

2014 ANNUAL REPORT

รายงานประจำปี 2557





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Financial Statements of the Company and its subsidiaries for the year ended
December 31, 2014



Message from Board of Directors

In 2014, although the sensitivity of political situation which is the main factor of the economic growth influence, has been managed and reformed successfully in the first half year. And the government exert efforts to stimulate the economy through infrastructure investments, however the irresolute confidence of consumers and private investors to the government policies has affected to the economic growth in low level.

Although Rich Asia Steel Public Company Limited and its Subsidiaries despite being affected by the economic slowdown. The Company and its Subsidiaries have solve the problem which is the main obstacle by readjust the financial structure of the Company and its Subsidiaries into the normal levels and ready to operate steadily with the growth of the country.

The Board of Directors, in this occasion, would like to deeply thank you to the shareholders of the Company who approved the financial restructuring plan and already recapitalization to the Company and thanks for the staff's cooperation efficiently to achieve the Company operation plans as well as suppliers, and alliances who are vital partners to the business.

In addition, in 2014 the Board of Directors and Executives has contacted and negotiated many new partners for the new businesses and investments to create a stability and sustainable growth for the Company and hoping to achieve the best support from all concerned parties in future.



General

(Watanachai Chaimuanwong)

Chairman



(Mr. Somkiat Vongsarojana)

Managing Director



BOARD OF DIRECTORS



General Watanachai Chaimuanwong
Chairman
(Independent Director)



Mr. Surapong Churangsarit
Vice Chairman /
Chairman of Audit Committee
(Independent Director)



Pol.Lt.Gen. Mongkol Kamolbutra
Independent Director /
Audit Committee



Asst.Prof.Dr. Nakhun Thoraneenitiyan
Independent Director /
Audit Committee



Ms. Angkarn Tantiviroon
Director
(January 1 - May 13, 2014)



Mr. Somkiat Vongsarojana
Director



Mr. Teera Phoncharoensuk
Director



Dr. Rittirong Intarajinda
Director



Mrs. Phimsiri Keeratithiansiri
Director



EXECUTIVE COMMITTEE



Ms. Angkarn Tantiviroon

Chief Executive Officer

(As CEO during in May 13, 2014 and newly
appointed on February 1, 2015)



Mr. Somkiat Vongsarajana

Managing Director



Mr. Teera Phoncharoensuk

Production Director



Mrs. Nusara Taravanich

Chief Financial Officer



Audit Committee Report

At present, The Audit Committee of Rich Asia Steel Public Company Limited consists of 3 independent directors as follows:

- | | |
|--|----------------------------------|
| 1. Mr. Surapong Churangsarit | Chairman of Audit Committee |
| 2. Pol.It.Gen. Mongkol Kamolbutra | Audit Committee |
| 3. Asst.Prof. Dr. Nakhun Thoraneenitiyan | Audit Committee |
| and Mr. Vorapoj Chaisantana | Secretary to the Audit Committee |

The Audit Committee have fulfilled their duties and responsibilities, as per their assignments. The mission and major responsibilities have included reviewing financial statements to be conformed with accounting standards and adequate information disclosure, reviewing systems of internal control and appropriated internal audit, review the company's compliance with applicable laws and principles of corporate governance in order to avoid conflict of interest and consider for the accuracy and complete disclosure of related transaction including considerations of the appointment of Certified Public Accountant (external auditor) for the company.

For the fiscal year ended December 31, 2014, The Audit Committee has organized 4 meetings to consider and review company's activities as followings.

Audit Committee	Attending Meeting / Total Meeting
Mr. Surapong Churangsarit	4/4
Pol.It.Gen. Mongkol Kamolbutra	3/4
Asst.Prof. Dr. Nakhun Thoraneenitiyan	4/4

1. Reviewed company's quarterly and audited financial statements of 2014 which have reported financial status and operation in 2014 and related transactions as stated in financial statement including management's clarification prior submission to the Board of Directors. The financial statements are stated in general accepted accounting principles and carried out with adequate information disclosure.

2. Reviewed the reasonability of related transactions and operation transactions between company with related person and/or business which have been expressed through normal and general business transaction according to business necessity and company's optimized benefit.



3. Approved annual internal audit plan and quarterly review audit operation, audit report, progress of operation plan and viewed that the company has an adequate, appropriate and efficient internal audit system.
4. Assess the adequacy of the company's internal control system with consideration from Management and viewed that company has an adequate, efficient internal control system. The company has developed and adjusted accordingly to current circumstances and no significant errors occurred.
5. Examined company's risk management and advised the Management periodically and frequently to review and improve risk management plan to be in accordance with any change of circumstances.
6. Examined company's compliance with Securities and Stock Exchange (SET) law and other laws relevant to company's business.
7. Advised the Management on focusing fully on good corporate governance pursuant to regulations of Stock Exchange of Thailand in order to confirm confidence to the shareholders and all concerned parties.
8. Selected and proposed to the Board of Directors for submission to the Shareholders meeting's approval to nominate Mr. Boonlert Kaewphanpurk CPA No. 4165 of BPR Audit and Advisory Co., Ltd. and/or Ms. Maliwan Pahuwattanakorn CPA No. 4701 of NPS Siam Audit Limited as the company's auditor for the year 2014 and setting up the auditing fee of Baht 1,210,000 exclusive of others audit expenses, i.e. traveling expense, stamp duty, preparation of financial statements expense (if any).

The Audit Committee has carefully examined the works under assigned responsibility - providing advice to the company and company's management, which have cooperated to solve any issues within an appropriate period. The Audit committee has conclusion that the company conform a good corporate governance and adequate internal control system including company's financial report audited by the Certified Public Accountant are in general accepted accounting principles and carried out an adequate information disclosure.

Mr. Surapong Churangsarit

Chairman of Audit Committee



Policy and Overview of Business

Vision

To be leading manufacturer and distributor of quality construction products and being international recognition.

Mission Strategy

Produce and distribute international standard quality products to gain satisfaction from business partners and all concerned parties including promote and preserve the good quality social and environment.

Strategy

- 1. Develop production system to achieve the international standard quality.*
- 2. Enhancing satisfaction to business partners and stakeholders.*
- 3. Develop employee's competency and life quality to work with happiness.*
- 4. Promote conservation of energy and environment including establish good relationship with community.*
- 5. Develop management system with transparency.*

Background

Rich Asia Steel Public Company Limited was established by Thai and Hong Kong investors on May 10, 1999 as Rich Asia Trading (Thailand) Co., Ltd., with an initial registered capital of Baht 1.00 Million. The Company aimed to provide and distribute steel products by trading and contracting other manufacturers to produce steel products for the Company. In 2003, the Company has expanded its business to be a manufacturer of structural steel products and the Company increased registered capital to Baht 250 million providing that to purchased machinery to support production and sales increased. In 2004 increased registered capital to Baht 400 million providing that to purchased machinery, investment in distribution center for supporting the growth of sales. In 2006 The Company being listed in the Stock Exchange of Thailand and increased registered capital to Baht 500 million for business expansion, investment of land, plants, machinery for industrial structural steel and for working capital. In 2007 increased registered capital of Baht 1,000 million to support expansion of sales and working capital. Currently, the company has issued and paid-up share capital amount of Baht 2,400 million and the business has managed by Miss Angkarn Tantiviroon.



The Company's major development can be summarized as follows:

- 1999 May - Established the company named "Rich Asia Trading (Thailand) Co., Ltd." with initial registered capital of Baht 1.00 million to operate as a trading company to provide steel products such as hot rolled coil and sheets, structural steels, lip channel steels, billets and other steel products.
- 2000 January - Employed Siam Ferro Industry Co., Ltd. to provide steel production services.
- February - Employed Inter Metal Tube Alliance Co., Ltd. to provide steel processing services.
- 2001 January - Increased its registered capital to Baht 5.00 million to be used as working capital.
- 2002 June - Increased its registered capital to Baht 75.00 million to be used as working capital.
- 2003 June - Set up plant and warehouse to expanded its business to become a manufacture of steel pipes.
- November - Launch its processing steel products for sale in domestic.
- December - Increased its registered capital to Baht 250.00 million to purchase a steel pipe machine.
- 2004 December - Increased its registered capital to Baht 400.00 million to be used as working capital.
- 2005 August - Purchase C-Channel machine.
- 2006 March - Changed the name from "Rich Asia Trading (Thailand) Co., Ltd." to "Rich Asia Steel Plc."
- Increased registered capital from Baht 400 million to Baht 500 million and changed par value from Baht 100.00 to Baht 1.00 each which resulted in an increase in the number of ordinary shares from 400,000,000 shares to 500,000,000 shares and converted the company to be public company with the intention to be listed on the Stock Exchange of Thailand.
- August - Listing date as at 31 August 2006 (Trading commencement on 31 August 2006 by Initial Public Offering totaling 100 million shares)
- October - Achieved the approval certificate from Thai Industrial Standards Institute 107-2533 for Hollow structural steel.
- November - Achieved the approval certificate from Thai Industrial Standards Institute 1228-2537 Cold-formed structural steel.
- Operated the local Distribution Center (D/C) at Tambol Pantainorasingh, Amphor Muang Samut Sakhon, Samut Sakhon Province



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- 2007 April - Signed agreement for buying land and building at Tambol Bangprong Amphor Muang Samutprakarn Province for set up hot rolling mill.
- June – July - Signed contract for purchasing machine for hot rolling steel.
- December - Increased registered capital from Baht 500 million to Baht 1,000 million for Allocation to existing shareholders 500 Million bath, offering price 2 baht each, par value Baht 1.00 each, the number of registered ordinary shares increased from 500,000,000 shares to 1,000,000,000 shares
- Complete installation of hot – rolling machine and test run for commercial production
- 2008 May - Changed par value of ordinary shares of the company from the value of Baht 1.00 per share to value of Baht 0.10 per share. As a result, the number of ordinary shares of the company were increased from 1,000 million shares to 10,000 millions shares.
- 2008 July - Increasing registered capital from 1,000 millions baht to 1,500 millions baht by issuing new ordinary shares in number of 5,000 millions shares, par value of Baht 0.10 per share for reservation convertible warrants No# 1 which offered to existing shareholders proportionally.
- December - The Board of Directors meeting no. 9/2008 held on 27 December 2008 passed a resolution approving the company's acquisition of ordinary shares of Thai National Product Co., Ltd. in a total amount of 26,100,600,000 shares each of Baht 0.01 par value, representing 100% of Thai National Product Co., Ltd total issued and paid-up shares in the amount not exceeding 650 million baht The company is under request for credit facilities from financial institutes. The company should perform this transaction within June 30, 2009.
- 2009 May - Decreasing registered capital from 1,500 millions baht to 1,000 millions baht due to the cancellation of the issue and offer of warrants to purchase new ordinary shares of the Company No. 1 in the amount of 5,000,000,000 units to the existing shareholders of the Company in proportion of shareholding.
- August - The Board of Directors meeting no. 4/2009 held on 14 August 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending June 30, 2009 to ending September 30, 2009. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination



- the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- November - The Board of Directors meeting no. 5/2009 held on 14 November 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending September 30, 2009 to ending February 28, 2010. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- 2010 April - The Meeting of the Board of Directors no. 3/2010 held on April 2, 2010 has resolved to approved the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from end February 28, 2010 to be ended May 31, 2010. The seller group has agreed and not object to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- May - The Company has obtained credit facilities support and performed investment transaction in Thai National Product Co., Ltd. by acquisition of ordinary shares in a total amount of 26,100,599,998 shares each of 0.01 Baht par value representing 100% of Thai National Product Co., Ltd. paid-up capital and has registered as shareholder in Thai National Product Co., Ltd. with the Registrar, Business Development Department, Ministry of Commerce. Hence the company has negotiated and agreed to purchase ordinary share at the price Baht 635.00 Million.
- December - The Meeting of the Board of Directors No.8/2010 held on December 23, 2010 has resolved to approved the Company's acquisition of ordinary shares of Siam Ferro Industry Co., Ltd. in a total amount of 10,954,556 shares each of Baht 100 par value, representing 76.88% of Siam Ferro Industry Co., Ltd.'s total issued



- and paid-up capital, at the price of Bt.73 each, in the total amount of Baht 799,682,588.
- 2011 March - Registration of the alteration of par value from the existing par value of Baht 0.10 (Ten Satang) each of 10,000,000,000 shares (Ten thousand million shares) to be at the par value of Baht 1 (One baht) each of 1,000,000,000 shares (One thousand million shares) and the amendment of Clause No. 4 of the Company's Memorandum of Association in accordance with the alteration of the par value and number of the Company's shares.
- Increase of the Company's registered capital from Baht 1,000,000,000 to Baht 1,500,000,000 by issuing 500,000,000 new ordinary shares at a par value of Baht 1.00 to reserve for the company and subsidiaries' working capital and / or to reserve for business expansion of the company and subsidiary company.
- December - The Meeting of the Board of Directors No.8/2011 held on December 2, 2011 passed a resolution approving the sale of partial ordinary shares of Siam Ferro Industry Co., Ltd. ("Ferro") held by the Company in a total amount of 3,562,106 shares each of Bt. 31 par value, representing 25.00% of Ferro's total issued and paid-up capital, at the price of Bt. 80 each, in the total amount of Bt. 284,968,480 to Wealth Fortune Assets Ltd total of 2,849,685 shares and Mr. Sunthorn Chitboonthaweek total of 712,421 shares.
- 2012 July - Decrease the registered capital from Baht 1,500,000,000 to Baht 1,000,000,000 by deducting the unissued registered shares of 500,000,000 shares with the par value of Baht 1.00 per share before increase the new capital.
- August - Increase the registered capital from Baht 1,000,000,000 to Baht 4,000,000,000 by issuing 3,000,000,000 new ordinary shares with the par value of Baht 1.00 per share which consists of issue and offer 2,000,000,000 new ordinary shares to the existing shareholders and reserve for exercising the right of Warrant-PP allotted to through private placement the lenders who agrees to grant loan to the Company and/or its subsidiaries in the amount of not exceeding 1,000,000 shares.
- September - Registered the paid-up capital from Baht 1,000,000,000 to Baht 1,002,913,226 and amended Clause No. 4 of the Company's Memorandum of Association with Department of Business Development, Ministry of Commerce.
- December - Relocate Head Office from 272 Soi Wat Channok, Rama III Road, Bangkoklaem, Bangkok 10120 to 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 due to the rental contract was expired.



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- 2013 November - Mr. Prapat Chongsanguan, governor of State Railway of Thailand and Management team has visited Thai National Product Co., Ltd. factory (Subsidiary of Rich Asia Steel Public Company Limited) which has diversified a new product : "Concrete Sleepers".
- 2014 April - Decrease the registered capital from Baht 4,000,000,000 to Baht 1,002,913,226 by deducting the unissued registered shares of 2,997,086,774 shares with the par value of Baht 1.00 per share before increase the new capital.
- Increase the registered capital from Baht 1,002,913,226 to Baht 1,322,913,226 by issuing 320,000,000 new ordinary shares with the par value of Baht 1.00 per share as reservation for conversion of right of convertible debentures for the issue and offer for sale of convertible debentures in a sum of not exceeding Singapore Dollar 20 million or an equivalent amount in other currency to a specific foreign investor (Private Placement) that is Advance Opportunities Fund ("AO Fund").
- June - Issue and offer for sale of the newly Convertible Debentures to AO Fund totaling SGD 400,000 which is Baht 10 Million (Exchange rate of Baht 25 per SGD 1)
- Registered the paid-up capital from Baht 1,002,913,226 to Baht 1,025,640,498 with Department of Business Development, Ministry of Commerce.
- November - Decrease the registered capital from Baht 1,322,913,226 to Baht 1,025,640,498 by deducting the unissued registered shares of 297,272,728 shares with the par value of Baht 1.00 per share before increase the new capital.
- Increase the registered capital from Baht 1,025,640,498 to Baht 2,400,000,000 by issuing 1,374,359,502 new ordinary shares with the par value of Baht 1.00 per share to accommodate the allocation of the newly issued shares to the 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 and to four specific persons (Private Placement) who are not connected persons of the Company, namely, (1) Mr. Wichai Wachiraphong (2) Mr. Kiaticchai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul at the price of Baht 0.30 per share.
- December - Registered the paid-up capital from Baht 1,025,640,498 to Baht 2,400,000,000 with Department of Business Development, Ministry of Commerce.
- Disposal of the shares in Thai National Product Co., Ltd. ("TNP"), a subsidiary of the Company, amounting to 18,000,000 shares at the par value of Baht 10 or equivalent to 66.42 percent of TNP's registered capital, at the price of Baht 30



per share, totaling of Baht 540,000,000 to (1) Dr, Phasin Suebsubanunt (2) Mr. Thiti Kittipattananon and (3) Miss Duendara Limthanakul.

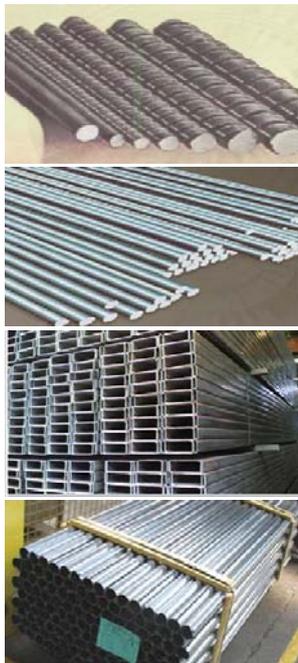
Structure of shareholding in Subsidiaries

Currently, The Company has a subsidiary, which is Siam Ferro Industry Co., Ltd. operated in business of manufacturing and distribution of structural steel, steel pipes and services in steel pipe manufacturing, which is related in the current business for enhance the production and distribution and support customers' demand immediately and has a affiliate, which is Thai National Product Co., Ltd., which operates in spun piles manufacturing and piles driving. In 2014, Thai National Product Co., Ltd. has diversified a new concrete product: Concrete Sleepers which used the projects of State Railway of Thailand in Sleepers substitution throughout the country.

Chart of shareholding in subsidiary and affiliate as below:



Steel and Structural Industry



Pile Industry and Concrete Railway Sleepers Products





Nature of Business

Rich Asia Steel Public Company Limited is a trader and distributors of various types of steel products including raw materials and finished products. The finished products are composed of structural steel pipes, hot rolled coil and sheets, billets, and others as well as being manufacturer and distributor of steel pipe and C-channel with company's policy of being a manufacturer, trader and distributors of all types and sizes of steel products; hence, the company can be deemed as a "One-Stop-Service Company" by the coordinate of purchasing planning, production planning and hiring other steel plants to produce, and the efficiency of inventory control management, which could supply promptly the required quality and quantity to customers.

In 2014, Rich Asia Steel had invested in subsidiary company and associated company total 2 companies, as follows:

1) Thai National Product Co.,Ltd. (TNP)

Thai National Products Co., Ltd. has established in 1990, operate in spun pile manufacturing with transport and pile driving services at the maximum capacity of 480,000 tons per year, TNP is located in Bangbuathong-Supunburi Road. Km.24.5 Saiyai Subdistrict. Sainoi District, Nonthaburi Province - current registered capital is 271,006,000 Baht which fully paid up and 96.31% held by the company. In December 2014, The company has sold partial shares and remain proportion of shareholding of 29.89%.





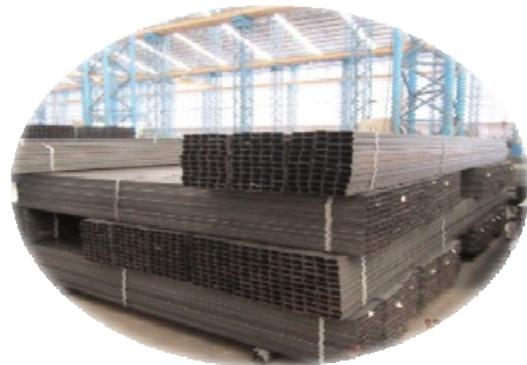
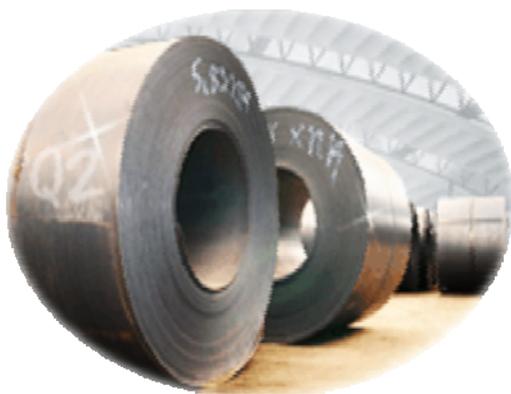
TNP has been trusted from government and private sectors to produce and drive spun pile foundation in the variety large projects, such as electric train, power plants, bridges, express way, office building, factories and other buildings.



In 2013 TNP had consistently diversified into new businesses in the public utilities sector i.e. concrete railway sleepers products, in order to support the government policy for the improvement of unsafe railway throughout the country, by replacing wooden sleepers to concrete sleepers, including concrete sleepers usage in double rail tracks and medium speed train tracks projects. The company has expand a new plant for concrete sleepers production in 2013 and started distribution in January 2014 to the contractors who bid projects from SRT (State Railway of Thailand). By the end of 2014, TNP has additional expansion for producing double volume of concrete sleepers to meet the demands of the various projects, as above mentioned.

2) Siam Ferro Industries Co., Ltd. (SFI)

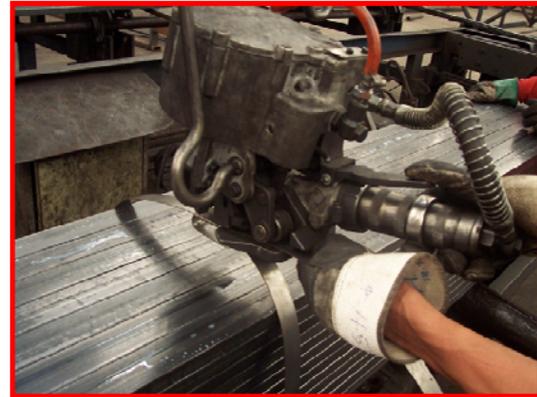
Siam Ferro Industry Co., Ltd. has established in 1993, operate in steel pipe and C-channel manufacturing and distribute various kinds of steel products including manufacturing service. SFI located in Muang Samut Sakhon district, Samut Sakhon province, Current registered capital is 441,701,237.00 Baht which fully paid up and 51.88% held by the Company.





The nature of business of each's product line can be classified as follows.

Group of Structural steel products and steel products



1. The characteristics of products and services

The Company and subsidiary are provider of products and services for distribution to customers by the both procuring from the purchase, hiring production and manufacturing as following:

Products and services from the purchase or hire production

The Company and subsidiary procured steel products for trading by purchasing hiring other steel plants to produce and own manufacturing are as follows:

1) Structural Steel Pipe

Steel pipes and Lip channel structural steel, the company procure the structural steel by hiring and orders from other manufacturers or distributors (see details on the topic, procurement of raw materials and products), by pipe steel products that the company provides the main hiring contractors are 3 types such as Square Tube, Black Steel Pipe and Rectangular Tube, size standard length of 6 meters diameter from ½" - 8" and has a thickness ranging from 1.00 to 4.50 mm, In addition the Company



also provide products from procurement to be sold to customers to cover the demand in the market both for building structures and various pipeline liquids.

2) Hot Rolled Steel Coil and Sheets

Company provide the hot rolled coil steel both roll type and plate type by order from the distributor of manufacturer to customers such as wholesaler and manufacturer, which will be used in various industries such as construction industry, automotive industry, the furniture industry, etc.

Hot-rolled steel plate product that the company distribute thickness 1.20 – 12.0 mm and size according to customer's requirements Hot rolled steel plates that the company distribute to a hot rolled coil steel, the general level of quality that suitable for use in various types of construction, dock, heavy industries such as machinery in sugar factory, oil refinery, etc..

3) Billet and other products

In addition to the provide and distribution of steel products, structural steel pipe Lip channel steel, hot rolled coils and steel sheets, the company also provides procurement and distribute of billets steel and other steel products such as steel plate, flat steel, angle steel conduit pipes, water joints, structural steel ,H-shaped, I-shaped, round Bar, steel bar and wire-frange, etc. ,which the most added service to facilitate to customers by policy to provide One-Stop-Service.

Product and Service from manufacturing

In addition to being a leading provider of distribution. The company has developed the business into a manufacturer to retailer to meet the demands of more customers. The production year 2014 was as follows.

- Rich Asia Steel Public Company Limited , manufacturer and distributor of structural steel, steel processing industry categories.

The company has one factory, fully capacity 90,000 tons per year, manufacture and sale in 2013 between 1 Jan. 2013-14. Mar. 2013, later another company rented a factory to produce, short term contracts 1 year. In order that, due steel industry in 2013 was still in stable condition and production will be provided, which requires quite a lot of working capital, which the Company has determined that the current situation of the appropriate to earn income from rental the factory, thus the operating performance was better than the production. When the situation is in better condition of steel, The company will continue to terminate the contract and the production of customized products.

- Siam Ferro Industry Company Limited, manufacturer and distributor of structural steel Type of steel pipe and Lip channel. The company has one factory, fully capacity 480,000 tons per year.



In 2013 . the company has been approved the establishment of Bonded Warehouse, that can take tax privilege under the Customs Act, which will benefit to company's production and revenue in the future.

Production of the company and subsidiary are as follows:

1. Steel Pipe Production, which the companies manufactures and distribute can be classified into three types: Square Tube, Black Steel Pipe and Rectangular Tube in length. of 6.0 meters and has the following dimensions.

Type of steel	Diameter (inch)	Thickness (mm)
Square Tube	1/2" x 1/2" – 2 1/2" x 2 1/2"	1.00-4.50
Black Steel Pipe	1/2" – 3"	1.00-6.50
Rectangular Tube	2" x 1" – 3" x 1 1/2"	1.20-4.50

2. Lip channel Steel, which the companies manufacture and distribute have size 5"- 8 " thickness 1.60 to 3.20 mm for use in general roof structure.

For products which have the size as the machine can not be produced or the size of product can be produced but unable to produce on time or not worth the cost of the machine to produce products that companies are hiring .

3. Structural industry steel, which steel processing product as the companies manufacture and distribute for use in structural works and construction. The company has a machine with total capacity of 90,000 tons per year.

2. Quality of Products

In addition, the importance to procurement the products delivered to customers according to the size, quantity and period of time specified products that are delivered to have quality according to customer requirement. Steel products of the companies that are a quality product by certified quality according to the international standard from both domestic and international as the following :

Standard	Country	Description
TIS. 1228-2016 TIS. 276-1989 TIS. 2771989, TIS. 281-1989 TIS. 107-1990	Thailand	Cold formed structural steel steel pipe Galvanized steel pipe Spiral steel pipe for plumbing and general. Hollow structural steel
ASTM A-120, 35A	U.S.A.	Fluid pipe, gas, air
JIS G 3452	Japan	General black steel pipe



JIS G 3101 SS400 (TIS 1479) TIS. 1479-1998	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general and processing
Standard	Country	Description
JIS G 3131 SPHC (TIS 528 HR 1) TIS. 528-1997	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general structure.
TIS. 348-1997	Thailand	Low carbon steel wire

The companies have a policy to ensure product quality at all stages starting from inspection of raw materials, such as checking the chemical ingredients and mechanical properties of the material, quality inspection of finished goods to size, form and product quality inspection before delivery to customers to check for damage that may occur from storage, such as rust or dents of the pipe, which the importance to the quality inspection process the product ensures that our customers receive products as the requirement of quality of service provided by the companies.

The companies obtained a license for the standard industrial products TIS No. 107-1990 of hollow structural steel and TIS 1228-2006 of structural steel cold forming on August 20, 2008, and October 30, 2006, respectively.

3. Marketing and competitive environment

3.1 Competitive strategy

The companies are planning the competitive strategy in steel products of the companies and its subsidiaries as follow

1) Enhancing variety and completeness of the product

The companies have a policy to provide manufacturing and distribution of various steel products with products a wide range and most comprehensive in order to support the different requirement of customers by the customers do not need to make a purchase from several vendors that can find all types of products from only company (One-Stop-Service) to achieve such goals. The company has relied on production planning, purchasing, and inventory management efficiency by the companies have an advantage in terms of sources of product procurement , that the companies can procure products in a manner of trading, and hiring additional manufacturing of the products that a companies can not be produce that result to the companies can accommodate order for a large number and diverse in terms of size, quantity and quality of raw materials that each customer has different requirements for the purpose of use.



2) Marketing business group

The companies have a policy in distribution and increase group of the customer . The currently, domestic customers are wholesalers group, retail group and the variety industry group of customers in Bangkok, metropolitan area and the provinces.

3) Service

The companies focus on services, especially the procurement and delivery of the products to be able to create the highest customer satisfaction of the companies. The Companies also operate capacity sufficient factory party companies to serve orders urgent, so customers can trust that the company is able to supply steel products completely according to the delivery to the Companies also offer fast delivery and on time, which is an important part of time management and transportation costs for the customer and the companies and to make a long-term ongoing relationship with customers. The Companies have prepared the truck for delivery of goods and customer service from factory of contractor for about 30 vehicles for the transport of goods from factories to customers.

4) Warehouse management

The companies have a policy to provide the most complete products so as to meet the requirement of customers all the time in the amount of storage to a minimum to reduce the cost of storage products of the companies by the companies have contracted with a factory production contract to procure products for delivery to customers in size or as that a company can not produce include the procurement of the products are delivered on time, that result to the companies do not need a large of storage, or storage in a long period, that to reduce the cost of storage.

3.2 The characteristics of the customers and target customers

Currently the main products of the company and subsidiary such as structural steels and hot rolled plates will be used in the primarily of the construction industry, however, in the future, the company aims to expand to customer base to other industry groups to be more focused on the automotive industry, that is an industry that demands high-quality processed steel more than construction industry, that the result to companies can have higher margins.

Therefore, the company's target customers group include distributors steel processing industry. entrepreneur in the construction industry, which is currently the main customer group and the automotive industry include the continual industry, that will bring the company's products are used as raw material in the production, such as



Construction industry: structural, such as beam , sheet flooring, structure building wall and plumbing electrical conduit etc.

Automotive industry : auto parts, such as bumper beams, pickup truck, vacuum trucks, etc.

Furniture industry : parts in manufacturing furniture, such as desks, chairs, cabinets, beds, steel window grills etc.

Electric appliances industry: parts in manufacturing various appliances such as washing machine, air conditioning, generator, etc.

Other industries : Other decorative, such as the fence home, shipyard, building doors, sugar plant machinery, oil refinery, etc.

3.3 Distribution and distribution channel

The company provides production and distribution of products, mainly sold through wholesalers that distribute in Bangkok, metropolitan and region of more than 150 vendors for distributed directly to enterprises in the manufacturing sector, which led product of the companies to use as raw material in the production of goods. The portion of the distribution to customers are wholesalers to the customers to become entrepreneurs in the industrial sector is approximately 95 percent: 5 percent.

In order that, the mainly customers of the companies are mostly regular with contact trading for a long time and have a good relationship, by the group of customers of the company classified by the nature of business are as follows

1. Wholesaler

The wholesaler is the main customers of the company and its subsidiaries mainly as the wholesaler in the Bangkok and metropolitan, this group of customers will purchase the products of the companies to sell even to the retailers or manufactures.

2. Retailer

The retail customer group of the company and its subsidiaries based in Bangkok, metropolitan and the provinces. This customer group the company to sell even to consumers directly, which are expected that expand the customer base in more retails.

3. Manufacturers in various industry

The customer in this group such as the construction industry, the automotive industry and furniture industry, this group of customers will purchase the products of the companies to use as raw material in the production of goods, which is mostly enterprises construction and medium-sized factories



4. Procurement of products

4.1 Procurement from purchasing or hiring production

1) Structural steel (Structural Steel Pipe), a type of steel pipe and steel structure of lip channel, that the company has been procuring products for steel structure by hiring contractors and factory production with orders from manufacturers or dealers.

2) Hot Rolled Steel Plates and Sheets

The companies procured all types of hot rolled coil and hot roll sheet steel by purchasing from dealers of manufacturing factory and led to distribute to customers.

3) Long product steel (Billet) and other steel products.

The companies procured long product steel, such as steel plate, flat steel, angle steel conduit pipes, joints, structural steel, H-shaped steel, I-beam, round bar, steel bar and wire frange from Suppliers both domestic and abroad.

4.2 Procurement from production

Procurement of raw material and products

The company's main products and raw materials such as steel plates, hot rolled steel pipe, lip channel steel, steel products and other types of processing steel such as billet, flat steel, angle steel, conduit pipes, joints and slit steel, etc. The company and its subsidiaries have the procurement of raw materials and the products for trading, hiring production and manufacturing.

5. Impact on the environment

The companies has given importance to care and protection of the environment throughout. The companies continue to maintain the level of noise generated by the cutting steels in the safe level, according to law of the Department of Labour and social Welfare and In terms of scrap resulting from cutting metal will be collected for distribution to scrap trader.

The companies have regulations to protect the environment in the production process according to the rules defined field offices by the Department of Industrial Works, Ministry of Industry examines factory and environment and concluded that the results of the inspection, which the companies in the benchmark did not cause any problems to the environment.

Since the opening of the factory The company does not dispute or litigation about building environmental impact and have never been warned or fined by the state agency by law must be followed, including the Company. Factory Act 1992 and Environmental Protection Act 1992 and also received a license from the Department of Industrial Works, especially since the opening of the business.



Group of pile and concrete product

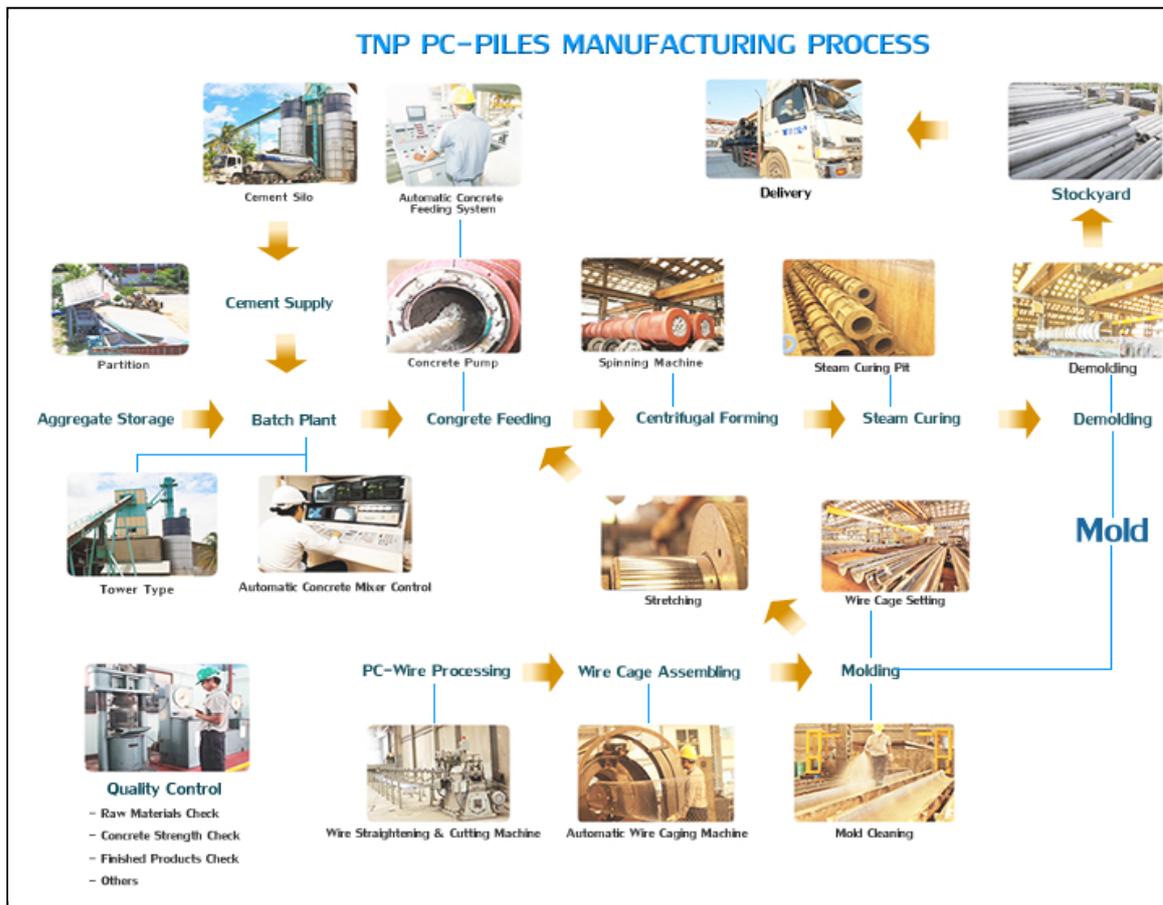
1. Product and service

1.1 Spun pile

The currently, Thai National Product Company Limited is a manufacturer of spun pile with a delivery and pile driving service for a period of more than 20 years.

Current line of TNP has piles with diameter of 250, 300, 350, 400, 450, 500, 600, 700, and 800 mm. In the future to be able to support several sizes of project at the same time. Pile welding method of TNP is designed to have 3 times strength of the concrete part which is internationally accepted. Actual welding is done by Automatic Welding Machine or Semi Automatic Welding Machine. The skilled welders must pass the test conducted by an accredited institute prior to operating the machines.

Manufacturing process of Spun pile



The company also provides piling services with modern machines and methodology according to customers' demand and environment. The piling methodology deployed includes Pure Drive, Pre-Boring, Auger-Press with Final Drive each of which has been developed for maximum efficiency and pollutions such as vibration, dust, and noise are kept at minimum.

Hydraulic Hammers

HYSINC



specifications

Model	HNC-65	HNC-80	HNC-100	HNC-125
Driving System	PATENTED BSP HYDRAULIC SYSTEM			
Ram Weight(T)	6.5	8.0	10.0	12.5
Driving Energy (T-M)	7.80	9.60	12.00	15.00
Blow Rate/ Min	18-70	18-70	18-70	18-70

NISSHA



specifications

Model	NH-40	NH-70	NH-100
Driving System	Hydraulic, Double action		
Ram Weight(T)	4.0	7.0	10.0
Driving Energy (T-M)	6.08	8.96	14.4
Blow Rate/ Min	28-80	25-70	20-56

1.2 Concrete railway sleepers products

Thai National Product Company Limited has expanded its businesses to encompass concrete railway sleepers measuring 1.00 meters in length - supplying to various contractors for the SRT (State Railway of Thailand) projects. These are improvements based off of the existing tracks, including double rail train tracks project, and the medium to high speed train tracks project.

Thai National Product Company Limited has started investments in producing the concrete sleepers (1st phase) in 2013, and ready in time for distribution in 2014 onwards. In 2014, Thai National Product Company Limited has expanded investment for concrete sleepers in phase 2 and expects to be able to supply and distribute within the 2nd quarter of 2015. Therefore, when combining the supply capacity of both phases of TNP's concrete sleepers, in total of 1,000,000 pieces / year.

Thai National Product Company Limited can produce concrete sleepers in 1.0 meters and 1.435 meters.



2. Quality of product

2.1 Spun pile

Thai National Product Company Limited's first and foremost philosophy is "Quality Paramount" This philosophy extends not only to our product but to the services we provide. The company fully recognize that the success of any organization is dependent on customer satisfaction. Retaining old customers through trust and reliability whilst encouraging new customers by way of an en-viable reputation. The foregoing ensures continued expansion and prosperity based on a "Firm Foundation." Thereby safeguarding the integrity of our whole structure.

Using the most up-to-date, computer-controlled production technology supplied by a specialized Japanese company result to products are of high quality, precision and consistency, meeting the strict requirement of National and International Industrial Standard. To ensure its production quality, Thai National Product have instituted the Quality Control Division equipped with a modern laboratory to strictly inspect and control the quality of works at each stage, from the selection of raw materials up to the services at the job site. Aiming to meet our customer's requirements and maximum satisfaction of the customer as a result, the company's products granted industrial standard (TIS 398-2537) by the production pile diameters ranging from 250, 300, 350, 400, 450, 500, 600, 700 and 800 mm, and the company can also manufacture prestressed concrete piles using a centrifugal terms all kinds of special needs, beyond the standard has been designed to accommodate both small and large projects of all types.

In addition, quality management of Thai National Product Co., Ltd. has been certified with ISO 9001:2008 since 2001 with certification from AJA Registrars Limited. Scope of the certification is on " Design and Manufacture of Prestressed Spun Concrete Piles ". The company has implemented and maintained working environment according to the Requirements, Policies and Operation Plans to achieve the company's goals. And in order to guarantee maximum satisfaction of customers in both products and services, the Quality Policy has always been " Excellence in Development of Quality Products and Services ".

2.2 Concrete railway sleepers products

The production of TNP's concrete sleepers developed from TNP's knowledges and experience in spun pile production from the trial production stages onward to commercial production stages. In production process, the Company has stricted to the production quality by selecting good quality of raw materials and also controlling every stage of production process to achieve optimum efficiency in order to ensure the product quality to be accepted by contractor and SRT's specification.

TNP's concrete sleeper products are properly qualified, fully compliant, and certified by the State Railway of Thailand. The concrete sleepers must been passed inspection and strict testing by SRT engineers before delivery to customers.



3. Marketing and competitive environment

3.1 Competitive strategy

The company is planning the competitive strategy in pile products and concrete product of the company as follow

1) Creating variety and completeness of the product

The company has a policy to increase the variety of products The original main income of the company was spun pile(spun) only one product. In 2013, the company has increased other concrete products was railway concrete sleepers, these products started selling in the quarter 1 of 2014. In addition,the company remains committed to increase other concrete products in the future to increase revenue and use common resource to net worth and increase profit and diversify the risk in the business of one another.

2) Marketing business group

The customer in this group have both domestic and overseas customers. However, in currently, the main customers are both government and the private sector in construction industry business and general customers such as construction projects, roads, bridges, express ways, power plants, sky trains, ports, office buildings, factory buildings, etc.. The company still have the policy to increase customers' market to have more variety.

3) Service

The company to focus on quality service and fast delivery include the pile driving with quality by modern machinery and process methodology, variety of requirement of customer and the suitability of the construction on the environment, such as pile driving by hydraulic hammer (Pure Drive), drilling system (Pre-Boring), Drilling – Press (Auger-Press with final drive), each system has been developed to work efficiently in parallel with the reduction of pollution, such as vibration, dust, smoke, noise, etc., which is provided by a team that has the experience in period of not less than 20 years and is monitoring and control equipment and safety services to rigorous safety standards. The company set a policy to the Committee of Safety, health and environment to work in every project to provide customers with confidence in the service along with the product.

4) Warehouse management

The company has a policy in the storage of goods in standard size which is the need of the general customers in quantity, not much because most companies produce products according to customer orders, that to reduce the cost of storage.



3.2 The characteristics of the customers and target customers

Currently the main products of the company was spun pile, which will be used in mainly the construction industry and transportation, however, the company aims to expand its customer base to other industry groups to be more focused on other concrete products industry, which is similar industry and use raw materials, which is a common resource that to the maximize benefits, such as railway concrete sleepers products and other concrete products , which the company's goal is to increase the production to more to achieve the diversity.

The main target customers are both domestic and overseas customers, which are both government sector and private sectors, the construction industry and the general customers to led products to use in various construction projects by classified are 3 categories follow :

- Infrastructure projects, such as construction of a rapid transit, toll way, express way, bridges, dams, docks, pumping plants , etc.
- The industrial and energy projects, such as oil depots, power plants
- The buildings such as factories, office buildings, educational buildings, residential buildings Shopping malls, hospitals, etc.

3.3 Distribution and distribution channel

The company produce and distribute of goods by mainly distributed through entrepreneurship, contractor of construction, such as the construction of maintenance subway electric train parking, deepwater port, expressway, toll way, etc. And some product to distribute to consumer customers such as used in the construction of factory office building, office, residential buildings, hospitals, etc., which this distribution is mainly delivery to customers to site projects The construction project, which is distributed both in the Bangkok metropolitan area and other regions.

The portion of the distribution to the customer is an entrepreneur in the construction industry customers about 80 percent: 20 percent of the company's customer are regular customers, which the mainly customers of the companies are mostly regular with contact trading for a long time and have a good relationship.

4. Procurement of products

4.1 Procurement from production

Production

Thai National Products Co., Ltd. has one factory for production in spun pile and concrete sleeper, located on Sainoi District, Nonthaburi Province, fully capacity of machine 40,000 tons per month or 480,000 tons per year.

Procurement of raw material

The main raw material used in the production such as steel, cement, gravel, sand and other, which is the main raw material, that the maximize value is 65-70% of the value of raw materials used in production. The company procure raw materials for steel from domestic suppliers.

5. Impact on the environment

With a sense of duty and social responsibility to the environment, the company has the appropriate technology selection and has minimal environmental impact as possible, for example, concrete mixer modern closed systems, which have the device traps dust while working not dispersed into the atmosphere, and also installed wastewater from production then put back into the cleaned plant for renewable resources to maximize the benefits and then introduced into the deposition process and fill the air and water quality to a level that is not harmful to the environment before it is released to the outside plant.



Control noise pollution



Vibration control

In the field, the company led modern and variety machine for pile driving used by meet the requirement of customer, such as the driving with hydraulic hammer that pollutes the soot vibration and noise, less is more compared to the other driving system, press driving (Auger-Press with final drive) and pre-boring that can reduce vibration almost completely devoid of any pollution.

Additionally, the Company also encourage the planting of trees around the factory to create a tropical atmosphere and fresh air.

**Revenue Structure****Revenue Structure of Company and subsidiaries**

For 2014, revenue in consolidated statement of the company and subsidiaries total amount of 3,666.90 million baht, which consist sale and services 3,035.36 million baht, revenue of the separate company 2,353.10 million baht.

Revenue of subsidiaries 2014 were as following

1. Siam Ferro Industry Co.,Ltd. (proportion of holding shares of the company 51.88%), total revenue amount of 1,082.04 million baht, which is sale and services (production for sale, production hiring and procure for trading) amount of 923.34 million baht.

2. Thai National Product Co.,Ltd. (As Dec. 3, 2014 proportion of holding shares of the company 29.89%). In the consolidated statement as December 31, 2014 included its financial performance and cash flows of Thai National Product Co.,Ltd. from January 1, 2014 to November 30, 2014 in the consolidated statements of comprehensive income and cash flows for the year ended December 31, 2014 but does not included the statement of financial position of Thai National Product Co.,Ltd. in the consolidated statement as December 31, 2014.

In the consolidated statements since January 1, 2014- November 30, 2014 total revenue amount of 364.13 million baht, which is sale and service (Sale of pile, transportation, driving service and sale of concrete railway sleeper amount of 330.78 million baht).

(Consolidated financial statements exclude related transaction)

Product / Group of business	Operated by	Holding shares (%)	Revenue from consolidated financial statement (Million Baht)					
			2014	%	2013	%	2012 ¹	%
Structural steel and other steel	Rich Asia Steel Public Company Limited and Siam Ferro Industry Company Limited	51.88%	2,658.99	72.51	3,190.68	88.42	2,726.68	89.03
Pile , delivery and driving and other concrete products	Thai National Product Company Limited	29.89% ²	376.37	10.26	379.42	10.50	291.15	9.51
Other Revenue	Rich Asia Steel Public Company Limited and subsidiaries		631.54	17.22	38.94	1.08	44.81	1.46
Total			3,666.90	100.00	3,609.04	100.00	3,062.64	100.00

Remark : 1. 2012 Restated financial statement

2. As December 3, 2014, the Company has sold shares in Thai National Product Co.,Ltd. as a result, its changing in status from a subsidiary to an associated company net of holding shares 29.89%

3. Other revenue i.e. gain on debt restructuring, gain on sales of investments in subsidiary, gain on sales of fixed assets, gain on fair value of equity interest, revenue from rental and service revenue and others



Revenue Structure of the separate company

Type of Revenue	2014		2013		2012	
	Million baht	%	Million baht	%	Million baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	174.43	6.28	118.34	4.10	237.77	10.51
1.2 Black steel pipe	55.50	2.00	55.26	1.91	75.59	3.34
1.3 Rectangular tube	192.28	6.92	158.65	5.50	271.10	11.98
1.4 Lipped channel	529.46	19.06	635.90	22.02	601.10	26.57
1.5 Angle Bar	0.17	0.01	0.32	0.01	0.21	0.01
1.6 Deformed Bar	259.60	9.34	366.76	12.70	493.11	21.80
1.7 Round bar	114.66	4.13	192.30	6.66	221.71	9.80
2. Hot rolled steel coil and Sheets	740.87	26.67	591.73	20.50	109.02	4.82
3. Billet	223.29	8.04	580.94	20.12	17.12	0.76
4. Others *	62.84	2.26	151.62	5.25	159.67	7.06
Total Revenue from sales	2,353.10	84.71	2,851.82	98.77	2,186.40	96.65
Other revenue **	425.13	15.29	35.64	1.23	75.82	3.35
Total Revenue	2,778.23	100.00	2,887.46	100.00	2,262.22	100.00

* Others consists of scrap, steel strapping, cold roll coil, round steel bars, wide flange beams

** Other revenue consists of revenue from rental, gain on sales of assets, gain on sales of investments in subsidiary, gain on debt restructuring, interest revenue and others Income.

Revenue of the separate company from sales can be categorized by type of business using the proportion of procurement of products as follows:

Type of Revenue	2014		2013		2012	
	Million baht	%	Million baht	%	Million baht	%
Revenue from sales						
1. Procurement for sale						
1.1 Trading	2,340.28	99.46	2,544.21	89.21	1,691.37	77.36
1.2 Production hiring for sale	12.82	0.54	114.88	4.03	243.25	11.13
Total of procurement for sale	2,353.10	100.00	2,659.09	93.24	1,934.62	88.49
2. Production for sale	-	-	192.73	6.76	251.77	11.51
Total revenue from sales	2,353.10	100.00	2,851.82	100.00	2,186.39	100.00



Trends and Industry Outlook

The trend of the industry related to the production line of steel, production line of spun pile and concrete products are as follows

Steel Industry Outlook 2014

Type of Steel	Production (Metric Ton)			Domestic Sale (Metric Ton)		
	2014	2013	2012	2014	2013	2012
Round Bar	265,638.04	239,668.10	237,102.52	317,126.85	317,954.32	354,614.71
Deformed Bar	1,768,752.64	1,690,384.66	1,371,014.06	1,871,247.21	1,823,455.68	1,634,597.39
Wire Rod	30,277.00	32,145.00	32,907.00	30,527.00	32,798.00	30,994.00
Prestressed Concrete Wire	178,365.23	192,071.69	179,348.18	170,789.44	178,768.15	162,778.32
Pipe	356,699.00	333,701.00	361,355.44	93,209.00	104,655.00	58,829.98
Galvanized Steel	437,506.28	400,223.61	390,944.68	401,381.83	369,738.81	379,471.88

Source : The Office of Industrial Economics

The steel industry in the country remains slow down, from the information from The Office of Industrial Economics of the year 2014, Thailand's steel production increased from the year 2013, not so much. The majority of the total production were deformed bar and galvanized steel sheet with volume of production increased slightly from the year 2013 and has volume of domestic sale increased slightly from 2013. Production of pipe in 2014 volume 356,699 tons, volume of domestic sale only 93,209 tons, which different from round bar and deformed bar, that the volume of trading than production volume due to in 2014 the steel importers is imported steel from China, which had production exceeded demand in the country so result to cost of steel lower than in Thailand that affected to domestic producers to reduce production due to the inability to compete on price. The consumer is not the order in large numbers into stock because they are not confident in the price of goods that could be purchased at a price decrease in the future.

Steel industry trends

The trend of steel industry in the year 2015 tend to fluctuate according to the direction of growth of the construction industry and the automotive industry which is expected from the government budget will be used to invest in the field of communications to open a AEC to those countries, there are Thailand investment expansion in construction. Therefore expects the trend of steel industry in 2015 will growth and the demand for steel both domestically and internationally in the ASEAN region will increase.

Therefore, the trend in the price of steel and other construction materials are likely to decrease due to lower fuel costs, the price of oil, which is one of the major costs of the production and



transportation of steels and spun piles including concrete sleepers that result the manufacturers able to reduce production costs, to have increased profits. Moreover, price competition from imported goods from China are still available. The government departments and steel manufacturers should have to adapt and find measures to prevent the dumping of foreign competitors, and the government should provide the policy or guidelines in promoting domestic steel production in the channel in competition with foreign countries quickly.

Construction Industry

On Bank of Thailand information of construction industry in 2014, trend of condominium registration and land allocation permission throughout country is in uptrend compare to year 2013. For housing registration in Bangkok and suburb is a few decline as following details :

	2014	2013	2012
Condominium Registration Nationwide (unit)	108,175	102,200	81,665
Land Development Licences Nationwide (unit)	107,615	99,217	87,007
New Housing in Bangkok Metropolis and Vicinity (unit)	131,374	132,302	125,002

Steel demand volume in construction industry in 2014 still not increased. Though the government has policy of ongoing investment in infrastructure, the volume of domestic steel demand in construction industry still not increased. Real Estate Developers postpone discretion to open new projects due to the developers would like to ensure for the industry trend and the precise government's investment.

Trend of construction

Trend of construction in 2015 has a growth trend compare to 2014 due to in 2015 the government has accelerate investment in new project under The Strategies of Infrastructure Communication Development of Thailand during 2015-2022 to change the ASEAN and world economic structure in 8-10 year. Thailand has to develop and improve communication infrastructure in increase business competitive performance to private sector and escalate the swiftness of traveling and transportation to the center of each region throughout country. The fast track investment in 2015 will be invested in various projects such as Green Line Mass Rapid Train Project, Double Rail Train Project. Major Communication Infrastructure Project i.e. main road, highway and motorway under 2015 government expenditure budget.

Automotive Industry

Automotive industry consume various types of steel as components in automotive production which are Cold Rolled Coils, Hot Rolled Coils, Coated Sheet and Steel Pipes. In 2014, Industry



Federation of Thailand has summarize automotive production of 1.8 million units which is domestic automotive sales of 0.88 million units. The volume of automotive production and sales in 2014 was huge decreased from 2013 due to the first car campaign has been validated and the automotive industry market revert to normal situation.

	2014	2013	2012
The volume of domestic automotive production (unit)	1,880,007	2,457,057	2,453,717
The volume of domestic automotive sale(unit)	881,832	1,330,672	1,436,335

Source: The Federation of Thai Industries

Trend of automotive industry

Industry Federation of Thailand forecasts the trend of automotive production in 2015 will be approximate 2.15 million units and expect the domestic automotive sales volume will be 0.95 million units which the production and sales volume will be greater than 2014.



Risk factors

1. Risks in business

Risk to the operations of the Company and its subsidiaries are as follows :

1.1 Risk from fluctuation of raw material price

The company and subsidiary major raw material was Hot Rolled Coil (HRC) both type of roll and sheet .for sale and manufacture of steel pipes and structural steel of C-Channel. Majority of total value of raw material purchased are from domestic manufacturers. In addition, the prices of hot rolled steel prices was adjusted according to world price and demand & supply situation which are important factors to impacted raw material costs and gross margins due to the major cost of Hot Rolled Coil.

In order to control risk from fluctuation of HRC, the managements closely monitors steel price and evaluates trend of world price and domestic price of HRC, in order to manage costs of steel which is raw material to the minimum, which will impact good results to the Company's operation.

The policy of setting selling price, the company will be based on costs of sales and market price of raw material that time to reduce the risk from fluctuation.

1.2 Risk from products procurement

According to company has a policy to hedge the purchase of raw materials risks by procurement of raw materials from various distributors which will consider from the direction of the price fluctuation and the prolong payment term negotiations. The Company and subsidiaries have policy to increase supply vendors from various sources in order to reserve an adequate quantity of raw material to support raw material demand for production efficiency. In addition, the Company can increase bargaining power on price negotiation and procure the lower cost of raw materials to increase profitability.

Thus, on such policy, the company expects that the risks of the demand and quantity on products supplying will be reduced. The ability to control cost of raw material can be controlled and managed efficiently.

1.3. Financial Risks

1.3.1 Risks from borrowing liabilities

According to the Company and its subsidiaries had loans from financial institutions and other parties for working capital as of December 31, 2014, the Company and its subsidiaries has liabilities from loans and borrowings total amount of 1,863.06 million baht, which is decreased from year 2013 amount of 696.88 million baht. Thus, due to in 4th quarter of 2014 the Company and Subsidiaries can raise funds from various sources by increase capital and borrowings from other sources which has a lower cost of funds in order to repay the debts of the Company and Subsidiaries which is a strengthen financial structure for the Company and Subsidiaries and reduce a huge financial cost. Nevertheless, the



Company and Subsidiaries still have risks from the remaining debts. The company and Subsidiaries will pursue for additional source of funds to reduce the debts to the appropriate level accordingly.

1.3.2 Risks from loan due for payment

The company has liabilities with bank and financial institute which is Current portion of liabilities under debt restructuring agreement within one year that has due for repayment in 2015 amount of 39 million baht. Thus, the company has planned to manage financial payment by reserve the particular cash for loans repayment by preparing cash flow projection for an adequate cash amount to prevent risk and reduce errors that may arise from the due loan under debt restructuring agreement.

1.4 Risk from competitive law change

The steel industry has a problem of imports of hot rolled other alloy imports increase and cause damage to the domestic industry. Safeguards Committee (Safeguard) has issued tariff protection from imports of hot rolled coils and not any other type doped into a roll up.

The Ministry has imposed anti-dumping (Antidumping or AD) the HRC boron species were rolls and rolls imported from China at a rate of 14.28% and 19.47 % in December 2012 , but the measure of AD. not possible to prevent the dumping of cheap goods HRC coordinates other manifestations such as coordinate boron steel - alloy to avoid paying taxes by import volume in AD coordinates HRC doped Other (cover coordinates 722530-722691) has increased. In particular , imports from China.

The four major domestic manufactures had filed for a tax Safeguard on total import hot-rolled products of other alloy types of coils and not in coils, thickness from 0.9 to 50.0 mm width 100-3048 mm, which import in 3 period as follow

- 1) Rate 44.20% of the CIF price for imported goods from Sep.15,2013 to Oct. 26,2014.
- 2) Rate 43.57% of the CIF price for imported goods Sep.27, 2013 to Oct. 26,2015.
- 3) Rate 42.95% of the CIF price for imported goods from Feb.27,2015 to Feb.26, 2016 of the export country by the attachment total of 165 countries, which there were "exceptions" to the automotive industry, import for hard coated and special grade steel.

The tax Safeguard has affected to a higher cost of imports HRC. Therefore, steel import volume in 2013 and 2014 has been decreased. The HRC consumers have to purchase HRC from major domestic manufacturers which there are few players. The consumers in steel industry has limited channels for purchasing raw materials due to the increased domestic price from such measures had affected to the unavoidable higher cost of raw material.



2. Risks affecting the rights of holders of securities or investments

The risk of company's deficit retaining

In 2014, the Company had net profit on consolidate financial total amount of 307.66 million Baht, a net profit attributable to the equity holders of the parent amount of 306.82 million Baht. For the separate operating performance net loss of 267.66 million Baht. However, the Company's results of operations deficit as of December 31, 2014 in consolidated financial statements stated retained deficits amount of 868.82 million Baht, separate financial statements stated retained deficits amount of 737.05 million Baht due to in last 3 years the Company had a burden of the financial cost and Thailand's economics was faced flood problem, political problem that affect to the decrease of steel demand and fluctuation of steel price which result to the Company's sales revenue and have insufficient income for expenses and financial cost.

The Company has retained deficits which affected to inability of dividend payment. The shareholders have a risk on such inability according to dividend policy.

Thus, the Company has solved the problem by adapt financial structure and raised low cost of funds from various sources in order to reduce high financial cost and also adapt Company's and subsidiaries' business strategies by searching new businesses and created new products which can perform a certain and sustainable profit on operation and expected that if such operation can be performed as plan successfully, the company's performance will be improved and can reduce retained deficit including any operation under other possible measures will support the Company's performance and ability of dividend payment to the shareholders in future.

**General and Others Substantial Information****Company's Name, Location and Business Type**

Company's Name	:	Rich Asia Steel Public Company Limited
Symbol	:	RICH
Nature of Business	:	Seller and supplier of steel products which acquired from trading as well as hiring other steel plants to produce the products for the company, the company is also a trader and supplier of other types of steel products including raw materials and finished products. The finished products are composed of, for example, structural steel pipe, lipped channel, hot rolled coil and sheets, billets, and others.
Head Office	:	636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6277 Fax. 0 2453 6288
Factory	:	141/3-141/4 Moo 3, Tambol Bangprong, Amphur Muang Samut Prakarn, Samutprakarn 10270 Tel. 0 2383 0485 Fax. 0 2383 0485
Distribution Centers	:	116/7 Moo 5, Tambol Pantainorasingh, Amphor Muang Samutsakorn, Samutsakorn 74000 Tel. 0 3487 2255 Fax. 0 3487 2254
Registration No.	:	0107549000050
Home Page	:	http://www.richasiasteel.com
Customers Care Center	:	Tel. 0 2453 6277 ext. 219
(Customers' Complain Center)	:	E-mail : customerscare@richasiasteel.com
Registered Capital	:	2,400,000,000 Baht
Ordinary Shares	:	2,400,000,000 Shares
Par Value	:	1.00 Baht per share
Paid-up Capital	:	2,400,000,000 Baht
Paid-up Ordinary Shares	:	2,400,000,000 Shares

Investors can study additional company's information in Annual Registration Statement (Form 56-1) which is shown in www.sec.co.th or www.richasiasteel.com



Referrals and Their Locations

Common Stock Registrar

Thailand Securities Depository Co., Ltd.

62 Ratchadaphisek Road

Klongtoey, Bangkok 10110

Tel. 0 2229 2878

Fax. 0 2654 5642, 0 2654 5645

Auditor

Mr. Boonlert Kaewphanpurk CPA No. 4165

BPR Audit and Advisory Co., Ltd.

152 Chartered Square Building, 12A Floor, Suite 08,

North Sathorn Road, Silom, Bangrak,

Bangkok 10500

Tel. 0 2634 5398

Fax. 0 2634 5399



The corporate name that the company holds 10 percent or more of Issued and Paid-up Share Capital as of December 31, 2014

Items	Company/Location	Type of Business	Type of Share	Issued and Paid-up Share Capital	Number of Shares	%
1	Siam Ferro Industry Co., Ltd. 88 Moo 2 Tambol Kahlong Amphur Muang Samutsakhon Samutsakhon 74000 Tel. 0 3485 1018 – 21 Fax. 0 3485 1028	Steel pipe and tube manufacturer	Ordinary Shares	14,248,427	7,392,450	51.88%
2	Thai National Product Co., Ltd. 33/3 Moo 4, Bang Bua Thong - Suphanburi Rd., Tambol Sai Yai, Amphur Sai Noi, Nonthaburi 11150 Tel. 0 2985 5300 Fax. 0 2985 5309	Spun pile manufacturer	Ordinary Shares	27,100,600	8,100,598	29.89%



Shareholders

Major Shareholders as of March 17, 2015 (Valued 1 Baht per share)

Ranking	Shareholders	Number of shares	Percentage
1.	Miss Angkakarn Tantiviroon's group		
	1.1 Mrs. Phimsiri Keeratithiansiri	66,900,000	2.79
	1.2 Miss Angkakarn Tantiviroon	43,550,000	1.81
	1.3 Mr. Chen Marcus	1,475,000	0.06
	1.4 Miss Chen Ming Ming	890,625	0.04
	Total	112,815,625	4.70
2.	Mr. Prajim Hormanee	108,554,800	4.52
3.	Mr. Kiatichai Lohachitranont	97,810,416	4.08
4.	Mr. Wichai Wachiraphong	97,810,415	4.08
5.	Mr. Wiset Wachiraphong	81,810,415	3.41
6.	Mr. Sitthichai Srisa-nguankul	73,969,600	3.08
7.	Miss Nada Tepawattanasuk	68,839,200	2.87
8.	Mr. Krit Phurisinsit	65,427,300	2.73
9.	Thai NVDR Co.,Ltd.	59,535,963	2.48
10.	Mr. Natthapol Songsaicholchai	48,000,000	2.00
	Total	833,473,734	34.74
	Other Shareholders	1,566,526,266	65.26
	Total Shareholders	2,400,000,000	100.00

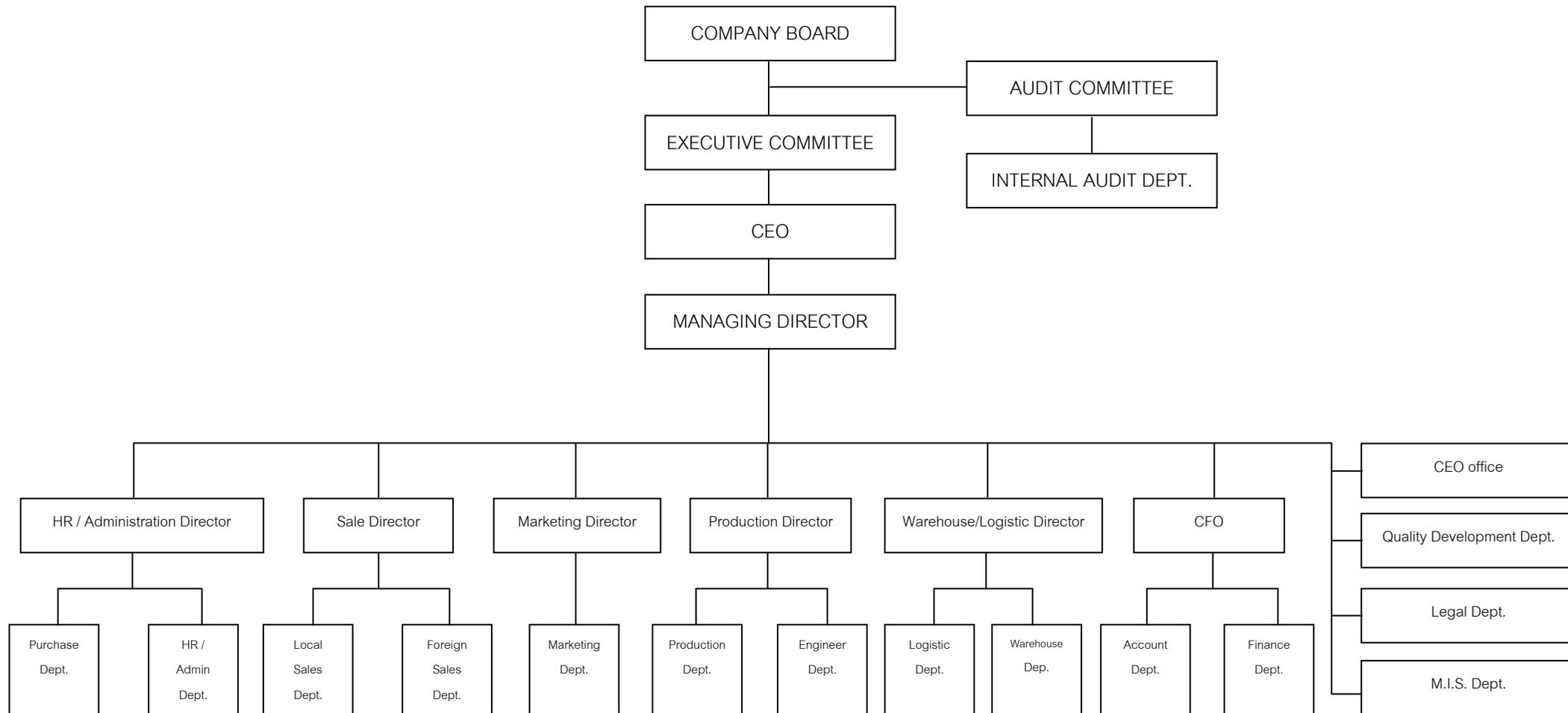
Dividend Payment Policy

The Company has dividend payment policy at least 50% of the net profit (after deduction of corporate income tax and legal reserve). However, the Company may determine the rate of dividend payment less than the above policy rate, depending on the performance, financial status, liquidity and needs in utilizing operating fund for operation, business expansion and other factors involving management of the Company.



Management Structure

Organization Chart





Board of Directors

Company's regulation specifies that Board of Directors comprises at least 5 directors. Not less than one half of all directors must have domicile in Thailand. Independent directors shall represent at least one-third of the total number of Board members and not less than 3 members. The Board is responsible for the overall duties and performance which is maximized benefit to the Company and shareholders. The Board structure, term of directorship and Roles, duties and responsibilities of the Board has shown in item 9. Corporate Governance.

As of December 2014, Board of Directors comprises of 8 members:

- Executive Directors 2 members
- Non-Executive Directors 2 members
- Independent Directors 4 members

Independent Directors

The company has 4 Independent Directors represent to 50% of total directors. Chairman is an Independent Director and not hold the title in top Management. Board of Directors resolves to define the qualifications of Independent Directors and the meeting of Board of Directors No.4/2013 has resolved to adjusted amount of shareholding from not over 1% to 0.5% which is more strictly than the minimum requirements of the Capital Market Supervisory Board. The details of qualify of Independent Director has show in item 9. Corporate Governance.

Board of Directors' Name

1. Gen. Watanachai	Chaimuanwong	Chairman (Independent Director)
2. Mr. Surapong	Churangarit	Vice Chairman / Chairman of Audit Committee (Independent Director)
3. Mrs. Phimsiri	Keeratithiansiri	Director (Non-Executive Director)
4. Mr. Rittirong	Intarajinda	Director (Non-Executive Director)
5. Miss Angkakarn	Tantiviroon ¹⁾	Director (Executive Director)
6. Mr. Somkiat	Vongsarojana	Director (Executive Director)
7. Mr. Teera	Phoncharoensuk	Director (Executive Director)
8. Asst.Prof.Dr. Nakhun	Thoraneenitiyan	Director / Audit Committee (Independent Director)
9. Pol.Lt.Gen. Mongkol	Kamolbutra	Director / Audit Committee (Independent Director)

Remark 1) Who is a Director between January 1 to May 13, 2014.

Director's Authority on behalf of the Company

Mrs. Phimsiri Keeratithiansiri, Mr. Somkiat Vongsarojana, Mr. Teera Phoncharoensuk, directors 2 of 3 persons co-sign with the company's seal.



Board of Directors' Meetings

Meeting schedule for each year has been planned and sent to each director in advance. In 2014, The Company has set up Board of Directors' meeting 5 times and each Director has attended the meeting at least 75% of the total number of meetings. Board of Directors' attendance is summarized as follows:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Gen. Watanachai Chaimuanwong	Chairman (Independent Director)	5/5
2. Mr. Surapong Churangsarit	Vice Chairman (Independent Director)	5/5
3. Mrs. Phimsiri Keeratithiansiri	Director	5/5
4. Dr. Rittirong Intarajinda	Director	5/5
5. Miss Angkakarn Tantiviroon ¹⁾	Director	1/5
6. Mr. Somkiat Vongsarojana	Director	5/5
7. Mr. Teera Phoncharoensuk	Director	5/5
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Director (Independent Director)	5/5
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director (Independent Director)	4/5

Remark 1) Who is a Director between January 1 to May 13, 2014.

As of December 2014, Company's Management as per SEC regulations consists of 4 members, as follows:

1. Miss Angkakarn Tantiviroon ¹⁾ Chief Executive Officer
2. Mr. Somkiat Vongsarojana Managing Director/
HR / Administration Director (Deputy)/
Sales Director (Deputy)
3. Mrs. Nusara Taravanich Chief Financial Officer
4. Mr. Teera Phoncharoensuk Production Director

Remark 1) Who is a Management between January 1 to May 13, 2014 and has newly appointed in Board of Directors' meeting no. 1/2015 held on February 1, 2015 .

(Details of Directors and Managements appears in appendix 1)

Company Secretary

Board of Directors' meeting no. 1/2008 held on February 1, 2008 has resolved to appointed Miss Nongluck Sarochsuwan, to be Company Secretary, who graduated in accounting and passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" (details and qualification as shown in appendix 1) to support in practice Board of Directors and the Company's duty pursuant to the relevant laws and regulations.



Director and Management Remuneration

1. Monetary Remuneration

Directors Remuneration

Annual General Shareholders' Meeting 2014 on April 18, 2014 has resolved to fix the remuneration for Board of Directors for year 2014 i.e. remuneration, Bonus on operation as follows:

1) Remuneration of Board of Directors' meeting as follows.

Chairman	20,000 Baht / time
Vice Chairman	15,000 Baht / time
Directors	10,000 Baht / time

(Only for attending Directors)

2) Bonus on operation for 2014 at the rate 10% of dividend paid in 2014 but not excess 7 Million Baht.

Director who is managements will received salary as remuneration.

3) Remuneration for Sub-committee i.e. Audit Committee, directors who have been nominated as member of Sub-committee will received additional remuneration on meeting as follows.

Chairman of Audit Committee	20,000 Baht / time
Audit Committee	10,000 Baht / time

(Only for attending Directors)

Thus, Directors' remuneration is considered from Company's performance, responsibility of the Board and compared to the remuneration of similar business in the same and similar size business.

In 2014 the Company has paid remuneration to each director for accounting period of December 31, 2014 as follows:

Name	Position	Remuneration ¹⁾ (Baht)
1. Gen. Watanachai Chaimuanwong	Chairman	100,000
2. Mr. Surapong Churangarit	Vice Chairman / Chairman of Audit Committee	155,000
3. Mrs. Phimsiri Keeratithiansiri	Director	50,000
4. Mr. Rittirong Intarajinda	Director	50,000
5. Miss Angkakarn Tantiviroon ²⁾	Director	-



6. Mr. Somkiat Vongsarojana ²⁾	Director	-
7. Mr. Teera Phoncharoensuk ²⁾	Director	-
8. Asst.Prof.Dr.Nakhun Thoraneenitiyan	Director / Audit Committee	90,000
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director / Audit Committee	70,000
Total		515,000

Remark 1) Remuneration paid upon meeting attendance of each director.

2) Director who is managements will received salary as remuneration.

3) There is no other non-cash remuneration.

In 2014, the company does not pay bonus on operation of the Board.

Managements Remuneration

In 2014 the company has 4 Management for accounting period of December 31, 2014 the company has paid remuneration to Managements as follows:

Total Managements Remuneration

Type of Remuneration	Amount (Baht)
Salary	8,924,000
Provident Fund	49,840
Total	8,973,840

Remark Only first 4 Managements starting from Chief Executive Officer who is top Management and Management who hold the position in equal level of Management No. 4.

2. Other remuneration

Other remuneration of the company is Provident Fund which established on May 1, 2006 in the rate of 2% of their salary, beginning since May 2006 as mentioned in the table above.

Report the holding of common shares of Directors and Managements as of December 31, 2014

Name	Dec. 31, 2014	Dec. 31, 2013	Increase (Decrease)
1. Gen. Watanachai Chaimuanwong	-	-	-
2. Mr. Surapong Churangsarit	-	-	-
3. Mrs. Phimsiri Keeratithiansiri	66,900,000	33,450,000	33,450,000
4. Mr. Rittirong Intarajinda	-	-	-
5. Mr. Somkiat Vongsarojana	4,000,000	2,000,000	2,000,000
6. Mr. Teera Phoncharoensuk	3,000,000	1,500,000	1,500,000
7. Asst.Prof.Dr.Nakhun Thoraneenitiyan	-	-	-
8. Pol.Lt.Gen. Mongkol Kamolbutra	-	-	-
9. Mrs. Nusara Taravanich	-	-	-



Personnel

As of December 31, 2014 the Company has a total of 75 staff (exclude 4 Managements). The Company compensated the employees who are not Management for a total of 18.65 Million Baht in consists of salary and provident fund. In addition, 2 Subsidiaries are Thai National Product Co., Ltd. and Siam Ferro Industry Co., Ltd. Thai National Product Co., Ltd. has a total of 196 staff (include Managements) and compensated for a total of Baht 34.13 Million. Siam Ferro Industry Co., Ltd. has a total of 105 staff (include Managements) and compensated for a total of Baht 11.50 Million.

Labor dispute for last 3 years

- No -

Human Resource Development Policy

The Company has set the training program for employee which divided into 2 levels as follows:

1. Operation Level Focus on working knowledge, security in workplace, encourage to have more discipline and develop positive thinking toward organization by giving an opportunity for employee to express idea and solving problem within function.
2. Command Level Focus on management, technical and modern management. The company has conducted the training program for internal and external.

Therefore, in 2014 the company has conducted internal and external training program to improve working skill, knowledge, develop attitude of positive thinking toward organization for both operation level and command level which consists of 8 internal training programs and 21 external training programs which total numbers of 22 participants.

The company has the policy to appoint or promote employee in appropriate position every year for employee who has ability and capability according to development plan and career path. The company also supports the employee for further study which the employee can indulgent working time in appropriate to studying program.

The company has encouraged Director and top Management to participate in Thai Institute of Directors (IOD) and other programs to develop knowledge and understand of role and ability on being a director and management team.



The table shows the numbers of employee for each division on December 31, 2014.

Division	Employee amount (person)
Purchase	2
Human Resource & Administration	11
Sale	3
Production	40
Accounting	6
Finance	5
Internal Audit	1
Law	1
Information Technology	2
Logistics	1
C.E.O. Office	3
Total	75

Remark: Employee amount exclude Managements



Corporate Governance

Due to The Stock Exchange of Thailand has improved good governance principle for listed companies in 2012 in order to comply with the guidelines assessment the corporate governance of listed companies under the ASEAN CG Scorecard. Thus, the meeting of Board of Directors No. 4/2013 held on November 13, 2013 has resolved to adjust the Company's Corporate Governance and Code of Business Ethics in order to comply with such good governance principle and exalt the Company's Standards and Principles of Good Corporate Governance. The Company has announced to Directors, Management and all employees adhere as a guideline to achieve in the workplace and create a confidence to shareholders, investors, stakeholders and all concerned parties including corporate social responsibility. The Company has been disclosed through Company's website www.richasiasteel.com in topic "Corporate Governance Policy" and "Code of Business Ethics". The Board of Directors' Meeting No. 5/2014 held on November 14, 2014 has reviewed "Corporate Governance Policy" and "Code of Business Ethics" and approved to use the existing policy.

Corporate Governance Policy

For corporate governance policy and compliance with good corporate governance principles as follows:

Chapter 1 Rights of Shareholders

The Board of Directors recognizes the importance of the rights of shareholders, and engages in no conduct that will be in violation to or deprive the shareholders of their rights.

1. Basic rights

Shareholders enjoy their basic rights, such as buying, selling or transfer of shares, sharing of the Company's profits, access to adequate news or information, attending shareholders' meeting to vote on appointment or removal of directors, determination of directors' remuneration, appointment of auditor, fixing the audit fee, and such issues that may impact the Company as allocation of dividend, capital increase or write-down, approval of extra transactions, etc.

2. Shareholders' meeting

In 2014, the Company held the Annual General Meeting of Shareholders on April 18, 2014 at Yomtara room, the 2nd floor, Ramada Plaza Menam Riverside Bangkok Hotel, No. 2074 Charoenkrung Road, Bangkoklaem, Bangkok. The Company has followed guidelines as follows:

2.1 The Company has sent the notice of the shareholders' meeting which contains such details as date, time and venue of the meeting, as well as details of the meeting agenda and accompanying documents to the shareholders in advance as prescribed by law and also disseminate such information through the Company's website: www.richasiasteel.com at 32 days prior to the meeting date, and then notify the Stock Exchange of Thailand (SET) of such dissemination, so that the



shareholders will have sufficient time to study the information before receiving the printed document. The document has been sent to shareholders in advance 15 days prior the meeting date.

2.2 The Company has delivered together with the notice of the shareholders' meeting the proxy form in the format as prescribed by the Ministry of Commerce for the shareholders who cannot attend the meeting in person to appoint any other persons or any of the Company's independent directors as proxies to attend the meeting on their behalf in order to retain their rights at the meeting.

2.3 Duty stamps are prepared for shareholders attending by proxy free of charge.

2.4 Chairman, Managing Director, Chairman of Audit Committee and 5 Directors, total 8 persons, together with auditors and company's advisor have attended shareholders meeting to give relevant information and answer questions.

2.5 Before starting consideration on the agenda items, the shareholders will be informed of the meeting procedure, and vote casting and vote count method for each agenda item.

2.6 The Company facilitated the meeting attendance registration by using software and technology to provide convenience and save time for the shareholders and the proxy holders.

2.7 The Company prepared ballots for each agenda item, and for the agenda on the election of directors, the ballots will be segregated to allow for the shareholders' voting on individual directors.

2.8 The meeting has been proceed sequentially in accordance with the agenda, and there in no alteration of agenda sequence nor request to consider any other issue which is not specified in agenda in case of without adequate supporting reasons.

2.9 The shareholders have been allowed and given enough time to express opinions and ask questions in the meeting, as well as submit questions prior to the meeting, for more clarity and fairness to the shareholders and the parties concerned.

2.10 The Company has reported the voting result of each agenda item showing the number of votes of approval, disapproval and abstention through the SET's electronics system on the following business day is April 21, 2014 and on the Company's website: www.richasiasteel.com.

2.11 The minutes of the shareholders' meeting has been taken, containing vote casting and vote count method, details of key points of questions raised and answers given at the meeting, and voting result of each agenda item, as well as name-list of attending and absent directors. The Company has sent a copy of the minutes to the SET, post on its website: www.richasiasteel.com on May 5, 2014 and inform the SET of such notification. The meeting has also been recorded in VDO and be posted in clip file on the company's website.

For the Extraordinary General Meeting of Shareholders No. 1/2014, the Company held on 21 November 2014, at River Grand Ballroom, the 2nd floor, Ramada Plaza Menam Riverside Bangkok Hotel, No. 2074 Charoenkrung Road, Bangkorlaem, Bangkok.



The Company has adjusted and developed the arrangement formality of each Shareholders' Meeting in order to set standard and comply with the AGM checklist which is evaluated by Thai Investors Association. In 2014 AGM Assessment Program, the Company received the score range 90-99 in level "Excellent".

Chapter 2 Equitable Treatment of Shareholders

The Company believes in equitable treatment of all shareholders, whether they are major shareholders, minor shareholders, institutional investors, or foreign shareholders.

1. The Company recognizes the rights of shareholders and treatment of all shareholders on a fair and equitable basis. It gives opportunity for minor shareholders to propose issues considered beneficial to the Company for inclusion in the agenda and qualified candidates for directorship at least three months before the ordinary meeting of shareholders starting from September 25 to December 31, 2014. The criteria and procedure have been posted on the Company's website: www.richasiasteel.com.

2. Voting rights in the meeting has been determined according to member of shareholding on the basis of one share for one vote.

3. The Company has set up a policy regarding securities trading and use of inside information not yet disclosed to the public to prevent Directors, Managements and Employees from using inside information for personal and others' benefits, and instructed all people in the organization to follow. Directors and Managements have duty to report their securities holding as prescribed by the Office of the Securities and Exchange Commission to the Board (SEC) on a regular basis.

4. The Board and Managements shall disclose information of beneficial interests and related parties for Board's consideration on the transactions that may have conflict of interest and has decision for the Company's benefits. Directors and Managements are duty-bound to report the Company of their or related parties' beneficial interests, which are related to administration and management of the Company and subsidiaries. The Company has prepared the form on reporting interests of Directors and Managements as prescribed by law. Directors and Managements have to report any change to the Company and review such report on immediate report prior making any connected transaction. Company Secretary will send copies of such report to Chairman of the Board and Chairman of Audit Committee for information. Directors and Management who have beneficial interests in any transaction will not be entitled to vote on such transaction. The Company will strictly comply with the laws, notifications and criteria of the SET and the SEC.

Chapter 3 Role of Stakeholders

The Company recognized the importance of stakeholders' rights, engages in no conduct that violates the stakeholders' rights and promotes the cooperation between the Company and stakeholders concerned which will enhance ensure the Company's sustainable stability.



Stakeholders of the Company comprise of shareholders, customers, trade partners/creditors, competitors, employees, government sector, community/society, and environment.

1. The Company has developed and adopted a code of business ethics for all its Directors, Management and employees to acknowledge and strictly follow as guidelines in work performance, and imposed penalty in case of non-compliance, which has disclosed through Company's website: www.richasiasteel.com in topic "Code of Business Ethics".

2. The Company has established a corporate social responsibility policy and conducted activities that represent its implementation of such policy, as well as promoted and supported its employees' participation in such implementation, which have show in item 10. "Corporate Social Responsibility" (CSR).

3. The Company has mapped out an anti-bribery and anti-corruption policy, and supported activities that promote and encourage all employees to perform in conformity to the relevant rules and laws, which has disclosed through Company's website: www.richasiasteel.com in topic "Code of Business Ethics".

4. The Board has imposed whistle blowing and complaint measures in relation to possible legal offenses, accuracy of financial report, defective internal control system, or breach of code of ethics, and put in place mechanism to protect the rights of whistle blowers and complainants, such as keeping their identities in confidentiality, etc., to encourage stakeholders to join in taking care of the interests of the Company more efficiently.

Direct channel for whistle blowing or complaint filing to Audit Committee members (independent directors) of the Company are

1. By post: Send to Audit Committee members of Rich Asia Steel Plc., No. 636 Bangkhunthian-Chaithalay Road, Thakham Subdistrict, Bangkhunthian District, Bangkok 10150

2. By email: audit@richasiasteel.com

Chapter 4 Disclosure and Transparency

The Board gives importance to complete, timely and transparent disclosure of important information relating to the Company, both financial and non-financial, to the shareholders and investors as well as parties concerned on an equitable and reliable basis.

1. The Company provide dissemination of news and information according to SEC and SET regulation, including other relevant information such as financial statements, operating results, annual disclosure registration (form 56-1), annual report, and other information disclosed to the public via the SET's electronics system for investors on complete, timely and equal access.

2. Besides information disclosure as per regulation via SET channel, the Company has disclosed major information relating to the Company, such as business information, list of Directors and Managements, financial report, shareholding structure, structure of group of companies, details on



shareholders' meeting, form 56-1, annual report, news report to the SET, and corporate governance policy on the Company's website. Investors may read and/or download updated information at www.richasiasteel.com.

3. The Board has report of the Board of Directors' responsibility for financial reports accompanied with auditor's report in the annual report to exhibit the accuracy, truthful and reasonably Company's financial reports in compliance with the accounting standards and appropriated policies on a consistency practice.

4. The Board encourage the Company to provide clarification of management discussion and analysis (MD&A) to disclosed in annual financial statements so that investors can better acknowledge information and understand changes occurring in the Company's financial position and operating results in each year which is not solely numeral data in the financial statements.

5. The Board ensures to disclose audit fee and other service fees.

6. The Board ensures to disclose of name-list, roles and responsibilities of the Board and Committees, number of meetings held, and number of meeting attendance by each director in each year, including professional knowledge and training of Board and committee members.

7. The Board ensures to disclose policy on remuneration payment Directors and top Managements, and amount of remuneration paid to top four Directors and Managements from Chairman of Executive Committee downward. The amount disclosed will also include remuneration received by each director in subsidiaries (if any).

8. The Company assigns Company Secretary to take charge of communicating with investors/shareholders as center for disseminating the Company's news and information. For more information, investors/shareholders may contact Company Secretary, telephone: 0 2453 6277 ext. 313, or email: secretary@richasiasteel.com.

Chapter 5 Responsibilities of the Board

The Company recognized the importance of the Board of Directors' roles and responsibilities for the Company and the shareholders, whereby the Board is responsible for overall performance of duties in the best benefits of the Company and the shareholders.

1. Board structure

1.1 The Board is composed of at least five members, and half of them must have domicile in the kingdom. Independent directors shall represent at least one-third of the total number of Board members and be no fewer than three.

1.2 The Board members comprise professionals with leadership, vision, knowledge, capabilities and experience in the fields beneficial to the Company, and possessing qualifications as prescribed by law and articles of association of the Company, as well as dedication of time and efforts in



performing duties properly with integrity, prudence and due care for the best benefits to the Company and fairness to the shareholders.

1.3 The Board requires qualifications of independent directors to be more strictly than those prescribed by the notification of the Capital Market Supervisory Board as follows.

1) Not hold shares of the Company in excess of 0.5% of the total number of voting shares of the Company, or the Company's parent, subsidiary or associated company, or the Company's major shareholder, or the person having controlling power over the Company, while the number of shares held by any person related to the independent director must also be counted.

2) Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Company, the Company's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, or a person having controlling power over the Company, unless such independent director has not been a person referred to above for at least two years, excluding independent director who has been a government official or advisor to a government agency which is the Company's major shareholder or a person having controlling power over the Company.

3) Not be a person having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of an Management, major shareholder, a person having controlling power, or a person to be nominated as the Management or that who has controlling power over the Company or its subsidiary.

4) Have no or have had no any business relationship with the Company or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Company, in a manner that may prevent his/her due and independent use of discretion; and also not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Company, unless such independent director has not been a person referred to above for at least two years.

Business relationship in the above paragraph shall cover any ordinary course of business or trade for business engagement purpose, property rent or lease, transaction relevant to asset or service, giving or receiving financial assistance in form of loan or guarantee, offering assets as collateral, and any other similar conduct, which causes the Company or its counterparty to be liable for debt settlement to another party in an amount equivalent to 3% or more of the net tangible assets of the Company or 20 million baht or more, whichever is lower. The calculation of the said debt shall accord with the calculation of a connected transaction prescribed in the Capital Market Supervisory Board's notification regarding criteria on connected transactions *mutatis mutandis*. However, consideration of the



said debt shall include the debt incurred during the 1-year period prior to the date on which such business relationship takes place.

5) Not be and have not been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power; and not be and have not been a shareholder in material respect, a person having controlling power, a partner of an auditing firm for which the auditor of the Company, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Company has been working, unless such independent director has not been a person referred to above for at least two years.

6) Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million baht a year from the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Company; and not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years.

7) Not be a director who has been appointed as a representative of the Company's director, the major shareholder, or the shareholder related to the Company's major shareholder.

8) Not engage in the business of the same nature as or competing with that of the Company or its subsidiary; or not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than 1% of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Company or its subsidiary.

9) Not have any characteristics that prevent the director from giving independent opinions on the Company's operations.

1.4 The Company has segregated responsibilities between the Board of Directors and top Managements. Chairman of the Board shall be an independent director, not being the same person as the top Management and having no relationship with the management. The Board shall take the lead and play a vital role in deciding on policies, supporting and giving suggestions on business operations, and not being involved in normal daily operation which is under the management's responsibilities. Particularly, the independent director has a significant role of giving opinions to the Company. This will help balance the power of reviewing the Company's business administration.

1.5 The Board has appointed a qualified person as Company Secretary to perform as below:

1) Arrange shareholders' meetings and Board meetings in accordance with the applicable law, articles of association of the Company, and other relevant procedures.

2) Prepare and retain directors register, invitation notice and minutes of Board meetings, invitation notice and minutes of shareholders' meetings, and annual report.



3) Maintain reports of beneficial interests of directors and Managements for submission as required by law.

4) Ensure disclosure of news and information in the part under responsibility to the relevant regulatory bodies.

5) Provide preliminary advice and recommendations pertaining to legal, regulatory and governance issues and practices to the Board.

6) Follow up activity and support performance of duties of the Board and the Company to conform to the applicable law, the Board resolutions, the resolutions of the shareholders' meetings, and relevant rules and regulations.

2. Term of directorship

2.1 At every annual general meeting of shareholders, at least one-third of the directors shall retire by rotation. If the number of directors is not a multiple of three, the number of directors closest to one-third shall vacate. The director to vacate in the first year and the second year after the Company's establishment registration shall be determined by drawing lots, and in the years afterward, the director who has held office longest shall vacate. A retiring director is eligible for re-election.

The Company has not stipulated the number of term of directorship each director is entitled to, viewing that its directors knowledgeable and competent, having set policies and given advice on solutions of problems in the business operations at the standards expected by the Company. Therefore, to ensure consistency in the business management and for the benefits of the Company, election of qualified persons to assume directorship is the right of the shareholders to decide on the persons to perform duties on their behalf in formulating policies and overseeing the Company owned by the shareholders.

Besides retiring by rotation, a director shall vacate in any of the following cases:

- (1) death
- (2) resign
- (3) disqualified or prohibited as prescribed by public company law
- (4) resolution of the shareholders' meeting
- (5) the court's order

2.2 Any vacancy among Board members occurring otherwise than by rotation, the Board may elect any person having qualifications and not prohibited as prescribed by the public company law as director to fill the vacancy at the next meeting, unless the remaining duration of the director's term of office is less than two months. Any person who be appointed on substitution shall retain the remaining term of the vacating director.

2.3 Each director may hold directorship not more than five listed companies.

2.4 Directorship of Chairman of the Executive Committee and top Managements of the Company in other companies shall be subject to approval by the Board.



3. Roles, duties and responsibilities of the Board

3.1 Perform duty in conformity to the law, and the objectives and articles of association of the Company, as well as the resolutions of the general shareholders' meetings; and have the power to perform as specified in the memorandum of association or those related thereto. The Board may assign any one or several persons to perform on the Board's behalf. By such assignment, the assignee shall have no power to approve the transaction in which he/she or a person that may have conflict ("person that may have conflict" shall be defined as prescribed in the notification of the SEC) has beneficial interests or may have conflict of interest in any other nature with the Company or subsidiary.

3.2 Oversee and determine the Company's significant policies regarding principles in business operations, finance, fund raising, capital management, and risk management.

3.3 Consider investment matters, by approving budgets for investment projects of the Company, and monitoring the implementation of such projects in line with the plans set out.

3.4 Oversee the Company's business operation to make sure it meets or exceeds the targets set forth, and lay down solution guidelines to cope with any problems and obstacles in order to meet or exceed the targets set forth.

3.5 Ensure the Company prepares reports on general and financial information to be submitted to the shareholders and stakeholders or investors in general in an accurate and timely manner and as prescribed by the law.

3.6 Acknowledge significant audit reports of Audit Committee or Internal Audit Department as well as the external auditor and advisors of the Company, and have the duty to establish guidelines for improvement or remedy in case of finding any material deficiencies.

3.7 Review and opine on adequacy and appropriateness of the Company's internal control and risk management systems.

3.8 Put in place a succession plan for human resource management.

3.9 Appoint Audit Committee members and endorse scope of power, duties and responsibilities of Audit Committee

3.10 Appoint Executive Committee and endorse scope of power, duties and responsibilities of Executive Committee.

3.11 Consider matters with conflict of interests with prudence, with clear guidelines and in the best interests of the Company and the shareholders as a whole, as well as ensuring persons with beneficial interests not participating in the decision making process; and monitor to ensure performance conforms to the criteria and procedure in place and disclosure of such transactions is accurate and complete.

3.12 Establish written corporate governance policy and ensure review of the policy and the implementation of which is carried out at least once a year.



3.13 Draw up written code of business ethics for all Directors, Managements and employees to understand the business framework and work procedure and practice; and ensure review of the code and the implementation of which is carried out at least once a year as well as there is strict compliance with which regularly.

3.14 Institute an internal audit work unit to take charge of examining the internal control system and significant transactions on a regular basis, to make sure the system is efficient which will enhance reliability of the Company's financial statements. Audit Committee shall be tasked with supervising the internal audit work unit, covering operation, compliance, dealing with irregularities, and appropriate risk management for the maximum benefits of the Company.

3.15 Make available whistle blowing channel to Audit Committee members via the Company's website.

3.16 Put in place a governance mechanism on subsidiaries to protect the Company's investment benefits, thereby the Company will consider candidates qualified for charging on the boards of subsidiaries to control subsidiaries' operations in line with the Company's policy and to ensure their transactions are carried out with adherence to the law, and the SET and the SEC criteria.

4. Nomination and appointment Directors and top Management

At present, the Company has not yet appointed the Nomination Committee to take charge of its director and top Management nomination process. However, the Board has considered qualified persons using the nomination criteria and method in place based on the qualification criteria pursuant to Section 68 of the Public Limited Companies Act, B.E. 2535 (1992) and other relevant laws, and focusing on persons with capabilities, knowledge, competence, experience and expertise from diverse fields.

5. Board meeting

5.1 Meeting schedule for each year is planned and sent to each director in advance.

5.2 Board meeting is held at least four times a year.

5.3 Chairman of the Board and Chairman of the Executive Committee will jointly consider issues to be put on the agenda, and also allow directors to propose issues considered beneficial to the Company for the agenda.

5.4 Invitation notice and meeting documents are sent to all directors at least five business days in advance so that directors will have enough time to consider and study the details, except in urgent case where the document may have to be sent less than five business days in advance.

5.5 Each director should attend the meeting at least 75% of the total number of meetings held in each year.

5.6 Chairman of the Board will allocate adequate time for the management to present information and discuss major problems, and promote prudent exercise of discretion and adherence to good corporate governance.



5.7 The Board encourages top Managements to attend the meeting to give additional details of the issues under consideration as they are related directly to such issues.

5.8 The Board can acquire additional information as required from the management and company secretary, and if necessary, the Board may seek independent opinions from external advisors or professionals at the Company's expense.

6. Assessment of Board's performance

The Board has laid down criteria and made available assessment of the whole Board's performance once a year using the assessment form according to the SET guidelines and adjusted to be appropriate for the Company. The assessment form covers six topics, i.e. Board structure and qualifications; roles, duties and responsibilities of the Board; Board meeting; Board's performance of duties; relationship with the management; and Board's self-development and development of Managements. The assessment is not on an individual basis. It aims to allow all Board members to jointly consider and review their performance, problems and obstacles facing throughout the past year, in order to work out improvement and rectification. Result of the assessment will be concluded by the management and proposed for the Board's information. In 2014, the assessment of Board's performance is 98.71%.

7. Director remuneration

At present, the Company has not yet appointed the Remuneration Committee to consider and determine director remuneration. However, the Board has considered and determined director remuneration based on the Company's operating result, level of responsibility assigned, and comparison with that of other companies of the same or similar type and size of business, before submission to the annual general meeting of shareholders for consideration and approval.

Director remuneration is composed of meeting allowance and performance bonus, payable at 10% of dividend, but not exceeding 7 million baht.

Committee members whose assigned duties are additional duties from normal Board duties, i.e. Audit Committee members, are entitled to receive meeting allowance.

Managements receive remuneration in form of monthly salaries and annual bonus, mainly performance-based.

The Company's annual payment of remuneration for Board and committee members and Managements shall not be too high when compared with average remuneration of listed companies on the SET and with maximum benefits of the Company taken into account.

The details of Director and Management remuneration have shown in item 8. Management Structure.



8. Development of directors and Managements

8.1 The Board encourages and supports training and provision of knowledge to Board members, Audit Committee members, and company secretary to ensure consistent improvement of their performance.

8.2 When a new director is appointed, the management or the persons assigned will prepare and make available documents and information beneficial to performance of duty of the new director, including introduction of the Company's nature of business and business direction to the new director.

8.3 The Board ensures the Company has drawn up a Management development and succession plan to cope with the situation when any of the top Managements cannot perform duty.

9. Committees

The Board has instituted two Committees to assist in monitoring and scrutinizing significant issues, i.e. Audit Committee and Executive Committee.

9.1 Audit Committee

Audit Committee is composed of at least three independent directors, with a term of office of three years, who are not directors assigned by the Board to decide on the business operations of the Company, the Company's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, or a person having controlling power over the Company, and not directors of the parent company, subsidiary, or subsidiary at the same level that is a listed company, and appointment of whom shall be made by the Board. At least one of the appointed Audit Committee members shall have adequate knowledge and experience in reviewing the reliability of the financial statements. Duties and responsibilities shall be as assigned by the Board and meeting shall be held at least quarterly.

At present, Audit Committee consists of 3 members, all of whom are Independent Directors. The Audit Committee named as follow:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Mr. Surapong Churangsarit	Chairman of Audit Committee	4/4
2. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Audit Committee	4/4
3. Pol.Lt.Gen. Mongkol Kamolbutra	Audit Committee	3/4

Members of the Audit Committee No.1 and 2 have sufficient knowledge and experience to review the reliability of financial statements.



Scope of power, duties and responsibilities of Audit Committee

- 1) Review the Company's financial statements to ensure accuracy and adequacy.
- 2) Review and ensure that the Company has suitable and efficient internal control system and internal audit system, and review to ascertain that internal audit function is independent, as well as concur appointment, transfer or removal of head and/or officers of internal audit work unit or any other unit with task related to internal audit.
- 3) Review to ensure compliance with the laws on securities and exchange, the SET regulations, and other applicable laws relevant to the Company's business.
- 4) Select, nominate and recommend appointment of a person with independence as the Company's external auditor and fixing of the audit fee, as well as attend the meeting with the external auditor without participation by the management at least once a year.
- 5) Review connected transactions or transactions that may lead to conflict of interest to ensure transactions are conducted in compliance with the law and regulations of the SET and that transactions are entered with reasonableness for the maximum benefits to the Company.
- 6) Prepare Audit Committee report, signed by the Audit Committee Chairman, and disclose it in the annual report of the Company, containing at least the following information:
 - (a) Opinion on the accuracy, completeness and integrity of the Company's financial statements.
 - (b) Opinion on the adequacy of the Company's internal controls.
 - (c) Opinion on compliance with the laws on securities and exchange, the SET regulations, and other applicable laws relevant to the Company's business.
 - (d) Opinion on suitability of the Company's external auditor.
 - (e) Opinion on transactions that may lead to conflict of interest.
 - (f) Number of meeting held during the year and number of each member's attendance.
 - (g) Overall opinion and remark from performance of duties according to the charter.
 - (h) Other information, within the scope of the roles and responsibilities assigned by the Board, which is deemed necessary for the shareholders and general investors.
- 7) Other functions as assigned by the Board and with the consent of the Audit Committee.

9.2 Executive Committee

Executive Committee is prescribed by the Board to be composed of at least three members, but not exceeding five members, selection of whom is made from among Board members or employees or persons with knowledge and competence and not being members of Audit Committee. Duties and responsibilities shall be to supervise the Company's business operations as assigned by the Board and with reporting directly made to the Board.



At present, all 4 Executive Committees consist of following:

- | | | |
|-------------------|----------------|-------------------------|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarojana | Executive Committee |
| 4. Mr. Teera | Phoncharoensuk | Executive Committee |
| 3. Mrs. Nusara | Taravanich | Executive Committee |

Scope of power, duties and responsibilities of Executive Committee

1) Have power to decide on the Company's significant operational issues by determining scope, type or size of the business, objectives, business framework and policy within the scope of power delegated, and supervising and monitoring the overall business operations, productivity, and relationship with customers, as well as having accountability for the Board.

2) Consider and approve the Company's procurement and investments for business expansion, including acquisition of fixed assets, for submission to the Board for approval in case such procurement and investments for business expansion, including acquisition of fixed assets, are beyond the scope of power and duties assigned by the Board.

3) Have power to decide on procurement and selling of raw materials in the production and/or the products and/or the component parts of the products, which is in the normal course of business operations, at the weight of not exceeding 30,000 tons per transaction.

4) Have power to approve expenses in the normal course of business operations.

5) Have power to conduct and express oneself as representative of the Company to external parties in the business related to and beneficial to the Company.

6) Consider the Company's fund raising activity for submission to the Board meeting.

7) Approve appointment of advisors in various fields as necessary to the business operations.

8) Conduct activity in relation to general business administration of the Company.

9) Consider and approve action plans of all departments, and requests submitted by them on the issues beyond their scope of authority.

For the purpose, the Executive Committee may authorize each Executive Committee, if any, to conduct any activities within the specified scope of work, duties and responsibilities of the Executive Committee. Therefore, the authorized persons have no authority to approve any transaction which himself or any person who will be beneficiary or conflict of interest to the company or subsidiaries. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the Exchange or laws. (Definition of "The person who may has conflict" means according to the announcement of Securities and Exchange Commission)



Establishment of Authority Approval

Executive Committee has authority to approve purchasing and procedure under the scope as specified in Regulations of Executive Committee's Authority which details as following.

1. Executive Committee has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 1,200 million baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 50 million baht per transaction. In case of beyond authorized limit, must propose to Board of Directors for approval.
2. Chief Executive Officer has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 20 million baht per transaction. In case of beyond authorized limit, must propose to the Executive Committee for approval.
3. Managing Director has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million baht per transaction. In case of beyond authorized limit, must propose to Chief Executive Officer for approval.

Authorities and responsibilities of Chief Executive Officer

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. Such approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million baht per transaction and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense, selling and administration expense not over 20 million baht per transaction. In case of beyond the budget or authorized limit, must propose to the Executive Committee for approval.
- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.



- 7) Be the authorized person who is charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Director/Chief Executive Officer or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

Authorities and responsibilities of Managing Director

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. It is approval to purchase and sell raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million baht per transaction. In case of beyond the budget or authorized limit, must propose to the Chief Executive Officer for approval.
- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who is charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Managing Director or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

Overseeing the operations of its subsidiaries

The Board of Directors has oversight mechanisms that enable to manage and responsible for the subsidiaries' operations in order to maintain interest in the company's investment by nominated Directors



and Managements to be directors in Subsidiaries and such nomination has been approved by the Board of Directors.

In addition, the Directors and Managements who have been appointed by the subsidiaries must monitor its subsidiaries to have regulations regarding the related transaction, the acquisition or disposition of assets, or any other major transaction of subsidiaries to be complete and correct and apply the rules relating to the disclosure and the above transaction in the same manner as the Company's criteria including monitoring the information storage and accounting system of the subsidiaries that can be audited and gathered for consolidation the financial statements in due time.

Use of inside information policy

The Company has instituted a policy on securities trading and use of inside information not yet disclosed to the public for personal or others' benefits and pass consent from Board of Directors as follows.

1. The Company has informed the Board members and the management of their duties to report their securities holding in the Company and that by spouse and underage children, to the Office of the Securities and Exchange Commission pursuant to Section 59 and penal provision pursuant to Section 275 of the Securities and Exchange Act, B.E. 2535 (1992), including the change in their securities holding in the Company and that by spouse and underage children, and to send a copy of the report to the Company on the same day as that of sending the report to the Office of the Securities and Exchange Commission.

2. The Board members, the management, and the employees are forbidden from using inside information not yet disclosed to the public and that of material respect in the way that may impact the Company's securities price for his/her own benefit; and from trading securities of the Company in the period of one month before the Company's financial statement or such inside information is disclosed to the public; as well as from disclosing material information to other persons.

The Company has imposed disciplinary penalty on the person seeking gains from using or disclosing inside information that may cause damage to the Company by penalizing that person as reasonable for the case, including verbal warning, written warning, probation, and termination of employment by way of dismissal, removal, or discharging, as the case may be.



Corporate Social Responsibility : CSR

CSR in Process

1. Overall Policy

The Company and Subsidiaries have policies to process the corporate social responsibility (CSR) projects continually and efficiency for corporate social responsibility management and corporate social responsibility monitoring by focus on CSR in process that concerned to the stability of economics, social, and environment under social responsibility which benefits to organization development and strengthen the business operation to grow stability.

2. Process of Corporate Social Responsibility

In 2013 the Company and Subsidiaries have begun the process of CSR projects by focus to the collaboration of community and social development which the objective for supporting to develop personnel in several profession to meet labor shortages and promote the professional skills and ability as well as the knowledge to individuals in community and society. The Company has participated in vocational bilateral system which is a partnership between the educational institutions and the company to develop skill workers to match the labor requirements. The students who attend this program will be studied both in education and vocational training in the workplace to achieve professional skills and direct experience. Upon graduation the students can compete and will be accepted from the workplace or they can study in the higher levels.

The Company and subsidiaries' reason to participate in vocational bilateral system due to the labor market's shortage of skill workers such as electrician and welder has joined the project with educational institutions in the community nearby the Company and subsidiaries by allow the students to train profession skill in order to develop the students' qualification matching to the Company and subsidiaries' real requirement.

- Rich Asia Steel Public Company Limited has joined with Sumutprakarn Technical Collage. In December 2013, there are 10 students applying for career training at the plant for the welder position which 2 students started training in May 2014.

- Thai National Product Co., Ltd. (Subsidiary) has joined Nonthaburi Technical College. The professional training program opened for application in December 2014, in which 2 students came to apply for training as mechanics.

The Company also supports to generate revenue the nearby community by contacting to the education institutions which are Sumutprakarn Technical Collage, Bangkok Technology College and permit the students to be trained as trainee and recruit as an employee after graduation.

3. Business operation which impacted to Corporate Social Responsibility

- None -



CSR after Process

Activities which benefit to Corporate Social Responsibility and Environment (after process)

In 2014 the company has supported the CSR activities (after process) as follows:

- The company and Subsidiaries' employee have joined CSR activity under 5S objects which are SEIRI, SEITON, SEISO, SEIKETSU and SHITSUKE in order to manage and improve office and factory work place for convenience, tidiness and cleanness that can create a good environment and conducive to good performance, safety and work quality as a basis for increase productivity.

- The company and Subsidiaries' employee joined CSR activity under "5S develop the temple" at Chamnan –Rangsan temple, Salika, Meung, Nakon-Nayok Province. The activity at the temple was landscape improvement by using 5S objects.

- Participation in religion activities, promote and support material to the various temples and communities. Especially during religious festival such as joined candle offering at Prateep Plee Phol Temple, Bangkok which is located closed the Company.

- The Company and Subsidiaries joined United Kathin which is making an offering to the monk for joined donating to build monk's house and used the company's products such as various type of steel. Making steel structure donated to Chumnan – Rangsan temple, Nakon-Nayok province for assemble the monk supply's cabinet.

- Having careful measures to prevent the nearby communities affected from the operations of the company such as having a wasted water treatment and water reuse in the production cycle without releasing into the surrounding area or community.

- Generated income to the community and employ the people who live in nearby area.

Additional Guidelines on prevention the corruption involvement.

The Company has policy of anti-corruption and having written guidelines in the Code of Ethics in Business which has been approved by the Board of Directors and announced to the Directors, Management and Employees to aware of and adhere to the guidelines in their operation. The audit committee and the auditors have also reviewed the adequacy of internal control systems, The company provides the channel for reporting if anyone notice the inappropriate behavior, fraud, non-compliance with laws or regulations issued by government agencies which has been posted on the company's website: "www.richasiasteel.com" under the topic of "business ethics" and the Board of Directors has determined to review the appropriateness of policy annually. The Board of Directors' Meeting No. 5/2557 held on November 14, 2557 has reviewed the policy and approved to continue using the existing policy.



Internal Audit and Risk Management

Board of Director's Meeting no 3/2015 on February 26, 2015 which all 3 Audit Committees were in the meeting. They evaluated the adequacy of Internal Audit System of Rich Asia Steel Public Company Limited in 5 areas of Internal Audit System which are organization and environment, risk management, controlling management performance, information system and follow up system. The meeting has an opinion that the company has adequate internal control system as follow:

1. Organization and Environment

The company has set up appropriate business goals, explicit and measurable investment plan to be operation criterion for employees. The operation goals are determined by assessment of possibility expectation which being careful consideration by Board of Directors prior to determine targets including monthly performance evaluation. The company has concise structured organization which can be manage effectively and also have written policy, regulations and procedure of work for operation.

2. Risk Management

The Management all time assess business and economic circumstances and analyze internal and external risk factors, opportunity and possible effects to the company in order to define measurement to reduce risk levels. Providing that there also be risk assessment by internal audit department, who presented to Audit Committee and Management for seeking the methodology of preventive and reduction risk including follow up the assessment review and information update periodically.

3. Controlling Management Performance

The company has clearly and in written set authority and approval limits for each level of management and divide important responsibilities separately for instance approval authority, accounting records and information, and assets controlling. For transactions with major shareholders, directors or Managements and related company are based on normal business transactions and treated similar to other parties which be optimized benefits to the company. The Audit Committee has considered such transactions quarterly and assigned internal auditor to verify such transactions and report to the Audit Committee including company's disclosure of details and conditions of such transaction in Notes to financial statements which reviewed by the external auditor. The company has arranged supervisors meeting in order to follow up the operation result thru Key Performance Indicator, analyze and consult inter department which would be a channel to exchange information and efficiency of controlling.



4. Information System & Communication

The company realized on information technology systems and focused to develop organization's network for efficient management which can be served information storage, the efficient and real time reporting. The company has contacted consultants to study and analyze workflow system for information systems assessment including propose and select the most appropriate information system which result to Enterprise Resources Planning (ERP) selection for replacement previous system. This ERP system can be served current and future necessity of the company and there are new functions that can be developed continually.

5. Follow up System

The company provides meeting between the Audit Committee and top executive quarterly. In 2014 there are four times meeting to summarize internal audit report and monitoring report with Management.

The company has established the Internal Audit Department on 3 October 2005 to assess, analyze risk factors and provide feedback of internal control system which is including the financial audit, operation audit, compliance audit, reviewing related transactions, and arrange audit report presented to the Audit Committee. The recommendation of the Audit Committee regarding credit term approval is in accordance. There is also a meeting with management to consider about the observations and recommendations from the review of financial statement by external auditor regarding the transaction of extension of deposit for investment.

Board of Directors conclude that the company conform good corporate governance and adequate Internal control system according to SEC'S evaluation form especially the internal control of related transaction with major shareholders, directors, management and related to such person.

Head of internal audit

In the meeting of Audit Committee No.6/2007 which was held on 13 November 2007 endorse that Mr. Vorapoj Chaisantana was in the position head of internal audit since November 2007, Mr. Vorapoj has experienced in internal audit for 20 years and has trained in Internal Audit Course at Internal Auditors of Thailand. So, he is appropriate to perform in this position because he understands in all activities and operations of the company.

Thus, the consideration to appoint, rotate, lay off head of Internal Audit should be consent from Audit Committee.



Related Parties Transactions

The transactions between the Company and any person who may have conflicts of interest that occurred in 2013 and the year 2014

Company / People	Relationship	Transaction Account	2013 (Million Baht)	2014 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
G. T. Steelwork Co., Ltd. Nature of Business: Manufacturing and distribution of steel and scrap iron.	Ms. Angkarn Tantiviroon and family(father, mother, and siblings) are directors holding 34.81%, respectively in G.T. Steel Work Co., Ltd.	1. Payable 2. Other creditors	8.647 3.100	8.647 3.100	<ul style="list-style-type: none">- 1st Payable and purchase in items occurred by G.T. Steel Works, was trading of goods which with normal terms and conditions comparable to non-related customers.- The 2nd items occurred by The Company purchased materials from G.T. Steel Co., Ltd. Terms and conditions are normal business transactions comparable to non-related customers. <p><u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit the company. Terms and conditions are normal business transactions.</p>



Company / People	Relationship	Transaction Account	2013 (Million Baht)	2014 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
PNB INTER GROUP Co., Ltd. Nature of Business: Marble, granite, steel	A client of Rich Asia Public Co., Ltd. Mr.Kamol Wantanakanin, director of PNB INTER GROUP Co., Ltd and shareholder of the Thai National Product Co., Ltd. 1,000,001 shares, held 3.69%.	1. Trade Receivable 2. Revenue from the sale of FG	- -	3.703 13.191	- 1 st Trade receivable and revenue from the sale of 2 nd items occurred by the company sales of finished goods. The transactions were trading of goods with normal terms and conditions when compared with non-related customers. <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit the company. Terms and conditions are normal business transactions.
STAR DECOR & DESIGN. Co., Ltd. Nature of Business: Marble, granite, steel	A client of Rich Asia Public Co., Ltd. Mr.Kamol Wantanakanin, director of PNB INTER GROUP Co., Ltd and shareholder of the Thai National Product Co., Ltd. and shareholder of the Company 1,000,001 shares, held 3.69%.	1. Trade Receivable 2. Revenue from the sale of FG		5.004 9.640	- 1 st Trade receivable and revenue from the sale of 2 nd items occurred by the company sales of finished goods, The transactions were trading of goods with normal terms and conditions when compared with non-related customers. <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit the company. Terms and conditions are normal business transactions.



Company / People	Relationship	Transaction Account	2013 (Million Baht)	2014 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Miss Angkarn Tantiviroon	Chief Executive Officer director and shareholder of Rich Asia Steel PCL (as Director and Management during in January 1 - May 13, 2014)	Guarantees of mortgage contracts and land without any compensation or other benefits.	Without considering any other benefits.	Without considering any other benefits.	Ms. Angkarn Tantiviroon contracted a guarantee to secure loans in favour of the company to a financial institution without considering any other benefits. <u>Audit Committee's Opinion</u> Such transaction is beneficial and reasonable to company's operation.

As of December 31, 2014 the company received loans from 2 commercial banks of the short-term loan, letters of credit / trust receipt and note receivable discount, long-term loans total amount of Baht 1,171 million, principal total amount of Baht 1,074.35 million, all credit line secured by the mortgage of the company's properties and Director's (Miss Angkarn Tantiviroon) properties including personal guarantee by Director (Miss Angkarn Tantiviroon).



The measures or steps for approval of the related transactions

At present, the company has set the measures and the steps for approval of the related transactions, which will take the company's advantage into consideration, with the utmost importance. The company also compared such transactions with transactions to the unrelated parties by prohibiting related executives to participate in the approval of such transactions. The company also allows The Audit Committee to check and offer opinions for the suitability of such transactions.

Policy and tendencies of future related transaction

1. Related transaction between the company and the related persons

1.1 Other companies in the related parties' transaction section: the company will continuously trade with other company by having referable market price.

1.2 Ms. Angkarn Tantiviroon : the securing of loan of the company in the director's name for the company by using director's own asset, will be carried on.

2 Policy for the future other related parties' transactions

In the future, if the company has the necessity to make transactions with related parties including companies that used to be related with the company (presently, not related to the company as disclosed in the related transaction table) or if the company has to make the related transaction with persons who might have conflict of interest or might have the conflict of interest in the future, such transactions will be made in case the company has the necessity. The company also has the policy to set any condition according to normal business term and market price which can be compared with the price of non-related parties. The Audit Committee will be the one who gives opinion about the necessity and suitability of such transaction. In the case where The Audit Committee has no expertise to inspect the related transaction that might happen, the company will ask for the opinion about such related transaction from the companies auditor or independent experts in order to use such opinion for the consideration of the board of directors or the share holders depending on the case.

The board of directors will act in accordance with the law concerning the securities and stock exchange also rules, notifications, orders, or the regulations of the Stock Exchange of Thailand including to practice of related transactions and the acquisition or sale of the important assets of the company or its subsidiary in order to make the decision to make such transaction unable to create conflict of interest and create the utmost benefit to all the share holders. The company will disclose the such related transactions in the annual information disclosure (form 56-1), companies' annual report, and notes to financial statements which have already been inspected by the auditor of the company.



Financial Highlights

(Unit : Million Baht)

STATEMENTS OF INCOME (CONSOLIDATED)	2014	2013	2012
Revenue from sales and services	3,035.36	3,570.10	3,017.84
Gross Profit (Loss)	(11.02)	(24.97)	(88.54)
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	489.15	(182.44)	(110.89)
Finance costs	183.49	274.48	337.97
Profit (Loss) before share of profit on investment in associate and income tax	305.66	(456.93)	(448.86)
Profit (Loss) for the year	307.66	(425.28)	(425.83)
Profit for equity holders of the parent company	306.82	(357.92)	(355.60)

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED)	2014	2013	2012
Total assets	3,578.47	3,961.33	4,286.99
Total liabilities	2,267.14	3,380.88	3,292.69
Share capital-common shares			
Authorize share capital, par 1.00 Baht	2,400.00	4,000.00	4,000.00
Issued and fully paid-up share capital, par 1.00 Baht	2,400.00	1,002.91	1,002.91
Total equity attributable to equity holders of the parent company	1,042.77	312.89	659.38
Non - controlling interests	268.56	267.57	334.93
Total shareholders' equity	1,311.33	580.46	994.30

Financial Ratio	2014	2013	2012
Liquidity Ratio (times)	3.08	1.26	0.96
Gross Profit Ratio (%)	(0.36)	(0.70)	(2.93)
Net Profit Ratio (%)	8.39	(11.78)	(13.90)
Return on Equity Ratio (%)	45.27	(73.63)	(42.60)
Debt to Equity Ratio (times)	1.73	5.82	3.31

Remarks: 1. Above financial statement was consolidated financial statement
2. 2012 restated financial statement



Management's Discussion and Analysis (MD&A)

1. Analysis of past performance

(Unit : Million Baht)

STATEMENTS OF INCOME (CONSOLIDATED)	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and services	3,035.36	100.00	3,570.10	100.00	3,017.84	100.00
Cost of goods sold and services	3,046.38	100.36	3,595.06	100.70	3,106.38	102.93
Gross Profit (Loss)	(11.02)	(0.36)	(24.97)	(0.70)	(88.54)	(2.93)
Other Revenue	631.54	20.81	38.94	1.09	44.81	1.48
Profit before expenses	620.52	20.44	13.97	0.39	(43.73)	(1.45)
Expenses	131.37	4.33	196.41	5.50	67.15	2.23
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	489.15	16.12	(182.44)	(5.11)	(110.89)	(3.67)
Finance costs	183.49	6.05	274.48	7.69	337.97	11.20
Profit (Loss) before share of profit on investment in associate and income tax	305.66	10.07	(456.93)	(12.80)	(448.86)	(14.87)
Profit (Loss) for the year	307.66	10.14	(425.28)	(11.91)	(425.83)	(14.11)
Profit for equity holders of the parent company	306.82	10.11	(357.92)	(10.03)	(355.60)	(11.78)

Remark: 2012 restated financial statement



Overview of Operating Performance

Company and its subsidiaries had revenue classified by product category **consist** revenue from the distribution of round bar, steel products, structural steel products and spun piles include delivering and pile driving and revenue from sale of concrete railway sleepers.

Operating performance in 2014 with revenue amount of 3,035.36 million baht, revenue in 2013 amount of 3,570.10 million Baht. In 2014 revenue decreased 534.74 million baht or 14.98% from the same period last year due to the company had orders from customers decreased and **the** automobile production decreased. And the announcement of project of investment in the infrastructure, transportation, and construction in the period this year also not very clear. In additional the price competition from China, which has a production capacity exceeds demand in the race in the country that affected to the selling price of the domestic steel market. As a result, manufacturers and traders affected. This has resulted in revenue from the sale of the Company and certain subsidiaries decreased from the same period last year.

For other revenue and other profits of 2014 increased amount of 592.60 million Baht or increased 15.26% from the same period in 2013 due to the Company had gain on debt restructuring from financial institution and gain on debt restructuring from other party of the subsidiary company total amount of 478.82 million Baht, gain on sales of investments in subsidiary (partial) amount of 94.25 million Baht , gain on sale of fixed that are not used 24.08 million Baht, gain on fair value of equity interest 4.52 million Baht and other revenue decreased 8.67 million Baht or decreased 22.27% from the same period last year due to the rental revenues of the assets that are not used and other services decreased.

The main cost of products such as steel, which is the main raw material in steel and spun pile production, which is highly valued. In 2014, still had price competition from steel producing countries in the Asian region result to domestic manufacturers and suppliers had to import steels in a large quantity, that a result of fluctuations in the market price of steel and caused a slowdown of the major domestic manufactures, which the government had imposed safeguard measures against imports of steel, resulting in higher costs. In addition the main raw material of spun pile production and concrete railway sleepers production such as cement, gravel, sand that adjusted higher cost due to the demand of the market has increased, fuel energy cost is rising result to the cost of production in higher rate. In 2014 the Company and its subsidiaries had the order of customers that are priced slightly higher than the year 2013, thus making rate of cost of goods sold and services decreased from 2013.



For the year of 2014, the company and its subsidiary company had the financial cost decreased due to the Company has entered into the restructuring debt agreements with financial institutes and repayment completed to financial institute pursuant to the agreement, which result to the recognition on decrease of interest and default interest rate from debt restructuring agreement. And the subsidiary company had financial cost decreased due to repayment completed to creditor, which result to the decreased financial expense comparing to the same period of last year.

Therefore, as the result of the Company's profits were as mentioned above, including finance expenses decreased, which affected to net profit for this period amount of 306.82 million Baht which represented to the increased profit 664.74% comparing to the same period of last year.

Therefore for this reason, that result in 2014 the company was net profit for the year attributable to equity holders of the parent amount of 306.82 million Baht, that represented to the increased profit 664.74 million Baht or increased profit 185.72% from the same period.

Operating performance of the company and its subsidiaries for the periods as December 31, 2014 as summarizes the follows:

1) Operating performance

Revenue

For sale and service revenue in 2012, 2013 and 2014 were 3,017.84 million Baht, 3,570.10 million Baht and 3,035.36 million Baht respectively. Sale and service revenue in 2013 increased 18.30 %, and for the year 2014 revenue decreased 14.98% from the same period of 2013 due to the orders from customers decreased

Cost of sales and services

The company and its subsidiaries had the cost of sale and service in 2012, 2013 and 2014 amount of 3,106.38 million Baht, 3,595.06 million Baht and 3,046.38 million Baht or 102.93%, 100.70% and 100.36% of the revenue of sale and services respectively.

In 2014 the company had the cost of sale and service decreased from 2013 due to price factors, which in 2014 the Company and its subsidiaries sold products which price per unit higher than in 2013 slightly, that the key factors to the high cost, such as the fluctuating of raw material prices, importing problem of raw materials with higher costs that affected to not requirement in quantity of stock of entrepreneur due to not confident in steel price situation, that result to the company and subsidiaries had quantity of production for support to the demand of the customers decreased, as a result to the allocation of depreciation was a key of factors that result in production costs per unit and other cost of production higher than price of sale, as a result, the Company and its subsidiaries has increased the cost of sales was not worth the revenue of sale and services.



Expenses

The company and its subsidiaries had selling administrative and other expenses in 2012, 2013 and 2014 amount of 67.15 million Baht, 125.58 million Baht (include loss on impairment of investment in available for sale securities total expenses in 2013 was 196.41 million Baht) and 131.37 million Baht respectively.

In 2014, the company had proportion in selling administrative and other expenses increased from 2013 amount of 5.79 million Baht or 4.61% due to the Company and its subsidiaries had the depreciation, maintenance cost increased and had the employee expense from share-based payment.

Gross Profit

The Company and its subsidiaries 's gross profit in 2012, 2013 and 2014 were (88.54) million Baht, (24.97) million Baht and (11.02) million Baht or (2.93)%, (0.70)% and (0.36)% of sale and service revenue respectively. Gross profit in 2012 decreased, 2013 and 2014 increased by the reasons mentioned above.

Net profit

The company and its subsidiaries had net profit (loss) attributable to equity holder of the parent in 2012, 2013 and 2014 amount of (355.60) million Baht, (357.92) million Baht and 306.82 million Baht or net profit (loss) attributable to equity holder of the parent margin ratio to total revenue (11.61)%, (9.92)% and 8.37% respectively.

In 2014 the Company had profit for the year amount to 307.66 million Baht (net profit margin ratio 8.39%) , which was attributable to non - controlling interests equity holders amount of 0.84 million Baht , owners of the parent shareholders amount of 306.82 million Baht .

In order that, considering income for the year attributable to equity holder of the parent exclude non- controlling interests in 2014 the company had profit 306.82 million Baht,. which profit increased from the same period amount of 664.74 million Baht or profit increased 185.72%, due to the gross profit in 2014 increased and the Company had gain on debt restructuring from the financial institute and gain on debt restructuring from other party of the subsidiary company amount of 478.42 million Baht , gain on sale of investments in subsidiary 94.25 million Baht and the financial cost decreased from the debt restructuring agreement, that result to the profit of the Company increased in 2014.



2) Financial position of company

	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Total current assets	2,469.31	69.00	2,390.42	60.34	2,512.26	58.60
Total non - current assets	1,109.16	31.00	1,570.91	39.66	1,774.73	41.40
Total assets	3,578.47	100.00	3,961.33	100.00	4,286.99	100.00
Total current liabilities	800.76	22.38	1,899.47	47.96	2,621.44	61.15
Total non - current liabilities	1,466.38	40.98	1,481.41	37.39	671.24	15.65
Total liabilities	2,267.14	63.36	3,380.88	85.35	3,292.69	76.80
Share capital						
- 4,000,000,000 shares, Baht 1.00 par value in 2012 and 2013						
- 2,400,000,000 shares, Baht 1.00 par value in 2014	2,400.00		4,000.00		4,000.00	
Issued and fully paid - up share capital						
- 1,002,913,226 shares, Baht 1.00 par value in 2012, and 2013						
- 2,400,000,000 shares, Baht 1.00 par value in 2014	2,400.00	67.07	1,002.91	25.32	1,002.91	23.39
Premium (Discount) on share capital	(562.14)	(15.71)	413.97	10.45	413.97	9.66
Deficit	(868.82)	(24.28)	(1,177.71)	(29.73)	(819.79)	(19.12)
Other component of equity	73.72	2.06	73.72	1.86	62.29	1.45
Total equity attributable to equity holders of the parent company	1,042.77	29.14	312.89	7.90	659.38	15.38
Non - controlling interests	268.56	7.50	267.57	6.75	334.93	7.82
Total Shareholders' equity	1,311.33	36.64	580.46	14.65	994.30	23.20

2.1) Asset Components

In 2014 the company and its subsidiaries had total assets 3,578.47 million decreased from end of 2013 amount of 382.87million Baht, transaction of decreased assets consist transaction of sale of investment in subsidiary, which was Thai National Product Co.,Ltd. by the Company held 96.31%. In December 3, 2014 the Company sold its investment that remaining portion of 29.89%, thus resulting in a change from investments in subsidiaries as to the associated company. So the assets in the consolidated financial statements for the year 2014 the major items were assets of Rich Asia Steel Public Company Limited and Siam Ferro Industry Co.,Ltd. The transaction of decreased assets consist the property, plant and equipment decreased 616.11 million Baht, inventory decreased 588.84 million Baht, a part from selling to the customer end of the year increased that result to the decreased of ending inventory. Trade and other receivables-other decreased 358.22 million Baht due to the Company



followed closely the customer's payments, retention receivable of subsidiary company , TNP decreased 35.08 million Baht due to the end of year 2014 this transaction not include in consolidated financial statement due to TNP was the associated company.

For the increased of assets that were significant, such as advance payment for goods increased 728.57 million Baht due to the order from customers increased by the company has received deposits from customers amount of 217.90 million baht, representing 40 percent of the contract value, the company must deliver the goods, cash and cash equivalents increased 292.16 million Baht that in 2014 the Company has raised fund and sale of investments in subsidiary that result the Company had cash and equivalents increased and investment in associate company increased 204.74 million Baht. However, as mentioned above, at the end of the year 2014, Thailand National Product Co.,Ltd. has changed status from a subsidiary to an associate company due to the Company holds 29.89% of shares outstanding.

The significant of increased and decreased were as follows:

Trade accounts receivable

As end of 2012, 2013 2014 the company and subsidiaries had total trade and other receivables-others 1,888.77 million Baht,1,647.37 million Baht and 1,289.15 million Baht respectively. In order that, in such amount were trade accounts receivable in 2012, 2013 and 2014 amount of 1,863.65 million Baht, 1,622.50 million Baht and 1,275.11 million Baht respectively , which represented aging of trade accounts receivable as follows:

Aging of trading account receivable

(Unit : Million Baht)

	2014	2013	2012
Within credit term	757.79	918.23	589.76
Over due 1 to 90 days	379.54	480.52	365.51
Over due 91 to 180 days	78.80	171.63	784.28
Over due 181 to 365 days	58.98	49.88	123.01
Over due over 1 year	2.58	57.34	53.80
Total	1,277.69	1,677.59	1,916.36
Less : Allowance for doubtful	(2.58)	(55.09)	(52.71)
Net account receivable	1,275.11	1,622.50	1,863.65

As end of 2014, trading account receivable of the company and its subsidiaries were with credit term 757.79 million Baht, over due 1-90 days 379.54 million Baht and over due 91 days to over due over 1 year total amount of 140.36 million Baht, which in this account receivables decreased from end of



2013 due to the account receivables had the ability to repayment increased. In order that the company accelerated the repayment of loans tracked closely and credit of the account receivable are considered more rigorous.

Inventories (Net)

Component of Inventories

(Unit : Million Baht)

	2014	2013	2012
Finished goods	5.82	437.88	320.82
Raw materials	2.18	133.75	119.79
Goods in transit	-	28.73	-
Work in process	-	0.27	0.42
Supplies	4.60	11.06	14.45
Less : Allowance for declining in value of inventories	(4.30)	(14.55)	(14.00)
Total Net Inventories	8.30	597.14	441.47

The end of year 2014, the company and its subsidiaries had inventories amount of 8.30 million Baht, decreased from Dec.31, 2013 amount of 588.84million Baht or decreased 98.61% due to the Company has received a purchase order from the customer in the end of the quarter 4/2014 increased, thus the Company have been delivered to customers in accordance with the purchase order so the ending of inventory decreased.

Property, plant and equipment

As December 31, 2014, Property, plant and equipment amount of 887.69 million, decreased from December 31, 2013 amount of 616.11 million Baht due to the end of 2014 the property, plant and equipment as the consolidated finance statement not included of Thai National Product Co.,Ltd., which the end of 2014 became the associate company as the above mentioned.



2.2) Liquidity

Cash Flow

(Unit : Million Baht)

Statement of Cash Flow	2014	2013	2012
Profit (loss) from operating activities before change in operating assets and liabilities	44.83	34.02	(23.61)
Net cash receive (payment) from operating activities	(535.29)	47.68	(57.29)
Net cash provided by (used in) from operating activities	(490.46)	81.70	(80.90)
Net cash provided by (used in) from investing activities	458.39	38.87	64.93
Net cash provided by (used in) from financing activities	324.23	(123.60)	9.46
Net increase or (decreased) in cash and cash equivalents	292.16	(3.03)	(6.49)
Cash and cash equivalents-Beginning of year	4.90	7.93	14.42
Cash and cash equivalents-End of period	297.06	4.90	7.93

Remark: Cash flow statement from the consolidated financial statement

The nature of business of the Company and subsidiaries to supply steel products and spun pile with a variety of size and types of products and are reserved in the warehouse to keep up to demand of the customer by purchasing with cash, trade credit and loans from financial institutions for the purchase of raw materials to the processing of steel and sold by credit to customer, thus the company need for a lot of working capital both from financial institutions and capital of the company to use for reserve raw materials and finished goods.

Statement of cash flows of the company and its subsidiaries for the year 2014, the cash has been used in the activity as follows:

The company had profit (loss) from operating activities before changes in operating assets and liabilities 44.83 million Baht and net cash payment from operating activities 535.29 million Baht, which net cash provided by (used in) from operating activities 490.46 million Baht as the follows :

Net cash items in operating assets and liabilities amount of (535.29) million Baht, were the major items as the following

- Net cash received (paid) from operating assets amount of (228.91) million Baht, for the major items such as advance payment for goods increased 731.54 million Baht, trade and other receivable – related parties increased 232.96 million Baht, other current assets 4.30 million Baht and other non current assets increased 3.35 million Baht and the major receive items were inventories decreased 495.48 million Baht, trade and other receivable –other parties decreased 234.12 million Baht and retention receivable decreased 13.65 million Baht.



- Net cash received (paid) from operating liabilities amount of (298.52) million Baht, for the major payment items such as trade and other accounts payables from other companies 295.56 million Baht and advance received for goods 9.49 million Baht and the major received items such as trade and other accounts payables-related parties 6.16 million Baht and other current liabilities 0.38 million Baht.

- Net cash received (paid) from other items (7.86) million Baht were Interest income 0.19 million Baht and cash payment for tax 8.05 million Baht.

Net cash items in investing activities amount of 458.39 million Baht, were the major items as the following

- The major paid items were sale of investments in subsidiary company 535.77 million Baht, cash received from sale of fixed assets 2.75 million Baht. The major payment items from the investing in property, plant and equipment 78.13 million Baht and cash paid from the bank deposit pledged as collateral 2.00 million Baht.

Net cash items in financing activities amount of 324.23 million Baht, were the major items as the following

- Net cash received from increase on share capital 411.80 million Baht, short-term loan from related party increased 182.38 million Baht, short-term loan from other party 133.42 million Baht, cash received from bank overdrafts and short-term loans from financial institutions increased 15.19 million Baht, cash received from increase share capital of subsidiary 15 million Baht, cash received from convertible debenture conversion to common shares 9.18 million Baht, liabilities under finance lease agreement increased 5.43 million Baht. The major paid items were cash payment for debt under restructuring agreement 338.51 and cash payment for interest expenses 109.67 million Baht.

Liquidity Ratio

For liquidity ratio of the company and its subsidiaries were current asset to current liability ratio in 2012, 2013 and 2014 equal 0.96 times, 1.26 times and 3.08 times. In 2014 liquidity ratio increased from end of 2013 due to the Company received from increase on share capital and sale of investments in subsidiary, which the Company has used to repay short-term debt from financial institutions under the debt restructuring agreement complete in 2014 that result to this liabilities decreased and trade and other payable same decreased. There were the average payment period average 182 days, compared with 2013 had the period average 234 days. And in 2014 the Company received cash from the receivables increased that result to the average collection periods shorter than 2013 and 2012 and the average inventory period was 26 days that shorter than 2013 the period was 38 days due to in 2014 the Company had a marketing plan and manage inventory more efficiently and



followed payments from receivable accounts closely so that the result to the overall liquidity of the company was in a better direction.

2.3) The source of fund

Liability

As December 31, 2014 the company and subsidiaries had liabilities amount of 2,267.14 million Baht, decreased from as December 31, 2013 amount of 1,113.74 million Baht due to the Company paid bank overdrafts and short-term loans from financial institutions, which were the liabilities under debt restructuring agreement, which the Company has complied according the agreement was made with financial institutions. Trade and other payables – other parties decreased and the Company and subsidiary has made the payment of short-term loans from other parties that result to the ratio of debt to shareholders' equity as of December 31, 2014 was 1.73 times, that decreased from the end of 2013 was 5.82 times

Shareholder's Equity

As December 31, 2014 the company and subsidiaries had shareholder's equity amount of 1,311.33 million Baht, increased 730.87 million Baht from end of 2013, which equity holders of the parent as December 31, 2014 amount of 1,042.77 million Baht increased from end of 2013 amount of 729.88 million Baht. Major cause of the increased came from the company's increase on share capital with issued and fully paid-up share capital from the year 2013 amount of 1,002.91 million Baht to new share capital 2,400 million Baht in 2014 and the Company had profit for the year 2014 amount of 307.66 million Baht, which was profit for equity holders of the parent amount of 306.82 million Baht, that profit from gain on debt restructuring 478.42 million Baht, gain on sale of investments in subsidiary 94.25 million Baht , gain on sales of fixed assets 24.08 million Baht. The profit from operating performance, which increased than 2013 and finance cost of the company and its subsidiaries decreased from 2013 amount of 91 million Baht that result to in 2014 the Company had return on equity ratio 45.27%, which increased than 2013 that was return on equity ratio (73.63)%.

From such the performance in the better direction both the liquidity, liabilities which has decreased ratio and return on equity ratio increased from 2013 quite a lot. Therefore the Company planned the policies for reduce of cost of production, financial restructuring to reduce the burden of financial statement for the increased of profit and that will result to the company's capital structure is going in the good direction.



2. Factors affecting the performance in the future

The company and subsidiaries have analyzed factors that will affect the future operations of the group companies, which conduct business in the construction industry as follows:

2.1 The investment policy of the Government

Due to in the past of investment in the construction sector of the government is likely to not much expand, so as a result, the overall construction business of the country rarely not growth fully. For 2015, the Company expect that the Government accelerate new investment projects under the strategic framework to develop transportation infrastructure of Thailand in 2015-2022 under investment of approximately 2,400,000 million Baht to create economic and social stability, continuously. By the long-term investment projects, there will be urgent investment in 2015 will invest in the construction projects for several major projects such as the construction of the sky train in green line route, The construction of double-track railway route, the development of the transportation infrastructure is the main road construction, the special highway construction under the Government's expenditure budget for year 2015.

Therefore, the management is confident that the investments by the government in 2014 is a major factor in the expansion of the operations of the construction business both the steel industry, spun pile industry and concrete railway sleepers, which is the group's business greatly. Therefore the long-term investment plan of 2015-2022, which will the result to investments in the transportation and construction will be expanded over the next several years.

2.2 The material shortages

Currently, the supply of raw materials, hot rolled coil for the steel manufacturing are to forward to the construction industry, automotive industry and other industries, it is quite limited due to the steel industry in Thailand had the few of hot rolled coil manufacturers. So the procurement of raw material will order in the country and imports from abroad. However, in the last two years, importing of hot-rolled steel coils have been affected by the import tax Safeguard and tend to have a tax rate increase that the result to the steel industry is likely to material shortages in the future.

2.3 The reduction of oil price

The currently, domestic oil prices quite reduce cost, that will good affect to the steel production industry, which use oil into production, that result to cost of steel industry decreased as affected to trend of steel price decline and the demand of consumer to be used in the construction of the building will likely increase in 2015. Additional that also is good for the transport of steel to the consumer, that will the lower energy costs. Therefore, the Company expects that in 2015 the group industry of the company will receive benefit from lower oil prices, that result to the lower production cost decrease than in the past and the profitable will growth in the future.



Audit Fee

1. Audit fee

The company and subsidiaries paid the audit fee to office of the auditor was BPR Audit and Advisory Co., Ltd., who are not related or there are conflicts of interest with the Company and subsidiaries, executive directors, the major shareholders, or related to such person, detailed compensation in fiscal years 2014 total 2,270,000 baht, which was the company's compensation amount of 1,210,000 baht and the compensation of two subsidiaries total amount of 1,060,000 baht.

2. Non-audit fee

The company and subsidiaries paid the other compensation , such as the preparation of financial statement , transportation, allowance for auditing and fiscal checking inventories as the actual expenses (if any) to office of the auditor (BPR Audit and Advisory Co., Ltd). The compensation of the company in fiscal year 2014 total amount of 32,200 baht and two subsidiaries total amount of 46,000 baht.



Resume of Directors and Managements as of December 31, 2014

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Mar. 17, 2015	Experience	
General Watanachai Chaimuanwong Age : 71 Chairman (Independent Director)	Bachelor of Science Chulachomklao Royal Military Academy Command and Staff College#51 Royal Thai Army War College#28 National Defence College of Thailand#399 Director Accreditation Program (DAP) 89/2011	-None-	-None-	18 Mar. 2011 – Present 2010 – Present 2002 – 2003 2001 – 2002 1999 - 2001	- Chairman Rich Asia Steel Public Company Limited - Chairman Royal Turf Club of Thailand under Royal Patronage - Deputy Commander in Chief, Royal Thai Army - Assistant Commander in Chief, Royal Thai Army - Army Area Commander
Mr. Surapong Churangsarit Age : 59 Vice Chairman / Chairman of Audit Committee (Independent Director)	Master Degree Business Administration Ramkhamhaeng University Bachelor Degree Business Administration Ramkhamhaeng University Certified Internal Auditor (CIA) Director Accreditation Program (DAP) 52/2006	-None-	-None-	2014 - Present 2 Apr. 2010 - Present 27 Jan. 2006 - 2010 2002 - 2011 1999 - 2001	- Chairman of the Board The Institute of Internal Audit of Thailand (Agenda year 2014 - 2015) - Vice Chairman / Chairman of Audit Committee Rich Asia Steel Public Company Limited - Independent Director / Audit Committee Rich Asia Steel Public Company Limited - First Vice President Internal Audit Department Siam City Bank PLC. - AVP. Internal Audit DBS Thai Danu Bank PLC.
Mrs. Phimsiri Keeratithiansiri Age : 64 Director	Diploma Degree Accounting Bangkok Business College Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkakarn Tantiviroon	2.79%	27 Jan. 2006 – Present 2000 – 2003 1992 - 1999	- Director Rich Asia Steel Public Company Limited - Accounting Manager Thanasam Import-Export Ltd.(Agricultural) - Auditor Assistant GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Dr. Rittirong Intarajinda Age : 51 Director	- Ph.D Candidate Electrical Engineering Thammasat University - Master Degree	-None-	-None-	27 Jan. 2006 – Present 2014 - Present 2013 - Present	- Director Rich Asia Steel Public Company Limited - Secretary of Transportation Senate Committee - Lecturer, Faculty of Science and Technology



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Mar. 17, 2015	Experience	
Dr. Rittirong Intarajinda (Continue)	Engineering King Mongkut's institute of Technology North Bangkok - Bachelor Degree Electrical Engineering Rajamangala University of Technology Phra Nakhon Chotiwet Campus - Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives - Diploma, National Defence College, The State , Private Sector and Political Sectors Course Class 5 Director Accreditation Program (DAP) 52/2006			2013 - Present 2010 - Present 2007 - Present 1994 – Present 1991 – Present	Bangkokthonburi University - Managing Director Ban-non Co., Ltd. (Housing business) - Managing Director Cmac Esco Thailand Co., Ltd (LED Lamp business) - Managing Director Team Service System Co., Ltd. (Management Electrical system, water system and Air-condition system) - Managing Director Team Vis Construction Co.,Ltd. - Managing Partner Team Electric Engineering Partnership (Install Electrical system, Air-condition system and Communication system)
Ms. Angkarn Tantiviroon Age : 50 Director / Chief Executive Officer	Bachelor Degree Economics Ramkhamhaeng University Bachelor Degree Business and Finance Hasting College UK. University Director Accreditation Program (DAP) 51/2006	Granddaughter of Mrs. Phimsiri Keeratithiansiri	1.81%	1 Feb. 2015 - Present Feb. 2015 - Present Oct. 2005 - May 2014 2011 - May 2014 2010 - May 2014 10 May 1999 – 30 Sep. 2005 2003 – 21 Jun. 2010 1989 – 2001	- Chief Executive Officer Rich Asia Steel Public Company Limited - Director Rich Asia Engineering Co., Ltd. - Director / Chief Executive Officer Rich Asia Steel Public Company Limited - Director Siam Ferro Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Director Rich Asia Trading (Thailand) Co., Ltd. - Planner Administrator Siam Ferro Industry Co., Ltd. - Manufacturing Director GT Steel Works Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Mar. 17, 2015	Experience	
Mr. Somkiat Vongsarojana Age : 52 Director / Managing Director	Bachelor Degree Business Administration (First Honor) Bangkok University Director Accreditation Program (DAP) 51/2006	-None-	0.17%	27 Jan. 2006 – Present 1 Oct. 2005 – Present 2011 - Present 2010 - Present 1 Mar. – 30 Sep. 2005 2001 – 2005 1993 – 2001	- Director Rich Asia Steel Public Company Limited - Managing Director Rich Asia Steel Public Company Limited - Director Siam Ferro Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Asst. Managing Director Rich Asia Steel Public Company Limited - Project Finance Manager Felix Hotel Management Co., Ltd. - Project Finance Manager Siam Ferro Industry Co., Ltd.
Mr. Teera Phoncharoensuk Age : 44 Director / Production Director	- Bachelor Degree Engineering King Mongkut's University of Technology Thonburi Director Accreditation Program (DAP) 51/2006	-None-	0.13%	27 Jan. 2006 – Present Feb. 2015 - Present 1 Oct. 2005 - Present 2011 - Present 2010 - Present 1 Apr. - 30 Sep. 2005 1999 - 2004	- Director Rich Asia Steel Public Company Limited - Director Rich Asia Engineering Co., Ltd. - Production Director Rich Asia Steel Public Company Limited - Director Siam Ferro Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Production Manager Rich Asia Steel Public Company Limited - Factory Manager, GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Asst.Prof.Dr. Nakhun Thoraneenitiyan Age : 39	- Doctoral Degree Banking and Finance The University of Queensland, Australia	-None-	-None-	30 Apr. 2010 - Present 2015 - Present	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Director, Sripatum Business Incubator,



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Mar. 17, 2015	Experience	
Pol.Lt.Gen. Mongkol Kamolbutra (Continue)	Director Accreditation Program (DAP) 89/2011			2006 – 2007 2004 – 2006	- Advisor, Advisor of the Prime Minister's Office - Chief Inspector, SME Bank
Mrs. Nusara Taravanich Age : 40 Chief Financial Officer	Master Degree Business Administration (Accounting) Dhurakijpundit University Bachelor Degree Accounting Dhurakijpundit University	-None-	-None-	15 Mar. 2012 – Present 1 Oct. 2011- 14 Mar. 2012 May 2011 – Aug. 2011 Nov. 2010 – Apr. 2011 Aug. 2005 – Oct. 2010 May. 2001 – Jul. 2005	- Chief Financial Officer Rich Asia Steel Public Company Limited - Finance & Accounting Manager PMK –Central Glass Co.,Ltd. - Finance & Accounting Manager Berli Jucker Public Co.,Ltd. - Finance & Accounting Advisor Y-Design Co.,Ltd. Jarusrungroj Co.,Ltd. Nationtech Steel Co.,Ltd. - Accounting Manager Empire Steel Center Co., Ltd. - Head of Accounting Department Faculty of Business Administration Southeast Bangkok College
Ms. Nongluck Sarochsuwan Age : 47 Company Secretary** / Manager of CEO. Office	Bachelor Degree Business Administration (Accounting) Rajamangkala University of Technology Thanyaburi Bachelor Degree Business Administration (General Management) Sukhothai Thammathirat Open University - passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" from Research of Law and Development Center, the Faculty of Law of Chulalongkorn University - passed the training course " Anti-Corruption: The Practical Guide" from IOD	-None-	-None-	1 Feb. 2008 - Present 1 Jan. 2008 - Present 1997 - 2007	- Company Secretary Rich Asia Steel Public Company Limited - Manager of CEO. Office Rich Asia Steel Public Company Limited - Project Finance Manager Siam Ferro Industry Co., Ltd.

Remark * Including share of related person under section 258 of SET Law

** Duty of company secretary show in title "Corporate Governance"



Authority Details of Director and Management of Rich Asia Steel Public Company Limited as of December 31, 2014

Name	Position in the Company	Position in subsidiary and affiliate	
		Siam Ferro Industry Co., Ltd. The company owns 51.88%	Thai National Product Co., Ltd. The company owns 28.89%
1. Gen. Watanachai Chaimuanwong	W	-	-
2. Mr. Surapong Churangsarit	X, N	-	-
3. Mrs. Phimsiri Keeratithiansiri	/	-	-
4. Dr. Rittirong Intarajinda	/	-	-
5. Ms. Angkakarnt Tantiviroon *	/, V, //, U	/	/
6. Mr. Somkiat Vongsarojana	/, //, ///, U	/	/
7. Mr. Teera Phoncharoensuk	/, //, U	/	/
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	/, Z	-	-
9. Mrs. Nusara Taravanich	//, U	-	-

* Who is a Director during in January 1 - May 13, 2014.

Remark:

W = Chairman	N = Chairman of Audit Committee
X = Vice Chairman	Z = Audit Committee
/ = Director	// = Executive Committee
V = Chief Executive Officer	/// = Managing Director
U = Management	



Authority Details of Director of Subsidiaries and affiliate as of December 31, 2014

Name	Position in subsidiary and affiliate	
	Siam Ferro Industry Co., Ltd. The company owns 51.88%	Thai National Product Co., Ltd. The company owns 28.89%
1. Ms. Angkarn Tantiviroon *	/	/
2. Mr. Somkiat Vongsarojana	/	/
3. Mr. Teera Phoncharoensuk	/	/

* Who is a Director during in January 1 - May 13, 2014.

Remark: / = Director



Report of Board of Director's Responsibilities to Financial Statements

Board of Directors recognizes the importance and responsibility for the financial statement of Rich Asia Steel Public Company Limited and the consolidated financial statement of the Company and its subsidiaries. These financial statements are prepared in accordance with generally accepted accounting standards using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors.

Board of Directors has assigned the Managements to provide and maintain an effective internal control system to ensure that the accounting records are accurate, complete and sufficient to safeguard the assets of the Company and prevent corruption or abnormal operation significantly.

The Audit Committee, comprising independent directors, has responsibility for monitoring and reviewing the quality of the financial reports and internal control system. In this respect, the Audit Committee's view regarding such matters is stated in the Annual Report under the Audit Committee's Report.

Board of Directors opine that the Company has an adequate internal control system and internal audit and confidence that separated financial statement and consolidated financial statement of the Company and its subsidiaries as of December 31, 2014 are reliable under generally accepted accounting standards, legally and related regulations.

General

(Watanachai Chaimuanwong)

Chairman

(Mr. Somkiat Vongsarajana)

Managing Director

RICH ASIA STEEL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

Financial Statements

For the Year Ended December 31, 2014

and Independent Auditor's Report

BPR AUDIT AND ADVISORY CO., LTD.

Independent Auditors

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying consolidated financial statements of Rich Asia Steel Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of Rich Asia Steel Public Company Limited, which comprise the statement of financial position as at December 31, 2014, the related statements of the comprehensive income, change in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at December 31, 2014 and their consolidated financial performance and their consolidated cash flows for the year then ended of Rich Asia Steel Public Company Limited and its subsidiaries and the financial position as at December 31, 2014, its financial performance and its cash flows for the year then ended of Rich Asia Steel Public Company Limited in accordance with Thai Financial Reporting Standards.

Other Matter

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



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

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

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

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

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

In Baht

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

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

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

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

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

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

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

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

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

The accompanying notes are an integral part of these financial statements.

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

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

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

In Baht

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

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

In Baht

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended December 31, 2014

These notes form an integral part of the financial statements.

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

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

2.2 Basis of consolidation

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

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

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

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

3. APPLICATION OF NEW ACCOUNTING STANDARDS

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

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

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

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

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

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

b) New accounting standards issued not yet effective

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Investments

Investments in subsidiaries

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

Investment in associate

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

Investments in other debt and other equity securities

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

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

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

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

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

Disposal of investments

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

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

Inventories

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

Non-current assets held for sale

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

Investment properties

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

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

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

No depreciation is provided on investment properties - land.

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

Property, plant and equipment and depreciation

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

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

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

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

Subsequent costs

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

Depreciation

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

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

Intangible assets

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

Subsequent expenditure

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

Amortization

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

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

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

Impairment of Assets

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

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Calculation of recoverable amount

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

Reversals of impairment

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

Trade and Other Payables

Trade and other payables are stated at cost.

Loan

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

Provisions

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

Long-term leases

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

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

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

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

Employee benefits

Short-term employee benefits

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

Share-based payments

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Revenues

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

Sales of goods

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

Service income

Service income is recognized as services are provided.

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Rental income

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

Dividend income

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

Interest income

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

Expenses

Lease payments

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

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

Finance costs

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

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

Income tax

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

Current tax

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

Deferred tax

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

Earnings per share

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

Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of investments

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

Property, plant and equipment / Investment property

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Post-employment benefits under defined benefit plans

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

Deferred tax assets

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

Litigation

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

5. RELATED PARTIES TRANSACTIONS

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

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

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

Pricing policies for each transactions are described as follows:

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

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

6. CASH AND CASH EQUIVALENTS

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

7. CURRENT INVESTMENT

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

8. TRADE AND OTHER RECEIVABLES - OTHERS

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

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

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

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

9. TRADE AND OTHER RECEIVABLES – RELATED PARTIES

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

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

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

10. INVENTORIES

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

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

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

11. ADVANCE PAYMENT FOR GOODS

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

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

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

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

12. AVAILABLE - FOR - SALE INVESTMENT

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

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

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

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

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

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

13. INVESTMENT IN SUBSIDIARIES

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

Thai National Product Co.,Ltd.

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

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

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

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

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

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

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

Siam Ferro Industry Company Limited.

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

14. INVESTMENT IN ASSOCIATE

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

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

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

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

Summarized financial information of associate

Financial information of the associate is summarized below:

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

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

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

15. OTHER LONG - TERM INVESTMENTS

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

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

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

16. INVESTMENT PROPERTY - NET

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

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

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

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

2013	920
2014	920

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

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

17. PROPERTY, PLANT AND EQUIPMENT

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

	In Thousand Baht								
	Separate financial statements								
	Land	Buildings	Building improvement	Machinery	Improvement Machinery	Furniture and Equipment	Vehicle	Machinery and Equipment in Process	Total
<u>Cost</u>									
Balance as at January 1, 2013	41,538	13,000	5,411	79,776	9,419	20,958	14,530	438	185,070
Acquisitions /Transfers in	-	-	-	-	2,038	77	-	-	2,115
Disposal/Transfer out	-	-	-	-	-	(28)	(80)	-	(108)
Balance as at December 31, 2013	41,538	13,000	5,411	79,776	11,457	21,007	14,450	438	187,077
Acquisitions /Transfers in	-	-	-	-	-	298	370	72	740
Disposal/Transfer out	-	-	-	-	-	(637)	(306)	-	(943)
Balance as at December 31, 2014	41,538	13,000	5,411	79,776	11,457	20,668	14,514	510	186,874

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

Consolidated Financial Statements

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

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

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

Separate Financial Statements

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

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

18. CREDIT FACILITIES AND GUARANTEE

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

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

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

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

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

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

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

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

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

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

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

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

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

21. TRADE AND OTHER PAYABLES – OTHERS

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

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

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

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

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

22. TRADE AND OTHER PAYABLES – RELATED PARTIES

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

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

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

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

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

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

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

24. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

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

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

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

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

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

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

25. DEBT UNDER RESTRUCTURING AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

Principal actuarial assumptions at the valuation date were as follows:

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

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

27. SHARE CAPITAL

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

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

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

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

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

28. CONVERTIBLE DEBENTURES

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

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

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

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

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

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

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

29. OTHER INCOMES

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

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

30. EXPENSES BY NATURE

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

31. PROVIDENT FUND

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

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

32. INCOME TAX

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

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

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

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

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

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

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

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

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

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

33. EARNINGS (LOSS) PER SHARE

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

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

34. SEGMENT FINANCIAL INFORMATION

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

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

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

Business segments

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

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

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

Geographic segments

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

Major customer

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

The segment financial information is as follows:

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

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

Reconciliation of revenue , profit or loss, asset and liabilities

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

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

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

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

36. FINANCIAL INSTRUMENT

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

36.1 Policy to manage financial risks

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

36.2. Interest rate risks

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

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

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

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

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

34.3. Exchange rate risks

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

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

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

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

36.4. Credit risks

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

36.5. Fair value

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements (Continued)

For the year ended December 31, 2014

37. CAPITAL MANAGEMENT

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

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

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

38. LITIGATION

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

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



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