

## **AUDITOR'S REPORT**

To the Shareholders of RICH ASIA STEEL PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the separate financial statements of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA STEEL PUBLIC COMPANY LIMITED only, respectively, which comprise the consolidated and the separate statements of financial positions as at December 31, 2015, and the related consolidated and the separate 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 notes.

### **Management's Responsibility for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated and the separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the separate 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 consolidated and the separate 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 consolidated and the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In my opinion, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial position of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA STEEL PUBLIC COMPANY LIMITED only, respectively, as at December 31, 2015, and of their consolidated and the separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Other matters**

The consolidated and separate statement of financial position of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiaries and of RICH ASIA STEEL PUBLIC COMPANY LIMITED, for the year ended December 31, 2014, presented here in as comparative information, were audited by another auditor an unqualified opinion on those statements, whose report dated February 26, 2015.

SAM NAK-NGAN A.M.C. CO., LTD.

(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) Registration No. 4664

Bangkok,

February 26, 2016

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION**

**(Unit : Baht)**

		Consolidated financial statements		Separate financial statements	
		As at		As at	
	Notes	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b><u>Assets</u></b>					
Current assets					
Cash and cash equivalents items		526,460,345.68	297,061,463.76	525,350,073.40	296,017,936.87
Temporary investment	6	-	-	-	-
Trade and other receivable	5.1 and 7	1,966,897,849.29	1,302,635,360.37	1,846,134,077.15	1,170,054,708.52
Short-term loans to related parties	5.1	-	-	389,200,000.00	389,200,000.00
Inventories	8	269,821,652.74	8,304,566.63	234,253,163.76	2,509,738.14
Advance payment for goods	9	465,736,827.89	861,306,969.69	398,839,458.01	746,717,150.69
Deposit for investment	10	30,000,000.00	-	30,000,000.00	-
Total current assets		3,258,916,675.60	2,469,308,360.45	3,423,776,772.32	2,604,499,534.22
Non-current assets					
Bank deposit pledged as collateral		3,782,860.33	3,696,231.86	1,917,371.40	1,855,447.22
Investment in subsidiaries	11	-	-	346,111,258.64	345,211,258.64
Investment in associate	12	189,414,345.81	204,744,183.51	198,477,611.48	198,477,611.48
Investment property	13	8,849,279.31	9,769,588.04	8,849,279.31	9,769,588.04
Property, plant and equipment	14	819,868,904.16	887,692,213.30	69,657,152.06	77,797,381.95
Other non-current assets		5,184,062.73	3,254,735.82	2,530,950.00	418,473.83
Total non-current assets		1,027,099,452.34	1,109,156,952.53	627,543,622.89	633,529,761.16
Total assets		4,286,016,127.94	3,578,465,312.98	4,051,320,395.21	3,238,029,295.38

Notes to financial statements are an integral part of these financial statements

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION**

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
		As at		As at	
	Notes	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b><u>Liabilities and shareholders' equity</u></b>					
Current liabilities					
Short-term loans from financial institutions	16	16,000,000.00	42,756,178.00	16,000,000.00	42,756,178.00
Trade and other payable	5.1 and 17	258,914,597.66	308,880,657.94	249,719,763.69	278,518,019.38
Short-term loans from other parties	18	135,910,676.72	222,747,886.55	135,910,676.72	222,747,886.55
Short-term loans from related parties	5.1	-	187,377,422.78	-	187,377,422.78
Current portion of liabilities under debt					
restructuring agreement	20	48,000,000.00	39,000,000.00	48,000,000.00	39,000,000.00
Total current liabilities		458,825,274.38	800,762,145.27	449,630,440.41	770,399,506.71
Non-current liabilities					
Debentures	19	1,211,811,035.89	-	1,211,811,035.89	-
Liabilities under debt restructuring agreement	20	1,406,968,665.05	1,365,621,846.94	1,406,968,665.05	1,365,621,846.94
Employee benefit obligations	21	1,762,993.79	1,667,771.79	1,229,146.07	1,190,394.07
Deferred tax liabilities	22	93,503,161.40	99,004,905.46	-	-
Others non-current liabilities		-	80,706.38	-	-
Total non-current liabilities		2,714,045,856.13	1,466,375,230.57	2,620,008,847.01	1,366,812,241.01
Total liabilities		3,172,871,130.51	2,267,137,375.84	3,069,639,287.42	2,137,211,747.72
Shareholders' equity					
Share capital	23				
Authorized share capital					
2,400,000,000 ordinary shares @ Baht 1.00		2,400,000,000.00	2,400,000,000.00	2,400,000,000.00	2,400,000,000.00
Issued and paid-up share capital					
2,400,000,000 ordinary shares @ Baht 1.00		2,400,000,000.00	2,400,000,000.00	2,400,000,000.00	2,400,000,000.00
Discount on share capital		(562,135,211.41)	(562,135,211.41)	(562,135,211.41)	(562,135,211.41)
Deficit		#####	(868,818,228.63)	(856,183,680.80)	(737,047,240.93)
Other component of shareholders' equity		73,720,978.69	73,720,978.69	-	-
Total shareholders' equity of the parent company		877,617,586.34	1,042,767,538.65	981,681,107.79	1,100,817,547.66
Non-controlling interests		235,527,411.09	268,560,398.49	-	-
Total shareholders' equity		1,113,144,997.43	1,311,327,937.14	981,681,107.79	1,100,817,547.66
Total liabilities and shareholder's equity		4,286,016,127.94	3,578,465,312.98	4,051,320,395.21	3,238,029,295.38

Notes to financial statements are an integral part of these financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2015**

**(Unit : Baht)**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Notes</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>					
Revenue from sales		3,759,122,731.31	2,948,008,251.51	3,399,211,740.73	2,353,103,805.87
Revenue from services		-	87,349,296.19	-	-
Gain on sales of investments in subsidiary	11	-	94,248,851.92	-	75,581,539.81
Gain on fair value of equity interest	11	-	4,523,374.40	-	-
Gain on debt restructuring	17 and 24	8,512,773.46	478,419,933.16	-	321,261,266.50
Gain on sales of fixed assets		2,090,527.07	24,080,854.97	860,529.07	130,448.95
Other incomes		33,001,772.02	30,268,445.28	61,178,333.39	28,158,020.27
Total revenues		3,802,727,803.86	3,666,899,007.43	3,461,250,603.19	2,778,235,081.40
<b>Expenses</b>					
Cost of sales	8	3,744,226,402.31	2,976,571,027.21	3,345,124,800.28	2,321,164,011.45
Cost of services		-	69,807,776.44	-	-
Selling expenses		4,326,339.62	10,126,345.31	1,147,839.44	771,018.78
Administrative expenses		74,122,719.89	111,337,866.75	65,404,051.68	75,201,421.30
Management benefit expenses	5.3 and 26	13,212,808.35	9,906,997.37	13,212,808.35	9,906,997.37
Financial cost		155,520,629.32	183,487,465.12	155,497,543.31	103,527,433.28
Total expenses		3,991,408,899.49	3,361,237,478.20	3,580,387,043.06	2,510,570,882.18
Profit (loss) before share of loss on investment in associate and income tax		(188,681,095.63)	305,661,529.23	(119,136,439.87)	267,664,199.22
Share of profit (loss) on investment in associate		(15,103,588.14)	1,743,197.63	-	-
Profit (loss) before income tax		(203,784,683.77)	307,404,726.86	(119,136,439.87)	267,664,199.22
Income tax revenue	27	5,501,744.06	259,029.71	-	-
Profit (loss) for the years		(198,282,939.71)	307,663,756.57	(119,136,439.87)	267,664,199.22
<b>Other comprehensive income</b>					
<b>Item that will not be reclassified to profit or loss</b>					
Defined benefit plan actuarial gain		-	757,180.00	-	1,304,096.00
Income tax on other comprehensive income		-	191,485.00	-	-
Other comprehensive income for the year		-	948,665.00	-	1,304,096.00
Total comprehensive income (loss) for the years		(198,282,939.71)	308,612,421.57	(119,136,439.87)	268,968,295.22

Notes to financial statements are an integral part of these financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015**

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Profit (loss) for the year attributable to :					
Equity holders of the parent company		(165,149,952.31)	306,823,133.92	(119,136,439.87)	267,664,199.22
Non-controlling interests of the subsidiaries		(33,132,987.40)	840,622.65	-	-
		(198,282,939.71)	307,663,756.57	(119,136,439.87)	267,664,199.22
Total comprehensive profit (loss) attributable to :					
Equity holders of the parent company		(165,149,952.31)	307,574,261.71	(119,136,439.87)	268,968,295.22
Non-controlling interests of the subsidiaries		(33,132,987.40)	1,038,160.06	-	-
		(198,282,939.71)	308,612,421.77	(119,136,439.87)	268,968,295.22
Basic earning (loss) per share					
Equity holders of the parent company	28	(0.07)	0.28	(0.05)	0.25

Notes to financial statements are an integral part of these financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2015**

(Unit : Baht)

	Notes	Issued and paid - up share capital	Premium (discount) on share capital	Unappropriated ( deficit)	Other component of equity		Total equity attributable to owners of the parent company	Non - controlling interests	Total shareholders' equity
					Other Changes resulting from shareholders				
					Surplus from change in equity interest	Total Other component of equity			
Balance as at January 1, 2014		1,002,913,226.00	413,966,850.49	(1,177,711,855.72)	73,720,978.69	73,720,978.69	312,889,199.46	267,567,191.54	580,456,391.00
Profit for the year		-	-	306,823,133.92	-	-	306,823,133.92	840,622.65	307,663,756.57
Other comprehensive income		-	-	751,127.79	-	-	751,127.79	197,537.41	948,665.20
Total comprehensive income for the year		-	-	307,574,261.71	-	-	307,574,261.71	1,038,160.06	308,612,421.77
Increase on common shares capital		1,374,359,502.00	(962,557,315.79)	-	-	-	411,802,186.21	-	411,802,186.21
Common shares increase by convertible debenture conversion		22,727,272.00	(13,544,746.11)	-	-	-	9,182,525.89	-	9,182,525.89
Increase on non-controlling interests	11	-	-	-	-	-	-	25,060,000.00	25,060,000.00
Surplus from changed in shareholding in subsidiary	11	-	-	-	1,319,365.38	1,319,365.38	1,319,365.38	(1,319,365.38)	-
Investment in subsidiary to associated company	11	-	-	-	-	-	-	(23,785,587.73)	(23,785,587.73)
Transfer surplus from changed in shareholding in subsidiary to deficit	11	-	-	1,319,365.38	(1,319,365.38)	(1,319,365.38)	-	-	-
Ending balance as at December 31, 2014		2,400,000,000.00	(562,135,211.41)	(868,818,228.63)	73,720,978.69	73,720,978.69	1,042,767,538.65	268,560,398.49	1,311,327,937.14
Loss for the year		-	-	(165,149,952.31)	-	-	(165,149,952.31)	(33,132,987.40)	(198,282,939.71)
Comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(165,149,952.31)	-	-	(165,149,952.31)	(33,132,987.40)	(198,282,939.71)
Increase on non-controlling interests		-	-	-	-	-	-	100,000.00	100,000.00
Ending balance as at December 31, 2015		2,400,000,000.00	(562,135,211.41)	(1,033,968,180.94)	73,720,978.69	73,720,978.69	877,617,586.34	235,527,411.09	1,113,144,997.43

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2015**

(Unit : Baht)

	Issued and paid-up share capital	Premiums (discount) on share capital	deficit	Total
Balance as at January 1, 2014	1,002,913,226.00	413,966,850.49	(1,006,015,536.15)	410,864,540.34
Profit for the year	-	-	267,664,199.22	267,664,199.22
Other comprehensive income	-	-	1,304,096.00	1,304,096.00
Total comprehensive income for the year	-	-	268,968,295.22	268,968,295.22
Increase on common shares capital	1,374,359,502.00	(962,557,315.79)	-	411,802,186.21
Common shares increase by convertible debenture conversion	22,727,272.00	(13,544,746.11)	-	9,182,525.89
Ending balance as at December 31, 2014	2,400,000,000.00	(562,135,211.41)	(737,047,240.93)	1,100,817,547.66
Loss for the year	-	-	(119,136,439.87)	(119,136,439.87)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(119,136,439.87)	(119,136,439.87)
Ending balance as at December 31, 2015	2,400,000,000.00	(562,135,211.41)	(856,183,680.80)	981,681,107.79

Notes to financial statements are an integral part of these financial statements.



**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2015**

**(Unit : Baht)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	(203,784,683.77)	307,404,726.86	(119,136,439.87)	267,664,199.22
Adjustments to reconcile profit (loss) before income tax for cash received (paid) from operations				
Depreciation	72,748,130.19	139,632,540.26	8,794,085.24	9,018,390.88
Depreciation for investment property	920,308.73	1,101,543.38	920,308.73	920,308.73
Doubtful accounts (reversal)	(2,584,300.99)	1,626,027.38	-	-
Loss from declining in value of inventories (reversal)	3,761,249.36	(1,033,618.14)	4,441,615.27	(2,960,853.42)
Share of profit (loss) on investment in associates	15,329,837.70	(1,743,197.63)	-	-
Unrealized (profit) loss on exchange rate	(14,093,679.60)	6,608,608.73	(14,093,679.60)	6,025,855.77
Gain from disposed assets and written-off assets	(2,090,027.96)	(23,962,797.22)	(860,029.96)	(124,586.15)
Gain on sales of investments in subsidiary	-	(94,248,851.92)	-	(75,581,539.81)
Gain on fair value of associated company	-	(4,523,374.40)	-	-
Gain on debt restructuring	-	(478,419,933.17)	-	(321,261,266.50)
Employee benefits expense	61,688.00	698,113.50	28,304.00	510,888.00
Employee benefits expense from share base payment transaction	-	10,060,000.00	-	-
Interest income	(3,495,040.04)	(184,943.25)	(34,603,939.22)	(1,155,097.59)
Interest expenses	155,253,918.43	181,630,086.19	155,253,918.43	103,407,467.33
Interest expenses of employee benefits	33,534.00	182,110.75	10,448.00	51,474.00
Profit (loss) from operation before changes in operating assets and liabilities	22,060,934.05	44,827,041.32	754,591.02	(13,484,759.54)
Operating assets (increase) decrease				
Trade and other receivable	(660,806,027.62)	(3,149,841.81)	(673,685,128.11)	284,439,720.67
Inventories	(266,079,117.38)	495,482,655.40	(234,771,903.49)	388,049,098.34
Advance payments for goods	396,370,923.71	(731,539,722.82)	346,464,555.28	(650,329,096.11)
Retention receivable	-	13,647,991.96	-	-
Other non-current assets	(1,913,229.24)	(3,353,096.36)	(2,112,476.17)	-
Operating liabilities increase (decrease)				
Trade and other payable	(43,353,543.34)	(289,023,293.12)	(21,611,532.57)	(279,454,660.78)
Advance receive for goods	-	(9,494,013.50)	-	-
Other non-current liabilities	(80,706.38)	-	-	-
Cash paid from operation	(553,800,766.20)	(482,602,278.93)	(584,961,894.04)	(270,779,697.42)
Cash received from interest	2,938,494.95	185,455.53	2,908,262.49	29,705.81
Cash paid for income tax	(891,389.60)	(8,047,221.79)	(875,204.90)	(486,240.06)
Net cash used in operating activities	(551,753,660.85)	(490,464,045.19)	(582,928,836.45)	(271,236,231.67)

Notes to financial statements are an integral part of these financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2015**

**(Unit : Baht)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Cash flow from investing activities				
Cash payment for deposit investment	(30,000,000.00)	-	(30,000,000.00)	-
Cash received from short-term loans to related parties	-	-	120,000,000.00	-
Cash payment in short-term loans to related parties	-	-	(120,000,000.00)	(389,200,000.00)
Cash received from interest	559,676.71	-	30,176,641.11	-
Increase in bank deposits pledged as collateral	(86,628.47)	(2,001,288.42)	(61,924.18)	(1,848,584.30)
Cash received from sale of investment in subsidiary	-	535,774,455.86	-	538,181,539.81
Cash payment for purchase of investment in subsidiary	-	-	(900,000.00)	-
Cash payment for purchase of property, plant and equipment	(4,414,831.77)	(78,127,018.61)	(718,070.25)	(739,125.97)
Cash received from sale of property, plant and equipment	2,154,244.86	2,748,525.24	924,244.86	130,457.95
Net cash received from (used in) investing activities	(31,787,538.67)	458,394,674.07	(579,108.46)	146,524,287.49
Cash flow from financing activities				
Increase (decrease) in short-term loans from financial institutions	(26,756,178.00)	15,190,632.64	(26,756,178.00)	(242,989.00)
Increase (decrease) in liabilities under finance lease agreement	-	5,432,284.96	-	(471,948.00)
Cash received from long-term loans from other persons and parties	159,206,272.01	437,649,184.03	159,206,272.01	221,304,698.28
Cash payment in long-term loans from other persons and parties	(260,000,000.00)	(304,225,760.54)	(260,000,000.00)	-
Cash received from short-term loans from related parties	114,000,000.00	324,783,508.00	114,000,000.00	275,920,000.00
Cash payment in short-term loans from related parties	(301,377,422.78)	(142,406,085.22)	(301,377,422.78)	(142,406,085.22)
Cash received from issuance of debentures	1,205,210,000.00	-	1,205,210,000.00	-
Cash received from convertible debenture conversion to common shares	-	9,182,526.21	-	9,182,526.21
Cash payment for debt under restructuring agreement	-	(338,512,115.94)	-	(338,512,115.94)
Cash paid for interest expenses	(77,442,589.79)	(109,670,153.61)	(77,442,589.79)	(19,141,419.80)
Cash received from increase on share capital	-	411,802,185.29	-	411,802,185.89
Cash received from increase on non-controlling interests	100,000.00	15,000,000.00	-	-
Net cash received from financing activities	812,940,081.44	324,226,205.82	812,840,081.44	417,434,852.42
Cash and cash equivalent items increase-net	229,398,881.92	292,156,834.70	229,332,136.53	292,722,908.24
Cash and cash equivalent items at the beginning of the years	297,061,463.76	4,904,629.06	296,017,936.87	3,295,028.63
Cash and cash equivalent items at the end of the years	526,460,345.68	297,061,463.76	525,350,073.40	296,017,936.87
1. Supplementary disclosure of cash flow information - non cash items				
- Purchase fixed assets by credit	574,206.18	3,353,873.21	-	369,126.00
- Sale fixed asset by credit	-	21,396,138.31	-	-
- Offsetting between trade receivables and trade payables	-	1,486,364.73	-	-
- Cash received from sale of investment in subsidiary increase from accrued selling expenses	-	21,600,000.00	-	21,600,000.00
2. Cash and cash equivalent items consisted of :-				
- Cash	77,799.63	25,425.50	58,780.63	24,316.75
- Saving accounts	186,098,373.25	275,163,894.61	185,848,212.30	275,159,364.37
- Current accounts	340,284,172.80	21,872,143.65	339,443,080.47	20,834,255.75
Total	526,460,345.68	297,061,463.76	525,350,073.40	296,017,936.87

Notes to financial statements are an integral part of these financial statements.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**For the years ended December 31, 2015**

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**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 (collectively called the “Group Companies”) operate in the business of distribution of steel pipe, steel products and service of steel production and procurement of material, equipment, and technology as well as investment in utilities and infrastructure.

**2. Basis of financial statement preparation**

2.1 The financial statements are issued for reporting purposes to be used in Thailand 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.

2.2 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

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.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

## 2.3 New financial reporting standards

### 2.3.1 New and revised TFRS that became effective in the current period

During the year, the Group adopted a number of new and revised Thai financial reports standards (TFRS) and interpretations, issued by the FAP, that is effective for fiscal years beginning on or after January 1, 2015, as listed below.

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Property

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 4 (revised 2014)	Insurance Contracts
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
<u>Thai Accounting Standard Interpretations (TSIC)</u>	
TSIC 10 (revised 2014)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases-Incentives
TSIC 25 (revised 2014)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets-Web Site Costs
<u>Thai Financial Reporting interpretations (TFRIC)</u>	
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (Revised 2014)
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Revised 2014)
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

### 2.3.2 New and revised financial reporting standards not yet effective

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and accounting practices that are mandatory for annual periods beginning on or after January 1, 2016. The Group has not yet early adopted these new and revised financial reporting standards which are as follows:

<u>Reference standard No.</u>	<u>Name</u>
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The Conceptual financial Reporting Standards (revised 2015)

#### Thai Accounting Standards (TAS)

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimate and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discounted Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
<u>Thai Accounting Standard Interpretations (TSIC)</u>	
TSIC 10 (revised 2015)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases-Incentives
TSIC 25 (revised 2015)	Income Taxes-Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue-Barter Transactions involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets-Web Site Costs
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under IAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmer
TFRIC 14	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Revised 2014)
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Group believes that above financial reporting standards will not have any significant impact on the financial statements in the year of initial application.

- 2.4 The Company and its subsidiaries have been reclassified contain items in the financial statement to correspond with the presentation of the current financial statement with no effect to the reported for the year ended or share holders' equity. The reclassifications have the following details.

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	Before	Reclassified	After
	reclassified	increase	reclassified
	(Decrease)		
Statements of financial position as at December 31, 2014			
Trade and other receivable	1,299,732	2,903	1,302,635
Other current asset	2,903	(2,903)	-
Trade and other payable	308,875	6	308,881
Other current liabilities	6	(6)	-
	(Unit : Thousand Baht)		
	Separate financial statements		
	Before	Reclassified	After
	reclassified	increase	reclassified
	(Decrease)		
Statements of financial position as at December 31, 2014			
Trade and other receivable	1,167,275	2,780	1,170,055
Other current asset	2,780	(2,780)	-
Trade and other payable	278,513	5	278,518
Other current liabilities	5	(5)	-

- 2.5 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows: -

#### Lease agreement

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 have been transferred, taking into consideration terms and conditions of the arrangement.

#### Allowance for doubtful debt

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 and Investment property

In determining depreciation of plant and equipment and investment property the management is required to make estimates of the useful lives and residual values of the plant and equipment and 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 and 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.

#### Post-employment benefits underdefined benefit plans

The obligation under the post-employment benefit 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 the temporary differences and losses 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.

## 3. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of two subsidiary companies (collectively called the “Group Companies”) The detail of structure and shareholding ratio of the Group Companies is as follows:-

<u>Name of subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholdings</u>	
			<u>2015</u>	<u>2014</u>
Rich Asia Industry Co., Ltd. (Formerly Siam Ferro Industry Co., Ltd.)	Production and distribution of steel pipe, steel product and service of steel production	Thai	51.88	51.88
Rich Asia Engineering Co., Ltd.	Procurement of material, equipment, and technology as well as investment in utilities and infrastructure.	Thai	90.00	-

- 3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- 3.3 The Financial Statement of Rich Asia Engineering Co., Ltd. is included in the consolidated financial statements in the first quarter of 2015, the Company invested in the subsidiary company which is established in 2015.
- 3.4 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.

- 3.5 The accounting periods of subsidiary companies ended the same date as that of Rich Asia Steel Public Company Limited.
- 3.6 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

#### 4. Summary of significant accounting policies

The significant accounting policies of the Group Companies can be summarized as follows:

- 4.1 Cash and cash equivalents consist of cash in hand and at banks, and all highly liquidity investments with an original maturity of three months or less and not subject to withdrawal restrictions.
- 4.2 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.
- 4.3 Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less accumulated impairment losses (if any).
- 4.4 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).
- 4.5 Investments in other debt and other 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.

- 4.6 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.

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.

- 4.7 Non-current assets held for sale (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.

- 4.8 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.

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

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.

- 4.10 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 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 is calculated over the cost of the asset, 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.

#### 4.11 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.

##### 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.

#### 4.12 Trade and other payables are stated at cost.

#### 4.13 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.

4.14 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.

#### 4.15 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.

#### 4.16 Employee benefits

##### Short-term employee benefits

The Company and its subsidiaries 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

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 or losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise and recognized as part of retained earnings.

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

4.17.1 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.

4.17.2 Service income is recognized as services are provided.

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

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

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

#### 4.18 Expenses

- 4.18.1 Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.
- 4.18.2 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.
- 4.18.3 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.

#### 4.19 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.

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.

4.20 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.

4.21 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.

4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categorize of input to be used in fair value measurement as follows:-

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Inter-transaction with related companies

The Company has significant inter-transactions items incurred with its subsidiaries and related companies with common shareholders group and mutual directors and management. The material inter-transaction items and outstanding balance with the subsidiary and related companies could be summarized as follows:-

### 5.1 Inter-assets and liabilities

(Unit : Thousand Baht)

	<u>Consolidated financial statements as at</u>		<u>Separate financial statements as at</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Trade and other receivable</u>				
Rich Asia Industry Co., Ltd.	-	-	61,697	35,615
Rich Asia Engineering Co., Ltd.	-	-	20	-
Thai National Product Co., Ltd.	3	1,878	-	1,742
PNB Inter Group Co., Ltd.	-	3,702	-	3,702
Star Decor & Design Co., Ltd.	118	5,004	118	5,004
Total	121	10,584	61,835	46,063
<u>Less</u> Allowance for doubtful debt	-	-	(5,296)	(5,296)
Trade and other receivable-Net	121	10,584	56,539	40,767
<u>Short-term loans to related parties</u>				
- Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	389,200	-
Addition	-	-	-	389,200
Repayment	-	-	-	-
Ending balance	-	-	389,200	389,200
- Thai National Product Co., Ltd.				
Beginning balance	-	-	-	-
Addition	120,000	-	120,000	-
Repayment	(120,000)	-	(120,000)	-
Ending balance	-	-	-	-
Total short-term loans to related parties	-	-	389,200	389,200

As at December 31, 2015 and 2014, the Company had short-term loans to subsidiary company is carried by interest rate of 8.00% per annum for both years.

(Unit : Thousand Baht)

	<u>Consolidated financial statements as at</u>		<u>Separate financial statements as at</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Trade and other payable</u>				
Thai National Product Co., Ltd.	38	3,403	11	3,399
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	655	628	55	29
Total	12,440	15,778	11,813	15,175
<u>Short-term loans from related parties</u>				
- Thai National Product Co., Ltd				
Beginning balance	187,378	53,864	187,378	53,864
Addition	114,000	275,920	114,000	275,920
Repayment	(301,378)	(142,406)	(301,378)	(142,406)
Ending balance	-	187,378	-	187,378
- Shareholder				
Beginning balance	-	5,000	-	-
Addition	-	-	-	-
Repayment	-	(5,000)	-	-
Ending balance	-	-	-	-
Total short-term loan from related parties	-	187,378	-	187,378

As at December 31, 2014, the Company short-term loans from associate company is carried by interest rate of 6.75%-6.88% per annum, which in the year 2015, the loan had already repaid in full.

## 5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>for the years ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Transactions with related person and related company</u>				
Revenues from sales of goods	33,168	22,831	33,131	22,831
Revenues from sales of raw materials	2,766	-	2,766	-
Return of goods	(2,766)	-	(2,766)	-
Revenues from sales of fixed assets	47	-	47	-
Other income	5	-	5	-
Interest income	560	-	560	-
Other expenses	785	-	756	-
Interest expense	3,902	1,652	3,902	1,102
Consultation fees	-	1,800	-	1,800
Employee benefits expenses related to share				
based payment	-	10,600	-	-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>for the years ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Revenues from sales of goods	-	-	69	9,919
Revenues from sales of raw materials	-	-	270,402	515,005
Others income	-	-	221	179
Interest income	-	-	31,136	1,125
Purchase of goods	-	-	25,520	45,306
Subcontract production cost	-	-	7	8
Value from purchase fixed assets	-	-	-	123
Others expense	-	-	30	-
Interest expense	-	-	-	7,150

### 5.3 Management benefit expenses

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>for the years ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	13,204	9,898	13,204	9,898
Post-employment benefits	9	9	9	9
Total	13,213	9,907	13,213	9,907

### 5.4 Pricing policies

Pricing policies for each transactions are described as follows:

<u>Type of transactions</u>	<u>Pricing policies</u>
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
Value from purchase fixed assets	Mutual agreement
Cost of service	Mutual agreement/Contract price
Other expenses	Actual price/Contract price
Consultation fees	Contract price
Interest income	Interest rate 6.63%-8.00% per annum (2014 : 8.00% per annum)
Interest expenses	Interest rate 6.63%-6.75% per annum (2014 : 6.75%-6.88% and 12.00% per annum)

The Company has guarantee transaction between its associate company without any interest expenses.

### 5.5 Types of relationship of related parties are as follows:

<u>Name of Companies</u>	<u>Type of business</u>	<u>Type of relationship</u>
Rich Asia Industry Co., Ltd. (Formerly Siam Ferro Industry Co., Ltd.)	Production and distribution of steel pipe, steel product and service of steel production	Subsidiary
Rich Asia Engineering Co., Ltd.	Procurement of material, equipment and technology as well as investment in utilities and infrastructure.	Subsidiary
Thai National Product Co., Ltd.	Foundation pile manufacturing, distribution delivery and pile driving and production of concrete product	Associate
G.T. STEEL WORKS Co., Ltd.	Production and distribution of steel	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.
Star Decor & Design Co., Ltd.	Installment contractor of Marbles granites and natural stone materials	The management's of Thai National Product Co., Ltd.
Ms. Angkakarn Tantiviroon		Chief Executive Officer Director
Mr. Somkiat Vongsarajana		Managing Director
Mr. Teera Phoncharoensuk		Director
Mr. Kamon Wattanakanin		Management of Thai National Product Co., Ltd.
Ms. Arporn Seneeprakornkrai		Shareholder of Rich Asia Steel public Co., Ltd.

### 6. Temporary investment

(Unit : Thousand Baht)

#### Consolidated/Separate financial statements

As at December 31,

	<u>2015</u>		<u>2014</u>	
	<u>Cost value</u>	<u>Fair value</u>	<u>Cost value</u>	<u>Fair value</u>
Equity security : Listed Company	647	337	647	337
<u>Less</u> Valuation adjustment	(647)	(337)	(647)	(337)
Total	-	-	-	-

## 7. Trade and other receivable

Consisted of:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade receivable-related parties	121	10,566	53,873	39,622
Trade receivable-other parties	1,921,313	1,226,002	1,751,091	1,067,264
Post dated cheques-other parties	12,577	51,692	11,900	51,692
Total trade receivable	1,934,011	1,288,260	1,816,864	1,158,578
<u>Less</u> Allowance for doubtful accounts	-	(2,584)	-	-
Trade receivable-net	1,934,011	1,285,676	1,816,864	1,158,578
Other receivable-related parties	-	18	7,962	6,441
Other receivable-other parties	1,584	6,016	1,501	5,918
Revenue department receivable	25,322	6,388	19,240	-
Others	5,981	4,537	5,863	4,414
Total other receivable	32,887	16,959	34,566	16,773
<u>Less</u> Allowance for doubtful accounts-related parties	-	-	(5,296)	(5,296)
Trade receivable-net	32,887	16,959	29,270	11,477
Total trade and other receivable-net	1,966,898	1,302,635	1,846,134	1,170,055

Trade and notes receivables were classified by aging as follows :-

### 7.1 Trade receivable-related parties

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within credit term	118	3,702	40,582	12,756
Over due 1 to 90 days	3	1,860	4,766	18,719
Over due 91 to 180 days	-	5,004	8,525	8,147
Total	121	10,566	53,873	39,622

The normal credit term granted by the Group Companies is 30-120 days.



## 7.2 Trade receivable-other parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within credit term	709,498	757,788	642,207	669,568
Over due 1 to 90 days	379,296	379,545	366,365	315,233
Over due 91 to 180 days	521,178	78,801	450,050	76,038
Over due 181 to 365 days	323,918	58,976	304,369	58,117
Over due over 1 year	-	2,584	-	-
Total	1,933,890	1,277,694	1,762,991	1,118,956
<u>Less</u> Allowance for doubtful	-	(2,584)	-	-
Net	1,933,890	1,275,110	1,762,991	1,118,956

The normal credit term granted by the Group Companies is approximately from 30-120 days.

The movement of allowance for doubtful debts-trade and other receivable for the year ended December 31, 2015 are as follow: -

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Beginning balance	(2,584)		(5,296)	
Collect during the years	2,584		-	
Ending balance	-		(5,296)	

The management of the Company believe that the setting up of the allowance for doubtful debts have been sufficiently recorded for the present situation.

As at December 31, 2014, the consolidated and separate financial statement, the Company and its subsidiaries factored some post dated cheques in the amount of Bath million and Bath 26.76 million respectively 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.

8. Inventories

Consisted of :-

		(Unit : Thousand Baht)			
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>As at December 31,</u>		<u>As at December 31,</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods		34,704	5,823	26,007	286
Work in process		16	-	-	-
Raw materials		239,444	2,182	210,607	1,327
Supplies		4,521	4,601	904	1,134
Total		278,685	12,606	237,518	2,747
<u>Less</u> Allowance for declining in value of inventories		(8,863)	(4,301)	(3,265)	(237)
Net		269,822	8,305	234,253	2,510

A movement of allowance for diminution in value of inventories for the years ended December 31, 2015 are as follow :-

		(Unit : Thousand Baht)	
		<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Beginning balance		(4,301)	(237)
Increase during the year		(4,562)	(3,028)
Ending balance		(8,863)	(3,265)

(Unit : Thousand Baht)				
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the years ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of inventory record as expense and include in the cost of goods sold				
- Cost of goods sold	3,740,465	2,977,605	3,340,684	2,324,125
- Loss from allowance for decline in value of inventories (reversal)	4,562	(1,379)	3,028	(2,409)
- Loss from allowance for decline in value of advance payment for goods (reversal)	(801)	345	1,413	(552)
Net	3,744,226	2,976,571	3,345,125	2,321,164

9. Advance payments for goods

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Advance payments for goods	473,343	869,714	406,445	752,910
<u>Less</u> Allowance for decline in value of inventories	(1,938)	(2,739)	(1,938)	(525)
Allowance for doubtful accounts	(5,668)	(5,668)	(5,668)	(5,668)
Net	465,737	861,307	398,839	746,717

A movement of allowance for diminution in value of inventories and allowance for doubtful for years ended December 31, 2015 are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Beginning balance	(8,407)	(6,193)
Reversal (increase) during the year	801	(1,413)
Ending balance	(7,606)	(7,606)

As at December 31, 2015, the consolidated and separate financial statements, after the reporting period the Group has received goods from an advance payment in amount of Baht 393.93 million and Baht 337.77 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.

10. Deposit for investment

In accordance with minute of committee meeting's No. 6/2015 on June 25, 2015, the Company has reached the approval for an investment in Yala Green Energy Company Limited of 7,497,000 shares; 51% of total shares. As at December 31, 2015, the Company paid deposits for investment totaling Bath 30.00 million. The value and conditions of investment are based on the results of the Company's due diligence on both legal and accounting and financial of this power plant. If the due diligence results are concluded, the Company will draft a share purchase investment agreement in the aforementioned power plant.

# 11. Investment in subsidiaries

Consisted of :-

(Unit : Thousand Baht)						
<u>Name of companies</u>	<u>Paid-up</u>	<u>Percentage of</u>	<u>Separate financial statements</u>			
			<u>Investment</u>		<u>Dividend</u>	
			<u>cost method</u>		<u>For the years ended</u>	
			<u>As at December 31,</u>		<u>December 31,</u>	
	<u>share capital</u>	<u>Shareholding(%)</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Rich Asia Industry Co., Ltd.	441,701	51.88	536,062	536,062	-	-
Rich Asia Engineering Co., Ltd.	1,000	90.00	900	-	-	-
Total			536,962	536,062		
<u>Less</u> Allowance for impairment loss			(190,851)	(190,851)		
Net			346,111	345,211		

In the first quarter of the year 2015, the Company made additional investment in ordinary shares of Rich Asia Engineering Co., Ltd., for the value of Baht 0.90 million.

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 10.00 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 3.00% per annum, sales growth rate at 0-1% per annum and sale price growth rate at 3.00% 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 15.00 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 10.10 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 18.00 million shares at the selling price of Baht 30.00 per share and amounting to Baht 540.00 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.

12. Investment in associate

(Unit : Thousand Baht)						
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
		<u>At book value</u>		<u>Investment</u>		
<u>Percentage of Shareholding(%)</u>		<u>equity method</u>				
<u>Name of companies</u>	<u>As at December 31,</u>	<u>As at December 31,</u>		<u>As at December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Thai National Product Co., Ltd.	29.89	29.89	189,414	204,744	198,478	198,478

Thai National Product Co., Ltd. has changed the status from subsidiary to associate as described in notes to the financial statements No. 11.

Financial information of associate company

The financial information as presented in the financial statements of the Thai National Product Co., Ltd. were as follows :-

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
	<u>2015</u>	<u>2014</u>
Current assets	135,915	461,211
Non-current assets	325,447	297,113
Total assets	461,362	758,324
Current liabilities	(68,195)	(347,062)
Non-current liabilities	(6,067)	(7,879)
Total liabilities	(74,262)	(354,941)
Net assets	387,100	403,383

(Unit : Thousand Baht)		
<u>For the period from</u>		
	<u>For year ended</u>	<u>December 1, 2014 to</u>
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Revenue	187,082	46,823
Profit (loss) from continuing operations	(16,284)	8,516
Profit before income tax from discontinued operations	-	-
Profit (loss) for the periods	(16,284)	8,516
Other Comprehensive income for the periods	-	-
Comprehensive income (loss) for the periods	(16,284)	8,516
Dividend received from associate for the periods	-	-

Reconciliation of financial based on the above information the carrying amount of the equity of the Thai National Product Co., Ltd., recognize them gradually in the consolidated financial statements.

(Unit: Thousand Baht)		
<u>As at December 31,</u>		
	<u>2015</u>	<u>2014</u>
Net assets of the associate	387,100	403,383
Shareholding of the Companies (%)	29.89	29.89
	115,704	120,571
The reduction in the fair value acquisition date	73,484	84,173
Other adjustments	226	-
Book value of the Companies in associates	189,414	204,744

As at December 31, 2015 and 2014, the Company has pledge its shares of investment in associate, 3,680,000 shares and 7,705,000 shares, equivalent to 13.58% and 28.43% of shareholdings respectively as collateral of short-term loan from other parties in the notes to financial statements No. 18.

### 13. Investment property

For the years ended December 31, 2015 and 2014, the movements of investment property were as follows :-

(Unit : Thousand Baht)			
Consolidated financial statements			
	Land	Buildings	Total
<b>Cost :</b>			
As at January 1, 2014	1,878	29,007	30,885
Decrease from changing in status from a subsidiary to an associated company	-	(10,601)	(10,601)
As at December 31, 2014	1,878	18,406	20,284
As at December 31, 2015	1,878	18,406	20,284
<b>Accumulated depreciation :</b>			
As at January 1, 2014	-	(12,939)	(12,939)
Depreciation for the year	-	(1,101)	(1,101)
Decrease from changing in status from a subsidiary to an associated company	-	3,526	3,526
As at December 31, 2014	-	(10,514)	(10,514)
Depreciation for the year	-	(921)	(921)
As at December 31, 2015	-	(11,435)	(11,435)
<b>Book value :</b>			
As at December 31, 2014	1,878	7,892	9,770
As at December 31, 2015	1,878	6,971	8,849

### **The depreciation in the statement of comprehensive income**

For the year ended December 31, 2014	1,101
For the year ended December 31, 2015	921



(Unit : Thousand Baht)

Separate financial statements			
	Land	Buildings	Total
<b>Cost :</b>			
As at January 1, 2014	1,878	18,406	20,284
As at December 31, 2014	1,878	18,406	20,284
As at December 31, 2015	1,878	18,406	20,284
<b>Accumulated depreciation :</b>			
As at January 1, 2014	-	(9,594)	(9,594)
Depreciation for the year	-	(920)	(920)
As at December 31, 2014	-	(10,514)	(10,514)
Depreciation for the year	-	(921)	(921)
As at December 31, 2015	-	(11,435)	(11,435)
<b>Book value :</b>			
As at December 31, 2014	1,878	7,892	9,770
As at December 31, 2015	1,878	6,971	8,849

**The depreciation in the statement of comprehensive income**

For the year ended December 31, 2014	920
For the year ended December 31, 2015	921

As at December 31, 2015 and 2014, the consolidated and separate financial statements, the whole amount of investment property are pledged for loans granted by financial institutions in the notes to financial statements No. 15.

As at December 31, 2015 and 2014, the consolidated 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.

## 14. Property, plant and equipment

(Unit : Thousand Baht)

	Consolidated financial statements											
	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment	Vehicle	Tools Pile	Water/fence wells/road /culvert	Work in process	Machinery and equipment in process	Total
<b>Cost :</b>												
As at January 1, 2014	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
Purchase	-	46,510	155	16,482	-	6,776	9,072	-	-	74,873	72	153,940
Sale/Written-off	-	-	(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)
As at December 31, 2014	316,565	845,535	5,411	1,209,444	11,456	29,102	14,513	-	-	178	510	2,432,714
Purchase	-	-	-	468	264	688	-	-	-	3,441	128	4,989
Sale/Written-off	-	-	-	(2,034)	-	(2,930)	(362)	-	-	-	-	(5,326)
As at December 31, 2015	316,565	845,535	5,411	1,207,878	11,720	26,860	14,151	-	-	3,619	638	2,432,377
<b>Accumulated depreciation :</b>												
As at January 1, 2014	(48,359)	(643,624)	(1,589)	(1,242,039)	(9,562)	(173,052)	(30,751)	(271,161)	(78,720)	-	-	(2,498,857)
Depreciation for the year	(431)	(35,857)	(271)	(93,939)	(407)	(3,206)	(1,144)	(3,140)	(1,238)	-	-	(139,633)
Sale/Written-off	-	-	-	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
As at December 31, 2014	(48,790)	(527,335)	(1,860)	(915,170)	(9,969)	(28,107)	(13,791)	-	-	-	-	(1,545,022)
Depreciation for the year	(430)	(29,698)	(271)	(41,116)	(427)	(474)	(332)	-	-	-	-	(72,748)
Sale/Written-off	-	-	-	2,035	-	2,929	298	-	-	-	-	5,262
As at December 31, 2015	(49,220)	(557,033)	(2,131)	(954,251)	(10,396)	(25,652)	(13,825)	-	-	-	-	(1,612,508)
<b>Net book value :</b>												
As at December 31, 2014	267,775	318,200	3,551	294,274	1,487	995	722	-	-	178	510	887,692
As at December 31, 2015	267,345	288,502	3,280	253,627	1,324	1,208	326	-	-	3,619	638	819,869
<b>The depreciation in the statement of comprehensive income</b>												
For the year ended December 31, 2014												139,633
For the year ended December 31, 2015												72,748

(Unit : Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment	Vehicle	Machinery and equipment in process	Total
<b>Cost :</b>									
As at January 1, 2014	41,538	13,000	5,411	79,776	11,457	21,007	14,450	438	187,077
Purchase	-	-	-	-	-	298	370	72	740
Sale/Written-off	-	-	-	-	-	(637)	(306)	-	(943)
As at December 31, 2014	41,538	13,000	5,411	79,776	11,457	20,668	14,514	510	186,874
Purchase	-	-	-	-	264	367	-	87	718
Sale/Written-off	-	-	-	(669)	-	(2,930)	(362)	-	(3,961)
As at December 31, 2015	41,538	13,000	5,411	79,107	11,721	18,105	14,152	597	183,631
<b>Accumulated depreciation :</b>									
As at January 1, 2014	-	(3,824)	(1,589)	(52,276)	(9,562)	(20,067)	(13,677)	-	(100,995)
Depreciation for the year	-	(650)	(271)	(6,742)	(407)	(528)	(421)	-	(9,019)
Sale/Written-off	-	-	-	-	-	630	307	-	937
As at December 31, 2014	-	(4,474)	(1,860)	(59,018)	(9,969)	(19,965)	(13,791)	-	(109,077)
Depreciation for the year	-	(650)	(271)	(6,741)	(427)	(373)	(332)	-	(8,794)
Sale/Written-off	-	-	-	670	-	2,929	298	-	3,897
As at December 31, 2015	-	(5,124)	(2,131)	(65,089)	(10,396)	(17,409)	(13,825)	-	(113,974)
<b>Net book value :</b>									
As at December 31, 2014	41,538	8,526	3,551	20,758	1,488	703	723	510	77,797
As at December 31, 2015	41,538	7,876	3,280	14,018	1,325	696	327	597	69,657

## The depreciation in the statement of comprehensive income

For the year ended December 31, 2014	9,019
For the year ended December 31, 2015	8,794

As at December 31, 2015 and 2014, The Group Companies has pledged the part of land, property and machinery with the book value stated in the consolidated and separate financial statements of Baht 62.36 million and Baht 67.58 million respectively, to guarantee against credit facility of the Company that receives from commercial banks and financial institutions according to the note to financial statement No. 15.

As at December 31, 2015 and 2014, in the consolidated financial statements the Group Companies had the assets which had not the depreciation but they still used. The cost price was Baht 130.61 million, the book value was Baht 2,623 and the cost price was Baht 144.93 million, the book value was Baht 2,793 respectively.

As at December 31, 2015 and 2014, in the separate financial statements the Company had the assets which had not the depreciation but they still used. The cost price was Baht 51.35 million, the book value was Baht 629.01 and the cost price was Baht 52.36 million, the book value was Baht 767.95 respectively.

#### 15. Credit Facilities and guarantee

The Company 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, 2015 and 2014, in amount of Baht 1,172.85 million and Baht 1,077.36 million respectively, It is pledged by the Company's mortgage of land and buildings and certain machinery of the Company, according to the note to financial statement No.13 and 14, some land, buildings and machinery of associate, land and buildings of other company, notes receivable, a part of deposit at bank and guaranteed of the Company and subsidiary, by associate, other company and director of the Company, and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

16. Short-term loans from financial institutions

Consisted of :-

(Unit : Thousand Baht)

Consolidated/Separate financial statements

As at December 31,

	<u>2015</u>	<u>2014</u>
Discount post dated cheques	-	26,756
Promissory notes	16,000	16,000
Total	16,000	42,756

As at December 31, 2015 and 2014, loan from discount post dated cheques, factoring and promissory note are carried by interest rates of 6.50% per annum and 6.75% per annum respectively.

Promissory notes constitutes collaterals according to notes to the financial statements No. 15.

17. Trade and other payable

Consisted of :-

(Unit : Thousand Baht)

Consolidated financial statements

Separate financial statements

As at December 31,

As at December 31,

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade accounts payable related parties	8,674	8,651	8,647	8,647
Trade accounts payable other parties	188,633	197,057	188,151	176,935
Other accounts payable related parties	3,766	3,728	3,166	3,129
Other accounts payable other parties	28,977	41,406	25,838	36,636
Accrued expenses related parties	-	3,399	-	3,399
Accrued expenses other parties	21,693	47,468	16,746	42,600
Others	7,172	7,172	7,172	7,172
Total	258,915	308,881	249,720	278,518

The subsidiary entered into a compromise agreement with a trade payable to extend the debt repayment schedule. The Company has book value of trade payable amount of Baht 40.02 million and the amount of repayment totaling of Baht 31.51 million. However in the second quarter of the year 2015. The subsidiary can pay the full amount owed under the contract terms and the creditor is willing to compromise forgiven the remaining amount of Baht 8.51 million, which the subsidiary recognized as profit from debt restructuring.

#### 18. Short-term loans from other parties

Consisted of :-

(Unit : Thousand Baht)

#### Consolidated/Separate financial statements

As at December 31

	<u>2015</u>	<u>2014</u>
Bill of exchange	135,911	222,748

As at December 31, 2015 and 2014, the consolidated and separate financial statements, the whole amount is loan from bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 6 months with financial cost equivalent to interest rate at 7.50% and 8.00%-8.50%per annum respectively. Such loan has shares of associate pledged as collateral.

#### 19. Debentures

As at December 31, 2015 the Company had issued unsubordinated and unsecured debentures, payable quarterly. This to support the operation and investment in 2015, totaling Baht 1,230 million as follows :-

(Unit : Thousand Baht)

Debentures No.	As at December 31, 2015	Interest Rate	Term	Maturity Date	Fair Value As at December 31, 2015
1/2015	500.00	6.50%	1 year 9 months	30 Jan 2017	499.45
2/2015	500.00	6.50%	2 years	16 Jul 2017	498.47
3/2015	230.00	6.20%	1year 11 months 29 days	27 Oct 2017	230.05
Total	1,230.00				1,228.29
Consulting Deferred	(9.03)				
Service Deferred	(9.05)				
Fee Deferred	(0.11)				
Net	1,211.81				

The fair value of debentures is determined by the last bid price on the Thai Bond Market Association on the last business day of the year.

20. Liabilities under debt restructuring agreement

Consisted of :-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>
Principal amount	1,031,358	1,031,358
Accrued interest expenses	402,775	352,428
Accrued interest pending for waiving	20,836	20,836
Total	1,454,969	1,404,622
<u>Less</u> Current portion	(48,000)	(39,000)
Net	1,406,969	1,365,622

The movements of liabilities under debt restructuring agreement for the years period ended December 31, 2015, are as follow:-

	(Unit : Thousand Baht)
	<u>Consolidated/Separate financial statements</u>
Beginning book value	1,404,622
Realized pending accrued interest to reduce interest expense	6,586
Suspend accrued interest for the year	93,043
Repayment during the year	(49,282)
Ending book value	1,454,969

The consolidated and separate financial statements, liabilities under debt 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 400.00 million, as at December 31, 2015, remaining balance amount of Baht 531.19 million comprise principal amount of Baht 373.73 million and accrued interest amount of Baht 157.46 million. (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). 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 275.00 million, as at December 31, 2015, remaining balance amount of Baht 402.04 million comprise principal amount of Baht 274.04 million and accrued interest amount of Baht 128.00 million. (December 31, 2014: remaining balance amount of Baht 389.23 million comprise of principal amount of Baht 274.04 million and accrued interest amount of Baht 115.19 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 250.00 million, as at December 31, 2015, remaining balance amount of Baht 239.37 million comprise principal amount of Baht 188.09 million and accrued interest amount of Baht 51.28 million. (December 31, 2014 : remaining balance amount of Baht 228.81 million comprise of principal amount of Baht 188.09 million and accrued interest amount of Baht 40.72 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.



- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2015, remaining balance amount of Baht 282.37 million comprise principal amount of Baht 195.50 million and accrued interest amount of Baht 86.87 million. (December 31, 2014: remaining balance amount of Baht 273.44 million comprise of principal amount of Baht 195.50 million and accrued interest amount of Baht 77.94 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 (Unit : Million Baht)

<u>Installment periods</u>	<u>First tranche</u>	<u>Second tranche</u>	<u>Third tranche</u>	<u>Fourth tranche</u>
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 liabilities under debt restructuring agreement was defined the Company to make a repayment not less than Baht 450.00 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.

Liabilities under debt restructuring agreement constitutes collaterals according to notes to the financial statements No. 15.

21. Employee benefit obligations

Changes in the present value of the employee benefit obligations as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Employee benefit obligations as at January 1,	1,668	2,767	1,190	1,932
Current service cost	61	733	28	511
Interest cost	34	206	11	51
Actuarial losses arising from defined benefit plan	-	(1,714)	-	(1,304)
Decrease from changing in status from a subsidiary to an associated company	-	(324)	-	-
Employee benefit obligations as at December 31,	1,763	1,668	1,229	1,190

Expenses recognized in statements of comprehensive income as follows :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the years ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Line items under which such expenses are include in profit or loss				
Cost of goods sold and services	36	201	12	34
Selling expenses	1	37	-	19
Administrative expenses	15	486	7	449
Management benefits expense	9	9	9	9
Finance cost	34	206	11	51
Total	95	939	39	562

Principal actuarial assumptions at the reporting date are as follows:-

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
	(%)	(%)
Discount rate	4.30-4.52	4.30-4.52
Salary increase rate	0.44-8.58	0.44-2.87
Mortality rate (Thai Mortality Ordinary Table 2008)	100 of mortality	100 of mortality
Disability rate	10 of mortality	10 of mortality
Employee turnover rate	0-63	26-46

## 22. Deferred tax liabilities

Deferred tax liabilities as at December 31, 2015 and 2014 were as follows :-

(Unit : Thousand Baht)

<u>Consolidated financial statement</u>	
<u>As at December 31,</u>	
<u>2015</u>	<u>2014</u>
Deferred tax liabilities	(93,503) (99,005)
Net	(93,503) (99,005)

The movement of deferred tax liabilities for the year ended December 31, 2015 and 2014 were as follows :-

)Unit : Thousand Baht(

<u>Consolidated financial statement</u>			
As at	(Charged)/credited to statements	As at	
January 1, 2015	of comprehensive income	December 31, 2015	
(Note 27)			
Deferred tax liabilities			
Property, plant and equipment	(99,005) 5,502	(93,503)	
Total	(99,005) 5,502	(93,503)	

)Unit : Thousand Baht(

<u>Consolidated financial statement</u>				
As at	(Charged)/credited to	Decrease from	As at	
January 1, 2014	statements of	changing in status	December 31, 2014	
	comprehensive income	from a subsidiary to		
	(Note 27)	an associated company		
Deferred tax assets				
Allowance for doubtful accounts	869 -	(869)	-	
Allowance for declining in value of inventories	1,138 -	(1,138)	-	
Employee benefit obligations	419 -	(419)	-	
Total	2,426 -	(2,426)	-	
Deferred tax liabilities				
Property, plant and equipment	(175,458) 15,122	61,331	(99,005)	
Total	(173,032) 15,122	58,905	(99,005)	

As at December 31, 2015 and 2014, the Group Companies had temporary differences mainly arising from the unutilized tax losses carry forward in consolidated financial statement totaling Baht 1,142.64 million and Baht 984.97 million respectively and separate financial statement totaling Baht 931.58 million and Baht 815.34 million respectively which have not been recognized as deferred tax assets in the statement of financial position. (because it is not probable that it will be able to utilize the tax benefit in the foreseeable future)

### 23. Share capital

The movement of share capital for the year ended December 31, 2015 and 2014 is as follow:-

	<u>Consolidated/Separate financial statements</u>			
	<u>2015</u>		<u>2014</u>	
	Number of share (Thousand shares)	Amount (Thousand Baht)	Number of share (Thousand shares)	Amount (Thousand Baht)
Authorized shares capital (Baht 1.00 per share)				
Common shares at beginning of the year	2,400,000	2,400,000	4,000,000	4,000,000
<u>Add</u> Increase common shares	-	-	1,694,360	1,694,360
<u>Less</u> Decrease common shares	-	-	(3,294,360)	(3,294,360)
Common shares at end of the year	2,400,000	2,400,000	2,400,000	2,400,000
Issue and paid-up shares capital (Baht 1.00 per share)				
Common shares at beginning of the year	2,400,000	2,400,000	1,002,913	1,002,913
<u>Add</u> Common shares increase by convertible debentures conversion	-	-	22,727	22,727
<u>Add</u> Common shares increase from increase shares capital	-	-	1,374,360	1,374,360
Common shares at end of the year	2,400,000	2,400,000	2,400,000	2,400,000

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 1.00 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 1.00 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 1.00 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 1.00 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 1.00 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 1.00 per share, as follows:-
  - 3.1 To allocate 1,025,640,498 newly issued shares at the par value of Baht 1.00 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 1.00 per share and offer the shares to four specific persons (Private Placement) 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. 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.

#### 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 at December 31, 2015 and 2014, in the consolidated financial statements, debt to equity ratio is 2.85 : 1.00 and 1.73 : 1.00 respectively and the separate financial statements, debt to equity ratio is 3.13 : 1.00 and 1.94 : 1.00 respectively.

#### 24. Gain from debt restructuring

24.1 For the year ended December 31, 2014, profits from debt restructuring agreement amount of Baht 321.26 million derived from the Company has completely made debt repayment which has repayment detail as follows:-

- a) The Company will repay the creditor in amount of Baht 363.00 million by gradually payment and will be completed repayment the whole amount within 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 363.00 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 4.00% per annum, commencing from February 2014-June 2014 and calculated from principal amount of Baht 300.00 million which to be reduce by repayment amount and charge at interest rate 4.00% per annum, commencing from July 2014-September 2014. For October 2014 onward calculated from principal amount of Baht 290.00 million and charge at interest rate 5.00% per annum, the repayment will be made during October to December 2013 equivalent at 2.00% per annum 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 can pay the full amount owed under the debt restructuring contract 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 (Net of consultation fees amount of Baht 31.76 million).

- 24.2 For the year ended December 31, 2014, profit from debt restructuring agreement amount of Baht 157.16 million derived from subsidiary had short term loans from other company amount of Baht 300.00 million, bear interest rate of 15.00% 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 300.00 million and interest in the rate of 8.00% per annum for the amount of Baht 60.00 million and 10.00% per annum for the amount of Baht 240.00 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.

25. Expenses by nature

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the years ended December 31,</u>		<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Changing within finished goods and work in process	(238,889)	446,167	(235,001)	387,895
Raw material used	231,764	659,500	2,147	-
Value of purchase inventory for sale	3,673,840	1,683,209	3,570,923	1,936,100
Loss from declining in value of inventories (reversal)	3,761	(1,034)	4,442	(2,961)
Employee expenses	30,394	90,506	20,214	28,578
Depreciation	73,668	140,734	9,714	9,939
Transportation and pile driving expenses	-	47,599	-	-
Doubtful accounts (reversal)	(2,584)	1,626	-	-
Unrealized loss from exchange rate	8,103	1,369	8,103	1,369
Other expenses	55,831	108,073	44,348	46,124
Finance costs	155,521	183,488	155,497	103,527
Total	3,991,409	3,361,237	3,580,387	2,510,571

26. Management benefit expense

The management benefit expense in consolidated and separate financial statements included the directors' remuneration benefits paid to the directors of the Company as per Section 90 of the Public Limited Company Act excluding salaries and related fringe benefits paid to directors who are the executives of the Company for the year ended December 31, 2015 and 2014 amount of Baht 0.65 million and Baht 0.52 million respectively.

27. Income tax revenues

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the years ended December 31,</u>		<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax expenses:	-	14,863	-	-



## Deferred tax expense (Note 22)

Movements in temporary differences	(5,502)	(15,122)	-	-
Total	(5,502)	(259)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2015 and 2014 as follows: -

(Unit : Thousand Baht)

Consolidated financial statements

	<u>2015</u>	<u>2014</u>
Accounting profit (loss) before tax	(203,785)	307,405
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(40,757)	61,481
Effect from change of deferred tax	(5,502)	(15,122)
Loss carry forward	-	(57,818)
Effect of income exempt from tax and non-deductible expenses for tax purposes	901	(259)
Current year losses which have not been recognized as deferred tax assets	31,274	-
Effect of elimination entry on the consolidated financial statements	8,582	11,459
Income tax revenues reported in comprehensive income statement	(5,502)	(259)

(Unit : Thousand Baht)

Separate financial statements

	<u>2015</u>	<u>2014</u>
Accounting profit (loss) before tax	(119,136)	267,664
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(23,827)	53,533
Loss carry forward	-	(50,189)
Effect of income exempt from tax and non-deductible expenses for tax purposes	1,480	(3,344)
Current year losses which have not been recognized as deferred tax assets	22,347	-
Income tax (revenues) expenses reported in comprehensive income statement	-	-

Royal Decree No. 530 B.E. 2554 dated December 21, 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after January 1, 2012 and to 20% for the following two accounting periods (2013 and 2014) which begin on or after January 1, 2013 and 2014, respectively. Royal Decree No. 577

B.E. 2557 dated November 10, 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after January 1, 2015.

The Group Companies has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at December 31, 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

## 28. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit for the years attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid-up ordinary shares during the years.

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the years ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Earnings (loss) for the year (Unit : Thousand Baht)	(165,150)	306,823	(119,136)	267,664
The weighted average of number of ordinary shares (Unit : Thousand shares)	2,400,000	1,086,089	2,400,000	1,086,089
Earnings (loss) per share (Baht/share)	(0.07)	0.28	(0.05)	0.25

## 29. Segment information

Segment information is presented in respect of the Group Companies' 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 Group Companies has segmentation at report for the years ended December 31, 2015 and 2014 for comprise 1 and 3 main business segments respectively as follows:

Segment 1 : Produce and distribution of steel product.(2015 and 2014)

Segment 2 : Manufacture of foundation pile, transportation and pile driving.(2014)

Segment 3 : Manufacture of concrete product.(2014)

Geographic segments

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

Major customers

For the year ended December 31, 2015, revenues from 5 customer of the produce and distribution of steel product business segment represent approximately Baht 2,515.01 million of the Company and its subsidiaries's total revenues. (2014 : revenues from 4 customer of the produce and distribution of steel product business segment represent approximately Baht 1,527.37 million.)

The segment financial information is as follows:-

(Unit : Thousand Baht)

<u>Consolidated financial statements</u>								
<u>For the years ended December 31,</u>								
	<u>Steel Product Business</u>		<u>Business Piles</u>		<u>Concrete Product Business</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
External revenue	3,759,122	2,704,578	-	265,784	-	64,995	3,759,122	3,035,357
Inter-segment revenue	296,027	571,862	-	-	-	-	296,027	571,862
Total revenue	4,055,149	3,276,440	-	265,784	-	64,995	4,055,149	3,607,219
Interest income	3,495	1,185	-	7,276	-	-	3,495	8,461
Interest expense	152,009	181,580	-	8,118	-	-	152,009	189,698
Depreciation and amortisation	73,677	46,872	-	7,677	-	4,685	73,677	59,234
Profit (loss) before income tax	(162,768)	319,309	-	37,163	-	18,137	(162,768)	374,609

(Unit : Thousand Baht)

<u>Consolidated financial statements</u>								
	<u>Steel Product Business</u>		<u>Business Piles</u>		<u>Concrete Product Business</u>		<u>Total</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets of segment	4,074,775	3,298,215	-	-	-	-	4,074,775	3,298,215
Capital expenditure	4,989	962	-	-	-	-	4,989	962
Liabilities of segment	3,335,328	2,592,948	-	-	-	-	3,335,328	2,592,948

## Reconciliation of revenue, profit or loss, asset and liabilities

(Unit : Thousand Baht)		
<u>For the years ended December 31,</u>		
	<u>2015</u>	<u>2014</u>
Revenue		
Total revenue for reportable segments	4,055,149	3,607,219
Other income	74,962	617,187
	4,130,111	4,224,406
<u>Less</u> Inter-segment revenue	(296,027)	(571,861)
Interest income and others	(31,356)	14,354
Total revenue	3,802,728	3,666,899
Profit or loss		
Total profit or loss for reportable segments	(162,768)	374,609
Adjustment and elimination : inter-segment	(12,699)	(59,040)
Non allocate :		
Management benefit expenses	(13,213)	(9,907)
Share of profit (loss) on investment in associate	(15,104)	1,743
Total profit or loss before income tax	(203,784)	307,405

(Unit : Thousand Baht)		
<u>Consolidated financial statements</u>		
<u>As at December 31,</u>		
	<u>2015</u>	<u>2014</u>
Assets		
Total assets for reportable segments	4,074,775	3,298,215
Adjustment and elimination : inter-segment	211,241	280,250
Total assets	4,286,016	3,578,465
Liabilities		
Total liabilities for reportable segments	3,335,328	2,592,948
Adjustment and elimination : inter-segment	(162,457)	(325,811)
Total liabilities	3,172,871	2,267,137

### 30. Obligations and contingent liabilities

Certain liabilities shown on the financial statements, the Group Companies still remains contingent liabilities with commercial banks and third party as follows:-

30.1 The Group Companies had letter of guarantee has bank as follows:

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
- Letter of guarantee has bank deposit of the Company and its subsidiary pledge for collateral	3.50	3.50	1.85	1.85

30.2 The Group Companies entered into agreements to property, plant and equipment, have remaining obligations under several subcontractors as follow:-

<u>Consolidated financial statements/ Separate financial statements</u>						
<u>As at December 31, 2015</u>				<u>As at December 31, 2014</u>		
<u>Currency</u>	<u>Contractual</u>	<u>Outstanding</u>		<u>Contractual</u>	<u>Outstanding</u>	
(Unit : Million)	<u>amount</u>	<u>Paid</u>	<u>contractual obligation</u>	<u>amount</u>	<u>Paid</u>	<u>contractual obligation</u>
Baht	12.00	2.40	9.60	-	-	-

### 31. Financial instruments

31.1 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.

31.2 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.

(Unit: Million Baht)

Consolidated financial statements

	<u>Amount</u>		<u>Interest rate per annum(%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Saving deposit	186.10	275.16	0.10-0.75	0.50
Restriction bank deposit of interest	337.25	-	1.00	-
Restriction bank deposit	3.78	3.70	0.87-1.75	1.70-1.75
Short-term loans from financial institutions	16.00	42.76	6.50	6.75
Short-term loan from other person and other company	-	222.75	8.00	8.50-9.50
Short-term loans from related person and related parties	135.91	187.38	8.00	6.75-6.88
Debentures	1,211.81	-	6.20-6.50	-
Debt under restructuring agreement	1,454.97	1,404.62	8.75-9.25	4.00-9.25

(Unit: Million Baht)

Separate financial statements

	<u>Amount</u>		<u>Interest rate per annum(%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Saving deposit	185.85	275.16	0.12-0.75	0.50
Restriction bank deposit interest	337.25	-	1.00	-
Restriction bank deposit	1.92	1.86	0.87	1.75
Short-term loans to subsidiary company	389.20	389.20	8.00	8.00
Short-term loans from financial institutions	16.00	42.76	6.50	6.75
Short-term loan from other person and other company	135.91	222.75	8.00	8.50-9.50
Short-term loans from related person and related parties	-	187.38	-	6.75-6.88
Debentures	1,211.81	-	6.20-6.50	-
Debt under restructuring agreement	1,454.97	1,404.62	8.75-9.25	4.00-9.25

### 31.3 Exchange rate risks

The Group Companies had Exchange rate risks is derived from raw material purchased and imported from overseas; as a result, the Group Companies constitute risk with respect to the change of exchange rate. However, the Group Companies will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend. The Group Companies obtained liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

<u>Consolidated/Separate financial statements</u>		
<u>As at December 31,</u>		
<u>Currency</u>	<u>2015</u>	<u>2014</u>
Million US Dollar	2.63	2.58

### 31.4 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.

## 32. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group Companies use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.



### Fair value hierarchy

As at December 31, 2015, the Group Companies had the assets and liabilities that were measured at fair value or fair value disclosures using different levels of inputs to be used in fair value measurement (Note 4.22) as follows:-

(Unit : Million Baht)				
<u>Consolidated/Separate financial statements</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>				
Investment properties (Note 13)	-	-	22.03	22.03
<u>Liabilities disclosed at fair value</u>				
Debentures (Note 19)	-	1,228.28	-	1,228.28

### 33. 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 2015 and 2014 the Company has provident fund expense in amount of Baht 0.23 million and Baht 0.19 million respectively.

### 34. Litigation

34.1 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. The remaining interest expenses of Bath 0.84 million, the Company has negotiated with creditor to reduce debt.

34.2 A lawsuit had been filed against the Company on case of financial consultant fees agreement in amount of Baht 11.62 million. The above obligation included the principle amount of Baht 10.70 million and its interest of Baht 0.92 million. In addition, the Company is obliged to pay an interest of 15.00% per annum as stated in the agreement. After the end of the period, the Company entered into the accord and satisfaction agreement which the Company obliged to the debt settlement of totaling Baht 3.20 million in 5 installments which valued Baht 640,000 in each. The first installment will be due on February 29, 2016. The rest of the installments are due on the first working day of the following months. If the Company fails to pay off its balance, it will be signified the Company fails all installments. The Company allows the plaintiff to file a law suit in the debt totaling Baht 11.62 million.

35. Events after the reporting period

At the Extraordinary General Meeting of Shareholders of 1/2015, Rich Asia Engineering Co., Ltd., (Subsidiary) on December 30, 2015, the directors approved the increase of the subsidiary companies registered capital and the amendment of the subsidiary Memorandum of Association totaling from Baht 1.00 million to Baht 80.00 million by issue new ordinary shares amounting 7,900,000 shares at Baht 10.00 par available for the shareholders. The subsidiaries registering of the increase registered capital and called for Baht 2.50 each in settlement to totaling Baht 20.75 million and carried out filing the amendment of the subsidiary's Memorandum of Association with the Ministry of Commerce on January 27, 2016.

36. Approval of interim financial statements

These interim consolidated and separated financial statements were authorized for issue by the Company's authorized director on February 26, 2016.

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