

RICH ASIA STEEL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

Financial Statements

For the Year Ended December 31, 2014

and Independent Auditor's Report

BPR AUDIT AND ADVISORY CO., LTD.

Independent Auditors

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Rich Asia Steel Public Company Limited

I have audited the accompanying consolidated financial statements of Rich Asia Steel Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of Rich Asia Steel Public Company Limited, which comprise the statement of financial position as at December 31, 2014, the related statements of the comprehensive income, change in shareholder's equity and cash flows for the year then ended, and a 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 Thai 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 Thai 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position as at December 31, 2014 and their consolidated financial performance and their consolidated cash flows for the year then ended of Rich Asia Steel Public Company Limited and its subsidiaries and the financial position as at December 31, 2014, its financial performance and its cash flows for the year then ended of Rich Asia Steel Public Company Limited in accordance with Thai Financial Reporting Standards.

Other Matter

The accompanying consolidated financial statements of Rich Asia Steel Public Company Limited and its subsidiaries, and the accompanying separate financial statements of Rich Asia Steel Public Company Limited for the year ended December 31, 2013, presented herein as comparative information, were audited by another auditor in my firm expressed an unqualified opinion on those statements, whose report dated February 28, 2014, while drawing attention regarding the change in accounting policy made due to adoption of Thai Accounting Standard 12 "Income Taxes" which is effective.



(Mr. Boonlert Kaewphanpurk)
Certified Public Accountant
Registration No. 4165

BPR AUDIT AND ADVISORY CO., LTD.
Bangkok
February 26, 2015

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Notes	In Baht			
		Consolidated financial statements		Separate financial statements	
		December 31,2014	December 31,2013	December 31,2014	December 31,2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	297,061,464	4,904,629	296,017,937	3,295,029
Current investment	7	-	-	-	-
Trade and other receivables - others	8	1,289,148,492	1,647,371,501	1,126,507,645	1,360,022,095
Trade and other receivables - related parties	5,9	10,584,156	-	40,767,241	92,170,957
Short - term loans to related parties	5	-	-	389,200,000	-
Inventories	10	8,304,566	597,140,969	2,509,738	388,150,086
Advance payment for goods	11	861,306,970	132,734,642	746,717,151	95,835,951
Other current assets		2,902,712	8,266,919	2,779,822	689,744
Total current assets		2,469,308,360	2,390,418,660	2,604,499,534	1,940,163,862
NON - CURRENT ASSETS					
Bank deposit pledged as collateral		3,696,232	7,286,415	1,855,447	6,863
Investment in subsidiaries	13	-	-	345,211,259	984,688,870
Investment in associate	14	204,744,184	-	198,477,611	-
Other long - term investment	15	-	-	-	-
Investment property	16	9,769,588	17,946,363	9,769,588	10,689,897
Property, plant and equipment	17	887,692,213	1,503,799,875	77,797,382	86,082,519
Retention receivable		-	35,075,065	-	-
Deferred tax assets	32	-	2,425,926	-	-
Other non - current assets		3,254,736	4,379,248	418,474	418,474
Total non - current assets		1,109,156,953	1,570,912,892	633,529,761	1,081,886,623
TOTAL ASSETS		3,578,465,313	3,961,331,552	3,238,029,295	3,022,050,485

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

		In Baht			
		Consolidated financial statements		Separate financial statements	
Notes		December 31,2014	December 31,2013	December 31,2014	December 31,2013
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Loans that due for repayment	19	-	-	-	-
Bank overdrafts and short - term loans from financial institutions	20	42,756,178	749,514,484	42,756,178	734,529,387
Trade and other payables - others	21	280,399,685	579,383,325	250,641,961	469,385,155
Trade and other payables - related companies	5,22	15,778,142	12,438,208	15,174,608	17,416,367
Current portion of liabilities under finance lease agreement	24	-	915,693	-	459,007
Current portion of liabilities under debt restruction agreement	25	39,000,000	44,200,000	39,000,000	44,200,000
Short - term loans from others	23	222,747,887	304,225,761	222,747,887	-
Short - term loans from related parties	5	187,377,423	5,000,000	187,377,423	53,863,508
Income tax payable		-	10,267,794	-	-
Accrued interest		5,555,163	175,374,554	5,555,163	627,404
Advance received for goods		7,141,487	16,635,500	7,141,487	7,141,487
Other current liabilities		6,180	1,510,929	4,800	5,031
Total current liabilities		800,762,145	1,899,466,248	770,399,507	1,327,627,346
NON - CURRENT LIABILITIES					
Long - term trade payables	21	-	18,965,362	-	-
Liabilities under finance lease agreement	24	-	414,502	-	-
Liabilities under debt restructuring agreement	25	1,365,621,847	1,281,626,472	1,365,621,847	1,281,626,472
Employee benefit obligations	26	1,667,772	4,863,847	1,190,394	1,932,128
Deferred tax liabilities	32	99,004,905	175,458,024	-	-
Others non - current liabilities		80,706	80,706	-	-
Total non - current liabilities		1,466,375,230	1,481,408,913	1,366,812,241	1,283,558,600
TOTAL LIABILITIES		2,267,137,375	3,380,875,161	2,137,211,748	2,611,185,946

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Notes	In Baht			
		Consolidated financial statements		Separate financial statements	
		December 31,2014	December 31,2013	December 31,2014	December 31,2013
SHAREHOLDERS' EQUITY					
Share capital - common shares, Baht 1.00 par value					
Authorized share capital					
- 2,400,000,000 shares, Baht 1.00 par value in 2014 and					
- 4,000,000,000 shares, Baht 1.00 par value in 2013					
27	2,400,000,000	4,000,000,000	2,400,000,000	4,000,000,000	
Issued and fully paid - up share capital					
- 2,400,000,000 shares, Baht 1.00 par value in 2014 and					
27	2,400,000,000	1,002,913,226	2,400,000,000	1,002,913,226	
Premium (Discount) on share capital					
	(562,135,211)	413,966,850	(562,135,211)	413,966,850	
Deficit					
	(868,818,228)	(1,177,711,855)	(737,047,242)	(1,006,015,537)	
Other component of equity					
	73,720,979	73,720,979	-	-	
Total equity attributable to equity holders of the parent company					
	1,042,767,540	312,889,200	1,100,817,547	410,864,539	
Non - controlling interests					
	268,560,398	267,567,191	-	-	
Total Shareholders' equity					
	1,311,327,938	580,456,391	1,100,817,547	410,864,539	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
	3,578,465,313	3,961,331,552	3,238,029,295	3,022,050,485	

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014

		In Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2014	2013	2014	2013
REVENUES					
		2,948,008,252	3,452,732,142	2,353,103,806	2,851,821,240
		87,349,296	117,364,622	-	-
	13	94,248,852	-	75,581,540	-
	13	4,523,374	-	-	-
	20,23	478,419,933	-	321,261,266	-
		24,080,855	-	130,449	65,002
	29	30,268,445	38,938,892	28,158,020	35,576,188
Total Revenues		3,666,899,007	3,609,035,656	2,778,235,081	2,887,462,430
EXPENSES					
	30	2,976,571,027	3,487,417,795	2,321,164,012	2,844,941,618
		69,807,777	107,645,609	-	-
		10,126,345	11,708,614	771,019	2,196,808
		111,337,867	102,977,460	75,201,421	73,557,675
	13	-	-	-	85,235,086
		-	70,834,025	-	70,834,025
	5	9,906,997	10,894,855	9,906,997	10,894,855
		183,487,465	274,482,620	103,527,433	193,141,558
Total Expenses		3,361,237,478	4,065,960,978	2,510,570,882	3,280,801,625
Profit (Loss) before share of profit on investment in associate and income tax					
		305,661,529	(456,925,322)	267,664,199	(393,339,195)
		1,743,198	-	-	-
PROFIT (LOSS) BEFORE INCOME TAX		307,404,727	(456,925,322)	267,664,199	(393,339,195)
	32	259,030	31,645,531	-	-
PROFIT (LOSS) FOR THE YEAR		307,663,757	(425,279,791)	267,664,199	(393,339,195)
Other comprehensive income (loss)					
		-	11,431,603	-	11,431,603
		757,180	-	1,304,096	-
		191,485	-	-	-
Other comprehensive income for the year		948,665	11,431,603	1,304,096	11,431,603
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		308,612,422	(413,848,188)	268,968,295	(381,907,592)

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014

	Notes	In Baht			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit (Loss) for the year attributable to :					
Equity holders of the parent company		306,823,134	(357,917,623)	267,664,199	(393,339,195)
Non - controlling interests		840,623	(67,362,168)	-	-
		<u>307,663,757</u>	<u>(425,279,791)</u>	<u>267,664,199</u>	<u>(393,339,195)</u>
Total comprehensive profit (loss) for the year attributable to :					
Equity holders of the parent company		307,574,262	(346,486,020)	268,968,295	(381,907,592)
Non - controlling interests		1,038,160	(67,362,168)	-	-
		<u>308,612,422</u>	<u>(413,848,188)</u>	<u>268,968,295</u>	<u>(381,907,592)</u>
BASIC EARNING (LOSS) PER SHARE					
Equity holders of the parent company (In Baht)	33	<u>0.28</u>	<u>(0.36)</u>	<u>0.25</u>	<u>(0.39)</u>

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014

In Baht									
Consolidated financial statements									
Notes	Other component of equity						Total equity attributable to equity holders of the parent	Non - controlling interests	Total shareholders' equity
	Issued and fully paid - up share capital	Premium (Discount) on share capital	Unappropriated (deficit)	Other comprehensive income (expense)					
				Surplus from change in equity interest	Change in fair value of securities available for sale	Total Other component of equity			
Balance as at January 1, 2013	1,002,913,226	413,966,850	(819,794,232)	73,720,979	(11,431,603)	62,289,376	659,375,220	334,929,359	994,304,579
Comprehensive income (loss) for the year									
Loss for the period	-	-	(357,917,623)	-	11,431,603	11,431,603	(346,486,020)	(67,362,168)	(413,848,188)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(357,917,623)	-	11,431,603	11,431,603	(346,486,020)	(67,362,168)	(413,848,188)
Balance as at December 31, 2013	1,002,913,226	413,966,850	(1,177,711,855)	73,720,979	-	73,720,979	312,889,200	267,567,191	580,456,391
Balance as at January 1, 2014	1,002,913,226	413,966,850	(1,177,711,855)	73,720,979	-	73,720,979	312,889,200	267,567,191	580,456,391
Comprehensive income (loss) for the year									
Income for the period	-	-	306,823,134	-	-	-	306,823,134	840,623	307,663,757
Other comprehensive income	-	-	751,128	-	-	-	751,128	197,537	948,665
Total comprehensive income for the year	-	-	307,574,262	-	-	-	307,574,262	1,038,160	308,612,422
Transaction with shareholding which record direct to shareholders' equity									
Premium on common shares capital	27	1,374,359,502	(962,557,315)	-	-	-	411,802,187	-	411,802,187
Common shares increase by convertible debenture conversion	27,28	22,727,272	(13,544,746)	-	-	-	9,182,526	-	9,182,526
Non - controlling interests increase	13	-	-	-	-	-	-	25,060,000	25,060,000
Surplus from changed in shareholding in subsidiary	13	-	-	1,319,365	-	1,319,365	1,319,365	(1,319,365)	-
Non - controlling interests decrease by changed status from investment in subsidiary to associated company	13	-	-	-	-	-	-	(23,785,588)	(23,785,588)
Transfer surplus from changed in shareholding in subsidiary to deficit	13	-	-	1,319,365	(1,319,365)	-	(1,319,365)	-	-
Total transaction with shareholding which record direct to shareholders' equity		1,397,086,774	(976,102,061)	1,319,365	-	-	422,304,078	(44,953)	422,259,125
Balance as at December 31, 2014		2,400,000,000	(562,135,211)	(868,818,228)	73,720,979	-	1,042,767,540	268,560,398	1,311,327,938

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014

In Baht					
Separate financial statements					
Notes	Issued and fully paid-up share capital	Premium (Discount) on share capital	Unappropriated (Deficit)	Other component of equity	Total shareholders' equity
				Other comprehensive income (expense) Change in fair value of securities available for sale	
Balance as at January 1, 2013	1,002,913,226	413,966,850	(612,676,342)	(11,431,603)	792,772,131
Comprehensive income (loss) for the year					
Profit (Loss) for the year	-	-	(393,339,195)	11,431,603	(381,907,592)
Other comprehensive income (loss)	-	-	-	-	-
Total comprehensive loss for the year	-	-	(393,339,195)	11,431,603	(381,907,592)
Balance as at December 31, 2013	<u>1,002,913,226</u>	<u>413,966,850</u>	<u>(1,006,015,537)</u>	<u>-</u>	<u>410,864,539</u>
Balance as at January 1, 2014	1,002,913,226	413,966,850	(1,006,015,537)	-	410,864,539
Comprehensive income for the year					
Profit for the year	-	-	267,664,199	-	267,664,199
Other comprehensive income	-	-	1,304,096	-	1,304,096
Total comprehensive income for the year	-	-	268,968,295	-	268,968,295
Transaction with shareholding which record direct to shareholders' equity					
Increase on common shares capital	27	1,374,359,502	(962,557,315)	-	411,802,187
Common shares increase by convertible debenture conversion	27,28	22,727,272	(13,544,746)	-	9,182,526
Total transaction with shareholding which record direct to shareholders' equity		1,397,086,774	(976,102,061)	-	420,984,713
Balance as at December 31, 2014	<u>2,400,000,000</u>	<u>(562,135,211)</u>	<u>(737,047,242)</u>	<u>-</u>	<u>1,100,817,547</u>

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (Loss) before income tax	307,404,727	(456,925,322)	267,664,199	(393,339,195)
Adjustments for				
Depreciation for fixed assets	139,632,540	127,594,634	9,018,391	9,615,529
Depreciation for investment property	1,101,543	1,394,582	920,309	920,309
Doubtful accounts	1,626,027	8,049,858	-	5,668,291
Share of gain on investment in associate	(1,743,198)	-	-	-
Gain on sales of investments in subsidiary	(94,248,852)	-	(75,581,540)	-
Gain on fair value of associated company	(4,523,374)	-	-	-
Gain on debt restructuring	(478,419,933)	-	(321,261,266)	-
Employee benefit expense from share base payment transaction	10,060,000	-	-	-
Loss from declining in value of investment in trading securities	-	213,642	-	213,642
Loss from sale investment in available - for - sale securities	-	70,834,025	-	70,834,025
Unrealized loss from exchange rate	6,608,609	6,755,798	6,025,856	5,661,327
(Gain) Loss from sale fixed assets	(24,080,855)	1,573,967	(130,449)	(65,002)
Loss from written off fixed assets	118,058	431,572	5,863	-
Impairment loss on investment in subsidiary	-	-	-	85,235,086
Loss from declining in value of inventories (Reversal)	(1,033,618)	2,067,850	(2,960,853)	(3,815,112)
Income from written - off accrued expenses	-	(777,341)	-	-
Employee benefit	698,114	360,338	510,888	234,084
Interest income	(184,943)	(76,586)	(1,155,098)	-
Interest expenses of employee benefits	182,111	158,845	51,474	75,859
Interest expenses	181,630,086	272,359,350	103,407,467	191,939,449
Profit (Loss) from operating activities before change in operating assets and liabilities	44,827,042	34,015,212	(13,484,759)	(26,821,708)
Decrease (Increase) in operating assets				
Trade and other receivables - others	234,116,901	234,131,826	233,514,450	163,178,963
Trade and other receivables - related parties	(232,963,103)	-	52,529,108	(89,819,223)
Inventories	495,482,655	(156,225,355)	388,049,098	(20,302,523)
Advance payment for goods	(731,539,723)	27,936,025	(650,329,096)	59,871,688
Other current assets	(4,303,640)	(374,226)	(1,603,837)	906,554
Retention receivable	13,647,992	(20,935,687)	-	-
Other non - current assets	(3,353,096)	(107,808)	-	(46,900)
Increase (Decrease) in operating liabilities				
Trade and other payables - others	(295,557,663)	(36,117,320)	(278,125,887)	(71,511,989)
Trade and other payables - related parties	6,159,364	(933,588)	(1,328,543)	116,520
Advance receive for goods	(9,494,014)	7,224,279	-	(2,269,735)
Other current liabilities	375,006	(5,075,439)	(231)	5,031
Cash generated (paid) from operating activities	(482,602,279)	83,537,919	(270,779,697)	13,306,678
Cash paid from income tax	(8,047,222)	(2,461,618)	(486,240)	(550,397)
Cash received from interest income	185,456	626,915	29,706	-
Net Cash Provided by (Used in) from Operating Activities	(490,464,045)	81,703,216	(271,236,231)	12,756,281

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014

In Baht

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in bank deposits pledged as collateral	(2,001,288)	23,983,776	(1,848,584)	28,055,818
Cash received from sale of investment in subsidiary	535,774,456	-	538,181,540	-
Cash received from sale of fixed assets	2,748,525	225,836	130,458	93,673
Cash received from sale of investment property	-	5,675,495	-	-
Cash received from of investment in available - for - sale securities	-	70,155,752	-	70,155,752
Cash payment for short-term loans to subsidiary	-	-	(389,200,000)	-
Cash payment for purchase of fixed assets	(78,127,019)	(61,167,415)	(739,126)	(77,822)
Net Cash Provided by from Investing Activities	458,394,674	38,873,444	146,524,288	98,227,421
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions	15,190,632	41,954,831	(242,989)	50,882,822
Increase (Decrease) in liabilities under finance lease agreement	5,432,285	(28,145)	(471,948)	(742,523)
Cash payment for Debt under restructuring agreement	(338,512,116)	(133,890,957)	(338,512,116)	(133,890,957)
Cash received from short - term loan from subsidiary	-	-	275,920,000	197,345,000
Cash payment for short - term loan from subsidiary	-	-	(142,406,085)	(191,947,000)
Increase in short - term loan from related person and related parties	182,377,423	-	-	-
Increase in short - term loan from other	133,423,424	4,013,417	221,304,698	-
Cash received from increase share capital of subsidiary	15,000,000	-	-	-
Cash payment for interest expenses	(109,670,154)	(35,651,326)	(19,141,420)	(32,818,110)
Cash received from increase on share capital	411,802,186	-	411,802,185	-
Cash received from convertible debenture conversion to common shares	9,182,526	-	9,182,526	-
Net Cash Provided by (Used in) Financing Activities	324,226,206	(123,602,180)	417,434,851	(111,170,768)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	292,156,835	(3,025,520)	292,722,908	(187,066)
Cash and Cash Equivalents - Beginning of Year	4,904,629	7,930,149	3,295,029	3,482,095
CASH AND CASH EQUIVALENTS - END OF YEAR	297,061,464	4,904,629	296,017,937	3,295,029
Supplementary Disclosure of Cash Flow Information - non cash items				
1. Cash received from sale of investment in subsidiary increase from accrued selling expenses	21,600,000	-	21,600,000	
2. Purchase fixed asset by credit	3,353,873	4,707,345	369,126	2,037,500
3. Sale fixed asset by credit	21,396,138	-	-	-
4. Offsetting between other receivables and trade payables	1,486,365	4,334,756	-	-
5. Transferred debt under restructuring agreement to bank overdrafts and short - term loans from financial institutions	-	564,980,226	-	564,980,226
6. Transfer loans due for repayment to debt under restructuring agreement	-	1,031,357,753	-	1,031,357,753
7. Transfer accrued interest to debt under restructuring agreement	-	286,919,841	-	286,919,841

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended December 31, 2014

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the directors on February 26, 2015.

1. GENERAL INFORMATION

The Company has registered as the Company Limited in accordance with the Civil and Commercial Law Code on May 10, 1999, with the registered number 0107549000050, and registered as the Public Company Limited on March 27, 2006, with its registered head office at 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150, Thailand.

The Company and its subsidiaries operate in the business of distribution of steel pipe, steel scrap and steel products and operate in foundation pile manufacturing, distribution, delivery and pile driving.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements as at December 31, 2014 and 2013, include the accounts of the Company and its subsidiaries as follows:

Name of Companies	Type of business	In Million Baht		Percentage of direct and indirect holding (%)	
		Paid-up share capital			
		2014	2013	2014	2013
Thai National Product Co., Ltd	Foundation pile and concrete products manufacturing, delivery and pile driving.	271	261	29.89	100.00
Siam Ferro Industry Co., Ltd	Production and distribution of steel production and all steel pipe and service to produce steel pipe	442	442	51.88	51.88

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

b) Subsidiaries are fully consolidated as from being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

However, on December 3, 2014, the Company has sold certain shares in Thai National Product Co., Ltd. as a result, its changing in status from a subsidiary company to an associated company as described in Note 13 to the financial statements. In the consolidated statements of financial position, the Company, therefore, does not include the statement of financial position of Thai National Product Company Limited in the consolidated statements of financial position since December 31, 2014 but include its financial performance and cash flows from January 1, 2014 to November 30, 2014 in the consolidated statements of comprehensive income and cash flows for the year ended December 31, 2014.

c) The financial statements of subsidiaries are prepared using the same significant accounting policies as the Company.

d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. APPLICATION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions issued the accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance that are effective as follows:

a) Accounting standard, financial reporting standard and interpretations which are effective.

		Effective date
Accounting Standard:		
TAS 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS 17 (Revised 2012)	Leases	January 1, 2014
TAS 18 (Revised 2012)	Revenues	January 1, 2014
TAS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS 21 (Revised 2012)	The Effect of changes in Foreign Exchange Rate	January 1, 2014
TAS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28 (Revised 2012)	Investment in Associates	January 1, 2014
TAS 31 (Revised 2012)	Interests In Joint Ventures	January 1, 2014
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 38 (Revised 2012)	Intangible Assets	January 1, 2014
Financial Reporting Standard:		
TFRS 2 (Revised 2012)	Share - Based Payments	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 4	Insurance Contracts	January 1, 2016

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

		<u>Effective date</u>
TFRS 5 (Revised 2012)	Non-Current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases-Incentives	January 1, 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSIC 29	Service Concession Arrangements: Disclosures	January 1, 2014
TSIC 32	Intangible Assets-Web Site Costs	January 1, 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRIC 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customer Loyalty Programs	January 1, 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC 18	Transfers of Assets from Customers	January 1, 2014

The revised accounting standard, revised financial reporting standards and related interpretations have no significant impact to the Company.

b) New accounting standards issued not yet effective

		<u>Effective date</u>
Accounting Standard:		
TAS 1 (revised 2014)	Presentation of Financial Statements	January 1, 2015
TAS 2 (revised 2014)	Inventories	January 1, 2015
TAS 7 (revised 2014)	Statement of Cash Flows	January 1, 2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2015
TAS 10 (revised 2014)	Events after the Reporting Period	January 1, 2015
TAS 11 (revised 2014)	Construction Contracts	January 1, 2015
TAS 12 (revised 2014)	Income Taxes	January 1, 2015
TAS 16 (revised 2014)	Property, Plant and Equipment	January 1, 2015
TAS 17 (revised 2014)	Leases	January 1, 2015
TAS 18 (revised 2014)	Revenue	January 1, 2015
TAS 19 (revised 2014)	Employee Benefits	January 1, 2015

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

		Effective date
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	January 1, 2015
TAS 23 (revised 2014)	Borrowing Costs	January 1, 2015
TAS 24 (revised 2014)	Related Party Disclosures	January 1, 2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	January 1, 2015
TAS 27 (revised 2014)	Separate Financial Statements	January 1, 2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	January 1, 2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	January 1, 2015
TAS 33 (revised 2014)	Earnings per Share	January 1, 2015
TAS 34 (revised 2014)	Interim Financial Reporting	January 1, 2015
TAS 36 (revised 2014)	Impairment of Assets	January 1, 2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2015
TAS 38 (revised 2014)	Intangible Assets	January 1, 2015
TAS 40 (revised 2014)	Investment Property	January 1, 2015
Financial Reporting Standard:		
TFRS 2 (revised 2014)	Share-based Payment	January 1, 2015
TFRS 3 (revised 2014)	Business Combinations	January 1, 2015
TFRS 4 (revised 2014)	Insurance Contracts	January 1, 2016
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	January 1, 2015
TFRS 8 (revised 2014)	Operating Segments	January 1, 2015
TFRS 10	Consolidated Financial Statements	January 1, 2015
TFRS 11	Joint Arrangements	January 1, 2015
TFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
TFRS 13	Fair Value Measurement	January 1, 2015
Accounting Standard Interpretations:		
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities	January 1, 2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	January 1, 2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	January 1, 2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2015
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures	January 1, 2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	January 1, 2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	January 1, 2015
Financial Reporting Standard Interpretations:		
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a	January 1, 2015

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

		<u>Effective date</u>
	Lease	
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	January 1, 2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	January 1, 2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	January 1, 2015
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	January 1, 2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	January 1, 2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	January 1, 2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2015

The Company and its subsidiaries have made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging. Bad debts are written off when incurred.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less accumulated impairment losses (if any).

Investment in associate

Investment in associate is accounted for in the consolidated financial statements by the equity method and in the separate financial statements by the cost method net of allowance for impairment (if any).

Investments in other debt and other equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Company and its subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses are recognized directly in equity. Impairment losses are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses (if any).

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Company and its subsidiaries dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost determined by the moving average method. Cost comprises both purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Investment properties

Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

Investment properties of the Company and its subsidiaries are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining in profit or loss.

No depreciation is provided on investment properties - land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period when the asset is derecognized.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expense in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5	years
Buildings and Improvements	5, 20	years
Machines	5, 10, 20	years
Furniture, fixtures and office equipment	3,5	years
Tools and equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets

Other intangible assets that are acquired by the Company and its subsidiaries and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses (if any).

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software license	5	years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of Assets

The carrying amounts of the Company and its subsidiaries' assets are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Calculation of recoverable amount

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Trade and Other Payables

Trade and other payables are stated at cost.

Loan

Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in profit or loss. Fee for providing loans is amortized to financial costs by over the period of the borrowings by using the effective rate method.

Provisions

Provision is recognized in the statements of financial position when the Company and its subsidiaries have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Provident Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments, they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sales of goods

Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income

Service income is recognized as services are provided.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Rental income

Rental income from operating lease contracts is recognized in profit or loss on a straight line basis over the term of the lease.

Dividend income

Dividend income is recognized in profit or loss on the date the Company and its subsidiaries' right to receive payments is established.

Interest income

Interest income is recognized in profit or loss on the accrual basis.

Expenses

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the parent company (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

Property, plant and equipment / Investment property

In determining depreciation of plant and equipment / investment property the management is required to make estimates of the useful lives and residual values of the plant and equipment / investment property and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment / investment property for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014***Post-employment benefits under defined benefit plans*

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and believes that no significant loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

5. RELATED PARTIES TRANSACTIONS

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. Related parties are those parties controlled by the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

<u>Name of Entities</u>	<u>Nature of business</u>	<u>Nature of relationship</u>
Thai National Product Co., Ltd	Foundation pile and concrete product manufacturing, delivery and pile driving.	Associated company (In 2013 was subsidiary and changed status to associated since December 3, 2014)
Siam Ferro Industry Co., Ltd	Production and distribution of steel production and all steel pipe and engagement of steel	Subsidiary
G.T. Steel Works Co., Ltd.	Production and distribution of steel product	Related by closed cousin of executive officer are director and shareholders
PNB Inter Group Co., Ltd.	Distribution and installment of Marbles granites and natural stone materials	The management's of Thai National Product Co.,Ltd is major shareholder
Star Decor & Design Co., Ltd.	Installment contractor of Marbles granites and natural stone materials	The management's of Thai National Product Co.,Ltd is major shareholder
Ms. Angkakarn Tantiviroon		Shareholder (In 2013 was director and resign on May 15, 2014)
Mr. Somkiat Vongsarojana		Director
Mr. Teera Phoncharoensuk		Director
Mr. Kamon Wattanakanin		Management of Thai National Product Co.,Ltd.
Ms. Arporn Seneeprakornkrai		Shareholder

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

Pricing policies for each transactions are described as follows:

Type of transactions	Pricing policies
Revenues from sale	Price can be comparative against outside parties
Other income	Mutual agreement / Contract price
Purchases of goods	Price can be comparative against outside parties
Cost of service	Mutual agreement / Contract price
Consultation fees	Contract price
Interest revenue	Interest rate 8.00% per annum
Interest expense	Interest rate 6.75% - 6.88% and 12.00% per annum (2013 : 6.75% and 12.00% per annum)
Value from sales fixed assets	Price reference with appraisal value by independent appraisal
Value from purchase fixed assets	Mutual agreement
Value from factoring of account receivable	Contract Price

Significant revenues and expenses derived from transactions with related person and the related parties for the years ended December 31, 2014 and 2013 are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Transaction with related person and related companies				
Revenue from sales	22,831	-	22,831	-
Consultation fees	1,800	-	1,800	-
Interest expense	1,652	725	1,102	-
Employee benefit expenses related to share based payment (Note 13 to the financial statements)	10,600	-	-	-
Value from factoring of account receivable (Note 13 to the financial statements)	-	15,000	-	-
Transaction with subsidiary companies (Eliminated from consolidated financial statements)				
Revenues from sales	-	-	9,919	13,261
Revenues from sales of raw materials	-	-	515,005	231,111
Others income	-	-	179	613
Purchase of goods	-	-	45,306	23,426
Subcontract production cost	-	-	8	1,979
Others expense	-	-	-	534
Interest revenue	-	-	1,125	-
Interest expense	-	-	7,150	3,360
Value from sales fixed assets	-	-	-	4
Value from purchase fixed assets	-	-	123	18

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Significant outstanding balances with its related companies as at December 31, 2014 and 2013 are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts receivable				
Thai National Product Co., Ltd	1,878	-	1,742	65
Siam Ferro Industry Co., Ltd	-	-	35,615	97,402
PNB Inter Group Co., Ltd.	3,702	-	3,702	-
Star Decor & Design Co., Ltd.	5,004	-	5,004	-
Total	10,584	-	46,063	97,467
Less : Allowance for doubtful debt	-	-	(5,296)	(5,296)
Net	10,584	-	40,767	92,171
Trade and other accounts payable				
Thai National Product Co., Ltd	3,403	-	-	4,312
Siam Ferro Industry Co.,Ltd.	-	-	3,399	1,290
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	628	666	29	67
Shareholder	-	25	-	-
Total	15,778	12,438	15,175	17,416
Loan to				
Siam Ferro Industry Co.,Ltd.				
(Interest rate 8.00% per annum)				-
Beginning balance	-	-	-	-
Increase	-	-	389,200	-
Decrease	-	-	-	-
Ending balance	-	-	389,200	-
Loan from				
Thai National Product Co., Ltd				
(Interest rate 6.75 - 6.88% per annum)				
Beginning balance	53,864	-	53,864	48,466
Increase	275,920	-	275,920	197,345
Decrease	(142,406)	-	(142,406)	(191,947)
Ending balance	187,378	-	187,378	53,864
Shareholder				
(Interest rate 12.00% per annum)				
Beginning balance	-	5,000	-	-
Increase	-	5,000	-	-
Decrease	-	(5,000)	-	-
Ending balance	-	5,000	-	-
Total short - term loans	187,378	5,000	187,378	53,864

Short - term loan from shareholder amount of Baht 5.00 million, Thai National Product Co.,Ltd has mortgaged investment property to collateral of loans. Currently, the Company completely made repayment and has already redeem investment property.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

For the years ended December 31, 2014 and 2013, Key Managements Personnel Compensation are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Key Managements Personnel Compensation				
Short-term Employee Benefits	9,898	10,670	9,898	10,670
Post-Employment Benefits	9	225	9	225
Total	9,907	10,895	9,907	10,895

6. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	25	75	24	25
Saving account	275,164	43	275,160	8
Current account	21,872	4,787	20,834	3,262
Total	297,061	4,905	296,018	3,295

7. CURRENT INVESTMENT

	In Thousand Baht			
	Consolidated and Separate financial statements			
	2014		2013	
	Cost value	Fair value	Cost value	Fair value
Equity security : Listed Company	647	337	647	337
Less Valuation adjustment	(647)	(337)	(647)	(337)
Total	-	-	-	-

8. TRADE AND OTHER RECEIVABLES - OTHERS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables				
Post dated cheques	51,692	56,126	51,692	50,387
Returned cheques receivable	-	2,038	-	-
Trade receivables	1,226,002	1,619,427	1,067,264	1,307,823
Total	1,277,694	1,677,591	1,118,956	1,358,210
Less : Allowance for doubtful debts	(2,584)	(55,094)	-	(9,905)
Trade receivables - net	1,275,110	1,622,497	1,118,956	1,348,305

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Other receivables				
Revenue department receivable	6,388	9,343	-	-
Other receivables	6,016	13,302	5,918	10,143
Others	1,634	2,229	1,634	1,574
	<u>14,038</u>	<u>24,874</u>	<u>7,552</u>	<u>11,717</u>
Total	<u>1,289,148</u>	<u>1,647,371</u>	<u>1,126,508</u>	<u>1,360,022</u>

As at December 31, 2014 and 2013, trade receivables - others are classified by aging as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Within credit term	757,788	918,227	669,568	813,110
Over due 1 to 90 days	379,545	480,521	315,233	325,356
Over due 91 to 180 days	78,801	171,625	76,038	162,782
Over due 181 to 365 days	58,976	49,883	58,117	47,057
Over due over 1 year	2,584	57,335	-	9,905
	<u>1,277,694</u>	<u>1,677,591</u>	<u>1,118,956</u>	<u>1,358,210</u>
Less : Allowance for doubtful debt - trade receivables	<u>(2,584)</u>	<u>(55,094)</u>	<u>-</u>	<u>(9,905)</u>
Net	<u>1,275,110</u>	<u>1,622,497</u>	<u>1,118,956</u>	<u>1,348,305</u>
Bad debts and doubtful debts expense for the year (reversal)	1,626	2,381	-	-
Written off bad debts which provision for doubtful debt in full				
(No effect to profit or loss for the year)	(9,905)	-	(9,905)	-
Transfer out allowance for doubtful debts from changing in status from a subsidiary to an associate	(44,231)	-	-	-

As at December 31, 2014, the consolidated financial statements and separate financial statements, the Company and its subsidiaries factored some post dated cheques in the amount of Baht 26.76 million (December 31, 2013 : Baht 27.00 million), to discount with the financial institution. The Company and its subsidiaries still have to take responsibility in the notes receivable if financial institution cannot collect debt repayment from such notes receivable.

As at December 31, 2013, the consolidated financial statements, a part of trade receivables in the amount of Baht 19.27 million had be transferred the right of collection to one financial institution. The Company and its subsidiaries still have to take responsibility in the trade receivables if financial institution cannot collect debt repayment in accordance with such trade receivables.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014****9. TRADE AND OTHER RECEIVABLES – RELATED PARTIES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables	10,566	-	39,622	92,143
Other receivables	18	-	6,441	5,324
Total	10,584	-	46,063	97,467
Less : Allowance for doubtful debt-other receivables	-	-	(5,296)	(5,296)
Net	10,584	-	40,767	92,171

As at December 31, 2014 and 2013, the trade receivables - related companies are classified by aging as follows:

	In Thousand Baht			
	Consolidated		The Company only	
	2014	2013	2014	2013
Within credit term	3,702	-	12,756	24,399
Over due 1 to 90 days	1,860	-	18,719	46,010
Over due 91 to 180 days	5,004	-	8,147	21,734
Total	10,566	-	39,622	92,143

10. INVENTORIES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Finished goods	5,823	437,885	286	327,701
Work in process	-	268	-	-
Raw materials	2,182	133,750	1,327	61,807
Goods in transit	-	28,735	-	-
Supplies	4,601	11,057	1,134	1,288
Total	12,606	611,695	2,747	390,796
Less Allowance for declining in value of inventories	(4,301)	(14,554)	(237)	(2,646)
Net	8,305	597,141	2,510	388,150

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Transfer out allowance for decline in value of inventories from changing in status from a subsidiary to an associate	(8,874)	-	-	-
Cost of inventories which is recognized as an expense and included in cost of goods sold for the year.				
- Cost of goods sold	2,977,605	3,485,350	2,324,125	2,848,757
- Loss from allowance for decline in value of inventories (Reversal)	(1,379)	552	(2,409)	(4,014)
- Loss from allowance for decline in value of advance payment for goods	345	1,516	(552)	199
Total	<u>2,976,571</u>	<u>3,487,418</u>	<u>2,321,164</u>	<u>2,844,942</u>

11. ADVANCE PAYMENT FOR GOODS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Advance payment for goods	869,714	140,797	752,910	102,581
Less : Allowance for decline in value of inventories	(2,739)	(2,394)	(525)	(1,077)
Allowance for doubtful debt	(5,668)	(5,668)	(5,668)	(5,668)
Net	<u>861,307</u>	<u>132,735</u>	<u>746,717</u>	<u>95,836</u>
Loss from allowance for decline in value for the year (reversal)	(345)	1,516	(552)	199
Doubtful debt for the year	-	5,668	-	5,668

As at December 31, 2014, the consolidated and separate financial statements, the Company and its subsidiary has received goods from an advance payment in amount of Baht 555.81 Million and Baht 505.12 Million, respectively.

As at December 31, 2014, the consolidated and separate financial statements, the Company obtain cheques in amount of Baht 217.90 Million for advance received for goods from customers which equivalent of 40% of total contract value. The Company records such cheques and advance received account by offsetting due to such cheques has deposit for cash after the reporting period.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

12. AVAILABLE - FOR - SALE INVESTMENT

	In Thousand Baht			
	Consolidated and Separate financial statements			
	2014		2013	
	Cost value	Fair value	Cost value	Fair value
Equity security : Listed Company	-	-	-	-
Less Valuation of adjustment	-	-	-	-
Total	-	-	-	-

Movement of available - for - sale investment for the years ended December 31, 2014 and 2013 are as follows :

	In Thousand Baht	
	Consolidated and Separate financial statements	
	2014	2013
Book value as at beginning of the year	-	129,558
Increase during year	-	-
Decrease during year	-	(129,558)
Allowance for revaluation	-	-
Book value as at end of the year	-	-

Available - for - sale investment is derived from debt settle from the Company paid an advance for goods and the debtor did not deliver the goods to the Company. Such debtor proposed compromise agreement to the Company which offer a new condition to hair cut some debt and the remaining amount will settle by converting the debt into newly issued shares of the debtor which is listed on the Stock Exchange of Thailand, in amount of 508,071,269 shares, at the price of Baht 0.50. On September 21, 2012, the Company has received newly ordinary shares of the debtor to be settled all debt repayment.

The whole amount of investment in available - for - sale securities, the Company has pledge to collateral for the debt under restructuring agreement with a financial institute according to note 20 to the financial statements. In 2013, the Company sold the whole amount of available for sale security to settle the debt with according the condition of debt restructuring agreement and has loss from sold available - for - sale securities in amount of Baht 70.83 million.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

13. INVESTMENT IN SUBSIDIARIES

	Separate financial statements					
	Percentage of direct and indirect Holding (Percent)		In Thousand Baht			
			Paid-up capital		Investment value Cost method	
	2014	2013	2014	2013	2014	2013
SUBSIDIARIES						
• Thai National Product Co., Ltd	29.89	100.00	271,006	261,006	-	639,478
• Siam Ferro Industry Co., Ltd	51.88	51.88	441,701	441,701	536,062	536,062
Less : Allowance for impairment loss of investment in Siam Ferro Industry Co.,Ltd.					(190,851)	(190,851)
Net					345,211	984,689
Impairment loss for the year					-	85,235

Thai National Product Co.,Ltd.

In December 2013, Thai National Product Company Limited ("Subsidiary") entered into a contract to transfer its right over claim on a trade receivables without recourse to a director of subsidiary (Transferee) at the transfer price of Baht 15.00 million. The book value of receivables amount of Baht 2.81 million (principle amount Baht 15.30 million less allowance for doubtful account amounting to Baht 12.49 million). The subsidiary agreed to compensate the transferee by providing an option to subscribe such number of new common shares of the subsidiary before the subsidiary has public offering its common shares to The Stock Exchange of Thailand. The option provides the right to subscribe such shares not more than the amount of fees for debt transferred. The exercise price is equivalent to the market price as at the exercise date with determine by price to earnings ratio method of latest financial statements before transferee invests. If the transferee does not exercise the right within the relevant period, the transferee give up its right to invest.

These transactions are considered to be share-based payment transactions. However, the determination of exercise price with equivalent to the market price with determine by price to earnings ratio method is estimated from the financial information prepared by the management.

In September 2014, Thai National Product Company Limited increased its share capital from Baht 261,006,000 to Baht 271,006,000 by issue new common shares amount of 1,000,000 shares at par value of Baht 10 per share to sell to the director of subsidiary. The subsidiary and the director of subsidiary have changed in term and condition of share-based payment including revision the estimated fair values of share by a qualified independent financial advisor with using the Discounted Cash Flows model (DCF). The key financial assumptions used were the Weighted Average Cost of Capital (WACC) rate of 8.56 % per annum, the Terminal Growth rate at 3 % per annum, sales growth rate at 0 - 1 % per annum and sale price growth rate at 3 % per annum which based from the construction price index.

In September 2014, the director of subsidiary has exercise the right to purchase subsidiary's shares in amount of 1,000,000 shares, exercise price is Baht 15 per share and the fair value of share with determine by discounted cash flows model is Baht 25.06 per share. The subsidiary has recognized the related expenses in the financial statements for the year ended December 31, 2014 amounting to Baht 10.1

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

million as “employee benefit expenses” with a corresponding increase in equity as “surplus on share-based payment transactions” at the same amount which presented including in non - controlling interests in the consolidated financial statements. After the subsidiary's director exercised its right, as a result, the dilution of the Company's shareholding in the subsidiary from 100 % to 96.31 %. In this regard, the Company recorded the effect from change in shareholding amount of Baht 1.32 million in "Surplus from change in shareholding in subsidiary" and presented under shareholder's equity in the consolidated financial statements.

Subsequently, on December 3, 2014 the Company has sold shares in Thai National Product Co.,Ltd. to non- related person in amount of 18.0 million shares at the selling price of Baht 30.0 per share and amounting to Baht 540.0 Million, according to the resolution of Extraordinary Shareholders' Meeting No. 1/2014, held on November 21, 2014. The Company recorded a gain on sale of investment in subsidiary of Baht 75.58 million included in the separate statement of comprehensive income for the year ended December 31, 2014 (net of selling expenses amount of Baht 23.42 million).

As a result of the above sale of shares, the Company's shareholding in such company changed from 96.31 % to 29.89 %, causing the Company to surrender control of such company since December 3, 2014 and changing the status from subsidiary to be associate. The Company, therefore, does not include the statement of financial position of that company in the consolidated statement of financial position as at December 31, 2014, but include its financial performance and cash flows from January 1, 2014 to November 30, 2014 of such company in the consolidated statements of comprehensive income and cash flows. There is no significant difference had such company been included in the consolidated statements of comprehensive income and cash flows from January 1, 2014 to December 3, 2014. In addition, as a result of the changing status, the Company recorded a gain from revaluation of investment in subsidiary which change the status to be associated company in amount of Baht 4.52 million and a gain on sale of investment in subsidiary in amount of Baht 94.25 million (net of selling expenses amount of Baht 23.42 million) included in the consolidated statement of comprehensive income for the year ended December 31, 2014. In addition, the Company transfer "surplus from change in shareholding in subsidiary" which occur from the subsidiary increase its shares and sell to its director amount of Baht 1.32 million directly to deficit in the consolidated statement of change in shareholders' equity for the year ended December 31, 2014.

As at the date of Thai National Product Co., Ltd. changed its status to be an associate, the net asset value of such company are as follows:

	In Thousand Baht
Current assets	468,180
Other current assets	294,335
Total assets	762,515
Current liabilities	359,684
Other current liabilities	7,964
Total liabilities	367,648
Net assets	394,867

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

	In Thousand Baht
Investment sales amount	540,000
Less: Cash payment for selling expenses	(1,818)
Accrued selling expenses	(21,600)
Cash received from sales - Net	516,582
Less: Cash and cash equivalents of subsidiary	
which status changed to associate	(2,407)
Net cash received from disposal of subsidiary	514,175

Siam Ferro Industry Company Limited.

The statement of comprehensive income for the nine - month period ended September 30, 2014 has been recognized an allowance for impairment loss amount of Baht 63.5 million. However, as at December 31, 2014 the Company has assess the impairment loss of investment in subsidiary which estimated the recoverable amount of investment by using adjusted book value method. This valuation method will assess the value of net assets of subsidiary and adjust by the increase or decrease in the value of property, plant and equipment which are assessed by an independent appraiser. The result is increasing in the recoverable amount of investment which has been caused from increasing in book value of subsidiary from the event that the subsidiary repayment the debt to the creditor for settle the short term loan and has been released the accrued interest as described in note 23 to the financial statements. Therefore, the Company recognizes the reversal of impairment loss amount of Baht 63.50 million which recognized in the separate financial statement of comprehensive income for the nine - month period ended September 30, 2014 in the fourth quarter of 2014.

14. INVESTMENT IN ASSOCIATE

As at December 31, 2014 and 2013, the Company has the investment in associate as follows:

The Company's name	Type of Business	In Thousand Baht					
		Percentage of direct and indirect holding (%)		Consolidated financial statements		Separate financial statements	
				Equity Method		Cost Method	
		2014	2013	2014	2013	2014	2013
Thai National Product Co.,Ltd.	Foundation pile and concrete product manufacturing, delivery and pile driving	29.89	-	204,744	-	198,478	-

Thai National Product Co., Ltd. has changed the status from subsidiary to associate as described in note 13 to the financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

Summarized financial information of associate

Financial information of the associate is summarized below:

The Company's name	In Thousand Baht		
	As at December 31, 2014		
	Paid-up capital	Total assets	Total liabilities
Thai National Product Co., Ltd.	271,006	758,324	354,941

The Company's name	In Thousand Baht			
	For the period from December 1, 2014 to December 31, 2014		For the year ended December 31, 2014	
	Total revenues	Net income	Total revenues	Net income
Thai National Product Co., Ltd.	46,823	8,516	410,958	50,158

As at December 31, 2014, the Company has pledge its shares of investment in associate, 7,705,000 shares, equivalent to 28.37% of shareholdings as collateral of short - term loan from other person and other company.

15. OTHER LONG - TERM INVESTMENTS

	Consolidated Financial Statements					
	In Thousand Baht					
	Percentages of direct and indirect holdings (Percent)		Paid-up capital		At cost method	
	2014	2013	2014	2013	2014	2013
• Pan Asia Storage and Terminal Co., Ltd.	0.00003	0.00003	1,929,618	1,929,618	1	1
• Siam Integrated Cold Rolled Steel Public Co., Ltd.	-	0.055	-	12,000	-	6
• First Steel Industry Co., Ltd.	-	0.18	-	357,500	-	635
• Inter Metal Tube Alliance (Thailand) Co.,Ltd.	-	0.05	-	270,000	-	124
<u>Less</u> Allowance for impairment loss					(1)	(766)
Net					-	-

During the year 2014, the management of subsidiary has approved to write off an account of investment in Siam Integrated Cold Rolled Steel Public Co., Ltd., investment in First Steel Industry Co.,Ltd. and investment in Inter Metal Tube Alliance (Thailand) Co., Ltd. with its allowance for impairment loss due to those companies were liquidated and bankruptcy status.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

16. INVESTMENT PROPERTY - NET

	In Thousand Baht		
	Consolidated financial statements		
	Land	Buildings	Total
<u>Cost</u>			
Balance as at January 1, 2013	1,878	41,568	43,446
Acquisitions	-	-	-
Disposal/write - off	-	(12,561)	(12,561)
Balance as at December 31, 2013	1,878	29,007	30,885
Acquisitions	-	-	-
Disposal/write - off	-	-	-
Decrease from changing in status from a subsidiary to an associated company	-	(10,601)	(10,601)
Balance as at December 31, 2014	1,878	18,406	20,284
<u>Accumulated depreciation</u>			
Balance as at January 1, 2013	-	16,698	16,698
Depreciation for the year	-	1,395	1,395
Disposal/write - off	-	(5,154)	(5,154)
Balance as at December 31, 2013	-	12,939	12,939
Depreciation for the year	-	1,101	1,101
Disposal/write - off	-	-	-
Decrease from changing in status from a subsidiary to an associated company	-	(3,526)	(3,526)
Balance as at December 31, 2014	-	10,514	10,514
<u>Net book value</u>			
December 31, 2013	1,878	16,068	17,946
December 31, 2014	1,878	7,892	9,770
<u>Depreciations included in profit or loss for the years ended December 31,</u>			
2013			1,395
2014			1,101

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

	In Thousand Baht		
	Separate financial statements		
	Land	Buildings	Total
<u>Cost</u>			
Balance as at January 1, 2013	1,878	18,406	20,284
Acquisitions	-	-	-
Disposal/write - off	-	-	-
Balance as at December 31, 2013	1,878	18,406	20,284
Acquisitions	-	-	-
Disposal/write - off	-	-	-
Balance as at December 31, 2014	1,878	18,406	20,284
<u>Accumulated depreciation</u>			
Balance as at January 1, 2013	-	8,674	8,674
Depreciation for the year	-	920	920
Disposal/write - off	-	-	-
Balance as at December 31, 2013	-	9,594	9,594
Depreciation for the year	-	920	920
Disposal/write - off	-	-	-
Balance as at December 31, 2014	-	10,514	10,514
<u>Net book value</u>			
December 31, 2013	1,878	8,812	10,690
December 31, 2014	1,878	7,892	9,770

Depreciations included in profit or loss for the years ended December 31,

2013	920
2014	920

As at December 31, 2014, the consolidated financial statements, the Company and its subsidiaries' investment property in the book value of Baht 6.80 million is pledged for collateral for short term loan from related person.

As at December 31, 2014 and 2013, the separate financial statements, the whole amount of investment property are pledged for loans granted by financial institutions.

As at December 31, 2014, the consolidated financial statement and separate financial statements, investment property had the fair value which appraise by an independence appraiser, that appraise the fair value of a land by market comparison approach method and the cost approach method for buildings, according to appraisal report on November 2014, which had the total of fair value amount of Baht 22.03 million (December 31, 2013 : the total of fair value as in the consolidated financial statements amount of Baht 24.10 million and in the separate financial statements amount of Baht 16.59 million as appraisal reports dated July, 2010 and February 2012 respectively).

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014
17. PROPERTY, PLANT AND EQUIPMENT

	In Thousand Baht											
	Consolidated											
	Land and land improvement	Buildings	Building improvement	Machinery	Improvement Machinery	Tools and Equipment	Vehicle	Tools Pile	Water/Fence Wells/Road /Culvert	Work in Process	Machinery and Equipment in Process	Total
<u>Cost</u>												
Balance as at January 1, 2013	641,083	1,052,744	5,411	1,651,718	9,419	176,973	32,541	278,030	81,600	8,071	438	3,938,028
Acquisitions /Transfers in	-	-	-	588	2,037	1,253	1,020	55	-	61,317	-	66,270
Disposal/Transfer out	-	-	-	-	-	(78)	(735)	-	-	(828)	-	(1,641)
Balance as at December 31, 2013	641,083	1,052,744	5,411	1,652,306	11,456	178,148	32,826	278,085	81,600	68,560	438	4,002,657
Acquisitions /Transfers in	-	46,510	155	16,482	-	6,776	9,072	-	-	74,945	-	153,940
Disposal/Transfer out	-	-	(42)	(1,116)	-	(2,012)	(307)	(40,738)	-	(65,972)	-	(110,187)
Decrease from changing in status from a subsidiary to an associated company	(324,518)	(253,719)	(113)	(458,228)	-	(153,810)	(27,078)	(237,347)	(81,600)	(77,283)	-	(1,613,696)
Balance as at December 31, 2014	316,565	845,535	5,411	1,209,444	11,456	29,102	14,513	-	-	250	438	2,432,714

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

In Thousand Baht												
Consolidated												
	Land and land improvement	Buildings	Building improvement	Machinery	Improvement Machinery	Tools and Equipment	Vehicle	Tools Pile	Water/Fence Wells/Road /Culvert	Work in Process	Machinery and Equipment in Process	Total
<u>Accumulated depreciation</u>												
Balance as at January 1, 2013	47,864	609,654	1,319	1,158,219	9,270	170,348	30,380	267,661	77,294	-	-	2,372,009
Acquisitions /Transfers in	495	33,970	270	83,820	292	2,742	1,079	3,500	1,426	-	-	127,594
Disposal/Transfer out	-	-	-	-	-	(38)	(708)	-	-	-	-	(746)
Balance as at December 31, 2013	48,359	643,624	1,589	1,242,039	9,562	173,052	30,751	271,161	78,720	-	-	2,498,857
Acquisitions /Transfers in	431	35,857	271	93,939	407	3,206	1,144	3,140	1,238	-	-	139,633
Disposal/Transfer out	-	-	-	(1,116)	-	(2,005)	(307)	(40,620)	-	-	-	(44,048)
Decrease from changing in status from a subsidiary to an associated company	-	(152,146)	-	(419,692)	-	(146,146)	(17,797)	(233,681)	(79,958)	-	-	(1,049,420)
Balance as at December 31, 2014	48,790	527,335	1,860	915,170	9,969	28,107	13,791	-	-	-	-	1,545,022
<u>Net book value</u>												
December 31, 2013	592,724	409,120	3,822	410,267	1,894	5,096	2,075	6,924	2,880	68,560	438	1,503,800
December 31, 2014	267,775	318,200	3,551	294,274	1,487	995	722	-	-	250	438	887,692
<u>Depreciations included in profit or loss for the years ended December 31,</u>												
2013												127,594
2014												139,633

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

	In Thousand Baht							
	Separate financial statements							
	Land	Buildings	Building improvement	Machinery	Improvement Machinery	Furniture and Equipment	Vehicle	Machinery and Equipment in Process
<u>Cost</u>								Total
Balance as at January 1, 2013	41,538	13,000	5,411	79,776	9,419	20,958	14,530	438
Acquisitions /Transfers in	-	-	-	-	2,038	77	-	-
Disposal/Transfer out	-	-	-	-	-	(28)	(80)	-
Balance as at December 31, 2013	41,538	13,000	5,411	79,776	11,457	21,007	14,450	438
Acquisitions /Transfers in	-	-	-	-	-	298	370	72
Disposal/Transfer out	-	-	-	-	-	(637)	(306)	-
Balance as at December 31, 2014	41,538	13,000	5,411	79,776	11,457	20,668	14,514	510

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

	In Thousand Baht								
	Separate financial statements								
	Land	Buildings	Building improvement	Machinery	Improvement Machinery	Furniture and Equipment	Vehicle	Machinery and Equipment in Process	Total
<u>Accumulated depreciation</u>									
Balance as at January 1, 2013	-	3,174	1,319	45,534	9,269	19,220	12,943	-	91,459
Acquisitions /Transfers in	-	650	270	6,742	293	875	786	-	9,616
Disposal/Transfer out	-	-	-	-	-	(28)	(52)	-	(80)
Balance as at December 31, 2013	-	3,824	1,589	52,276	9,562	20,067	13,677	-	100,995
Acquisitions /Transfers in	-	650	271	6,742	407	528	421	-	9,019
Disposal/Transfer out	-	-	-	-	-	(630)	(307)	-	(937)
Balance as at December 31, 2014	-	4,474	1,860	59,018	9,969	19,965	13,791	-	109,077
<u>Net book value</u>									
December 31, 2013	41,538	9,176	3,822	27,500	1,895	940	773	438	86,082
December 31, 2014	41,538	8,526	3,551	20,758	1,488	703	723	510	77,797
<u>Depreciations included in profit or loss for the years ended December 31,</u>									
2013									9,616
2014									9,019

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Consolidated Financial Statements

As at December 31, 2014, the Company and its subsidiaries mortgaged land and building in book value of Baht 53.61 million (December 31, 2013 : Baht 445.77 million) and certain machinery in book value of Baht 13.97 million (December 31, 2013 : Baht 39.04 million) as collateral for loans from the financial institution.

As at December 31, 2013 the subsidiary mortgaged land and building in the book value of Baht 564.95 million as collateral for loans from other person and party as described in note 23 to the financial statements.

As at December 31, 2014, the Company and its subsidiaries had assets with fully depreciation but still use which its cost was Baht 144.93 million and its net book value was Baht 2,793 (December 31, 2013 : its cost was Baht 295.13 million and net book value was Baht 4,526)

Separate Financial Statements

As at December 31, 2014, the Company mortgaged land and buildings in book value of Baht 53.61 million (December 31, 2013 : Baht 54.54 million) and certain machinery in book value of Baht 13.97 million (December 31, 2013 : Baht 18.50 million) as collateral for loans from the financial institution.

As at December 31, 2014, the Company had assets with fully depreciation but still use which its cost was Baht 52.36 million and its net book value was Baht 768 (December 31, 2013 : its cost was Baht 50.84 million and its net book value was Baht 789).

18. CREDIT FACILITIES AND GUARANTEE

The Company and its subsidiaries have credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2014, in amount of Baht 1,077.36 million (December 31, 2013 : Baht 2,092.50 million) and credit line for forward contract in amount of US Dollars 4.00 million. It is pledged by the Company's mortgage of land and buildings and certain machinery of the Company, some land, buildings and machinery of associate, land and buildings of related companies, notes receivable, a part of deposit at bank and guaranteed by shareholder, subsidiary and other company and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014****19. LOANS THAT DUE FOR REPAYMENT**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trust receipts	462,127	462,127	462,127	462,127
Promissory note	195,499	195,499	195,499	195,499
Long-term loans from financial institutions	373,732	373,732	373,732	373,732
Accrued interest expenses	317,405	-	317,405	-
Less Reclassification to debt under restructuring agreement	(1,348,763)	(1,031,358)	(1,348,763)	(1,031,358)
Total	-	-	-	-

As at December 31, 2013, The loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan, the Company has signed the new agreement of debt restructuring dated September 27, 2013 with financial institution, in first quarter of 2014, the Company did not completely repay the debt in accordance with the debt restructuring agreement, thence reclassified such debt as the loan which due to payment. However, the Company and creditor together agreed and signed the new agreement of debt restructure dated May 30, 2014, the Company reclassified such debt to debt under restructuring agreement as present under non-current liabilities as described in note 25 to the financial statements.

20. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Debt restructuring agreement	-	691,530	-	691,530
Discount post date cheque	26,756	26,999	26,756	26,999
Account payable factoring	-	14,985	-	-
Promissory note	16,000	16,000	16,000	16,000
Net	42,756	749,514	42,756	734,529

As at December 31, 2014, loan from discount post date cheque, factoring and promissory note are carried by interest rates of 6.75% per annum (December 31, 2013 : 6.00% -7.75 %).

As at December 31, 2014 and 2013, the debt under restructuring agreement derive from the debt under restructuring agreement contract No.5 dated June 27, 2012 and revision issued No.4 dated February 26, 2013. During the year 2013, the Company did not repay the debt in accordance with the repayment term of restructuring agreement. However, the Company and creditor mutual agree for new solution to restructure and the repayment of debt according to the restructuring agreement No.6 dated October 31, 2013 which has 2nd amendment dated March 27, 2014 and 3rd amendment dated July 28, 2014 and 4th amendment dated October 17, 2014. The latest restructuring agreement has significant term of payment as follows :

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

a) The Company will repay the creditor in amount of Baht 363 million by gradually payment and will be completed repayment the whole amount within December 2014. (Extension the maturity date from September 2014 to December 2014).

b) The Company will additional repay the creditor as call "addition principle" approximately in amount Baht 21.61 million, by calculated from principal amount of Baht 363 million which to be reduced by a repayment under clause a) with MLR interest rate, commencing on September 2013 - January 2014 and calculated from principal amount of Baht 319.48 million which to be reduced by repayment amount and charge at interest rate 4 % , commencing from February 2014 - June 2014 and calculated from principal amount of Baht 300.0 million which to be reduce by repayment amount and charge at interest rate 4 % , commencing from July 2014 - September 2014. For October 2014 onward calculated from principal amount of Baht 290 million and charge at interest rate 5 % p.a., the repayment will be made during October to December 2013 equivalent at 2 % with repayment as end of month and repayment in June 2014 amounting to Baht 13.43 million, in September 2014 amounting to Baht 3.02 million and the repayment of rest of outstanding will be made in December 2014.

c) When the Company completely made repayment to the creditor according to the debt restructuring agreement, the outstanding debts will be released to the Company.

Subsequently, on December 3, 2014, the Company has completely made debt repayment for the outstanding amount according to the debt restructuring agreement. The remaining debt was waived by the bank and the Company recognized as gain on debt restructuring amount of Baht 321.26 million in statement of comprehensive income for the year ended December 31, 2014. (Net of consultation fees amount of Baht 31.76 million)

21. TRADE AND OTHER PAYABLES – OTHERS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current				
Trade payables	197,057	555,271	176,935	461,199
Accrued expenses	41,907	12,589	37,041	4,717
Other payables	41,406	11,349	36,636	3,439
Others	30	174	30	30
	<u>280,400</u>	<u>579,383</u>	<u>250,642</u>	<u>469,385</u>
Non-current				
Trade payables	-	18,965	-	-
Total	<u>-</u>	<u>18,965</u>	<u>-</u>	<u>-</u>

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

The subsidiary entered into a compromise agreement with a trade payable to extend the debt repayment schedule. The subsidiary has book value of trade payable amount of Baht 40.02 million and the amount of repayment totaling of Baht 31.51 million, the remaining amount of Baht 8.51 million will be released to the subsidiary when the subsidiary has made repayment completely according in the term of compromise agreement. The schedule of debt repayment is as followings:

<u>Installment periods</u>	<u>Total Repayment per installment (Million Baht)</u>
September 2013	4.01
October 2013	10.00
Nov.13 - Apr. 14	0.30
May. 14 - Oct.14	0.60
Nov.14 - Apr. 15	0.80
May.15 - Sep. 15	1.20
Oct.15	1.25

As at December 31, 2013 the subsidiary reclassified outstanding balance of trade payable of Baht 18.96 million to present as non-current liabilities in the consolidated financial statements.

22. TRADE AND OTHER PAYABLES – RELATED PARTIES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables	8,651	8,647	8,647	9,350
Accrued expenses	3,399	599	3,399	4,312
Other payables	3,728	3,192	3,129	3,754
Grand Total	15,778	12,438	15,175	17,416

23. SHORT-TERM LOANS FROM OTHER PERSON AND OTHER COMPANY

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Debenture and bill of exchange	222,748	-	222,748	-
Loan from other company	-	300,000	-	-
Loan from other person	-	4,226	-	-
	222,748	304,226	222,748	-

As at December 31, 2014, the consolidated financial statements and separate financial statements, debenture and bill of exchange are loan from debenture and bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 3 - 12 months with financial cost equivalent to interest rate at 8.50 - 9.50 % per annum. Such loan has shares of associate pledged as collateral.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

As at December 31, 2014 and 2013, the consolidated financial statements, short term loans from other company amount of Baht 300 million, bear interest rate of 15% per annum, while the subsidiary mortgaged land and building as collateral of loans. The subsidiary and the lender makes the mortgage land contract and considered this as evidence of the loans contract, while the mortgages has term to redeem for three months (maturity date of June 21, 2011) and when due, the subsidiary and lender agree to continue extend the due period for another 3 months, in each time of extend, the borrower has charged the extended fees in the rate of 11.40 % per annum and interest in the rate of 15.00 % per annum. The final maturity date is October 22, 2012 which the subsidiary has not extended the maturity date and the lender has prosecuted claiming for debt repayment and interest expense. However, on December 2014, the subsidiary entered into memorandum of repayment and end of litigation with the lender. The lender agreed subsidiary to repay the debt for principal amount of Baht 300.0 million and interest in the rate of 8.0 % p.a. for the amount of Baht 60.0 million and 10.0 % p.a. for the amount of Baht 240.0 million. The remaining accrued interest will be waived by the creditor. The subsidiary has already paid the principal and accrued interest to the creditor according to the memorandum of repayment and end of litigation and recognized the reduction debts amount of Baht 157.16 million as gain from debt restructuring in consolidated statement of comprehensive income for the year ended December 31, 2014.

As at December 31, 2013, the consolidated financial statement, short term loan from other person amount of Baht 4.23 million has loan contract and will be completely repay within September 15, 2014, no interest charge. Currently, the subsidiary has already paid such loan.

24. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Liabilities under financial lease agreement	-	1,510	-	472
<u>Less</u> Deferred Interest	-	(179)	-	(13)
Net	-	1,331	-	459
<u>Less</u> Current portion	-	(916)	-	(459)
Net	-	415	-	-
Present value of minimum lease payment				
Within one year	-	916	-	459
1-5 years	-	415	-	-
Total	-	1,331	-	459

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

Future minimum lease payments required under the finance lease agreements were as follows:

In Thousand Baht					
Consolidated financial statements					
2014			2013		
Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payment	Interest	Present value of minimum lease payment
Within one year	-	-	1,041	(125)	916
After one year but within five years	-	-	469	(54)	415
Total	-	-	1,510	(179)	1,331

In Thousand Baht					
Separate financial statements					
2014			2013		
Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payment	Interest	Present value of minimum lease payment
Within one year	-	-	472	(13)	459
After one year but within five years	-	-	-	-	-
Total	-	-	472	(13)	459

As at December 31, 2013, the consolidated financial statements, the Company and its subsidiaries comprise asset under the financial leased agreement in the type of vehicle, the net book value of Baht 1.65 million and the separate financial statements, there is net book value of Baht 0.57 million. The Company and its subsidiaries will obtain ownership in such asset when the repayment is made to creditors completely in accordance with the financial lease agreement.

25. DEBT UNDER RESTRUCTURING AGREEMENT

In Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2014
Principal amount	1,031,358	1,031,358	1,031,358	1,031,358
Accrued interest expenses	352,428	273,633	352,428	273,633
Accrued interest pending for waiving	20,836	20,836	20,836	20,836
Total	1,404,622	1,325,827	1,404,622	1,325,827
Less Current portion	(39,000)	(44,200)	(39,000)	(44,200)
Net	1,365,622	1,281,627	1,365,622	1,281,627

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

For the year ended December 31, 2014 and 2013, the movements of long-term loans are as follows:

	In Thousand Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Balance as at January 1	1,325,827	694,545	1,325,827	694,545
Transfer to bank over drafts and short term loan	-	(564,980)	-	(564,980)
Transfer from loan that due to repayment	-	1,031,358	-	1,031,358
Transfer from accrued interest	-	286,920	-	286,920
Realized pending accrued interest to reduce interest expense	(7,945)	(11,577)	(7,945)	(11,577)
Suspend accrued interest for the period	93,040	23,452	93,040	23,452
Repayment	(6,300)	(133,891)	(6,300)	(133,891)
Balance as at December 31	1,404,622	1,325,827	1,404,622	1,325,827

The consolidated financial statements and the separate financial statements, debt under restructuring agreement derived from the debt restructuring contract dated on September 27, 2013. In first quarter of 2014, the Company cannot repay the debt in accordance with the debt restructuring agreement. However, the Company and creditor together agreed and signed the new agreement of debt restructure dated May 30, 2014. The contract has classified the debt to 4 tranches and details of new repayment term as following:

First tranche : The credit line of Baht 400 million, as at December 31, 2014 remaining balance amount of Baht 513.14 million comprise principal amount of Baht 373.73 million and accrued interest amount of Baht 139.40 million. (2013: remaining balance amount of Baht 484.72 million comprise principal amount of Baht 373.73 million and accrued interest amount of Baht 110.99 million.) The term repayment is monthly installments with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPRL+ 1.00% per annum and will be settle all of accrued interest within January 31, 2017.

Second tranche : The credit line of Baht 275 million, as at December 31, 2014 remaining balance amount of Baht 389.23 million comprise principal amount of Baht 274.04 million and accrued interest amount of Baht 115.19 million. (2013: remaining balance amount of Baht 368.75 million comprise of principal amount of Baht 274.04 million and accrued interest amount of Baht 94.71 million.) The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPR+ 1.25% per annum and will be settle all of accrued interest within December 31, 2027.

Third tranche : The credit line of Baht 250 million, as at December 31, 2014 remaining balance amount of Baht 228.81 million comprise principal amount of Baht 188.09 million and accrued interest amount of Baht 40.72 million. (2013: remaining balance amount of Baht 213.30 million comprise of principal amount of Baht 188.09 million and accrued interest amount of Baht 25.21 million.) The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPR+ 1.25% per annum and will be settle all of accrued interest within December 31, 2027.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

Fourth tranche : The credit line of Baht 200 million, as at December 31, 2014 remaining balance amount of Baht 273.44 million comprise principal amount of Baht 195.50 million and accrued interest amount of Baht 77.94 million. (2013: remaining balance amount of Baht 259.05 million comprise of principal amount of Baht 195.50 million and accrued interest amount of Baht 63.55 million.) The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPR+ 1.00% per annum and will be settle all of accrued interest within December 31, 2027.

Table of principal and interest repayment per installment
(Million Baht)

Installment periods	First tranche	Second tranche	Third tranche	Fourth tranche
Periods 1- 9 (Apr.14 - Dec.14)	0.254	0.186	0.127	0.133
Periods 10 - 15 (Jan.15 - Jun.15)	0.978	0.717	0.493	0.512
Periods 16 - 21 (Jul.15 - Dec.15)	1.377	1.010	0.693	0.720
Periods 22 - 33 (Jan.16 - Dec.16)	1.450	1.063	0.729	0.758
Periods 34 - 45 (Jan.17 - Dec.17)	1.631	1.196	0.820	0.853
Periods 46 - 57 (Jan.18 - Dec.18)	1.993	1.461	1.003	1.043
Periods 58 - 69 (Jan.19 - Dec.19)	2.174	1.594	1.095	1.137
Periods 70 - 81 (Jan.20 - Dec.20)	2.899	2.126	1.459	1.516
Periods 82 - 93 (Jan.21 - Dec.21)	3.080	2.259	1.550	1.611
Periods 94 - 105 (Jan.22 - Dec.22)	3.624	2.657	1.823	1.896
Periods 106 -117 (Jan.23 - Dec.23)	5.111	3.602	1.823	2.464
Periods 118 - 129 (Jan.24 - Dec.24)	5.503	4.020	1.823	2.654
Periods 130 - 141 (Jan.25 - Dec.25)	5.173	3.802	2.371	2.654
Periods 142 - 164 (Jan.26 - Nov.27)	5.635	4.151	2.371	2.843
Periods 165 (Dec.27)	Outstanding	Outstanding	Outstanding	Outstanding

In addition, the debt under restructuring agreement was defined the Company to make a repayment not less than Baht 450 million within January 31, 2017. Such repayment amount will be settle accrued interest and principal amount for all tranche of debt by allocation to the First tranche amount of Baht 163.10 million, Second tranche amount of Baht 119.60 million, Third tranche amount of Baht 82.00 million and Fourth tranche amount of Baht 85.30 million.

Debt under restructuring agreement constitutes collaterals according to note 18 to the financial statements.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

26. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits obligations is compensations on employee's retirement, was as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Defined benefit obligations at January 1	2,767	4,345	1,932	1,622
Current service cost and interest	939	519	562	310
Actuarial gain in other comprehensive income	(1,714)	-	(1,304)	-
Decrease from changing in status from a subsidiary to an associated company	(324)	-	-	-
Defined benefit obligations at December 31	<u>1,668</u>	<u>4,864</u>	<u>1,190</u>	<u>1,932</u>

As at December 31 2014 and 2013, long-term employee benefit expenses included in the profit or loss was as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service costs	733	360	511	234
Interest on obligation	206	159	51	76
Total expenses in profit or loss	<u>939</u>	<u>519</u>	<u>562</u>	<u>310</u>
Line items under which such expenses are include in profit or loss				
Cost of goods sold and services	201	42	34	7
Selling expenses	37	29	19	1
Administrative expenses	486	64	449	1
Management benefits expense	9	225	9	225
Finance cost	206	159	51	76
Total	<u>939</u>	<u>519</u>	<u>562</u>	<u>310</u>

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(%)	(%)	(%)	(%)
Discount rate	4.30 - 4.52	3.36 - 4.41	4.30 - 4.52	3.36 - 4.41
Salary increase rate	0.44 - 8.58	0.33 - 3.73	0.44 - 2.87	0.33 - 3.73
Mortality rate	100	50-100	100	50-100
(Thai Mortality Ordinary Table 2008)	of mortality	of mortality	of mortality	of mortality
Disability rate	10	10 - 15	10	10 - 15
	of mortality	of mortality	of mortality	of mortality
Employee turnover rate	0 - 63	0 - 57	26 - 46	0 - 57

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014
27. SHARE CAPITAL

Authorized share capital and paid up share capital are movement as follows:

	Consolidated and Separate financial statements					
	2014			2013		
	Par value	Number of share	Amount	Book value	Number of share	Amount
	(Baht)	(Thousand shares)	(Thousand baht)	(Baht)	(Thousand shares)	(Thousand baht)
Authorized share capital						
Common shares at beginning of the period	1.00	4,000,000	4,000,000	1.00	4,000,000	4,000,000
<u>Add</u> Increase common shares	1.00	1,694,360	1,694,360	1.00	-	-
<u>Less</u> Decrease common shares	1.00	(3,294,360)	(3,294,360)	1.00	-	-
Common shares at end of the period	<u>1.00</u>	<u>2,400,000</u>	<u>1,322,913</u>	<u>1.00</u>	<u>4,000,000</u>	<u>4,000,000</u>
Issue and paid-up share capital						
Common shares at beginning of the period	1.00	1,002,913	1,002,913	1.00	1,002,913	1,002,913
<u>Add</u> Common shares increase by convertible debentures conversion	1.00	22,727	22,727	1.00	-	-
<u>Add</u> Common shares increase from increase share capital	1.00	1,374,360	1,374,360	1.00	-	-
Common shares at end of the period	<u>1.00</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>1.00</u>	<u>1,002,913</u>	<u>1,002,913</u>

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

According the resolution of Annual General Meeting of Shareholders of the year 2014, dated April 18, 2014, which could be summarized a significant resolution as follows:

1. Approved a reduction of the Company's registered capital from the existing Baht 4,000,000,000 to Baht 1,002,913,226 by deleting the capital register of which was not sold in amount of Baht 2,997,086,774 at par value of Baht 1 per share.
2. Approved an increase of the Company's registered capital for another Baht 320,000,000 from the former registered capital of Baht 1,002,913,226 to a new registered capital of Baht 1,322,913,226 by issuing of common shares in the amount of 320,000,000 at par value of Baht 1 per share for the purpose of reservation for conversion of convertible debentures.
3. Approved for the allocation of increase common share in the amount of not exceeding 320,000,000 shares at the par value of Baht 1 which will be reserved for right conversion of convertible debentures.

According the resolution of Extraordinary of Shareholders' Meeting No. 1/2014, dated November 21, 2014, which could be summarized a significant resolution as follows:

1. Approved to decrease of the registered capital of the Company by the amount of Baht 297,272,728 at the par value of Baht 1 per share, from the existing registered capital of Baht 1,322,913,226 to Baht 1,025,640,498 by cancelling the unissued shares which are the remaining amount from the shares issued to accommodate the exercise of conversion rights of the convertible bonds issued and offered to the Advance Opportunity Fund, as approved by the 2014 Annual General Meeting of Shareholders held on April 18, 2014, because of such convertible bonds was not successful as planned.
2. Approved to increase in the registered capital of the Company by issuing 1,374,359,502 shares at the par value of Baht 1 per share from the existing registered capital of Baht 1,025,640,498 to Baht 2,400,000,000 to accommodate the allocation of the newly issued shares to the shareholders proportionate to their shareholding (Rights Offering) and to the specific persons (Private Placement).
3. Approved for the allocation of 1,374,359,502 newly issued shares at the par value of Baht 1 per share, as follows:
 - 3.1. To allocate 1,025,640,498 newly issued shares at the par value of Baht 1 per share to the existing shareholders proportionate to their shareholding (Rights Offering) at a ratio of 1 existing share per 1 new share at the offering price of Baht 0.30 per share.
 - 3.2. To allocate up to 348,719,004 newly issued shares at the par value of Baht 1 per share and offer the shares to four specific persons who are not connected persons of the Company at the price of Baht 0.30 per share.
 - 3.3. To allocate and offer the shares remaining from Item 3.1 to four specific persons as mention in Item 3.2. These four persons agree to purchase all newly issued shares and the newly issued shares shall be equally allocated to each person in the same amount at the price of Baht 0.30 per share.

On December 2014, The Company has allocated the whole amount of newly issued shares to the shareholders and to the specific persons. It's made the ordinary share capital increase in amount of Baht 1,374 million and discount on share capital increase in amount of Baht 962 million.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

28. CONVERTIBLE DEBENTURES

According the resolution of Annual General Meeting of Shareholders of the year 2014, dated April 18, 2014, has resolution to approved for the issue and offer for sale of convertible debentures to a specific foreign investor (Private Placement) that is Advance Opportunities Fund ("AO Fund") which has significant detail as following :

Type of debentures	: Convertible debentures in registered form or issued to bearer which grant the right to convert into ordinary shares of the Company, unsecured. The convertible debentures will consist of 6 tranches as follows : <u>Convertible Debentures Tranche 1</u> : value of not exceeding SGD 2 million, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 100,000. <u>Convertible Debentures Tranche 2</u> : value of not exceeding SGD 2 million, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 100,000. <u>Convertible Debentures Tranche 3</u> : value of not exceeding SGD 2 million, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 100,000. <u>Convertible Debentures Tranche 4</u> : value of not exceeding SGD 4 million, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 200,000. <u>Convertible Debentures Tranche 5</u> : value of not exceeding SGD 4 million, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 200,000. <u>Convertible Debentures Tranche 6</u> : value of not exceeding SGD 2 million, separated into 20 sub-tranches, which each sub-tranche will not exceed SGD 300,000.
Offering size	: SGD 20 million or its equivalent amount Baht 500 million by calculating at the exchange rate of Bath 25 to 1 SGD.
Term	: 1 years from the issue date of the convertible debentures.
Interest rate	: 1 % per annum
Exercise period	: The holders of convertible debentures can exercise its right on any business day from and including the issue date of the convertible debentures up to the close of business on the business day falling one week preceding the maturity date.
Conversion Price	: The holders of convertible debentures shall be entitled to choose one of the following conversion prices : (1) 145 % of the average of the daily traded volume weighted average prices per share for the 45 business days immediately prior to the date of Subscription Agreement for the Tranche 1 Convertible Debentures and the issue date of convertible debenture for the Tranche 2 - 6 ("Fixed Conversion Price") ; or (2) 80 % of the average closing prices per share on any 3 consecutive business days during 45 business days immediately preceding the relevant conversion date of the convertible debentures ("Floating Conversion Price")

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

Rate of conversion : The principal amount divides the conversion price.
Amount of new common : The amount of not exceeding 320,000,000 shares.
shares to be reserved for
conversion

For the year ended December 31, 2014, the convertible debentures have movement as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Convertible debenture beginning of period	-	-
Increase during period	10,000	10,000
Expenses of issue convertible debenture	(818)	(818)
Convertible debenture before exercise	9,182	9,182
Less conversion during period :		
Common shares	(22,727)	(22,727)
Shares discount	12,727	12,727
Expense of issuing convertible debenture (including in shares discount)	818	818
Convertible debenture end of period	-	-

However , according to the resolution of Extraordinary Shareholders' Meeting No. 1/2014, dated November 21, 2014, which approved to decrease of the registered capital of the Company by the amount of Baht 297,272,728 at the par value of Baht 1 per share by cancelling the unissued shares which are the remaining amount from the shares issued to accommodate the exercise of conversion rights of the convertible bonds issued and offered to the Advance Opportunity Fund because of such convertible bonds was not successful as planned.

29. OTHER INCOMES

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Building and machinery rental income	6,710	9,190	6,394	9,044
Revenue from labor contractors	5,883	5,259	5,883	5,259
Utilities service income	13,367	19,929	13,007	19,762
Gain on exchange rate	1,580	379	997	155
Other	2,728	4,182	1,877	1,356
Total	30,268	38,939	28,158	35,576

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014****30. EXPENSES BY NATURE**

	In Thousand Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Changing within finished goods and work in process	446,167	(116,921)	387,895	(71,203)
Raw material used	659,500	1,906,142	-	1,427,138
Value of purchase inventory for sale	1,683,209	1,519,974	1,936,100	1,471,615
Loss from declining in value of inventories (Reversal)	(1,034)	2,068	(2,961)	(3,815)
Employee expenses	90,506	86,996	28,578	32,377
Depreciation	140,734	128,989	9,939	10,536
Transportation and pile driving expenses	47,599	65,412	-	-
Loss from impairment of investment in subsidiary companies	-	-	-	85,235
Loss from sales fixed assets	-	1,574	-	-
Doubtful accounts	1,626	8,050	-	5,668
Unrealized loss from exchange rate	1,369	6,756	1,369	5,661
Loss from investment in available for sale	-	70,834	-	70,834
Finance costs	183,488	274,483	103,527	193,142
Other expenses	108,073	111,604	46,124	53,614
Total	3,361,237	4,065,961	2,510,571	3,280,802

31. PROVIDENT FUND

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.2530, in the name of “TISCO 2 Registered Provident Fund”. The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees’ salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognized as expenses in the year in when they are incurred. For the year ended 2014 the company has provident fund expense in amount of Baht 191,608 (2013: amount of Baht 184,238)

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

32. INCOME TAX

Income tax expenses (income) for the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current income tax expenses:				
Income tax expense for the year	14,863	12,998		-
Deferred tax:				
Income tax income relating to origination and reversal of temporary differences	(15,122)	(17,793)		
Decrease in income tax rates	-	(26,851)		-
Total income tax expenses (income)	(259)	(31,646)		-

Reconciliation of effective tax rate for the years ended December 31, 2014 and 2013 as follows:

	In Thousand Baht			
	Consolidated financial statements			
	2014		2013	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Accounting profit (loss) before tax		307,405		(456,925)
Accounting profit (loss) before tax multiplied by applicable tax rate	20	61,481	20	(91,385)
Effect from change of deferred tax		(15,122)		(44,644)
Loss carry forward		(57,818)		-
Effect of income exempt from tax and non-deductible expenses for tax purposes		(259)		19,057
Current year losses for which no deferred tax asset was recognised		-		86,132
Effect of elimination entry on the consolidated financial statements		11,459		(806)
Total income tax expenses (income)	1	(259)	7	(31,646)

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

	In Thousand Baht			
	Separate financial statements			
	2014		2013	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Accounting profit (loss) before tax		<u>267,664</u>		<u>(393,339)</u>
Accounting profit (loss) before tax multiplied by applicable tax rate	20	53,533	20	(78,668)
Loss carry forward		(50,189)		-
Effect of income exempt from tax and non-deductible expenses for tax purposes		(3,344)		16,693
Current year losses for which no deferred tax asset was recognised		-		<u>61,975</u>
Total income tax expenses (income)	-	<u>-</u>	-	<u>-</u>

As at December 31, 2014 and 2013, the components of deferred tax assets and liabilities are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax assets				
Allowance for doubtful accounts	-	869	-	-
Allowance for declining in value of inventories	-	1,138	-	-
Employee benefit obligations	-	419	-	-
Total	-	<u>2,426</u>	-	-
Deferred tax liabilities				
Fair value adjustment of property, plant and equipment	(99,005)	(175,458)	-	-
Total	(99,005)	<u>(175,458)</u>	-	-
Net	<u>(99,005)</u>	<u>(173,032)</u>	<u>-</u>	<u>-</u>

As at December 31, 2014, the consolidated financial statements, the Company and its subsidiaries had temporary differences for future tax deductible and unutilized tax losses carry forward which have not been recognized as deferred tax assets in the statement of financial position amount of Baht 984.97 million (December 31, 2013 : Baht 1,337.16 million) and the separate financial statement amount of Baht 815.34 million (December 31, 2013 : Baht 1,096.27 million) because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Financial Statements (Continued)
For the year ended December 31, 2014

33. EARNINGS (LOSS) PER SHARE

For the years ended December 31, 2014 and 2013, the Company calculates earnings (loss) per share as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Earnings (loss) per share				
Loss for the year - equity holders of the parent	306,823	(357,918)	267,664	(393,339)
The weighted average of number of ordinary shares (Thousand shares)	1,086,089	1,002,913	1,086,089	1,002,913
Basic earnings (loss) per share (Baht)	0.28	(0.36)	0.25	(0.39)

34. SEGMENT FINANCIAL INFORMATION

Segment information is presented in respect of the Group' business segments.

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

Segment results and operating assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Company and its subsidiaries comprise 3 main business segments as follows:

- Segment 1 : Produce and distribution of steel product.
- Segment 2 : Manufacture of foundation pile, transportation and pile driving
- Segment 3 : Manufacture of concrete product

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit after tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Geographic segments

Management considers that the Group operate in a single geographic area, mainly in Thailand, and has, therefore, only one major geographic segment.

Major customer

For the year 2014, revenues from 4 customers of the produce and distribution of steel product business segment represent approximately Baht 1,527.37 million of the consolidated total revenues (2013 : revenues from 1 customer of the produce and distribution of steel product business segment represent approximately Baht 793.53 million).

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

The segment financial information is as follows:

In Thousand Baht								
Consolidated financial statements								
For the year ended December 31,								
	Segment 1		Segment 2		Segment 3		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
External revenue	2,704,578	3,190,675	265,784	379,422	64,995	-	3,035,357	3,570,097
Inter-segment revenue	571,862	287,502	-	-	-	-	571,862	287,502
Total revenue	<u>3,276,440</u>	<u>3,478,177</u>	<u>265,784</u>	<u>379,422</u>	<u>64,995</u>	<u>-</u>	<u>3,607,219</u>	<u>3,857,599</u>
Interest income	1,185	39	7,276	3,425	-	-	8,461	3,464
Interest expense	181,580	274,131	8,118	3,481	-	-	189,698	277,612
Depreciation and amortisation	<u>46,872</u>	<u>47,119</u>	<u>7,677</u>	<u>8,338</u>	<u>4,685</u>	<u>-</u>	<u>59,234</u>	<u>55,457</u>
Gain (loss) before income tax	<u>319,309</u>	<u>(427,151)</u>	<u>37,163</u>	<u>62,326</u>	<u>18,137</u>	<u>-</u>	<u>374,609</u>	<u>(364,825)</u>
Assets of segment	3,298,215	2,766,862	-	407,357	-	62,137	3,298,215	3,236,356
Capital expenditure	962	2,889	-	879	-	62,365	962	66,133
Liabilities of segment	2,592,948	3,222,092	-	140,562	-	-	2,592,948	3,362,654

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

Reconciliation of revenue , profit or loss, asset and liabilities

	In Thousand Baht	
	Consolidated financial statements	
	For the year ended December 31,	
	2014	2013
Revenue		
Total revenue for reportable segments	3,607,219	3,857,599
Other income	617,187	50,887
	4,224,406	3,908,486
Less Inter-segment revenue	(571,861)	(287,502)
Interest income and others	14,354	(11,948)
Total revenue	3,666,899	3,609,036
Profit or loss		
Total profit or loss for reportable segments	374,609	(364,825)
Adjustment and elimination : inter - segment	(59,040)	(81,205)
Non allocate :		
Management benefit expenses	(9,907)	(10,895)
Share of gain on investment in associate	1,743	-
Total profit or loss before income tax	307,405	(456,925)
Assets		
Total assets for reportable segments	3,298,215	3,236,356
Adjustment and elimination : inter - segment	280,250	724,976
Total assets	3,578,465	3,961,332
Liabilities		
Total liabilities for reportable segments	2,592,948	3,362,654
Adjustment and elimination : inter - segment	(325,811)	18,221
Total liabilities	2,267,137	3,380,875

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014****35. OBLIGATIONS AND CONTINGENT LIABILITIES**

As at December 31, 2014 and 2013, certain liabilities shown on the financial statements, the Company and its subsidiaries still remains contingent liabilities with commercial banks as follows:

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
- Letter of guarantee has bank deposit pledge for collateral	3.50	7.83	1.85	1.85
- Advance note payable for pledged	-	4.12	-	-

36. FINANCIAL INSTRUMENT

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and trade account payable, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

36.1 Policy to manage financial risks

The Company and its subsidiaries are exposed to normal business risks from changes in market interest rates and currency exchange rate and from non-performance of contractual obligations by counterparties. The Company and its subsidiaries do not hold or issue derivative financial instruments for speculative or trading purposes.

36.2. Interest rate risks

Interest rate risks is derived from fluctuation of interest rates in the future which affects upon operation result and the cash flow. The Company and its subsidiaries constitute risk from rate of interest in deposits at financial institutions, loan to related company, bank overdrafts, loan from the financial institutions, loan from others person and companies, loans from related company and liabilities under finance lease agreement.

The Company and its subsidiaries had assets and liabilities instruments to hedge against this risk as follows:

	Consolidated financial statements			
	Amount (Million Baht)		Interest rate per annum	
	2014	2013	2014	2013
Saving deposit	275.16	0.04	0.50	0.50 - 0.88
Restriction bank deposit	1.80	7.28	1.70 - 1.75	0.50 - 1.70
Short-term loans from financial institutions	42.76	749.51	6.75	6.00 - 7.75
Short-term loan from other person and other company	222.75	304.26	8.50 - 9.50	15.00
Short-term loan from related person	187.38	5.00	6.75 - 6.88	12.00
Liabilities under financial lease	-	1.33	-	3.40 - 7.00
Debt under restructuring agreement	1,404.62	1,325.83	4.00 - 9.25	8.75 - 9.25

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Financial Statements (Continued)****For the year ended December 31, 2014**

	Separate financial statements			
	Amount (Million Baht)		Interest rate per annum	
	2014	2013	2014	2013
Saving deposit	275.16	0.01	0.50	0.50 - 0.80
Restriction bank deposit	1.86	1.00	1.75	0.50 - 0.80
Short - term loans to subsidiary company	389.20	-	8.00	-
Short-term loans from financial institutions	42.76	734.53	6.75	6.00 - 6.75
Short-term loan from other person and other company	222.75	-	8.50 - 9.50	-
Short - term loans from related person and related parties	187.38	53.86	6.75 - 6.88	6.75 - 7.00
Liabilities under financial lease	-	0.46	-	3.40 - 7.00
Debt under restructuring agreement	1,404.62	1,325.83	4.00 - 9.25	8.75 - 9.25

34.3. Exchange rate risks

Exchange rate risks is derived from raw material purchased and imported from overseas; as a result, the Company and its subsidiaries constitute risk with respect to the change of exchange rate. However, the Company and its subsidiaries will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend.

The balances of financial assets and liabilities denominated in foreign currencies are summarized below.

Currency	Consolidated financial statements			
	Financial assets		Financial liabilities	
	2014	2013	2014	2013
Million US Dollar	-	-	2.58	4.22

Currency	Separate financial statements			
	Financial assets		Financial liabilities	
	2014	2013	2014	2013
Million US Dollar	-	-	2.58	2.65

36.4. Credit risks

The Company and its subsidiaries obtain credit risk to trade debts. However, the mainly customers of the Company and its subsidiaries were capability repayment. As result, the Company and its subsidiaries do not anticipate material losses from their debt collection outside those for which provision has already been set aside.

36.5. Fair value

Owing to mainly financial assets and financial liabilities were classified under short-term type and interest of loan are close to the rate of market, thus management of the company believe that the book values of such financial assets and liabilities do not materially differ from fair value.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

37. CAPITAL MANAGEMENT

The objectives of the Company and its subsidiaries' capital management are arrangement of appropriated financial structure and maintenance of ability in continuously business operation whereas there is policy of debt to equity ratio maintenance to hold in the rate that the Company and its subsidiaries can operate business while there is appropriated capital cost burden including policy of debt to equity ratio maintenance to comply with term in the loan contract that there are related financial institutes.

As of December 31, 2014, the consolidated financial statements, debt to equity ratio are 1.73 : 1 (December 31, 2013 : 5.82 : 1)

As of December 31, 2014, the separate financial statements, debt to equity ratio are 1.94 : 1 (December 31, 2013 : 6.36 : 1)

38. LITIGATION

A subsidiary and director (on behalf of principal and agent) constitute prosecuted case claiming in allegation of defaults debt repayment and interest expense of the loan contract according to note 23 to interim financial statements, claiming in the amount of Baht 420.71 million and interest rate at 15.00% per annum and borrowing fees at 11.40% per annum of principle in amount of Baht 300 million until the payment is settled. However, the civil court has judged and order the subsidiary and director to repay the principle amount of Baht 300 million and interest rate at 15% p.a. and the creditor has no right to charge the borrowing fees with the subsidiary. Currently, the subsidiary and the creditor have made a memorandum of repayment and end of litigation and the subsidiary made repayment completely to the creditor according note 23 to the financial statements and the creditor has filed a petition for withdrawal to the court.

A lawsuit had been filed against the Company claiming in the amount Baht 25.35 million. This comprised debt of Baht 24.61 million arising from the purchase of goods and interest charges of Baht 0.74 million and interest rate at 12.00% per annum until the payment is settled. The civil court ordered the Company to pay the creditor. Currently, the Company has already paid to creditor.