| Non-controlling interests                      |      | (16,017.45)                              | (3,259.80)            | 0.00                                 | 0.00                  |
|  |      | <u>328,737,966.48</u>                    | <u>215,382,182.29</u> | <u>318,688,136.46</u>                | <u>194,757,826.32</u> |
| Earnings per share                             |      |  |                       |                                      |                       |
| Basic earnings per share                       | 24   | 1.60                                     | 1.06                  | 1.55                                 | 0.96                  |
| Weighted average number of                     |      |  |                       |                                      |                       |
| common shares                                  | 24   | 205,220,283                              | 202,547,083           | 205,220,283                          | 202,547,083           |
| Diluted earnings per share                     |      |  |                       |                                      |                       |
| Diluted earnings per share                     | 24   | 1.49                                     | 1.05                  | 1.44                                 | 0.95                  |
| Weighted average number of                     |      |  |                       |                                      |                       |
| common shares                                  | 24   | 220,600,758                              | 205,132,844           | 220,600,758                          | 205,132,844           |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Consolidated financial statements (Baht)

|   | Equity holders of the Company    |                          |                   |                |   |                                    | Non-controlling interests | Total shareholders' equity |                  |
|---|----------------------------------|--------------------------|-------------------|----------------|---|------------------------------------|---------------------------|----------------------------|------------------|
|   | Issued and paid-up share capital | Premium on share capital | Retained earnings |                | Other components of equity<br>Different of change in percentage of investment in subsidiary | Total equity holders of the parent |                           |                            |                  |
|   |                                  |                          | Appropriated      | Unappropriated |   |                                    |                           |                            |                  |
|   |                                  |                          | Note              |                |   |                                    |                           |                            |                  |
| Balance as at December 31, 2012   | 200,000,000.00                   | 319,825,000.00           | 20,600,000.00     | 280,032,288.68 | (5,992,404.63)  | 814,464,884.05                     | 5,589.80                  | 814,470,473.85             |                  |
| Effects of changes in adoption the new accounting policy for income taxes | 5                                | 0.00                     | 0.00              | 0.00           | 4,855,162.95  | 0.00                               | 4,855,162.95              | 64.58                      | 4,855,227.53     |
| Balance as at December 31, 2012 - after restatement                       | 200,000,000.00                   | 319,825,000.00           | 20,600,000.00     | 284,887,451.63 | (5,992,404.63)  | 819,320,047.00                     | 5,654.38                  | 819,325,701.38             |                  |
| Changes in shareholders' equity for the year 2013:                        |                                  |                          |                   |                |   |                                    |                           |                            |                  |
| Common shares from exercise of warrants                                   | 20                               | 2,865,000.00             | 0.00              | 0.00           | 0.00  | 0.00                               | 2,865,000.00              | 0.00                       | 2,865,000.00     |
| Dividend paid   | 22                               | 0.00                     | 0.00              | 0.00           | (87,163,150.00)   | 0.00                               | (87,163,150.00)           | (546.72)                   | (87,163,696.72)  |
| Total comprehensive income for the year                                   |                                  | 0.00                     | 0.00              | 0.00           | 215,385,442.09  | 0.00                               | 215,385,442.09            | (3,259.80)                 | 215,382,182.29   |
| Balance as at December 31, 2013   |                                  | 202,865,000.00           | 319,825,000.00    | 20,600,000.00  | 413,109,743.72  | (5,992,404.63)                     | 950,407,339.09            | 1,847.86                   | 950,409,186.95   |
| Changes in shareholders' equity for the year 2014:                        |                                  |                          |                   |                |   |                                    |                           |                            |                  |
| Common shares from exercise of warrants                                   | 20                               | 2,569,400.00             | 0.00              | 0.00           | 0.00  | 0.00                               | 2,569,400.00              | 0.00                       | 2,569,400.00     |
| Legal reserve   | 21                               | 0.00                     | 0.00              | 4,087,600.00   | (4,087,600.00)  | 0.00                               | 0.00                      | 0.00                       | 0.00             |
| Dividend paid   | 22                               | 0.00                     | 0.00              | 0.00           | (213,651,776.00)  | 0.00                               | (213,651,776.00)          | (611.10)                   | (213,652,387.10) |
| Total comprehensive income for the year                                   |                                  | 0.00                     | 0.00              | 0.00           | 328,753,983.93  | 0.00                               | 328,753,983.93            | (16,017.45)                | 328,737,966.48   |
| Balance as at December 31, 2014   |                                  | 205,434,400.00           | 319,825,000.00    | 24,687,600.00  | 524,124,351.65  | (5,992,404.63)                     | 1,068,078,947.02          | (14,780.69)                | 1,068,064,166.33 |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2014

|      |  | Separate financial statements (Baht) |                |                   |                  |                  |
|------|--|--------------------------------------|----------------|-------------------|------------------|------------------|
|      |  | Issued and paid-up                   | Premium on     | Retained earnings |                  | Total            |
|      |  | share capital                        | share capital  | Appropriated      | Unappropriated   | shareholders'    |
| Note |  |                                      |                |                   |                  | equity           |
|      | Balance as at December 31, 2012        | 200,000,000.00                       | 319,825,000.00 | 20,600,000.00     | 229,399,566.56   | 769,824,566.56   |
|      | Effects of changes in adoption the new |                                      |                |                   |                  |                  |
|      | accounting policy for income taxes     | 5                                    | 0.00           | 0.00              | 0.00             | 4,209,472.59     |
|      | Balance as at December 31, 2012        |                                      |                |                   |                  |                  |
|      | - after restatement                    | 200,000,000.00                       | 319,825,000.00 | 20,600,000.00     | 233,609,039.15   | 774,034,039.15   |
|      | Changes in shareholders' equity        |                                      |                |                   |                  |                  |
|      | for the year 2013:                     |                                      |                |                   |                  |                  |
|      | Common shares from exercise            |                                      |                |                   |                  |                  |
|      | of warrants                            | 20                                   | 2,865,000.00   | 0.00              | 0.00             | 0.00             |
|      | Dividend paid                          | 22                                   | 0.00           | 0.00              | (87,163,150.00)  | (87,163,150.00)  |
|      | Total comprehensive income             |                                      |                |                   |                  |                  |
|      | for the year                           |                                      | 0.00           | 0.00              | 194,757,826.32   | 194,757,826.32   |
|      | Balance as at December 31, 2013        | 202,865,000.00                       | 319,825,000.00 | 20,600,000.00     | 341,203,715.47   | 884,493,715.47   |
|      | Changes in shareholders' equity        |                                      |                |                   |                  |                  |
|      | for the year 2014:                     |                                      |                |                   |                  |                  |
|      | Common shares from exercise            |                                      |                |                   |                  |                  |
|      | of warrants                            | 20                                   | 2,569,400.00   | 0.00              | 0.00             | 0.00             |
|      | Legal reserve                          | 21                                   | 0.00           | 0.00              | 4,087,600.00     | (4,087,600.00)   |
|      | Dividend paid                          | 22                                   | 0.00           | 0.00              | (213,651,776.00) | (213,651,776.00) |
|      | Total comprehensive income             |                                      |                |                   |                  |                  |
|      | for the year                           |                                      | 0.00           | 0.00              | 318,688,136.46   | 318,688,136.46   |
|      | Balance as at December 31, 2014        | 205,434,400.00                       | 319,825,000.00 | 24,687,600.00     | 442,152,475.93   | 992,099,475.93   |

Notes to financial statements are parts of these financial statements.



DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2014

|   | <u>Consolidated financial statements (Baht)</u> |                       | <u>Separate financial statements (Baht)</u> |                       |
|---|---|-----------------------|---|-----------------------|
|   | 2014  | 2013                  | 2014  | 2013                  |
| Cash flows from operating activities                    |   |                       |   |                       |
| Profit before income tax                                | 410,975,708.87                                  | 270,623,572.80        | 360,730,673.80                              | 241,306,797.58        |
| Adjustment  |   |                       |   |                       |
| Gain on changes in current investment                   | 0.00  | (9,767.06)            | 0.00  | (9,767.06)            |
| Doubtful accounts                                       | 144,537.08                                      | 71,673.45             | 0.00  | 59,173.45             |
| Write off withholding tax                               | 0.00  | 862,531.00            | 0.00  | 0.00                  |
| Depreciation  | 55,039,268.54                                   | 46,727,041.67         | 49,234,465.23                               | 42,124,509.83         |
| Loss on obsolete goods                                  | 0.00  | 138,589.43            | 0.00  | 138,589.43            |
| Gain on disposal of investment properties               | 0.00  | (6,787,804.31)        | 0.00  | 0.00                  |
| (Gain) Loss on disposal of fixed assets                 | (1,504,700.84)                                  | (283,464.86)          | (749,189.41)                                | 598,261.65            |
| Amortized intangible assets                             | 601,328.20                                      | 601,328.20            | 601,328.20                                  | 601,328.20            |
| Employee benefit provisions                             | 1,601,379.43                                    | 1,065,888.00          | 1,129,345.43                                | 958,102.00            |
| Dividend received                                       | 0.00  | 0.00                  | (151,149,388.90)                            | (9,519,453.28)        |
| Interest expenses                                       | 9,619,190.55                                    | 4,852,242.47          | 9,697,171.87                                | 4,648,761.27          |
|   | <u>476,476,711.83</u>                           | <u>317,861,830.79</u> | <u>269,494,406.22</u>                       | <u>280,906,303.07</u> |
| (Increase) Decrease in portion of operating assets      |   |                       |   |                       |
| Trade and other receivables                             | 23,622,836.46                                   | (13,499,228.53)       | (126,623,595.49)                            | (10,407,833.53)       |
| Inventories   | (30,625,569.55)                                 | (79,542,534.34)       | (5,383,637.98)                              | 481,313.14            |
| Land held for development                               | 7,221,042.33                                    | 0.00                  | 0.00  | 0.00                  |
| Other non-current assets                                | 268,037.34                                      | (375,490.56)          | 268,037.34                                  | (375,490.56)          |
| Increase (Decrease) in portion of operating liabilities |   |                       |   |                       |
| Trade and other payables                                | (49,778,117.62)                                 | 39,497,570.20         | (27,418,720.20)                             | 11,406,014.07         |
| Other non-current liabilities                           | 150,000.00                                      | (310,854.00)          | 0.00  | (240,854.00)          |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CASH FLOWS (Continued)**

FOR THE YEAR ENDED DECEMBER 31, 2014

|   | <b>Consolidated financial statements (Baht)</b> |                         | <b>Separate financial statements (Baht)</b> |                         |
|---|---|-------------------------|---|-------------------------|
|   | <b>2014</b>                                     | <b>2013</b>             | <b>2014</b>                                 | <b>2013</b>             |
| Cash generated (paid) from operation  | 427,334,940.79                                  | 263,631,293.56          | 110,336,489.89                              | 281,769,452.19          |
| Interest paid   | (9,619,190.55)                                  | (4,852,242.47)          | (9,697,171.87)                              | (4,648,761.27)          |
| Income tax paid   | (58,146,311.80)                                 | (43,754,499.12)         | (47,483,776.96)                             | (37,939,595.24)         |
| Net cash provided by (used in) operating activities                             | <u>359,569,438.44</u>                           | <u>215,024,551.97</u>   | <u>53,155,541.06</u>                        | <u>239,181,095.68</u>   |
| Cash flows from investing activities  |   |                         |   |                         |
| Proceeds from sales of current investment                                       | 271,487.80                                      | 0.00                    | 271,487.80                                  | 0.00                    |
| Decrease in short-term loans  | 0.00  | 0.00                    | 20,000,000.00                               | 86,000,000.00           |
| Payments for acquire of ordinary share<br>increase of subsidiary                | 0.00  | 0.00                    | 0.00  | (100,000,000.00)        |
| Dividend received from subsidiaries   | 0.00  | 0.00                    | 151,149,388.90                              | 9,519,453.28            |
| Payments for investment property<br>acquisition                                 | 0.00  | 8,400,000.00            | 0.00  | 0.00                    |
| Payments for fixed assets acquisition   | (63,767,847.85)                                 | (164,072,624.17)        | (60,201,863.02)                             | (149,830,617.67)        |
| Proceeds from sales of fixed assets   | 4,691,588.78                                    | 1,737,268.71            | 3,644,859.81                                | 0.00                    |
| Net cash provided by (used in) investing activities                             | <u>(58,804,771.27)</u>                          | <u>(153,935,355.46)</u> | <u>114,863,873.49</u>                       | <u>(154,311,164.39)</u> |
| Cash flows from financing activities  |   |                         |   |                         |
| Decrease in bank overdrafts and short-term<br>loans from financial institutions | (24,132,006.15)                                 | (16,347,914.02)         | (23,632,006.15)                             | (16,400,670.34)         |
| Increase in short-term loans  | 0.00  | 0.00                    | 20,000,000.00                               | 0.00                    |
| Increase in long-term loans   | 62,725,966.09                                   | 28,358,029.44           | 84,141,970.56                               | 17,108,029.44           |
| Payments for financial lease liabilities  | (21,820,901.95)                                 | (7,661,284.41)          | (23,192,307.17)                             | (15,887,743.57)         |
| Proceeds from exercise of warrants  | 2,569,400.00                                    | 2,865,000.00            | 2,569,400.00                                | 2,865,000.00            |
| Dividend paid   | (213,652,387.10)                                | (87,163,696.72)         | (213,651,776.00)                            | (87,163,150.00)         |
| Net cash provided by (used in) financing activities                             | <u>(194,309,929.11)</u>                         | <u>(79,949,865.71)</u>  | <u>(153,764,718.76)</u>                     | <u>(99,478,534.47)</u>  |
| Net increase (decrease) in cash and cash equivalents                            | 106,454,738.06                                  | (18,860,669.20)         | 14,254,695.79                               | (14,608,603.18)         |
| Cash and cash equivalents as at January 1                                       | 38,078,922.46                                   | 56,939,591.66           | 29,699,094.90                               | 44,307,698.08           |
| Cash and cash equivalents as at December 31                                     | <u>144,533,660.52</u>                           | <u>38,078,922.46</u>    | <u>43,953,790.69</u>                        | <u>29,699,094.90</u>    |

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

1.1 The Company was registered as a company limited on August 6, 1996 with registration No. (1) 1955/2539.

On March 24, 2004, the Company has changed its status to public company limited with registration No.0107547000303.

1.2 The Company's office is located at 3300/57 Chang Tower B Building, 8<sup>th</sup> floor, Phaholyothin Road, Ladyao, Bangkok and the factories are located as follows :

1st factory : 33 Moo 8, Phaholyothin Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

2nd factory : 280 Moo 1, Leing Mueng Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

3rd factory : 39/3 Moo 7, Tambon Natai, Amphur Ban Naduam, Suratthani.

4th factory : 236 Moo 11, Tambon Phang, Amphur Kosumpisai, Mahasarakham.

5th factory : 567 Moo 1, Tambon Makhanku, Amphur Nihompattana, Rayong.

1.3 Business engagement

1.3.1 The Company engaged in business of manufacturing and selling of construction supplies (precast floor, concrete post and others).

1.3.2 The subsidiaries engaged in business of manufacturing and selling of construction supplies (precast floor and other), and sales of land and lease of real estate. The real estate project in progress as follows :

1) The project which had sales volume

|   | 2014             | 2013           |
|---|------------------|----------------|
| <u>Bann Orrada Project</u>                  |                  |                |
| Contract value (Baht)                       | 215,731,496.00   | 215,731,496.00 |
| % of total sales value                      | 85.19            | 85.19          |
| <u>Orrada Ratchapruak Project</u>           |                  |                |
| Contract value (Baht)                       | 187,822,000.00   | 138,072,000.00 |
| % of total sales value                      | 54.96            | 40.41          |
| <u>DZIO Ngamwongwan Condominium Project</u> |                  |                |
| Contract value (Baht)                       | 1,141,770,428.01 | 537,020,750.00 |
| % of total sales value                      | 100.00           | 58.30          |

2) "Orrada Land Project" starts to operate in 2009 but had no sales volume.

3) "DZIO Ngamwongwan Condominium Project" starts to operate in the third quarter of 2012. During the forth quarter of 2014, subsidiary agreed to sell of such condominium project to a buyer.

## 2. PREPARATION OF FINANCIAL STATEMENTS BASIS

2.1 The financial statements have been prepared in conformity with Financial Reporting Standards, enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and in accordance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 The issued and revised financial reporting standards that are mandatorily effective for the current year

Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee which are expected to be effective for the financial statements beginning on or after January 1, 2014 as detailed following :

### Accounting Standards

|        |  |
|--------|--|
| 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 Rate |
| TAS 24 | (Revised 2012) Related Party Disclosures                       |
| TAS 28 | (Revised 2012) Investments in Associates                       |
| TAS 31 | (Revised 2012) Interests in Joint Venture                      |
| 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 Payments
- TFRS 3 (Revised 2012) Business Combinations
- TFRS 5 (Revised 2012) Non-current Held for Sale and Discontinued Operations
- TFRS 8 (Revised 2012) Operating Segments

Standing Interpretations Committee

- 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 Interpretations Committee

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

The above accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee will have no significantly impacts on these financial statements.

### 2.3 Financial reporting standards in issue but not yet effective

The Company has not adopted the following new and revised TFRS that have been issued as at the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial statements period beginning on or after 1 January in the year indicated following.

| <u>Financial Reporting Standards</u> | <u>Contents</u>   | <u>Effective year</u> |
|--------------------------------------|---|-----------------------|
|                                      | Conceptual Framework for Financial Reporting<br>(Revised 2014)              | 2015                  |
| <u>Accounting Standards</u>          |   |                       |
| TAS 1 (Revised 2014)                 | Presentation of Financial Statements  | 2015                  |
| TAS 2 (Revised 2014)                 | Inventories   | 2015                  |
| TAS 7 (Revised 2014)                 | Statement of Cash Flows   | 2015                  |
| TAS 8 (Revised 2014)                 | Accounting Policies, Changes in Accounting Estimates<br>and Errors          | 2015                  |
| TAS 10 (Revised 2014)                | Events After the Reporting Period   | 2015                  |
| TAS 11 (Revised 2014)                | Construction Contracts  | 2015                  |
| TAS 12 (Revised 2014)                | Income Taxes  | 2015                  |
| TAS 16 (Revised 2014)                | Property, Plant and Equipment   | 2015                  |
| TAS 17 (Revised 2014)                | Leases  | 2015                  |
| TAS 18 (Revised 2014)                | Revenue   | 2015                  |
| TAS 19 (Revised 2014)                | Employee Benefits   | 2015                  |
| TAS 20 (Revised 2014)                | Accounting for Government Grants and Disclosure<br>of Government Assistance | 2015                  |
| TAS 21 (Revised 2014)                | The Effects of Changes in Foreign Exchange Rates                            | 2015                  |
| TAS 23 (Revised 2014)                | Borrowing Costs   | 2015                  |
| TAS 24 (Revised 2014)                | Related Party Disclosures   | 2015                  |

|                                      | <u>Contents</u>   | <u>Effective year</u> |
|--------------------------------------|---|-----------------------|
| <u>Accounting Standards</u>          |   |                       |
| TAS 26 (Revised 2014)                | Accounting and Reporting by Retirement Benefit Plans            | 2015                  |
| TAS 27 (Revised 2014)                | Separate Financial Statements                                   | 2015                  |
| TAS 28 (Revised 2014)                | Investments in Associates and Joint Venture                     | 2015                  |
| TAS 29 (Revised 2014)                | Financial Reporting in Hyperinflationary Economies              | 2015                  |
| TAS 33 (Revised 2014)                | Earnings per Share  | 2015                  |
| TAS 34 (Revised 2014)                | Interim Financial Reporting                                     | 2015                  |
| TAS 36 (Revised 2014)                | Impairment of Assets  | 2015                  |
| TAS 37 (Revised 2014)                | Provisions, Contingent Liabilities and Contingent Assets        | 2015                  |
| TAS 38 (Revised 2014)                | Intangible Assets   | 2015                  |
| TAS 40 (Revised 2014)                | Investment Property   | 2015                  |
| <u>Financial Reporting Standards</u> |   |                       |
| TFRS 2 (Revised 2014)                | Share-Based Payments  | 2015                  |
| TFRS 3 (Revised 2014)                | Business Combinations   | 2015                  |
| TFRS 4 (Revised 2014)                | Insurance Contracts   | 2016                  |
| TFRS 5 (Revised 2014)                | Non-current Assets Held for Sale and Discontinued<br>Operations | 2015                  |
| TFRS 6 (Revised 2014)                | Exploration for and Evaluation of Mineral Resources             | 2015                  |
| TFRS 8 (Revised 2014)                | Operating Segments  | 2015                  |
| TFRS 10                              | Consolidated Financial Statements                               | 2015                  |
| TFRS 11                              | Joint Arrangements  | 2015                  |
| TFRS 12                              | Disclosure of Interests in Other Entities                       | 2015                  |
| TFRS 13                              | Fair Value Measurement  | 2015                  |

|  | <u>Contents</u>  | <u>Effective year</u> |
|--|--|-----------------------|
| <u>Standing Interpretations Committee</u>            |  |                       |
| TSIC 10 (Revised 2014)                               | Government Assistance - No Specific Relation to<br>Operating Activities  | 2015                  |
| TSIC 15 (Revised 2014)                               | Operating Leases - Incentives  | 2015                  |
| TSIC 25 (Revised 2014)                               | Income Taxes - Changes in the Tax Status of an Entity<br>or its Shareholders   | 2015                  |
| TSIC 27 (Revised 2014)                               | Evaluating the Substance of Transactions Involving the<br>Legal Form of a Lease  | 2015                  |
| TSIC 29 (Revised 2014)                               | Service Concession Arrangements: Disclosures   | 2015                  |
| TSIC 31 (Revised 2014)                               | Revenue - Barter Transactions Involving Advertising<br>Services  | 2015                  |
| TSIC 32 (Revised 2014)                               | Intangible Assets - Web Site Costs   | 2015                  |
| <u>Financial Reporting Interpretations Committee</u> |  |                       |
| TFRIC 1 (Revised 2014)                               | Changes in Existing Decommissioning, Restoration and<br>Similar Liabilities  | 2015                  |
| TFRIC 4 (Revised 2014)                               | Determining Whether an Arrangement Contains a Lease  | 2015                  |
| TFRIC 5 (Revised 2014)                               | Rights to Interests arising from Decommissioning,<br>Restoration and Environmental Rehabilitation Funds                            | 2015                  |
| TFRIC 7 (Revised 2014)                               | Applying the Restatement Approach under TAS 29<br>(revised 2014) <i>Financial Reporting in Hyperinflationary<br/>Economies</i>     | 2015                  |
| TFRIC 10 (Revised 2014)                              | Interim Financial Reporting and Impairment   | 2015                  |
| TFRIC 12 (Revised 2014)                              | Service Concession Arrangements  | 2015                  |
| TFRIC 13 (Revised 2014)                              | Customer Loyalty Programmers   | 2015                  |
| TFRIC 14   | The Limit on a Defined Benefit Asset, Minimum<br>Funding Requirements and their Interaction for<br>TAS 19 <i>Employee Benefits</i> | 2015                  |



|                         | <u>Contents</u>   | <u>Effective year</u> |
|-------------------------|---|-----------------------|
| TFRIC 15 (Revised 2014) | Agreements for the Construction of Real Estate            | 2015                  |
| TFRIC 17 (Revised 2014) | Distributions of Non – cash Assets to Owners              | 2015                  |
| TFRIC 18 (Revised 2014) | Transfers of Assets from Customers                        | 2015                  |
| TFRIC 20                | Stripping Costs in the Production Phase of a Surface Mine | 2015                  |

The management expects that the Company will apply and adopt the issued and revised financial reporting standards in accordance with the notification of the Federation of Accounting Professions and is being evaluated the effect of those issued and revised financial reporting standards on the Company's financial statements which expected that they will have no significantly impacts on the financial statements in the year in which they are initially applied.

### 3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

The consolidated financial statements of Dcon Products Public Company Limited and its subsidiaries in which the Company has ability to control in making financial and operating decisions as follows:

|                          | <u>Percentage of shareholding</u> |       | <u>Type of business</u>                    |
|--------------------------|-----------------------------------|-------|--|
|                          | 2014                              | 2013  |  |
| Orrada Co., Ltd.         | 99.99                             | 99.99 | Sales and lease real estate                |
| Rompo Products Co., Ltd. | 99.99                             | 99.99 | Manufacturing and selling of precast floor |

The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

The balance of accounts and transactions between Dcon Products Public Company Limited and its subsidiaries unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

### 4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Revenues and expenses recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

4.1.2 Revenue from the sales of goods are recognized as income whenever the goods, the significant risks and rewards have been transferred to the buyer.

4.1.3 Revenue from assets for lease are recognized as income on a straight-line basis over the period of the lease.

#### 4.2 Cash and cash equivalents

Cash and cash equivalents included cash on hand and at banks of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

#### 4.3 Trade and Other Receivables

Trade and other receivables are stated at the rights to receive amount / invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

#### 4.4 Inventory

Inventories are valued at the lower of cost on a first-in first-out (FIFO) basis or net realizable value.

Cost of land development is stated at cost which consist of cost of land acquisition, land development and expenses directly related to the project including interest.

#### 4.5 Investment

Investments in securities for trading are stated at fair value. Gain or loss on changes in fair value is recognized as income or expenses in the statements of comprehensive income.

Investment in subsidiaries are stated at cost less provision for impairment (if any).

#### 4.6 Investment properties

4.6.1 Investment properties are properties held to earn rental or for capital appreciation or both.

4.6.2 Subsidiaries stated land at cost, building at cost less accumulated depreciation and devaluation of assets (if any).

Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the subsidiaries incur.

4.6.3 Subsidiaries calculated depreciation on a straight-line basis over the estimated useful lives of assets and the depreciation charge has to be determined separately for each significant parts of assets item with the cost that is significant in relation to the total cost of the assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of building is 20 years

Land and assets under construction were not depreciated.

#### 4.7 Property, plant and equipment

4.7.1 Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs.

4.7.2 Building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets and the depreciation charge has to be determined separately for each significant parts of assets with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are follows :

|  | Number of years |
|--|-----------------|
| Building and building improvement        | 5, 10 and 20    |
| Machinery and equipment                  | 5, 10 and 15    |
| Underground well                         | 5 and 10        |
| Furniture, fixtures and office equipment | 5               |
| Vehicles                                 | 5 and 10        |

Land and assets under construction were not depreciated.

#### 4.8 Intangible assets

Intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is calculated on a straight-line basis as follows :

|                                | Number of years |
|--------------------------------|-----------------|
| Computer software              | 10              |
| Research and development costs | 15              |

#### 4.9 Impairment of assets

The Company and subsidiaries have assessed the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company will consider the impairment for each asset item or each asset unit generating cash flows, whenever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of comprehensive income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

#### 4.10 Financial instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade and other receivables and short-term loans, bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans, long-term loans and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

#### 4.11 Long-term lease

The Company and subsidiaries recorded vehicles under financial lease agreement/hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

#### 4.12 Employee benefits

##### 4.12.1 Provident fund

The Company has established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

##### 4.12.2 Post-employment benefits

The Company provides for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the financial statements is estimated on an actuarial basis using Projected Unit Credit Method by the independent experts (Actuary). The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions.

The principal actuarial assumptions used for employee benefits calculation were summarized as follows;

|                   |  |
|-------------------|--|
| Discount rate     | 3.99 per annum                                       |
| Employee turnover | Age-related scale and kind of employees              |
| Mortality         | According to Thailand TMO2008 male and female tables |

#### 4.13 Income tax and deferred tax

1. Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income
  - Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
  - Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.
2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.
4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
5. A deferred tax asset is recognised 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 each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.14 Accounting estimates

Preparation of financial statements in conformity with the financial reporting standards required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

The Company and subsidiaries made estimates and assumptions concerning the future factors. The results of accounting estimates may be differ from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial year related to allowance for doubtful accounts, allowance for devaluation of inventories and provision for impairment of assets at the statements of financial position date. Other estimates are described in the corresponding disclosures.

#### 4.15 Provisions

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

#### 4.16 Earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings per share which is determined by dividing the net profit for the year by the weighted average number of common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit for the year by the weighted average of common share issued during the year added by the number of common shares issued for offering to warrant holders of the Company.

## 5. EFFECTS FROM INITIAL ADOPTION FINANCIAL REPORTING STANDARDS

The Company and subsidiaries have applied TAS 12 "Income Taxes", in accordance with the FAP's notification, the Company and subsidiaries thus taken income tax expenses (income) to adjust the beginning of 2013 retained earnings and made retroactively adjustment the 2012 financial statements. The effects from apply such accounting standards, the financial statements for the year ended December 31, 2013 represented the increase in beginning retained earnings and increase in deferred tax assets/liabilities by the same amount of Baht 4.86 million and Baht 4.21 million in the consolidated and separate financial statements respectively.

## 6. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

6.1 Cash and cash equivalents comprise:

|                                  | Consolidated financial statements (Baht) |               | Separate financial statements (Baht) |               |
|----------------------------------|--|---------------|--------------------------------------|---------------|
|                                  | 2014                                     | 2013          | 2014                                 | 2013          |
| Cash                             | 942,000.00                               | 922,000.00    | 800,000.00                           | 740,000.00    |
| Cash at banks - current accounts | 12,261,459.67                            | 4,666,558.74  | 6,687,311.13                         | 1,789,439.16  |
| Cash at banks - savings deposit  | 131,329,198.04                           | 31,245,915.01 | 36,466,479.56                        | 25,925,207.03 |
| Cash at banks - fixed deposit    |  |               |                                      |               |
| with 3 months                    | 1,002.81                                 | 1,244,448.71  | 0.00                                 | 1,244,448.71  |
| Total                            | 144,533,660.52                           | 38,078,922.46 | 43,953,790.69                        | 29,699,094.90 |

6.2 Non-cash transaction

### For the year ended December 31, 2014

#### Parents

The Company entered into hire purchase 3 vehicles agreement of Baht 1.59 million which was already made the initial installment in the amount of Baht 0.40 million. The remaining is presented as financial lease liabilities.

#### Subsidiary

The subsidiary entered into hire purchase vehicles agreement of Baht 2.88 million which was already made the initial installment in the amount of Baht 2.49 million. The remaining is presented as other payables.

### For the year ended December 31, 2013

#### Parents

The Company entered into hire purchase 20 vehicles agreement of Baht 57.07 million which is presented as financial lease liabilities and the outstanding for fixed assets acquisition amount of Baht 4.35 million which is presented as other payables.

## 7. TRADE AND OTHER RECEIVABLES

|                                      | Consolidated financial statements (Baht) |                 | Separate financial statements (Baht) |                |
|--------------------------------------|--|-----------------|--------------------------------------|----------------|
|                                      | 2014                                     | 2013            | 2014                                 | 2013           |
| Trade accounts receivable            | 140,806,630.52                           | 159,724,397.21  | 128,827,666.53                       | 148,378,732.16 |
| Other receivables                    |  |                 |                                      |                |
| - Accrued dividend received          | 0.00                                     | 0.00            | 140,999,971.80                       | 0.00           |
| - Others                             | 6,836,967.29                             | 11,555,769.06   | 9,421,021.07                         | 4,246,331.75   |
| Total                                | 147,643,597.81                           | 171,280,166.27  | 279,248,659.40                       | 152,625,063.91 |
| Less Allowance for doubtful accounts |  |                 |                                      |                |
| - Trade accounts receivable          | (11,203,410.51)                          | (11,072,605.43) | (4,412,181.30)                       | (4,412,181.30) |
| - Other receivables                  | (1,417,512.00)                           | (1,417,512.00)  | 0.00                                 | 0.00           |
| Net                                  | 135,022,675.30                           | 158,790,048.84  | 274,836,478.10                       | 148,212,882.61 |

### Billed trade accounts receivable separated on aging

|                                   | Consolidated financial statements (Baht) |                | Separate financial statements (Baht) |                |
|-----------------------------------|--|----------------|--------------------------------------|----------------|
|                                   | 2014                                     | 2013           | 2014                                 | 2013           |
| Undue trade accounts receivable   | 85,715,934.13                            | 95,231,892.80  | 81,319,535.59                        | 91,828,701.45  |
| Overdue trade accounts receivable |  |                |                                      |                |
| - Less than 3 months              | 42,768,641.80                            | 50,186,639.38  | 42,064,932.56                        | 49,364,126.89  |
| - Over 3 months to 6 months       | 1,269,860.74                             | 1,406,170.31   | 1,182,233.74                         | 1,281,170.31   |
| - Over 6 months to 12 months      | 42,024.19                                | 845,404.48     | 42,024.19                            | 845,404.48     |
| - More than 12 months             | 11,010,169.66                            | 12,054,290.24  | 4,218,940.45                         | 5,059,329.03   |
| Total                             | 140,806,630.52                           | 159,724,397.21 | 128,827,666.53                       | 148,378,732.16 |



## 8. INVENTORIES

|                                   | Consolidated financial statements (Baht) |                  | Separate financial statements (Baht) |               |
|-----------------------------------|--|------------------|--------------------------------------|---------------|
|                                   | 2014                                     | 2013             | 2014                                 | 2013          |
| Finished goods                    | 31,388,704.97                            | 26,678,066.51    | 30,122,938.40                        | 25,202,977.77 |
| Raw materials and supplies        | 31,054,980.97                            | 30,897,304.37    | 29,300,167.79                        | 28,836,490.44 |
| Cost of land for development      |  |                  |                                      |               |
| - Land                            | 396,389,618.07                           | 218,789,360.77   | 0.00                                 | 0.00          |
| - Land for development            | 39,455,737.12                            | 37,730,191.51    | 0.00                                 | 0.00          |
| - Work in progress                | 714,555,550.43                           | 358,054,852.49   | 0.00                                 | 0.00          |
| Total                             | 1,212,844,591.56                         | 672,149,775.65   | 59,423,106.19                        | 54,039,468.21 |
| Less Cost of land for development |  |                  |                                      |               |
| transfer to cost of sales         | (757,689,777.96)                         | (247,620,531.60) | 0.00                                 | 0.00          |
| Total                             | 455,154,813.60                           | 424,529,244.05   | 59,423,106.19                        | 54,039,468.21 |
| Less Allowance for obsolete       |  |                  |                                      |               |
| goods                             | (489,394.51)                             | (489,394.55)     | (489,394.51)                         | (489,394.55)  |
| Net                               | 454,665,419.09                           | 424,039,849.50   | 58,933,711.68                        | 53,550,073.66 |

As at December 31, 2013, subsidiary's inventories- condominium project at cost amount of Baht 141.62 million are mortgaged as collateral against long-term loans (note 18).

## 9. LAND HELD FOR DEVELOPMENT

For the third quarter of 2013, subsidiary transferred land held for development amount of Baht 22.22 million to inventories since such land was taken to develop for selling purpose.

As at December 31, 2014 and 2013, subsidiaries' land held for development (including land, land improvement and utilities) in the amount of Baht 14.20 million and Baht 21.42 million respectively are mortgaged as collateral against overdraft lines and short-term loans from financial institutions (note 16) and contingent liabilities from bank issuance of guarantee (note 32.2).

## 10. INVESTMENTS IN SUBSIDIARIES

| Company's name              | Type of business                                 | Relationship                     | Paid-up share capital (Baht) |                | Percentage of shareholding |       | Separate financial statements (Baht) |                |                 |              |
|-----------------------------|--|----------------------------------|------------------------------|----------------|----------------------------|-------|--------------------------------------|----------------|-----------------|--------------|
|                             |  |                                  |                              |                |                            |       | Cost method                          |                | Dividend income |              |
|                             |  |                                  | 2014                         | 2013           | 2014                       | 2013  | 2014                                 | 2013           | 2014            | 2013         |
| Orrada Co., Ltd.            | Sales and lease<br>real estate                   | Shareholders<br>and directorship | 300,000,000.00               | 300,000,000.00 | 99.99                      | 99.99 | 300,000,000.00                       | 300,000,000.00 | 140,999,971.80  | 0.00         |
| Rompo Products<br>Co., Ltd. | Manufacturing<br>and selling of<br>precast floor | Shareholders<br>and directorship | 35,000,000.00                | 35,000,000.00  | 99.99                      | 99.99 | 41,663,520.71                        | 41,663,520.71  | 10,149,417.10   | 9,519,453.28 |
| Total                       |  |                                  |                              |                |                            |       | 341,663,520.71                       | 341,663,520.71 | 151,149,388.90  | 9,519,453.28 |

The financial statements for the year ended December 31, 2014 and 2013 of above subsidiary have been taken for preparing the consolidated financial statements which were audited by the auditor.

## 11. INVESTMENT PROPERTIES

|                            | <b>Consolidated financial statements (Baht)</b> |                            |                              |                             |
|----------------------------|---|----------------------------|------------------------------|-----------------------------|
|                            | Land  | Building                   | Assets under<br>construction | Total                       |
| Assets cost :              |   |                            |                              |                             |
| As at December 31, 2012    | 18,398,458.06                                   | 21,920,410.05              | 5,207,868.05                 | 45,526,736.16               |
| Increase                   | 150,000.00                                      | 0.00                       | 0.00                         | 150,000.00                  |
| Disposal                   | (987,975.96)                                    | (2,154,592.00)             | 0.00                         | (3,142,567.96)              |
| Transfer to inventories    | (1,374,960.86)                                  | 0.00                       | (5,207,868.05)               | (6,582,828.91)              |
| As at December 31, 2013    | <u>16,185,521.24</u>                            | <u>19,765,818.05</u>       | <u>0.00</u>                  | <u>35,951,339.29</u>        |
| As at December 31, 2014    | <u>16,185,521.24</u>                            | <u>19,765,818.05</u>       | <u>0.00</u>                  | <u>35,951,339.29</u>        |
| Accumulated depreciation : |   |                            |                              |                             |
| As at December 31, 2012    | 0.00  | 11,579,134.64              | 0.00                         | 11,579,134.64               |
| Depreciation for the year  | 0.00  | 1,003,791.95               | 0.00                         | 1,003,791.95                |
| Depreciation - write off   | 0.00  | (1,345,580.27)             | 0.00                         | (1,345,580.27)              |
| As at December 31, 2013    | <u>0.00</u>                                     | <u>11,237,346.32</u>       | <u>0.00</u>                  | <u>11,237,346.32</u>        |
| Depreciation for the year  | 0.00  | 970,961.94                 | 0.00                         | 970,961.94                  |
| As at December 31, 2014    | <u>0.00</u>                                     | <u>12,208,308.26</u>       | <u>0.00</u>                  | <u>12,208,308.26</u>        |
| Net assets value           |   |                            |                              |                             |
| As at December 31, 2013    | <u><u>16,185,521.24</u></u>                     | <u><u>8,528,471.73</u></u> | <u><u>0.00</u></u>           | <u><u>24,713,992.97</u></u> |
| As at December 31, 2014    | <u><u>16,185,521.24</u></u>                     | <u><u>7,557,509.79</u></u> | <u><u>0.00</u></u>           | <u><u>23,743,031.03</u></u> |

As at December 31, 2014 and 2013, investment properties are land including factory buildings of subsidiary (8 units) had fair value amount of Baht 67.20 million.

## 12. PROPERTY, PLANT AND EQUIPMENT

### Consolidated financial statements (Baht)

|                            | Land and land<br>improvement | Building and<br>building<br>improvement | Machinery,<br>tools and<br>equipment | Underground<br>well | Furniture,<br>fixtures and<br>office equipment | Vehicles       | Assets under<br>construction | Total            |
|----------------------------|------------------------------|---|--------------------------------------|---------------------|--|----------------|------------------------------|------------------|
| Assets - cost :            |                              |   |                                      |                     |  |                |                              |                  |
| As at December 31, 2012    | 83,316,059.01                | 191,734,349.64                          | 233,090,961.94                       | 3,972,629.50        | 27,995,635.68                                  | 226,676,302.81 | 600,125.43                   | 767,386,064.01   |
| Acquisition                | 38,898,856.80                | 838,671.51                              | 15,223,531.90                        | 0.00                | 4,531,621.16                                   | 78,635,773.27  | 87,356,134.76                | 225,484,589.40   |
| Disposal                   | 0.00                         | (72,730.74)                             | (1,284,079.04)                       | 0.00                | (164,450.00)                                   | (3,375,724.70) | 0.00                         | (4,896,984.48)   |
| Transference               | 464,268.41                   | 0.00                                    | 21,615.02                            | 0.00                | 0.00   | 0.00           | (485,883.43)                 | 0.00             |
| As at December 31, 2013    | 122,679,184.22               | 192,500,290.41                          | 247,052,029.82                       | 3,972,629.50        | 32,362,806.84                                  | 301,936,351.38 | 87,470,376.76                | 987,973,668.93   |
| Acquisition                | 8,727,630.57                 | 8,661,055.04                            | 27,829,337.41                        | 321,306.22          | 3,796,731.80                                   | 16,232,524.29  | 132,896.00                   | 65,701,481.33    |
| Disposal                   | 0.00                         | 0.00                                    | (44,874.66)                          | 0.00                | (436,281.64)                                   | (6,815,827.77) | (178,174.34)                 | (7,475,158.41)   |
| Transference               | 10,525,470.37                | 17,671,459.20                           | 57,695,304.12                        | 1,399,968.73        | 0.00   | 0.00           | (87,292,202.42)              | 0.00             |
| As at December 31, 2014    | 141,932,285.16               | 218,832,804.65                          | 332,531,796.69                       | 5,693,904.45        | 35,723,257.00                                  | 311,353,047.90 | 132,896.00                   | 1,046,199,991.85 |
| Accumulated depreciation : |                              |   |                                      |                     |  |                |                              |                  |
| As at December 31, 2012    | 0.00                         | 87,836,020.65                           | 185,637,883.39                       | 3,667,457.68        | 22,969,731.98                                  | 136,863,651.72 | 0.00                         | 436,974,745.42   |
| Depreciation for the year  | 0.00                         | 7,309,731.28                            | 10,682,890.25                        | 66,615.19           | 1,993,580.70                                   | 17,180,624.98  | 0.00                         | 37,233,442.40    |
| Depreciation - write off   | 0.00                         | (47,027.60)                             | (685,784.39)                         | 0.00                | (164,438.00)                                   | (2,545,930.64) | 0.00                         | (3,443,180.63)   |
| As at December 31, 2013    | 0.00                         | 95,098,724.33                           | 195,634,989.25                       | 3,734,072.87        | 24,798,874.68                                  | 151,498,346.06 | 0.00                         | 470,765,007.19   |
| Depreciation for the year  | 0.00                         | 7,588,275.17                            | 16,296,812.22                        | 152,377.81          | 2,897,188.97                                   | 18,655,914.83  | 0.00                         | 45,590,569.00    |
| Depreciation - write off   | 0.00                         | 0.00                                    | (30,549.99)                          | 0.00                | (159,393.77)                                   | (3,741,978.03) | 0.00                         | (3,931,921.79)   |
| As at December 31, 2014    | 0.00                         | 102,686,999.50                          | 211,901,251.48                       | 3,886,450.68        | 27,536,669.88                                  | 166,412,282.86 | 0.00                         | 512,423,654.40   |
| Net assets value           |                              |   |                                      |                     |  |                |                              |                  |
| As at December 31, 2013    | 122,679,184.22               | 97,401,566.08                           | 51,417,040.57                        | 238,556.63          | 7,563,932.16                                   | 150,438,005.32 | 87,470,376.76                | 517,208,661.74   |
| As at December 31, 2014    | 141,932,285.16               | 116,145,805.15                          | 120,630,545.21                       | 1,807,453.77        | 8,186,587.12                                   | 144,940,765.04 | 132,896.00                   | 533,776,337.45   |

## 12. PROPERTY, PLANT AND EQUIPMENT (Continued)

|                            | Separate financial statements (Baht) |                                   |                                |                  |  |                |                           | Total          |
|----------------------------|--------------------------------------|-----------------------------------|--------------------------------|------------------|--|----------------|---------------------------|----------------|
|                            | Land and land improvement            | Building and building improvement | Machinery, tools and equipment | Underground well | Furniture, fixtures and office equipment | Vehicles       | Assets under construction |                |
| Assets - cost :            |                                      |                                   |                                |                  |  |                |                           |                |
| As at December 31, 2012    | 58,020,582.10                        | 180,273,000.75                    | 213,593,570.75                 | 3,857,136.73     | 23,821,949.38                            | 212,008,259.98 | 114,242.00                | 691,688,741.69 |
| Acquisition                | 38,530,869.25                        | 0.00                              | 12,552,926.05                  | 0.00             | 2,975,157.20                             | 76,498,390.10  | 80,685,240.30             | 211,242,582.90 |
| Disposal                   | 0.00                                 | 0.00                              | (1,130,687.38)                 | 0.00             | 0.00                                     | 0.00           | 0.00                      | (1,130,687.38) |
| As at December 31, 2013    | 96,551,451.35                        | 180,273,000.75                    | 225,015,809.42                 | 3,857,136.73     | 26,797,106.58                            | 288,506,650.08 | 80,799,482.30             | 901,800,637.21 |
| Acquisition                | 8,727,630.57                         | 8,555,365.60                      | 27,503,978.43                  | 321,306.22       | 3,592,104.96                             | 12,917,219.62  | 132,896.00                | 61,750,501.40  |
| Disposal                   | 0.00                                 | 0.00                              | 0.00                           | 0.00             | 0.00                                     | (5,820,740.39) | (178,174.34)              | (5,998,914.73) |
| Transference               | 10,525,470.37                        | 14,929,797.71                     | 53,766,071.15                  | 1,399,968.73     | 0.00                                     | 0.00           | (80,621,307.96)           | 0.00           |
| As at December 31, 2014    | 115,804,552.29                       | 203,758,164.06                    | 306,285,859.00                 | 5,578,411.68     | 30,389,211.54                            | 295,603,129.31 | 132,896.00                | 957,552,223.88 |
| Accumulated depreciation : |                                      |                                   |                                |                  |  |                |                           |                |
| As at December 31, 2012    | 0.00                                 | 82,937,563.88                     | 167,853,271.79                 | 3,587,691.79     | 19,559,052.40                            | 128,595,027.67 | 0.00                      | 402,532,607.53 |
| Depreciation for the year  | 0.00                                 | 6,706,993.56                      | 9,962,569.30                   | 56,000.04        | 1,535,444.95                             | 15,373,694.66  | 0.00                      | 33,634,702.51  |
| Depreciation - write off   | 0.00                                 | 0.00                              | (532,425.73)                   | 0.00             | 0.00                                     | 0.00           | 0.00                      | (532,425.73)   |
| As at December 31, 2013    | 0.00                                 | 89,644,557.44                     | 177,283,415.36                 | 3,643,691.83     | 21,094,497.35                            | 143,968,722.33 | 0.00                      | 435,634,884.31 |
| Depreciation for the year  | 0.00                                 | 6,844,929.69                      | 14,579,336.81                  | 141,745.85       | 2,253,026.83                             | 16,937,688.45  | 0.00                      | 40,756,727.63  |
| Depreciation - write off   | 0.00                                 | 0.00                              | 0.00                           | 0.00             | 0.00                                     | (2,746,895.65) | 0.00                      | (2,746,895.65) |
| As at December 31, 2014    | 0.00                                 | 96,489,487.13                     | 191,862,752.17                 | 3,785,437.68     | 23,347,524.18                            | 158,159,515.13 | 0.00                      | 473,644,716.29 |
| Net assets value           |                                      |                                   |                                |                  |  |                |                           |                |
| As at December 31, 2013    | 96,551,451.35                        | 90,628,443.31                     | 47,732,394.06                  | 213,444.90       | 5,702,609.23                             | 144,537,927.75 | 80,799,482.30             | 466,165,752.90 |
| As at December 31, 2014    | 115,804,552.29                       | 107,268,676.93                    | 114,423,106.83                 | 1,792,974.00     | 7,041,687.36                             | 137,443,614.18 | 132,896.00                | 483,907,507.59 |

As at December 31, 2014 and 2013, land, building, machinery and equipment at cost of Baht 174.35 million and Baht 157.17 million in the consolidated financial statements, and Baht 155.01 million and Baht 138.18 million in the separate financial statements respectively are mortgaged as collateral against overdrafts line and short-term loans from financial institutions (note 16), long-term loans (note 18) and contingent liabilities from bank issuance of letter of guarantee (note 32.2).

### 13. INTANGIBLE ASSETS

|                                      | Consolidated and Separate financial statements (Baht) |              |                                   |               |               |               |
|--------------------------------------|---|--------------|-----------------------------------|---------------|---------------|---------------|
|                                      | Computer software                                     |              | Products research and development |               | Total         |               |
|                                      | 2014  | 2013         | 2014                              | 2013          | 2014          | 2013          |
| Intangible assets - cost :           |   |              |                                   |               |               |               |
| Beginning balance                    | 6,649,420.09  | 6,649,420.09 | 12,715,569.38                     | 12,715,569.38 | 19,364,989.47 | 19,364,989.47 |
| Ending balance                       | 6,649,420.09  | 6,649,420.09 | 12,715,569.38                     | 12,715,569.38 | 19,364,989.47 | 19,364,989.47 |
| Accumulated amortization :           |   |              |                                   |               |               |               |
| Beginning balance                    | 3,354,112.84  | 2,752,784.64 | 2,168,347.36                      | 2,168,347.36  | 5,522,460.20  | 4,921,132.00  |
| Amortization for the year            | 601,328.20  | 601,328.20   | 0.00                              | 0.00          | 601,328.20    | 601,328.20    |
| Ending balance                       | 3,955,441.04  | 3,354,112.84 | 2,168,347.36                      | 2,168,347.36  | 6,123,788.40  | 5,522,460.20  |
| Provision for impairment of assets : |   |              |                                   |               |               |               |
| Beginning balance                    | 0.00  | 0.00         | 10,547,222.02                     | 10,547,222.02 | 10,547,222.02 | 10,547,222.02 |
| Ending balance                       | 0.00  | 0.00         | 10,547,222.02                     | 10,547,222.02 | 10,547,222.02 | 10,547,222.02 |
| Net intangible assets value          |   |              |                                   |               |               |               |
| Beginning balance                    | 3,295,307.25  | 3,896,635.45 | 0.00                              | 0.00          | 3,295,307.25  | 3,896,635.45  |
| Ending balance                       | 2,693,979.05  | 3,295,307.25 | 0.00                              | 0.00          | 2,693,979.05  | 3,295,307.25  |

#### 14. DEFERRED TAX ASSETS / LIABILITIES

The increase and decrease of deferred tax assets / liabilities are as follows :

|   | <b>Consolidated financial statements (Baht)</b> |                  |                         |                  |                |
|---|---|------------------|-------------------------|------------------|----------------|
|   | Recognize as (expenses)                         |                  | Recognize as (expenses) |                  |                |
|   | As at December                                  | income in profit | As at December          | income in profit | As at December |
|   | 31, 2012  | or loss          | 31, 2013                | or loss          | 31, 2014       |
|   |   | (Note 23.2)      | (Note 23.2)             |                  |                |
| <u>Deferred tax assets</u>                                  |   |                  |                         |                  |                |
| Trade accounts receivable (allowance for doubtful accounts) | 898,178.71                                      | 0.00             | 898,178.71              | (2,746.40)       | 895,432.31     |
| Inventories (allowance for devaluation of inventories)      | 70,161.02                                       | 0.00             | 70,161.02               | 0.00             | 70,161.02      |
| Intangible assets (provision for impairment)                | 1,054,722.20                                    | (210,944.42)     | 843,777.78              | (210,944.44)     | 632,833.34     |
| Non-operating assets (provision for impairment)             | 2,720,517.93                                    | (338,021.82)     | 2,382,496.11            | (337,244.94)     | 2,045,251.17   |
| Employee benefit obligations                                | 853,193.32                                      | 213,177.58       | 1,066,370.90            | 339,055.91       | 1,405,426.81   |
| Deficit from operation of subsidiaries                      | 514,921.60                                      | (514,921.60)     | 0.00                    | 0.00             | 0.00           |
| Total   | 6,111,694.78                                    | (850,710.26)     | 5,260,984.52            | (211,879.87)     | 5,049,104.65   |
| <u>Deferred tax liabilities</u>                             |   |                  |                         |                  |                |
| Fixed assets (depreciation)                                 | (1,256,467.25)                                  | (566,415.75)     | (1,822,883.00)          | (974,892.25)     | (2,797,775.25) |
| Net   | 4,855,227.53                                    | (1,417,126.01)   | 3,438,101.52            | (1,186,772.12)   | 2,251,329.40   |
| <b>Separate financial statements (Baht)</b>                 |   |                  |                         |                  |                |
|   | Recognize as (expenses)                         |                  | Recognize as (expenses) |                  |                |
|   | As at December                                  | income in profit | As at December          | income in profit | As at December |
|   | 31, 2012  | or loss          | 31, 2013                | or loss          | 31, 2014       |
|   |   |                  | (Note 23.2)             | (Note 23.2)      |                |
| <u>Deferred tax assets</u>                                  |   |                  |                         |                  |                |
| Trade accounts receivable (allowance for doubtful accounts) | 870,601.57                                      | 0.00             | 870,601.57              | 0.00             | 870,601.57     |
| Inventories (allowance for devaluation of inventories)      | 70,161.02                                       | 0.00             | 70,161.02               | 0.00             | 70,161.02      |
| Intangible assets (provision for impairment)                | 1,054,722.20                                    | (210,944.42)     | 843,777.78              | (210,944.44)     | 632,833.34     |
| Non-operating assets (provision for impairment)             | 2,720,517.93                                    | (338,021.82)     | 2,382,496.11            | (337,244.94)     | 2,045,251.17   |
| Employee benefit obligations                                | 749,937.12                                      | 191,620.38       | 941,557.50              | 244,649.11       | 1,186,206.61   |
| Total   | 5,465,939.84                                    | (357,345.86)     | 5,108,593.98            | (303,540.27)     | 4,805,053.71   |
| <u>Deferred tax liabilities</u>                             |   |                  |                         |                  |                |
| Fixed assets (depreciation)                                 | (1,256,467.25)                                  | (566,415.75)     | (1,822,883.00)          | (974,892.25)     | (2,797,775.25) |
| Net   | 4,209,472.59                                    | (923,761.61)     | 3,285,710.98            | (1,278,432.52)   | 2,007,278.46   |

## 15. NON-OPERATING ASSETS

|                                      | <b>Consolidated and Separate financial statements (Baht)</b> |                       |                     |                |
|--------------------------------------|--|-----------------------|---------------------|----------------|
|                                      | Land and land  | Building and building | Machinery,          | Total          |
|                                      | improvement  | improvement           | tools and equipment |                |
| Assets - cost                        |  |                       |                     |                |
| As at December 31, 2012              | 17,448,452.47  | 62,766,155.35         | 99,623,503.15       | 179,838,110.97 |
| As at December 31, 2013              | 17,448,452.47  | 62,766,155.35         | 99,623,503.15       | 179,838,110.97 |
| As at December 31, 2014              | 17,448,452.47  | 62,766,155.35         | 99,623,503.15       | 179,838,110.97 |
| Accumulated depreciation :           |  |                       |                     |                |
| As at December 31, 2012              | 0.00   | 18,052,299.76         | 44,052,147.33       | 62,104,447.09  |
| Depreciation for the year            | 0.00   | 2,953,094.55          | 5,536,712.77        | 8,489,807.32   |
| As at December 31, 2013              | 0.00   | 21,005,394.31         | 49,588,860.10       | 70,594,254.41  |
| Depreciation for the year            | 0.00   | 2,953,094.55          | 5,524,643.05        | 8,477,737.60   |
| As at December 31, 2014              | 0.00   | 23,958,488.86         | 55,113,503.15       | 79,071,992.01  |
| Provision for impairment of assets : |  |                       |                     |                |
| As at December 31, 2012              | 0.00   | 3,339,102.98          | 17,933,111.48       | 21,272,214.46  |
| As at December 31, 2013              | 0.00   | 3,339,102.98          | 17,933,111.48       | 21,272,214.46  |
| As at December 31, 2014              | 0.00   | 3,339,102.98          | 17,933,111.48       | 21,272,214.46  |
| Net non-operating assets value       |  |                       |                     |                |
| As at December 31, 2013              | 17,448,452.47  | 38,421,658.06         | 32,101,531.57       | 87,971,642.10  |
| As at December 31, 2014              | 17,448,452.47  | 35,468,563.51         | 26,576,888.52       | 79,493,904.50  |

In the third quarter of 2009, the increasing of non-operating assets amount of Baht 136.87 million derived from transferring land, building and equipment because the factory was temporarily stopped for using in its manufacture. The Company led the independent appraiser to appraise the value of building by using the new replacement cost, machinery and equipment by using fair market value, the total appraisal value is lower than carrying value amount of Baht 21.27 million.



As at December 31, 2014 and 2013, land, building, machinery and equipment at cost amount of Baht 134.02 million in the consolidated and separate financial statements are mortgaged as collateral against overdraft line and short-term loans from financial institutions (note 16), long-term loan (note 18) and contingent liabilities from bank issuance of letter of guarantee (note 32.2).

#### 16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

|                  | Consolidated financial statements (Baht) |               | Separate financial statements (Baht) |               |
|------------------|--|---------------|--------------------------------------|---------------|
|                  | 2014                                     | 2013          | 2014                                 | 2013          |
| Bank overdrafts  | 1,073,035.31                             | 4,705,041.46  | 1,073,035.31                         | 4,705,041.46  |
| Short-term loans | 500,000.00                               | 21,000,000.00 | 0.00                                 | 20,000,000.00 |
| Total            | 1,573,035.31                             | 25,705,041.46 | 1,073,035.31                         | 24,705,041.46 |

As at December 31, 2014 and 2013, the Company and subsidiaries have overdrafts line for the amount of Baht 72 million (4 banks) and Baht 82 million (5 banks) in the consolidated financial statements, and Baht 60 million (4 banks) in the separate financial statements respectively at the interest rate of MOR to MOR+0.25% per annum and short-term loans from 5 banks for the credit line of Baht 266 million and Baht 226 million in the consolidated financial statements and Baht 261 million and Baht 211 million in the separate financial statements respectively at the interest rate of MLR - 2.75% to MLR - 0.5% per annum and MOR per annum.

The above liabilities guaranteed by mortgaging land held for development (note 9), land with its building, and machinery and equipment (note 12 and 15).

#### 17. TRADE AND OTHER PAYABLES

|                                  | Consolidated financial statements (Baht) |                | Separate financial statements (Baht) |                |
|----------------------------------|--|----------------|--------------------------------------|----------------|
|                                  | 2014                                     | 2013           | 2014                                 | 2013           |
| Trade accounts payable           | 93,077,200.60                            | 112,566,667.74 | 85,388,774.63                        | 108,648,913.95 |
| Other payables                   |  |                |                                      |                |
| Amount received in               |  |                |                                      |                |
| advance for goods                | 6,743,870.98                             | 36,532,832.97  | 5,877,469.38                         | 10,255,913.24  |
| Accrued expenses                 | 21,475,859.22                            | 19,185,439.32  | 18,562,011.52                        | 15,548,347.93  |
| Fixed assets acquisition payable | 0.00                                     | 4,346,544.73   | 0.00                                 | 4,346,544.73   |
| Others                           | 10,137,237.91                            | 8,195,806.47   | 5,861,723.10                         | 4,308,978.98   |
| Total                            | 131,434,168.71                           | 180,827,291.23 | 115,689,978.63                       | 143,108,698.83 |

## 18. LONG-TERM LOAN

|  | Consolidated financial statements (Baht) |                       | Separate financial statements (Baht) |                       |
|--|--|-----------------------|--------------------------------------|-----------------------|
|  | 2014                                     | 2013                  | 2014                                 | 2013                  |
| Loan from bank                                   | 101,250,000.00                           | 37,108,029.44         | 101,250,000.00                       | 17,108,029.44         |
| Less Current portion of<br>long-term liabilities | <u>(27,500,000.00)</u>                   | <u>(8,750,000.00)</u> | <u>(27,500,000.00)</u>               | <u>(8,750,000.00)</u> |
| Net  | <u>73,750,000.00</u>                     | <u>28,358,029.44</u>  | <u>73,750,000.00</u>                 | <u>8,358,029.44</u>   |

### Parent company

The Company has obtained the approval for long-term loans line from two banks.

The first line amount of Baht 70 million for using in factory construction. The interest is payable on a monthly basis at the rate of MLR-2% per annum. The principal is repayable within 60 months. The first installment will be made on August 2014 and the following installment will be made on a quarterly basis in the amount of Baht 4.38 million each.

The second line amount of Baht 40 million for using in factory construction. The interest is payable on a monthly basis at the rate of MLR-2.5% per annum. The principal is repayable within 48 months. The first installment will be made on March 2015 and the following installment will be made on a quarterly basis in the amount of Baht 2.50 million each.

Such loans are guaranteed by land with its construction of the Company (note 12 and 15).

### Subsidiary

The subsidiary has obtained the approval for long-term loans line from a bank for credit amount of Baht 450 million for using in condominium construction. The interest is payable on a monthly payment at the rate of MLR-2% per annum. The principal is repayable within 36 month from the first withdrawal date when the subsidiary transferred the ownership of condominium to the customers at least 75% of selling price. During the forth quarter of 2014, subsidiary has fully made repayment for such long-term loans since subsidiary has sold inventories used as collateral for loans (note 1.3).

## 19. FINANCIAL LEASE LIABILITIES

19.1 Financial lease liabilities exclude future interest are as follow:

|  | Consolidated financial statements (Baht) |                 | Separate financial statements (Baht) |                 |
|--|--|-----------------|--------------------------------------|-----------------|
|  | 2014                                     | 2013            | 2014                                 | 2013            |
| Lease payable                                    | 38,294,370.64                            | 60,338,987.36   | 38,294,370.64                        | 60,294,388.11   |
| Less Current portion of<br>long-term liabilities | (25,345,237.45)                          | (24,493,190.12) | (25,345,237.45)                      | (24,448,590.87) |
| Net  | 12,949,133.19                            | 35,845,797.24   | 12,949,133.19                        | 35,845,797.24   |

19.2 As at December 31, 2014 and 2013, vehicles at cost of Baht 78.08 million and Baht 78.05 million respectively in the consolidated financial statements and Baht 78.08 million and Baht 76.89 million respectively in the separate financial statements which are under the payment as indicated in agreement.

19.3 The minimum to be paid for financial lease is as follows :

|   | Consolidated financial statements (Baht) |                | Separate financial statements (Baht) |                |
|---|--|----------------|--------------------------------------|----------------|
|   | 2014                                     | 2013           | 2014                                 | 2013           |
| Within 1 year                                   | 25,541,244.98                            | 25,946,877.32  | 25,541,244.98                        | 25,902,077.32  |
| Over 1 year to 3 years                          | 14,400,380.56                            | 38,730,210.00  | 14,400,380.56                        | 38,730,210.00  |
| Over 3 year to 5 years                          | 109,502.71                               | 0.00           | 109,502.71                           | 0.00           |
| Total   | 40,051,128.25                            | 64,677,087.32  | 40,051,128.25                        | 64,632,287.32  |
| Less Future interest under<br>financial lease   | (1,756,757.61)                           | (4,338,099.96) | (1,756,757.61)                       | (4,337,899.21) |
| Present value of financial lease<br>liabilities | 38,294,370.64                            | 60,338,987.36  | 38,294,370.64                        | 60,294,388.11  |

## 20. SHARE CAPITAL

20.1 The resolution of shareholders' meeting

20.1.1 According to the annual general shareholders' meeting for the year 2014 held on April 24, 2014, the shareholders passed the resolution as follow :

- 1) Decrease the registered shares capital from Baht 206 million to Baht 205.73 million by deducting unissued 0.27 million shares at par value of Baht 1 each, the Company has registered the decrease share capital with the Ministry of Commerce on May 2, 2014.
- 2) Increase the registered share capital for support the exercise of warrants from Baht 205.73 million to Baht 246.88 million by issuing 41.15 million ordinary shares at par value of Baht 1 each, the Company has

registered the increase share capital with the Ministry of Commerce on May 6, 2014.

20.1.2 Events after the reporting period, according to the shareholders' extraordinary meeting No. 1/2015 held on January 8, 2015, the shareholders passed the resolution as follow :

- 1) Change the par value of share capital from Baht 1 each to Baht 0.10 each, as a result, the Company has registered share capital - ordinary shares for 2,468,760,000 shares at par value of Baht 0.10 each. The Company has registered the change in par value of share capital with the Ministry of Commerce on January 13, 2015.
- 2) Issue warrants to purchase ordinary shares of the Company Serie 2 (DCON-W2) to be offered to existing shareholders whose the name appeared as at January 28, 2015, not exceed than 342,400,000 units with the ratio of 6 existing ordinary shares to 1 ordinary shares without offering price. The exercise price entitled by 1 unit of warrant to 1 ordinary share equal Baht 0.50 each. The exercise period is effective for two years from the issuance date of warrants. On January 29, 2015, the Company has allotted warrants to purchase ordinary shares (DCON-W2) to the shareholders for 341,894,035 units, the remaining 505,965 units will be cancelled.
- 3) Increase share capital of the Company for the amount of Baht 38.86 million (388,600,000 ordinary shares at par value of Baht 0.10 each to support the exercise right of warrant - holders (DCON-W1 and DCON-W2). The Company has registered the increase share capital with the Ministry of Commerce on January 14, 2015.

20.2 The increase of share capital are as follow :

|  | <b>Authorized share capital</b> |                      | <b>Issued and paid-up share capital</b> |                      |
|--|---------------------------------|----------------------|---|----------------------|
|  | <b>Number of shares</b>         | <b>Amount (Baht)</b> | <b>Number of shares</b>                 | <b>Amount (Baht)</b> |
| Balance as at January 1, 2013          | 206,000,000                     | 206,000,000.00       | 200,000,000                             | 200,000,000.00       |
| Common shares issued from              |                                 |                      |   |                      |
| exercise of warrants                   | 0                               | 0.00                 | 2,865,000                               | 2,865,000.00         |
| Balance as at December 31, 2013        | 206,000,000                     | 206,000,000.00       | 202,865,000                             | 202,865,000.00       |
| Common shares issued from              |                                 |                      |   |                      |
| exercise of warrants                   | 0                               | 0.00                 | 2,569,400                               | 2,569,400.00         |
| Decrease the registered shares capital | (270,000)                       | (270,000.00)         | 0                                       | 0.00                 |
| Increase the registered share capital  | 41,146,000                      | 41,146,000.00        | 0                                       | 0.00                 |

Balance as at December 31, 2014

246,876,000

246,876,000

205,434,400

205,434,400

### 20.3 Warrant to purchase ordinary shares of the Company

1) On June 12, 2014, the Company has allocated the warrants (DCON-W1) to the existing shareholders based on RO Warrant for 41.09 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 5 each. The exercise period is 5 years from the date of issuance. The exercise date shall be on the last business day of every 6 months. The first date of exercise is on July 31, 2017 and the last exercise date is on May 8, 2019. Subsequent on January 8, 2015, at the shareholders' extraordinary meeting No. 1/2015, passed the resolution to decrease par value of share capital from Baht 1 each to Baht 0.10 each which affected to the exercise right of warrant at 1 unit to 11.2008 shares, at the exercise price of Baht 0.4464 per share.

2) On June 1, 2010, the Company has already issued 5.73 million units of warrants to purchase ordinary shares of the Company to employees of the Company and of subsidiary (ESOP-1). One unit of warrant can be exercised to purchase 1 ordinary share in the value of Baht 1 each. Term of warrants is 5 years from the issuance date of warrants (the first exercise date will be on January 31, 2013 and every 3 months thereafter, the warrant is exercisable during January 31, 2013 to November 30, 2013 at 50%).

3) The increase and decrease of common shares issued from exercise of warrants are as follow :

|                                 | Number of units |            |             |
|---------------------------------|-----------------|------------|-------------|
|                                 | ESOP-1          | DCON-W1    | Total       |
| Balance as at January 1, 2013   | 5,730,000       | 0          | 5,730,000   |
| Exercise of warrants            | (2,865,000)     | 0          | (2,865,000) |
| Balance as at December 31, 2013 | 2,865,000       | 0          | 2,865,000   |
| Exercise of warrants            | (2,569,400)     | 0          | (2,569,400) |
| Issued warrants                 | 0               | 41,086,819 | 41,086,819  |
| Balance as at December 31, 2014 | 295,600         | 41,086,819 | 41,382,419  |

4) Event after the reporting period, on January 30, 2015, the Company and subsidiaries' employees exercised right of warrants (ESOP-1) to purchase ordinary shares for 2,956,000 units of warrants equal to 2,956,000 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 205.43 million to Baht 205.73 million (2,057,300,000 ordinary shares at par of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 4, 2015.

## 21. LEGAL RESERVE

Under the Public Company Limited Act, the Company is required to set aside as reserve fund at least 5% of its annual net income after deduction of the deficit brought forward (if any) until the reserve is not less than 10% of authorized capital. The reserve is not available for dividend distribution.

## **22. RETAINED EARNINGS APPROPRIATION**

### Parent

According to the minutes of the shareholders' general meeting for the year 2014 held on April 24, 2014, passed the resolution to pay dividend from the results of operation for the year 2013 to the shareholders at Baht 1.04 per share, for 205.43 million shares amounting to Baht 213.65 million. During the year, the Company has already paid such dividend.

According to the minutes of the shareholders' general meeting for the year 2013 held on April 25, 2013, passed the resolution to pay dividend from the results of operation for the year 2012 to the shareholders at Baht 0.43 per share, for 202.70 million shares amounting to Baht 87.16 million. During the year, the Company has already paid such dividend.

### Subsidiaries

According to the minutes of Board of directors' meeting No. 3/2014 held on December 22, 2014, passed the resolution to pay dividend from profit from the results of operation accumulated up to the year 2014 to the shareholders at Baht 4.70 per share, for 30 million shares amounting to Baht 141 million. After the reporting period on January 19, 2015 the subsidiary has already paid such dividend.

According to the minutes of shareholders' general meeting for the year 2014 held on April 25, 2014, passed the resolution to pay dividend from the results of operation for the year 2013 to the shareholders at Baht 2.90 per share, for 3.50 million shares amounting to Baht 10.15 million. Subsidiary has already paid such dividend during the year.

According to the minutes of shareholders' general meeting for the year 2013 held on April 26, 2013, passed the resolution to pay dividend from the results of operation for the year 2012 to the shareholders at Baht 2.72 per share, for 3.50 million shares amounting to Baht 9.52 million. Subsidiary has already paid such dividend during the year.

## **23. INCOME TAX**

### 23.1 The calculation of current income taxes

For the year 2014 and 2013, the corporate income tax is calculated at the rate of 20 per cent of profit (loss) before deducting with tax expenses and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted taxable profit derived from promoted business by using the rate as stipulated in the promotion certificate (note 29).

23.2 Income tax recognized in profit or loss

|                                  | Consolidated                |                      | Separate                    |                      |
|----------------------------------|-----------------------------|----------------------|-----------------------------|----------------------|
|                                  | financial statements (Baht) |                      | financial statements (Baht) |                      |
|                                  | 2014                        | 2013                 | 2014                        | 2013                 |
| <b>Current income tax</b>        |                             |                      |                             |                      |
| for the current year             | 81,050,970.27               | 53,824,264.50        | 40,764,104.82               | 45,625,209.65        |
| <b>Deferred tax</b>              |                             |                      |                             |                      |
| Changes in temporary differences |                             |                      |                             |                      |
| of deferred tax                  | 1,186,772.12                | 1,417,126.01         | 1,278,432.52                | 923,761.61           |
| Total income tax                 | <u>82,237,742.39</u>        | <u>55,241,390.51</u> | <u>42,042,537.34</u>        | <u>46,548,971.26</u> |

23.3 Reconciliation for effective income tax rate

|                               | Consolidated                |                      | Separate                    |                      |
|-------------------------------|-----------------------------|----------------------|-----------------------------|----------------------|
|                               | financial statements (Baht) |                      | financial statements (Baht) |                      |
|                               | 2014                        | 2013                 | 2014                        | 2013                 |
| Profit before income tax      | 410,975,708.87              | 270,623,572.80       | 360,730,673.80              | 241,306,797.58       |
| Income tax rate (%)           | <u>20</u>                   | <u>20</u>            | <u>20</u>                   | <u>20</u>            |
| Income tax                    | 82,195,141.77               | 54,124,714.56        | 72,146,134.76               | 48,261,359.52        |
| Prohibited taxable expenses   | 263,285.85                  | 648,092.20           | 126,280.46                  | 191,502.40           |
| Additional taxable expenses   | (15,740.97)                 | (22,257.01)          | 0.00                        | 0.00                 |
| Exempted income               | 0.00                        | 0.00                 | (30,229,877.78)             | (1,903,890.66)       |
| Effects from elimination with |                             |                      |                             |                      |
| subsidiary                    | (204,944.26)                | 490,840.34           | 0.00                        | 0.00                 |
| Total income tax              | <u>82,237,742.39</u>        | <u>55,241,390.09</u> | <u>42,042,537.44</u>        | <u>46,548,971.26</u> |
| Income tax rate (%)           | <u>20</u>                   | <u>20</u>            | <u>12</u>                   | <u>19</u>            |



## 24. EARNINGS PER SHARE

|                                   |  | Consolidated financial statements |                |      |                  |        |                  |      |      |      |
|-----------------------------------|--|-----------------------------------|----------------|------|------------------|--------|------------------|------|------|------|
|                                   |  | Net profit                        |                |      | Number of shares |        | Earnings / share |      |      |      |
|                                   |  | 2014                              | Baht           | 2013 | 2014             | shares | 2013             | 2014 | Baht | 2013 |
| Basic earnings per share          |  |                                   |                |      |                  |        |                  |      |      |      |
| Net profit (loss) of common       |  |                                   |                |      |                  |        |                  |      |      |      |
| shareholders                      |  | 328,753,983.93                    | 215,385,442.09 |      | 205,220,283      |        | 202,547,083      | 1.60 |      | 1.06 |
| Effects of potential common share |  |                                   |                |      |                  |        |                  |      |      |      |
| (exercise rights)                 |  | -                                 | -              |      | 15,380,475       |        | 2,585,761        |      |      |      |
| Diluted earnings per share        |  |                                   |                |      |                  |        |                  |      |      |      |
| Profit (Loss) of common           |  |                                   |                |      |                  |        |                  |      |      |      |
| shareholders assumed              |  |                                   |                |      |                  |        |                  |      |      |      |
| as conversion to                  |  |                                   |                |      |                  |        |                  |      |      |      |
| common share                      |  | 328,753,983.93                    | 215,385,442.09 |      | 220,600,758      |        | 205,132,844      | 1.49 |      | 1.05 |
|                                   |  | Separate financial statements     |                |      |                  |        |                  |      |      |      |
|                                   |  | Net profit                        |                |      | Number of shares |        | Earnings / share |      |      |      |
|                                   |  | 2014                              | Baht           | 2013 | 2014             | shares | 2013             | 2014 | Baht | 2013 |
| Basic earnings per share          |  |                                   |                |      |                  |        |                  |      |      |      |
| Net profit (loss) of common       |  |                                   |                |      |                  |        |                  |      |      |      |
| shareholders                      |  | 318,688,136.46                    | 194,757,826.32 |      | 205,220,283      |        | 202,547,083      | 1.55 |      | 0.96 |
| Effects of potential common share |  |                                   |                |      |                  |        |                  |      |      |      |
| (exercise rights)                 |  | -                                 | -              |      | 15,380,475       |        | 2,585,761        |      |      |      |
| Diluted earnings per share        |  |                                   |                |      |                  |        |                  |      |      |      |
| Profit (Loss) of common           |  |                                   |                |      |                  |        |                  |      |      |      |
| shareholders assumed              |  |                                   |                |      |                  |        |                  |      |      |      |
| as conversion to                  |  |                                   |                |      |                  |        |                  |      |      |      |
| common share                      |  | 318,688,136.46                    | 194,757,826.32 |      | 220,600,758      |        | 205,132,844      | 1.44 |      | 0.95 |

## 25. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

Part of the Company and subsidiaries assets, liabilities, revenues and expenses arose from transaction with persons and related parties. These related transactions are determined on the conditions in the normal course of business and based on the Company concerned as follows :

### 25.1 General information

| <u>Name</u>              | <u>Type of business</u>                    | <u>Relationship</u>           | <u>Description</u>           | <u>Pricing policy</u>                |
|--------------------------|--|-------------------------------|------------------------------|--------------------------------------|
| <u>Subsidiaries</u>      |  |                               |                              |                                      |
| Orrada Co., Ltd.         | Sales and lease of real estate             | Shareholders and directorship | Revenues from sales of goods | At cost                              |
|                          |  |                               | Interest income              | At the interest rate of 4% per annum |
|                          |  |                               | Management fee               | At agreed price                      |
|                          |  |                               | Interest paid                | At the interest rate of 4% per annum |
| Rompo Products Co., Ltd. | Manufacturing and selling of precast floor | Shareholders and directorship | Purchase vehicle             | At cost - net                        |
|                          |  |                               | Management fee               | At agreed price                      |

25.2 Assets and liabilities transaction with related persons and parties consist of:

|   | <u>Consolidated financial statements (Baht)</u> |             | <u>Separate financial statements (Baht)</u> |               |
|---|---|-------------|---|---------------|
|   | <b>2014</b>                                     | <b>2013</b> | <b>2014</b>                                 | <b>2013</b>   |
| Orrada Co., Ltd.                              |   |             |   |               |
| Trade and other receivables                   | 0.00  | 0.00        | 603,527.31                                  | 218,402.99    |
| Other receivables - accrued dividend received | 0.00  | 0.00        | 140,999,971.80                              | 0.00          |
| Other receivables - accrued management fee    | 0.00  | 0.00        | 5,000,000.00                                | 0.00          |
| Short-term loans                              | 0.00  | 0.00        | 0.00  | 20,000,000.00 |

The increase and decrease of short-term loans are as follow :

|                            | <u>Separate financial statements (Baht)</u> |                  |
|----------------------------|---|------------------|
|                            | <b>2014</b>                                 | <b>2013</b>      |
| Beginning balance          | 20,000,000.00                               | 106,000,000.00   |
| Increase during the period | 140,500,000.00                              | 85,747,749.30    |
| Decrease during the period | (160,500,000.00)                            | (171,747,749.30) |
| Ending balance             | 0.00  | 20,000,000.00    |

|                  | <b>Consolidated financial statements (Baht)</b> |             | <b>Separate financial statements (Baht)</b> |             |
|------------------|---|-------------|---|-------------|
|                  | <b>2014</b>                                     | <b>2013</b> | <b>2014</b>                                 | <b>2013</b> |
| Orrada Co., Ltd. |   |             |   |             |
| Short-term loans | 0.00  | 0.00        | 20,000,000.00                               | 0.00        |

The increase and decrease of short-term loans are as follow :

|                            | <b>Separate financial statements (Baht)</b> |             |
|----------------------------|---|-------------|
|                            | <b>2014</b>                                 | <b>2013</b> |
| Beginning balance          | 0.00  | 0.00        |
| Increase during the period | 40,000,000.00                               | 0.00        |
| Decrease during the period | (20,000,000.00)                             | 0.00        |
| Ending balance             | 20,000,000.00                               | 0.00        |

25.3 Revenues and expenses transaction with related persons and parties are as follows :

|                                | <b>Consolidated financial statements (Baht)</b> |             | <b>Separate financial statements (Baht)</b> |              |
|--------------------------------|---|-------------|---|--------------|
|                                | <b>2014</b>                                     | <b>2013</b> | <b>2014</b>                                 | <b>2013</b>  |
| Orrada Co., Ltd.               |   |             |   |              |
| Sales of goods                 | 0.00  | 0.00        | 2,070,690.79                                | 3,102,284.91 |
| Other income (interest income) | 0.00  | 0.00        | 2,705,187.47                                | 2,282,163.83 |
| Other income (management fee)  | 0.00  | 0.00        | 5,000,000.00                                | 0.00         |
| Other income (interest paid)   | 0.00  | 0.00        | 179,726.03                                  | 0.00         |
| Rompo Products Co., Ltd.       |   |             |   |              |
| Other income (management fee)  | 0.00  | 0.00        | 550,000.00                                  | 0.00         |

25.4 Other transactions with related persons and parties are as follows :

|                          | <b>Consolidated financial statements (Baht)</b> |             | <b>Separate financial statements (Baht)</b> |             |
|--------------------------|---|-------------|---|-------------|
|                          | <b>2014</b>                                     | <b>2013</b> | <b>2014</b>                                 | <b>2013</b> |
| Rompo Products Co., Ltd. |   |             |   |             |
| Purchase vehicle         | 0.00  | 0.00        | 0.00  | 829,789.06  |

## 26. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to executive directors.

## 27. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

## 28. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

|   | Consolidated financial statements (Baht) |                  | Separate financial statements (Baht) |                |
|---|--|------------------|--------------------------------------|----------------|
|   | 2014                                     | 2013             | 2014                                 | 2013           |
| Changes in inventories of finished goods and work in progress | (29,448,737.39)                          | (100,778,409.55) | (4,919,960.63)                       | 7,719,360.83   |
| Raw materials and consumables used                            | 502,570,748.95                           | 521,804,064.76   | 460,720,921.45                       | 481,498,351.87 |
| Directors' remuneration                                       | 2,425,000.00                             | 2,393,500.00     | 2,425,000.00                         | 2,393,500.00   |
| Management benefit expenses                                   | 7,849,479.37                             | 6,623,497.63     | 5,709,994.00                         | 4,494,659.00   |
| Employees benefit expenses                                    | 111,243,007.39                           | 102,871,736.79   | 95,105,936.86                        | 87,125,362.10  |
| Depreciation  | 55,039,268.54                            | 46,727,041.67    | 49,234,465.23                        | 42,124,509.83  |

## 29. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE

29.1 The Company and its subsidiary (Rompo Products Co., Ltd.) are granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 for the precast floor products by the approval of the Board of Investment in accordance with the certificate dated April 30, 2007. The significant privileges are as follows:

- 1) To exempt the customs duties for imported machinery as approved by the Board of Investment.
- 2) To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings and reduce the corporate income tax from net profit from investment at the rate of 50% of the normal rate for the next 5 years from the overdue of such duration.
- 3) The Company's shareholders will be exempt the corporate income tax for dividend received from the Company all duration of income tax exemption of the Company.

The Company must comply with the certain conditions and terms as stipulated in promotion certificate.

## 29. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE

The results of operation of the Company and two subsidiaries separated into promoted business and non-promoted business as follow :

(Unit : Baht)

|                                 | Promoted business |                 | Non-promoted business |                  | Total              |                  |
|---------------------------------|-------------------|-----------------|-----------------------|------------------|--------------------|------------------|
|                                 | 2014              | 2013            | 2014                  | 2013             | 2014               | 2013             |
| Sales and services              | 54,239,241.86     | 67,727,770.84   | 1,808,617,677.79      | 1,243,522,044.38 | 1,862,856,919.65   | 1,311,249,815.22 |
| Cost of sales and services      | (46,447,390.75)   | (57,639,135.12) | (1,160,949,153.00)    | (741,124,242.60) | (1,207,396,543.75) | (798,763,377.72) |
| Gross profit                    | 7,791,851.11      | 10,088,635.72   | 647,668,524.79        | 502,397,801.78   | 655,460,375.90     | 512,486,437.50   |
| Other income                    | 1,052,271.30      | 1,096,723.88    | 15,632,323.13         | 18,110,535.44    | 16,684,594.43      | 19,207,259.32    |
| Selling expenses                | (4,228,736.41)    | (6,424,078.15)  | (152,491,589.15)      | (162,962,634.07) | (156,720,325.56)   | (169,386,712.22) |
| Administrative expenses         | (13,255,611.83)   | (13,946,316.10) | (81,574,133.52)       | (72,884,853.23)  | (94,829,745.35)    | (86,831,169.33)  |
| Finance costs                   | (349,300.45)      | 0.00            | (9,269,890.10)        | (4,852,242.47)   | (9,619,190.55)     | (4,852,242.47)   |
| Profit (Loss) before income tax | (8,989,526.28)    | (9,185,034.65)  | 419,965,235.15        | 279,808,607.45   | 410,975,708.87     | 270,623,572.80   |
| Income tax expenses             | 0.00              | 0.00            | (82,237,742.39)       | (55,241,390.51)  | (82,237,742.39)    | (55,241,390.51)  |
| Profit (Loss) for the year      | (8,989,526.28)    | (9,185,034.65)  | 337,727,492.76        | 224,567,216.94   | 328,737,966.48     | 215,382,182.29   |

Unidentifiable selling expenses, administrative expenses and finance costs were allocated to each related income segment.

### 30. OPERATING SEGMENTS

30.1 Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive directors.

30.2 The Company and subsidiaries' operations involve virtually in business of manufacturing and selling construction supplies (precast floor, concrete post and others), sales of land and lease of real estate in one geographical segment only in Thailand. Therefore, revenues and assets in financial statements are reported in geographical segment.

30.3 For the purpose of presentation the financial information in the consolidated financial statements, the core manufacturing and selling construction supplies (precast floor, concrete post and others), sales and lease of real estate that the financial information by segment are as follows:

|  | (Unit : Baht)                  |                  |                      |                 |                       |                |                    |                  |
|--|--------------------------------|------------------|----------------------|-----------------|-----------------------|----------------|--------------------|------------------|
|  | Sales of construction supplies |                  | Sales of real estate |                 | Real estate for lease |                | Total              |                  |
|  | 2014                           | 2013             | 2014                 | 2013            | 2014                  | 2013           | 2014               | 2013             |
| <u>Statement of comprehensive income</u> |                                |                  |                      |                 |                       |                |                    |                  |
| Revenues                                 | 1,113,915,841.34               | 1,201,895,065.22 | 740,059,678.31       | 102,738,350.00  | 8,881,400.00          | 6,616,400.00   | 1,862,856,919.65   | 1,311,249,815.22 |
| Costs                                    | (678,200,299.60)               | (738,686,977.55) | (528,225,282.21)     | (59,072,608.22) | (970,961.94)          | (1,003,791.95) | (1,207,396,543.75) | (798,763,377.72) |
| Segment gross profit                     | 435,715,541.74                 | 463,208,087.67   | 211,834,396.10       | 43,665,741.78   | 7,910,438.06          | 5,612,608.05   | 655,460,375.90     | 512,486,437.50   |
| Other income                             | 15,358,318.97                  | 12,341,860.72    | 1,313,007.50         | 6,603,012.31    |                       |                | 16,684,594.43      | 19,207,259.32    |
| Selling expenses                         | (128,089,389.04)               | (148,694,225.74) | (28,630,936.52)      | (20,692,486.48) |                       |                | (156,720,325.56)   | (169,386,712.22) |
| Administrative expenses                  | (78,899,316.55)                | (71,445,352.09)  |                      |                 |                       |                | (94,829,745.35)    | (86,831,169.33)  |
| Finance costs                            | (9,592,959.60)                 | (4,845,500.83)   |                      |                 |                       |                | (9,619,190.55)     | (4,852,242.47)   |
| Profit before income tax                 | 234,492,195.52                 | 250,564,869.73   |                      |                 |                       |                | 410,975,708.87     | 270,623,572.80   |
| Income tax expenses                      | (47,121,527.75)                | (50,769,242.31)  |                      |                 |                       |                | (82,237,742.39)    | (55,241,390.51)  |
| Profit for the year                      | 187,370,667.77                 | 199,795,627.42   |                      |                 |                       |                | 328,737,966.48     | 215,382,182.29   |

Sales of real estate and real estate for lease can not be separated administrative expenses by segment for the year ended December 31, 2014 and 2013 amount of Baht 15.93 million and Baht 15.39 million respectively.

(Unit : Baht)

|  | Sales of construction<br>supplies |                | Sales of<br>real estate |                | Real estate<br>for lease |               | Total                   |                         |
|--|-----------------------------------|----------------|-------------------------|----------------|--------------------------|---------------|-------------------------|-------------------------|
|  | 2014                              | 2013           | 2014                    | 2013           | 2014                     | 2013          | 2014                    | 2013                    |
| <u>Statement of financial position</u> |                                   |                |                         |                |                          |               |                         |                         |
| Segment assets                         | 859,618,903.74                    | 861,396,679.90 | 425,955,725.58          | 398,914,134.86 | 14,544,554.99            | 16,160,308.93 | 1,300,119,184.31        | 1,276,471,123.69        |
| Unallocated assets                     |                                   |                |                         |                |                          |               | 104,126,257.08          | 15,916,183.00           |
| Total assets                           |                                   |                |                         |                |                          |               | <u>1,404,245,441.39</u> | <u>1,292,387,306.69</u> |
| Segment liabilities                    | 313,123,223.18                    | 286,170,880.89 | 8,287,954.61            | 50,243,310.76  | 1,320,000.00             | 930,000.00    | 322,731,177.79          | 337,344,191.65          |
| Unallocated liabilities                |                                   |                |                         |                |                          |               | 13,450,097.27           | 4,633,928.09            |
| Total liabilities                      |                                   |                |                         |                |                          |               | <u>336,181,275.06</u>   | <u>341,978,119.74</u>   |

30.4 The Company did not present the operating segments for the separate financial statements since the Company's operation involve virtually a single construction materials business in one geographical segment in Thailand.

30.5 Information of majority customers of which had sales income more than 10% of total income, for the year 2014, the Company has income from majority customers amount of Baht 604.75 million arose from sales of condominium to a buyer (note 1.3) and for the year 2013, there is no majority customers.

### **31. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS**

#### 1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.10.

#### 2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. The Company and subsidiaries have policy to hedge this credit risk by reviewing the financial status of customers and collecting in advance before delivery of goods. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

#### 3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries' operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its bank overdrafts, short-term loans from financial institutions, long-term loans and financial lease liabilities. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

#### 4) Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, current investment, trade and other receivables and short-term loans. Financial liabilities shown in statements of financial position consist of bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans, long-term loans and financial lease liabilities.

Book value of financial assets and liabilities are closed to their fair value.



### **32. COMMITMENT AND CONTINGENT LIABILITIES**

32.1 The Company and subsidiaries have commitment under hire contractors agreement, purchase inventories agreement, lease land agreement and others as at December 31, 2014 and 2013, totally Baht 12.46 million and Baht 594.79 million in the consolidated financial statements and Baht 0.50 million and Baht 19.26 million in the separate financial statements respectively.

32.2 The Company and subsidiaries have contingent liabilities from a bank issuance of letter of guarantees for purchasing raw materials from several sellers for guarantee the work performance to the employer and guarantee central utilities usage to government agencies as at December 31, 2014 and 2013 amounting to Baht 130.33 million and Baht 126.88 million in the consolidated financial statements, and amounting to Baht 102.93 million and Baht 99.53 million in the separate financial statements respectively. Contingent liabilities are guaranteed by land held for development (note 9) and land, building, machinery and equipment (note 12) and non-operating assets (note 15).

32.3 The Company has contingent liabilities from guarantee credit line of subsidiary to a bank as at December 31, 2013 amounting to Baht 460 million.

### **33. PROVIDENT FUND**

On June 1, 2004, the Company has joined to be a member of provident fund named "Peum Kuan Mun King Registered Provident fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3% of employees wage. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

### **34. CAPITAL MANAGEMENT**

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and capital structure to be properly appropriated.

### **35. EVENTS AFTER THE REPORTING PERIOD**

According to the minutes of Board of directors' meeting No. 1/2015 held on February 26, 2015, passed the resolution to propose the approval for dividend payment from the results of operation for the year 2014 to the shareholders at Baht 0.154 per share for 2,057.30 million ordinary shares, total amount of Baht 316.82 million by dividing into:

- 1) Pay by cash dividend to the shareholders at Baht 0.15 per share, total amount of Baht 308.60 million
- 2) Pay by shares dividend of the Company for amount not exceed Baht 8.22 million or at Baht 0.10 per shares in the ratio of 25 existing shares per 1 share dividend (in case the indivisible shares less than 25 shares, the dividend will be paid by cash at Baht 0.004 per share).

### **36. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Company's Board of directors on February 26, 2015.