

ACC.09/2016

May 14, 2016

Subject : Explanation of Consolidated Financial Statement for the 1st Quarter, ended March 31, 2016.

To : Managing Director

The Stock Exchange of Thailand

Refer to STAR SANITARYWARE's consolidated financial statement ended of 31 March 2016 which has been reviewed by auditors. We would like to comparably illustrate year 2015 and 2016 performance which ended with net loss 18.19 Million Baht higher more than 20% from year 2015.

REVENUE

In 1st Quarter / 2016, company reported overall sale volume 26.88 Million Baht fell 5.96 Million Baht (18.14%). Domestically, sale figure reported 20.42 Million Baht increased 0.27 Million Baht (1.34%) , it was mainly a consequence of demand on proper sector shrunk this year, meanwhile, export sale figure has also decreased from 12.69 Million Baht to be 6.46 Million Baht down from last year 49.09%, sluggish macro economy situation in EU was main point of concern. By this down turn situation, company has accelerating aggressive sale promotion both domestic and international to boost up sale figure further.

COST OF GOODS SOLD

In 1st Quarter / 2016, cost of goods sold shown 25.34 Million Baht which equal to 94.27% of anticipated sale volume this year. Cost of goods sold rises up 44.10% comparing with last year at same period because of allowance for diminution in value of inventories and others 7.85 Million Baht.

GROSS PROFIT

Gross profit were reported 1.54 down 14.82 Million Baht in 1st quarter of 2016, the profit decreased 44.09% from allowance for diminution in value of inventories and others 7.85 Million Baht.

SELLING AND ADMINISTRATIVE EXPENSES

In 1st quarter /2016, sale and administrative cost has increased about 4.01 Million Baht from 17.61 Million Baht year 2015 to 21.62 Million Baht year 2016 which is about 22.77% because of the company changed accounting policy for calculating depreciation of some assets regarding from revalue method to cost method.

FINANCIAL COST

The 3.39 Million Baht financial cost has not changed in 1st quarter of 2016 with regard to balancing debt and interest rate.

NET PROFIT

1st quarter of 2016, company reported net loss about 18.19 Million Baht comparing with last year figure which had shown net loss 3.99 Million Baht Mainly, shrunken sale has great effect while selling and administrative cost remain.

For all above consequences, company reports this decrease comparing with same period last year.

Please be informed accordingly.

Sincerely yours

(Dr.Somchai Wongaroon)

President