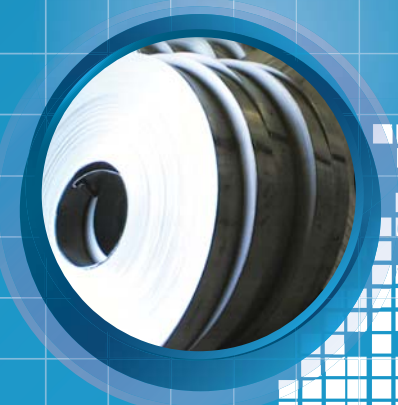




2015 ANNUAL REPORT

รายงานประจำปี 2558





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Appendix

Financial Statements of the Company and its subsidiaries for the year ended
December 31, 2015



Message from Board of Directors

2015, another year for domestic businesses in facing global recession, especially the economic slowdown in China which directly effecting to the steel demand and cause to price fluctuations in negative trend throughout the year and resulting in continuously decreasing exports. Furthermore, the country's drought and economic crisis has caused for diminishing investments in both the private and government sectors.

With regards to the steel price fluctuations, the Company has adjusted strategy of inventory management to the appropriate level in order to lessen the effect of decreasing steel prices domestically and overseas. In 2015 the Company has planned for investments in public utilities projects, which is being dealt with the utmost caution. The Company believes that such strategies will be able to achieve significant income and long term growth for the Company.

The Board of Directors, on this occasion, would like to deeply show their appreciation towards the shareholders of the Company, and also to the staff for their cooperation and efficient work to achieve the Company's operational plans; as well as suppliers and alliances who are vital components to the Company.

In addition, for 2016, The Board of Directors and Executives have also contacted and negotiated with several new partners to join in investments for new businesses, in order to create stable and sustainable growth for the Company. We hope to receive your kind continued support from all concerned parties in the future.



General

(Watanachai Chaimuanwong)

Chairman



(Miss Angkakan Tantiviroon)

Chief Executive Officer



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



Mr. Somkiat Vongsarajana

Director



Mr. Teera Phoncharoensuk

Director



Dr. Rittirong Intarajinda

Director



Mrs. Pimsiri Keeratitensiri

Director



EXECUTIVE COMMITTEE



Ms. Angkarn Tantiviroon
Chief Executive Officer



Mr. Teera Phoncharoensuk
Production Director



Mr. Somkiat Vongsarojana
Managing Director



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, 2015, 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	4/4
Asst.Prof. Dr. Nakhun Thoraneenitiyan	4/4

1. Reviewed company's quarterly and audited financial statements of 2015 which have reported financial status and operation in 2015 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. Ampol Chamnongwat CPA No. 4663 or Ms. Prapasri Leelasupa CPA No. 4664 of Sam Nak-Ngan A.M.C. Co., Ltd. as the auditors of the company for the year 2016 and setting up the auditing fee in the amount of Baht 1,250,000 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 Churangarit

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 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 Rich Asia 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 million to be used as working capital.
- 2002 June - Increased its registered capital to Baht 75 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 million to purchase a steel pipe machine.
- 2004 December - Increased its registered capital to Baht 400 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 million shares to 500 million 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



-
- 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 Baht 500 million, offering price Baht 2.00 each, par value Baht 1.00 each, the number of registered ordinary shares increased from 500 million shares to 1,000 million 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 million shares.
- 2008 July - Increasing registered capital from Baht 1,000 million to Baht 1,500 million by issuing new ordinary shares in number of 5,000 million 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 Baht 650 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 Baht 1,500 million to Baht 1,000 million 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 Baht 200 million 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 Baht 200 million 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 Baht 200 million 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 Baht 0.01 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 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 Rich Asia Industry Co., Ltd.* in a total amount of 10,954,556 shares each of Baht 100 par value, representing 76.88%of Rich Asia Industry Co., Ltd.*'s total issued



- and paid-up capital, at the price of Baht 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 each of 10,000 million shares to be at the par value of Baht 1.00 each of 1,000 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 million to Baht 1,500 million by issuing 500 million 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 Rich Asia Industry Co., Ltd.* held by the Company in a total amount of 3,562,106 shares each of Baht 31 par value, representing 25.00% of Rich Asia Industry Co., Ltd.*'s total issued and paid-up capital, at the price of Baht 80 each, in the total amount of Baht 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 million to Baht 1,000 million by deducting the unissued registered shares of 500 million 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 million to Baht 4,000 million by issuing 3,000 million new ordinary shares with the par value of Baht 1.00 per share which consists of issue and offer 2,000 million 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 million shares.
- September - Registered the paid-up capital from Baht 1,000 million 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.



- 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 million 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 million 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 million 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 million 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 million 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 million to (1) Dr. Phasin Suebsubanunt (2) Mr. Thiti Kittipattananon and (3) Miss Duendara Limthanakul.

- 2015 February - Invest by setting up a subsidiary, Rich Asia Engineering Co., Ltd., was established on February 19, 2015, which operates supply of equipment and technology, including invest in utilities and infrastructure. The company holds shares in the proportion of 90% of its registered capital amount of Baht 1.00 million.
- May - Issued and offered the 1st debentures in the amount of Baht 500 million. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on April 27 - 29, 2015, in which the Company has already received proceeds in full. The debenture's age is about 1 year 9 months (from April 30, 2015 to January 30, 2017), with interest rate 6.50% per year.
- July - Issued and offered the 2nd debentures in the amount of Baht 500 million. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on July 13 - 15, 2015, in which the Company has already received proceeds in full. The debenture's age is about 2 years (from July 16, 2015 to July 16, 2017), with interest rate 6.50% per year.
- October - Issued and offered the 3rd debentures in the amount of Baht 300 million. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on October 26 - 28, 2015, in which the Company has already received proceeds in amount of Baht 230 Baht. The debenture's age is about 1 year 11 months 29 days (from October 29, 2015 to October 28, 2017), with interest rate 6.20% per year.
- 2016 January - Rich Asia Engineering Co., Ltd. (Subsidiary) was increase the registered capital from Baht 1.00 million to Baht 80.00 million by registered the paid-up capital amount of Baht 20.75 million. The company holds shares in the proportion of 95% of its registered capital which the subsidiary will be used the increased capital as invest to expand the business.

Note * Siam Ferro Industry Co., Ltd. has changed its name to Rich Asia Industry Co., Ltd. on September 17, 2015.



Structure of shareholding in Subsidiaries

Currently, The Company has 2 subsidiaries.

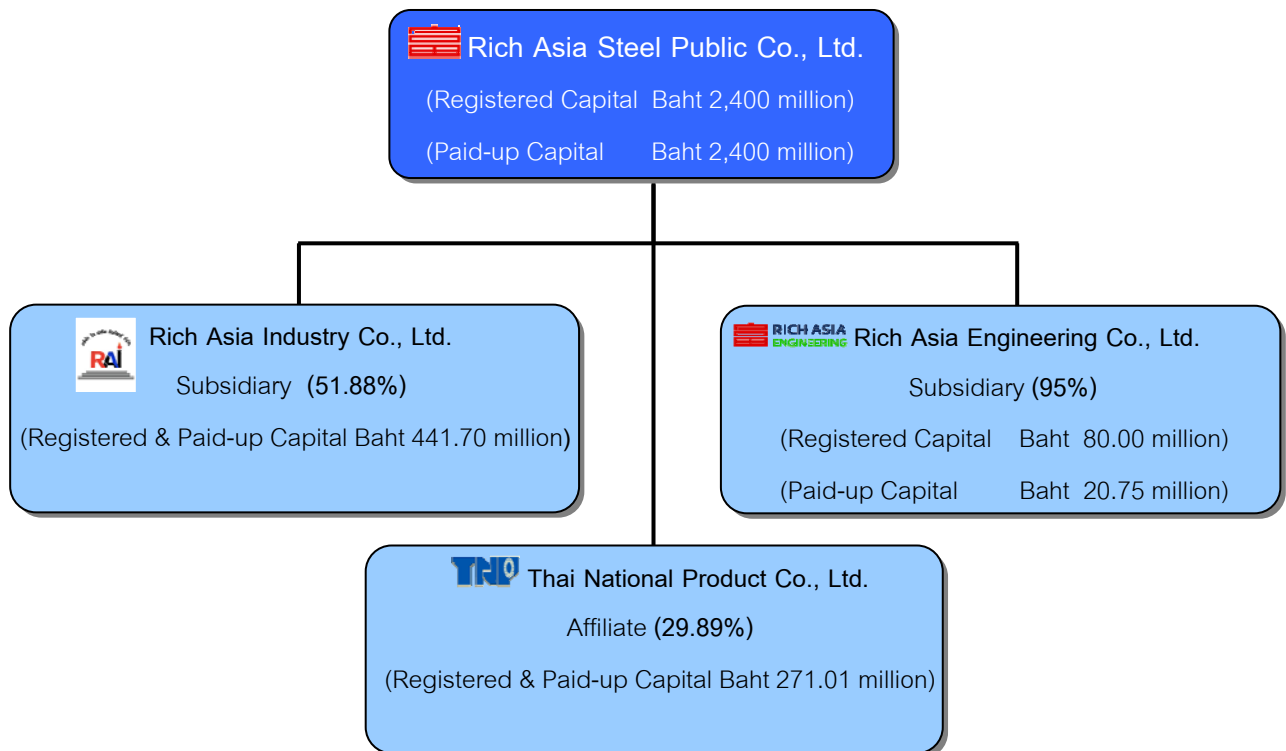
1. Rich Asia Industry Co., Ltd. operated in business of manufacturing and distribution of structural steel, steel pipes and services in steel pipe manufacturing, which is related in the current business for, enhance the production and distribution and support customers' demand immediately.

2. Rich Asia Engineering Co., Ltd. operated in business of supplying equipment and technology including investment in utilities and infrastructure.

Structure of shareholding in Affiliate

The Company has an 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.

Currently, Chart of shareholding in subsidiary and affiliate as below:





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 2 subsidiaries and 1 Affiliate, as follows:

1) Rich Asia Industries Co., Ltd. (RAI)

Rich Asia Industry Co., Ltd. (Formerly known as 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.



In 2013, the company was approved the establishment of Bonded Warehouse, that receives tax privileges under the Customs Act, which will benefit the company's production and trade to oversea; adding to the company's revenue in the future.

2) Rich Asia Engineering Co., Ltd. (RAE)

Rich Asia Engineering Co., Ltd. was registered in 2015, and operates supply of equipment and technology, including investment in utilities and infrastructure. RAE located in Bangkhuntien District, Bangkok; with registered capital of 1.00 million Baht which fully paid up and 90% held by the Company.



And in January of 2016, the Company increased registered capital to 80.00 million Baht which has been paid up 20.75 million Baht and 95% held by the Company.

3) 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 29.89% held by the Company.



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.





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.



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

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 2015 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, In 2015, the Company allowed another Company to rent the factory short term. Due to the fact that in 2015 the Thai steel industry was still being affected by foreign steel, with foreign steel prices being lower than domestic steel prices, coupled with the fact that the Company has received better revenue by purchasing for resale this year. Also, production requires large cashflow and resources. With the aforementioned reasons, the Company has considered that with the Company's current situation, it is more suitable in 2015 to purchase for resale as the Company's Main business, and have the factory rental income as support instead of producing itself.

As for 2016, the Company believes that the steel sector will see a revival, since there has been government announcements for precise basic infrastructure investments. This should lead to growth for the real estate market and the construction sector, which means there would be more demand for structural steel used in construction. Therefore, the Company has decided not to extend the rental of Factory, in order to prepare for the resurgence of steel demand in 2016.



- Rich Asia 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.



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
TIS. 24-2005	Thailand	Concrete reinforcing bars : Deformed bar

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. On October 29, 2015, the Company obtained a license for the standard industrial products TIS No. 24-2458 for produce deformed bars.

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. The Company will expand the market to end users group.

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.

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 high rise buildings, electrical plant,
water plant etc.

Transportation industry : various train stations, maintenance depot, large scale bridges
and rail system.



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

In any case, in 2016, the Company aims to expand more towards other markets, focusing on end-users in construction sector, automobile sector, canned food sector, and other markets which will result to more income and gain larger profit margins.

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

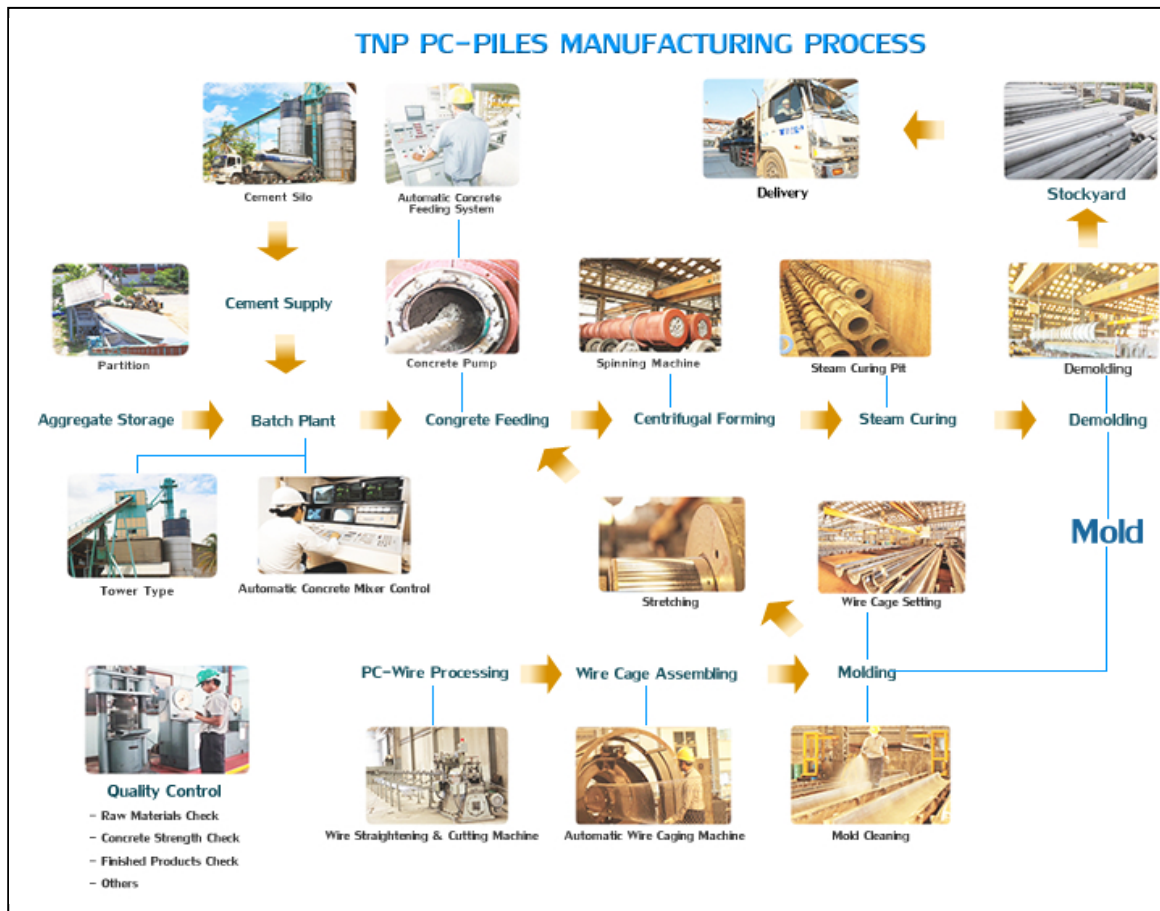
The currently, Thai National Product Company Limited is a manufacturer of spun pile with a delivery and pile driving service for a period of more than 20 years.



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. Currently production capacity is at 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 enviable 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

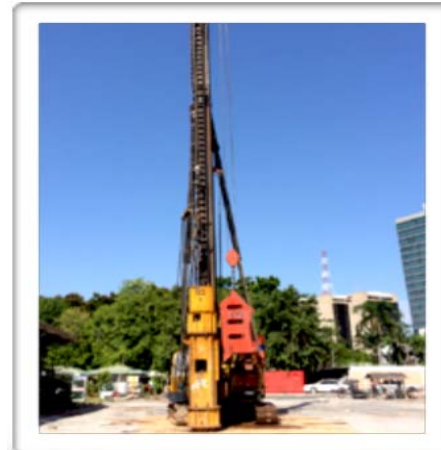
The company has a policy to increase the variety of products The original main income of the company was spun pile(spun) only one product. In 2013, the company has increased other concrete products was railway concrete sleepers, these products started selling in the quarter 1 of 2014. In addition,the 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**

Revenue in consolidated statement of the company and subsidiaries ending at 31 December, 2015 total amount of 3,802.73 million Baht, which consist sale and services 3,759.12 million Baht, revenue of the separate company 3,399.21 million Baht.

Revenue of subsidiaries 2015 were as following

1. Rich Asia Industry Co., Ltd. (proportion of holding shares of the company 51.88%), total revenue amount of 669.80 million Baht, which is sale and services (production for sale, production hiring and procure for trading) amount of 656.88 million Baht.

- Rich Asia Engineering Co., Ltd. (the Company has 90% shares); does not have income yet, due to its inception in February of 2015. It is currently just starting its business operations.

Revenue Structure of Affiliate

Total income of Thai National Product Co., Ltd. (in which the Company has 29.89% shares) ending at 31 December, 2015 amount of 187.08 million Baht, which is sale and service (Sale of pile, transportation, driving service and sale of concrete railway sleeper amount of 179.67 million Baht).

(Consolidated financial statements exclude related transaction)

Product / Group of business	Operated by	Holding shares (%)	Revenue from consolidated financial statement (Million Baht)					
			2015	%	2014	%	2013	%
Structural steel and other steel	Rich Asia Steel Public Company Limited		3,759.12	98.94	2,658.99	72.51	3,190.68	88.41
	Rich Asia Industry Company Limited ¹	51.88%						
Pile, delivery and driving and other concrete products	Thai National Product Company Limited ²	29.89%	-	-	376.37	10.26	379.42	10.51
Procurement of material, equipment and technology include investment in utilities and infrastructure projects	Rich Asia Engineering Company Limited ³	90.00%	-	-	-	-	-	-
Other Revenue	Rich Asia Steel Public Company Limited and subsidiaries		43.61	1.06	631.54	17.23	38.94	1.08
Total			3,802.73	100.00	3,666.90	100.00	3,609.04	100.00

Remark: 1. Rich Asia Industry Company Limited, formerly name Siam Ferro Industry Company Limited

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 company 100% to an associated company net of holding shares 29.89%

3. Rich Asia Engineering Company Limited was registered as a company limited on February 19, 2015



Revenue Structure of the separate company

Type of Revenue	2015		2014		2013	
	Million baht	%	Million baht	%	Million baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	359.57	10.39	174.43	6.28	118.34	4.10
1.2 Black steel pipe	93.31	2.7	55.50	2.00	55.26	1.91
1.3 Rectangular tube	284.67	8.22	192.28	6.92	158.65	5.50
1.4 Lipped channel	1,126.79	32.55	529.46	19.06	635.90	22.02
1.5 Angle Bar	0.13	0	0.17	0.01	0.32	0.01
1.6 Deformed Bar	283.93	8.2	259.60	9.34	366.76	12.70
1.7 Round bar	274.17	7.92	114.66	4.13	192.30	6.66
2. Hot rolled steel coil and Sheets	681.70	19.7	740.87	26.67	591.73	20.50
3. Billet	230.13	6.65	223.29	8.04	580.94	20.12
4. Others *	64.81	1.88	62.84	2.26	151.62	5.25
Total Revenue from sales	3,399.21	98.21	2,353.10	84.71	2,851.82	98.77
Other revenue **	62.04	1.79	425.13	15.29	35.64	1.23
Total Revenue	3,461.25	100.00	2,778.23	100.00	2,887.46	100.00

Remark : * 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
debt restructuring, interest revenue and others Income



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 2015

The overall situation of the steel market in 2015 is that many steel manufacturers are facing an over capacity in production, many steel manufacturers forced to halt production, layoff staff, and announce closure. For instance, the Chinese steel market has faced significant slow down, and continues to show signs of further continuous decline. In 2015 China Iron ore production capacity of 800.52 million per year, at the same time the demand was only at 748.96 million per year; resulting in an over supply of 51.56 million per year. Thus, Chinese Manufacturers and traders seek to continuously supply to overseas markets, with focus in the ASEAN region.

Due to Chinese steel prices being lower than Thai steel prices, has caused increased importation of Chinese steel into the country. By which, in 2013 Chinese imported steel was at 2.8 million tons per year, and increased to 3.55 million tons per year in 2014; imported steel in 2015 increased to 4.663 million tons per year. Most of imported steel are in the form of semi-finished products, wire rod, zinc coated steel, hot rolled sheet, welded pipe, hot rolled slab, steel bar. This has caused domestic manufacturers to be affected by competitive pricing, whereby some Chinese imported steel prices are even lower than raw materials used in the production of domestic producers. This has made many domestic steel manufacturers unable to compete, causing decline in sales and loss in operation.

In 2015, Thailand had supply and distribution of various steel products, both domestic and abroad; as well as 2013-2015 Bank of thailand steel trade value information, summarised as follows:



Type	Unit	2015	2014	2013
Steel Pipe				
Production	Tons	588,199.20	621,456.20	608,166.63
Capacity	Tons	904,800.00	904,800.00	905,200.00
% Production	%	65.01	68.68	67.19
Domestic Sale	Tons	380,497.40	345,577.40	375,150.01
Export	Tons	93,032.00	99,840.00	86,194.00
Amount of Domestic Sale and Export	Million Baht	10,669.31	12,044.78	12,339.57
Hot-Rolled Structural Steel				
Production	Tons	210,913.00	277,495.96	463,868.75
Capacity	Tons	1,129,632.00	1,129,632.00	1,129,632.00
% Production	%	18.67	24.57	41.06
Domestic Sale	Tons	224,097.82	293,911.56	462,063.70
Export	Tons	-	-	-
Amount of Domestic Sale and Export	Million Baht	3,722.39	5,804.80	9,672.32
Wire Rod				
Production	Tons	644,602.78	642,501.42	837,543.72
Capacity	Tons	1,408,454.04	1,417,455.04	1,521,123.04
% Production	%	45.77	45.33	55.06
Domestic Sale	Tons	708,770.31	776,285.71	1,003,920.41
Export	Tons	113,759.18	115,694.63	121,026.56
Amount of Domestic Sale and Export	Million Baht	15,748.22	20,244.85	24,372.62
Round Bar				
Production	Tons	278,550.71	270,154.09	249,036.77
Capacity	Tons	593,742.00	557,289.00	504,291.00
% Production	%	46.91	48.48	49.38
Domestic Sale	Tons	342,463.67	319,370.53	327,805.92
Export	Tons	4,181.00	948.00	882.00
Amount of Domestic Sale and Export	Million Baht	4,527.71	5,953.32	6,513.22
Deformed Bar				
Production	Tons	1,617,778.10	1,849,422.81	1,766,093.90
Capacity	Tons	3,012,409.00	3,042,147.00	2,769,820.00
% Production	%	53.70	60.79	63.76
Domestic Sale	Tons	1,792,619.79	1,941,782.39	1,890,306.60
Export	Tons	32,621.00	75,807.00	65,435.00
Amount of Domestic Sale and Export	Million Baht	26,796.25	38,253.41	37,464.81

Source : Bank of Thailand



According to aforementioned information, it can be summarised that the steel industry as a whole in 2015 is still slowdown, considering to steel traded both domestically and abroad in 2015 - sales value has decreased when compared to 2013 and 2014. Although, some steel products like steel wire, and round bar that recorded an increase from 2014, however sales value is still lower than the previous year.

Steel industry trends

The trend of steel industry in the year 2016 trend according to the direction of growth of the construction industry and the automotive industry which in 2016 the Government began to expedite the bidding on various projects to drive investment in basic infrastructure in transportation (urgent section) 2016 to go according to plan soonest. Developments in the aforementioned basic transportation infrastructure will lead Thailand to be ready for business expansion and enter into the AEC, which will result in Thailand's economic expansion and Thailand's increase in construction investment. In turn, especially for the resurgence of construction materials, especially steel bars, steel rails, and other steel plate and structural steel.

Therefore, it is forecasted that the steel industry in 2016 will be in growth trend and an increase in demand of steel both domestically and within the ASEAN region.

Steel manufacturers have to continuously follow the steel and oil prices, because these are major cost in production and logistics. Even a significant price decline in 2015, but price trends are increase in 2016 due to the government's foreign Anti-dumping policies. However, if 2016 steel and oil prices are increased, the Company will have strategic plan to support its business operations, to control investment costs to achieve profit, and to be competitive within the market.

Construction Industry

On Bank of Thailand information of construction industry in 2015, trend of condominium registration throughout country is in uptrend compare to year 2013-2014. Trend of land allocation permission and housing registration in Bangkok and suburb is a few decline more over the same period in 2014 and 2013 as following details :

	2015	2014	2013
Condominium Registration Nationwide (unit)	117,600	108,175	102,200
Land Development Licences Nationwide (unit)	94,052	107,615	99,217
Construction Areas Permitted in Municipal Zone (Thousand sq. metres)	20,731	23,396	24,063

Source : Bank of Thailand

Steel demand volume in construction industry in 2015 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 2016 has a growth trend compare to 2015, due to the real estate's economic stimulus that came out in October 2015; which include, Measures to reduce transaction fees for the purchase of housing , such as reducing the transfer fee and the registration of residential mortgages to 0.01 percent, which ends 30 April 2016, and tax breaks for first home owners priced no more than 3 million baht, which must be bought and ownership transferred within 31 Dec 2016. Able to utilise 20% of house price for tax deduction, for duration of 5 years. The aforementioned measures have pushed the upward trend for construction and real estate market.

In addition, the government will accelerate investment projects under the new strategic framework to develop transport infrastructure of Thailand 2015 to 2022, to change the ASEAN and global economic infrastructure that might happen in the next 8 -10 years in the future. Thus, Thailand must urgently develop and improve basic transport infrastructure, to build competitiveness within the business sector; leveraging the flexibility of travel and transport to the central regions of the country, by accelerated investment strategic framework to develop transport infrastructure of Thailand 2015 to 2022. Whereby, investment in many important construction projects, for instance, construction of the MRTA Green Line, Railway double track, and basic transportation infrastructure development, as well as roads and high ways under the government's annual 2015 - 2016 budget.

Therefore, 2016 is estimated to see higher growth rates due to the governments economic stimulus in the real estate sector, and many of the government's projects since 2015 will attribute to the growth in construction businesses.

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 2015, Industry Federation of Thailand has summarize automotive production of 1,931,002 units that increase from 2014 representing 1.76% which is domestic automotive sales of 799,632 units. Whereby, sales have been slowing down when compared to 2014 at 9.32%, due to the end of the "first car project", the automotive industry has returned to its original state. Moreover, due to the economic slowdown most families having much household debt, is impacting their decision to lessen purchases of automobiles.

	2015	2014	2013
The volume of domestic automotive production (unit)	1,913,002	1,880,007	2,457,057
The volume of domestic automotive sale(unit)	799,632	881,832	1,330,672

Source: The Federation of Thai Industries



Trend of automotive industry

According to the Office of Industrial Economics, forecasted, production volume of about 2.15 million vehicles in 2016; whereby, production for sale domestically 900,000 vehicles and production for export at 1,250,000 vehicles. Thus, steel market trends are estimated to rise to meet the demands of production of automobiles.



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

In the past year 2015, steel business owners in the country have all been affected by the economic down turn and the construction sector slow down. This has caused the demand for steel within the country to decrease significantly. The country has been affected by the sale of goods from foreign manufacturers whose sales prices are much lower than within the country. This has impacted the price trend of raw materials and steel within the country to decline. However, with the government's help in countering the market via Antidumping (AD) and Safeguard measures; will allow for increased prices for foreign products. Therefore, it is estimated that in 2016 domestic steel prices will rise.

In order to reduce the risk of raw material and product prices to increase or decrease, the Company's management has closely followed the changes in raw material prices, steel, hot rolled coil, and other steel products, both domestically and abroad. Also, there is continuous monitoring of steel price trend comparisons, both domestic and foreign. For the benefit of managing investment costs of steel, and to keep investment costs of raw materials and products low, which will positively affect the operations of the company.

The policy of setting selling price, the company will be based on costs of sales and market price of raw material at that time, for the Company's gross profit increase.

1.2 Risk from products procurement

According to company's policy to hedge the purchase of raw materials risks by procurement of raw materials from various distributors both foreign and domestic, considering the product price, quality, and on-time-delivery. This is considered from the direction of the price fluctuation and the prolonged payment term negotiations. The Company and subsidiaries have policies 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 and can control cost of raw material and products efficiently.

1.3. Financial Risks

1.3.1 Risks from borrowing liabilities

The Company has issued bonds and loans from financial institutions and other parties, to be used as working capital in the business. As of December 31, 2015 the Company has debt from issuing debentures, using credit line, and total loan of 2,818.69 million Baht. However, there is still risk of



the amount of debt remaining above, the Company will seek the directions for financial restructuring to reduce loan debt to the appropriate level.

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, a portion is due for repayment within one year from the date of December 31, 2015 in the amount of 48.00 million baht.

Thus, the company has planned to manage financial payment by reserving particular amount of cash for loans repayment, by preparing cash flow projection and financial restructuring 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 Thai steel Company has been deeply effected by foreign steel exports entering the Thai market at a lower price than of domestic businesses. In the past, Thailand has imported steel from various countries, especially imports from China has been steadily increasing. In 2015, there had been 4.66 million tons per year, which has effected many business's ability to compete - lowering the income of domestic manufacturers and distributors and resulting in net loss.

Therefore, the relevant government agencies such as the Department of Commerce and Department of Foreign Trade have come up with a joint solution by enacting anti-dumping (or AD) and safeguards against importation of hot rolled sheets and billets with alloy mixture for long and flat products. And is also conducting review of AD tax rates of high carbon steel wire, including high carbon steel wire with high alloy elements originating from China; and price dumping of Hot Rolled Steel Sheets and Coils originating from Brazil, Iran, and Turkey; and investigations on price dumping of iron and steel tubes and pipes originating from China and South Korea has results saying that the aforementioned products does cause damage towards the domestic steel sector.

The AD and Safeguard measures will allow steel producers aforementioned to resume increased production, because such measures would lessen the price competitiveness from abroad. At the same time, these measures will result in the increased steel import costs for domestic steel traders importing steel, due to the fact that some steel types have very few domestic manufacturers, or inadequate production, which will result in increased price for imported products.

In any case, the Company has been closely following the legal changes relating to manufacturing and distribution, in order to strategies and plan for risk management in various areas; including analyzing opportunities for future steel production which expect to be increased from 2015 due to the aforementioned steel type is protected by AD from abroad. Furthermore, the trend for steel demand is increasing after the government announced the long term investment plan for basic infrastructure.



2. Risks affecting rights of securities or investments holders

The risk of the company's retained deficit

On December 31, 2015 the Company had net loss on consolidate financial total amount of 198.28 million Baht, a net profit attributable to the equity holders of the parent amount of 165.15 million Baht. For the separate operating performance net loss of 119.14 million Baht. However, the Company's results of operations deficit as of December 31, 2015 in consolidated financial statements stated retained deficits amount of 1,033.97 million Baht, separate financial statements stated retained deficits amount of 856.18 million Baht.

The reason for the Company's sizeable deficit is due to the Company's loan burden, and also due to the last 3 years the Company has faced economic down turn, mass flooding, and political instability, which caused the decrease of steel demand and steel price fluctuations, resulting in the Company's sales revenue having insufficient income for expenses and financial costs.

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

The Company is currently solving the debt problem with the financial institutions including adapting the financial structure to an appropriate level, and seeking financing with low financial costs to lessen the Company's financial burden. Also adapting the Company's and its subsidiaries' business strategies, by achieving new businesses and creating new products which can bring consistent sustainable profit from operations. The Company believes that if such operation can be accomplished successfully, the company's performance will improve and is able to reduce the retained deficit, including any other possible operations and 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
Registration No.	:	0107549000050
Home Page	:	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.

93 Ratchadaphisek Road

Dindaeng, Dindaeng, Bangkok 10400

Tel. 0 2009 9000

Fax. 0 2009 9991

Auditor

SAM NAK-NGAN A.M.C. Co., Ltd.

4th Unit, 19th Floor, Silom Complex Building

191 Silom Road, Bangrak

Bangkok 10500

Tel. 0 2231 3980 - 7

Fax. 0 2231 3988



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

Items	Company/Location	Type of Business	Type of Share	Issued Share Capital	Number of Shares	%
1	Rich Asia 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	Rich Asia Engineering Co., Ltd. 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6424-5, 0 2453 6468 Fax. 0 2453 6469	Supply of equipment and technology including invest in utilities and infrastructure	Ordinary Shares	8,000,000	7,600,000	95.00%
3	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%

Note * Siam Ferro Industry Co., Ltd. has changed its name to Rich Asia Industry Co., Ltd. on September 17, 2015.



Shareholders

Major Shareholders as of March 15, 2016 (Valued 1 Baht per share)

Ranking	Shareholders	Number of shares	Percentage
1.	Miss Angkakarn Tantiviroon's group		
	1.1 Mrs. Pimsiri Keeratitensiri	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.	Miss Janthaporn Niyompeetikul	106,101,747	4.42
3.	Mr. Sitthichai Srisa-nguankul	90,964,600	3.79
4.	Mr. Wichai Wachiraphong	81,954,915	3.41
5.	Thai NVDR Co.,Ltd.	71,993,363	3.00
6.	Miss Nada Tepawattanasuk	68,939,200	2.87
7.	Mr. Thammarat Opas-sathien	48,749,850	2.03
8.	Mr. Krit Phurisinsit	48,595,600	2.02
9.	Mrs. Aphiradee Wittayateerakul	39,338,500	1.64
10.	Mr. Anuwat Lhaikijrung	37,564,700	1.57
	Total	707,018,100	29.45
	Other Shareholders	1,692,981,900	70.55
	Total Shareholders	2,400,000,000	100.00

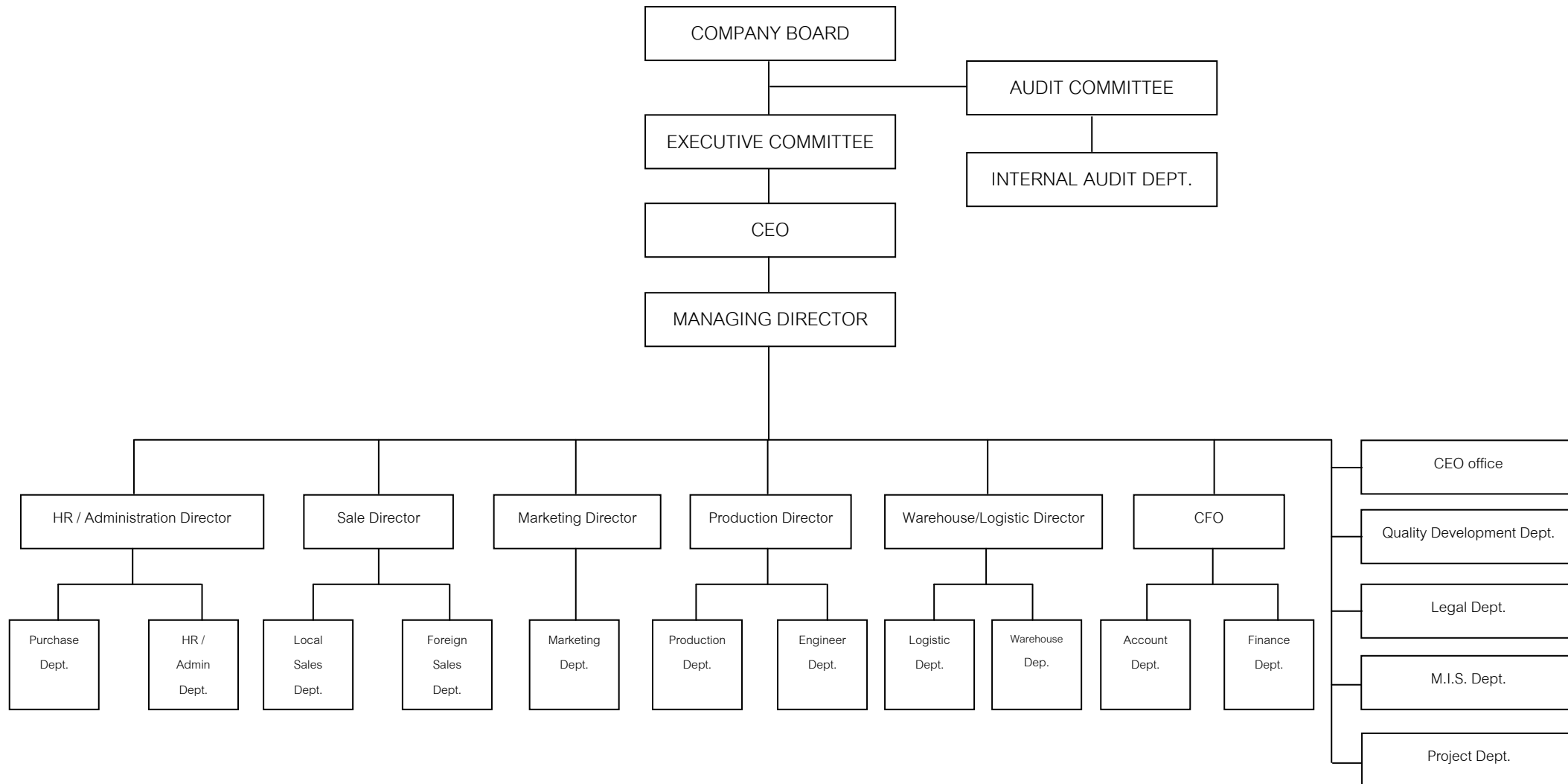
Dividend Payment Policy

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 2015, Board of Directors comprises of 9 members:

- Executive Directors 3 members
- Non-Executive Directors 2 members
- Independent Directors 4 members

Independent Directors

The company has 4 Independent Directors represent to 44% 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. Pimsiri	Keeratitiansiri	Director (Non-Executive Director)
4. Mr. Rittirong	Intarajinda	Director (Non-Executive Director)
5. Miss Angkarn	Tantiviroon ¹⁾	Director (Executive Director)
6. Mr. Somkiat	Vongsarajana	Director (Executive Director)
7. Mr. Teera	Phoncharoensuk	Director (Executive Director)
8. Asst.Prof.Dr. Nakhun	Thoraneenitayan	Director / Audit Committee (Independent Director)
9. Pol.Lt.Gen. Mongkol	Kamolbutra	Director / Audit Committee (Independent Director)

Remark 1) Appointed by the AGM of Shareholders in 2015 on April 17, 2015.

Authorized Directors on behalf of the Company

Authorized Directors: Mrs. Pimsiri Keeratithiansiri, Mr. Somkiat Vongsarajana, Mr. Teera Phoncharoensuk, Miss Angkarn Tantiviroon, 2 of 4 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 2015, The Company has set up Board of Directors' meeting 9 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)	9/9
2. Mr. Surapong Churangsarit	Vice Chairman (Independent Director)	8/9
3. Mrs. Pimsiri Keeratitensiri	Director	9/9
4. Dr. Rittirong Intarajinda	Director	7/9
5. Miss Angkakam Tantiviroon ¹⁾	Director	6/9
6. Mr. Somkiat Vongsarojana	Director	9/9
7. Mr. Teera Phoncharoensuk	Director	9/9
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Director (Independent Director)	9/9
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director (Independent Director)	9/9

Remark 1) Appointed by the AGM of Shareholders in 2015 on April 17, 2015.

As of December 31, 2015, Company's Management as per SEC regulations consists of 3 members, as follows:

1. Miss Angkakam Tantiviroon ¹⁾ Chief Executive Officer
2. Mr. Somkiat Vongsarojana Managing Director/
HR / Administration Director (Deputy)/
Sales Director (Deputy)
3. Mr. Teera Phoncharoensuk Production Director

Remark 1) Appointed by 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 2015 on April 17, 2015 has resolved to fix the remuneration for Board of Directors for year 2015 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 2015 at the rate 10% of dividend paid in 2015 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 2015 the Company has paid remuneration to each director for accounting period of December 31, 2015 as follows:

Name	Position	Remuneration ¹⁾ (Baht)
1. Gen. Watanachai Chaimuanwong	Chairman	140,000
2. Mr. Surapong Churangsarit	Vice Chairman / Chairman of Audit Committee	170,000
3. Mrs. Pimsiri Keeratitiensiri	Director	70,000
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	110,000
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director / Audit Committee	110,000
Total		650,000

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 2015, the company does not pay bonus on operation of the Board.

Managements Remuneration

In 2015 the company has 5 Managements for accounting period of December 31, 2015 the company has paid remuneration to Managements as follows:

Total Managements Remuneration

Type of Remuneration	Amount (Baht)
Salary	9,780,417
Provident Fund	59,840
Total	9,839,897

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, 2015

Name	Dec. 31, 2015	Dec. 31, 2014	Increase (Decrease)
1. Gen. Watanachai Chaimuanwong	-	-	-
2. Mr. Surapong Churangsarit	-	-	-
3. Mrs. Pimsiri Keeratitensiri	66,900,000	66,900,000	-
4. Mr. Rittirong Intarajinda	-	-	-
5. Miss Angkakarn Tantiviroon ¹⁾	43,550,000	43,550,000	-
6. Mr. Somkiat Vongsarojana	4,000,000	4,000,000	-
7. Mr. Teera Phoncharoensuk	3,000,000	3,000,000	-
8. Asst.Prof.Dr.Nakhun Thoraneenitiyan	-	-	-
9. Pol.Lt.Gen. Mongkol Kamolbutra	-	-	-

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.



Personnel

As of December 31, 2015 the Company has a total of 60 staffs (exclude 5 Managements). The Company compensated the employees who are not Management for a total of 21.57 Million Baht in consists of salary and provident fund. In addition, 2 Subsidiaries are Rich Asia Industry Co., Ltd. (RAI)* and Rich Asia Engineering Co., Ltd. (RAE). RAI has compensated for a total of Baht 11.16 Million. RAE has compensated for a total of Baht 0.25 Million.

Remark *Rich Asia Industry Co., Ltd. (RAI) has changed its name from Siam Ferro Industry Co., Ltd. on September 17, 2015.

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 2015 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 11 internal training programs and 12 external training programs which total numbers of 39 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, 2015.

Division	Employee amount (person)
Purchase	2
Human Resource & Administration	11
Sale	3
Production	22
Accounting	6
Finance	4
Internal Audit	1
Law	1
Information Technology	2
Logistics	1
Marketing	2
Project	1
C.E.O. Office	4
Total	60

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. 9/2015 held on November 13, 2015 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 2015, the Company held the Annual General Meeting of Shareholders on April 17, 2015 at River Grand Ballroom, 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 31 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, Chief Executive Officer, Chairman of Audit Committee and 5 Directors, total 8 persons, together with auditors 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 20, 2015 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 6, 2015 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.



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 2015 AGM Assessment Program, the Company received the score of 100 points.

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 28 to December 31, 2015. 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 2015, the assessment of Board's performance is 98.97%.

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. In 2015, Audit Committee's named and attending meeting 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	4/4

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.



As of December 31, 2015, Executive Committees consist of 3 members as follow:

- | | | |
|-------------------|----------------|-------------------------|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarojana | Executive Committee |
| 3. Mr. Teera | Phoncharoensuk | 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****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. Guidelines of operate in Corporate Social Responsibility

The company operates under the governance and ethical principles coupled with attentive care, environment and society, regardless to stakeholders involving both internal and external organization. In order to, contribute sustainable business development. Currently, the Company has implemented CSR, as follows:

Fair Business Operation

The Company Carries on its business in line with fair and equitable trading framework under business laws and ethics; adheres to the work guidelines in the honest, virtual, transparent, and examinable manner. 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 shareholders, customers, trade partners/creditors, competitors, employees, the government sector, the community/society and the environment, by having process and guidelines for creating the participation, as follows:

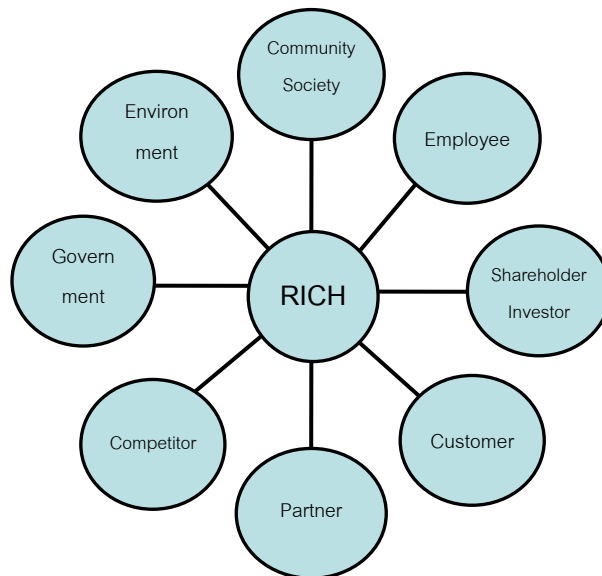
Stakeholders	Participation Channel	Anticipation	Guidelines
Community / Society	- Participate with community in accordance with the activities	- Operate with will not affect to life quality of community, environment and society - Support activities of community	- Conduct project for community, support occupation, education, etc. when have a chance
Employee	- Activities of the Company	- Good remuneration - Good career, be developed knowledge and ability to comply with	- Pay proper remuneration and welfare - Encourage with the progress according to knowledge and capability of employee



Stakeholders	Participation Channel	Anticipation	Guidelines
		<ul style="list-style-type: none"> career progress - Good quality of working life 	<ul style="list-style-type: none"> - Provide an opportunity for employee to participate in management of quality of working life such as Occupational Health and Safety Committee
Shareholder / Investor	<ul style="list-style-type: none"> - Annual General Meeting - Annual Report 	<ul style="list-style-type: none"> - Good Corporate Governance - Sufficient information disclosure for investment decision - Good return on investment 	<ul style="list-style-type: none"> - Treat shareholder according to Code of Business Ethics with adherence to fair and equitable treatment of shareholders as specified by the Stock Exchange of Thailand (SET) and Securities Exchange and Commission (SEC)
Customer	<ul style="list-style-type: none"> - Communicate via electronic media and telephone - Meeting with customer on various occasions 	<ul style="list-style-type: none"> - Quality product, delivery on time, with proper price - Supplying products to a wide range and intact (One-Stop-Service) 	<ul style="list-style-type: none"> - Deliver safely quality products with fair prices that can timely and consistently meet demand of customers and are of the standard proper for application by customers. - Customer service center on the Company's website.
Partner	<ul style="list-style-type: none"> - Meeting with partner - Communicate via electronic media and telephone 	<ul style="list-style-type: none"> - Fair and transparency selection - Acceptable payment term 	<ul style="list-style-type: none"> - treat partners equitably and fairly, giving truth and timely information, and strictly performing the contractual obligations in relation for maintain good relationship
Competitor	<ul style="list-style-type: none"> - Operating for business 	<ul style="list-style-type: none"> - Perform under the rules of fair competition 	<ul style="list-style-type: none"> - Encourage free and fair competition policy - Not unethically or inappropriately seek its partner's confidential information such as bribing the



Stakeholders	Participation Channel	Anticipation	Guidelines
			<p>directors and staffs of its competitors, etc.</p> <ul style="list-style-type: none"> - Not destroy competitor's reputation by negative accusing
Government	<ul style="list-style-type: none"> - Submit report to government - Participate in activity and project of government 	<ul style="list-style-type: none"> - Perform under related laws 	<ul style="list-style-type: none"> - Legal compliance and strictly reporting result - Pay taxes and other expenses according to regulations as specified by government
Environment	<ul style="list-style-type: none"> - Participate in the environmental activities of the relevant authorities 	<ul style="list-style-type: none"> - Practice and realize to resource and environmental sustainability 	<ul style="list-style-type: none"> - Develop and seek for knowledge necessary for management and prevention of pollution - Realize the significance of sustainable resource consumption - Promote activities aimed at reducing and improving global warming crisis



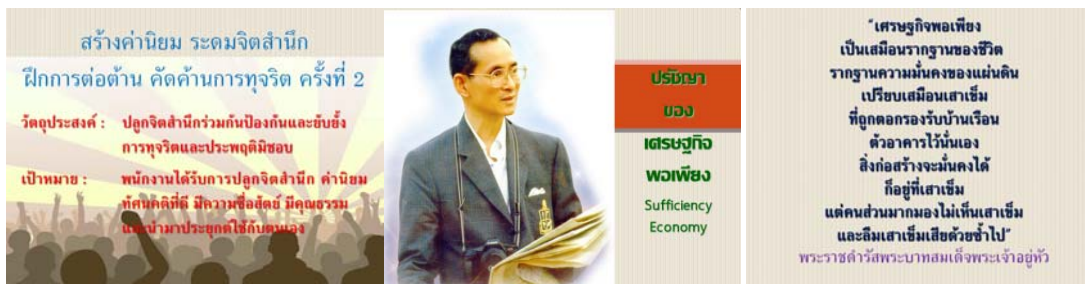
Anti-Corruption

The Company gives importance to an anti-bribery and anti-corruption, and supported activities that promote and encourage all employees to perform in conformity to the relevant rules and laws, with the following guidelines:

1. Employee, his/her family members, and friends have no direct or hidden beneficial interests with the Company, such as any conduct to sell goods and services to the Company or in competition with the Company.
2. Refrain from being entertained by parties with business relations with the Company or by others who may benefit from employee's performance of duty or performing duty in the Company's name.
3. Demand or obtain no wrongful gains, either directly or indirectly, or any other gains in return for acquisition of business benefits; and make no use of gains from bribe or fraud in business operations.
4. In case where giving or receiving gifts or is in a manner of festive or customary practice, such gifts or other benefit should not be in a too high value, be illegal, impact decision in performing duty, and cause the Company to lose any business gains.

Training of Creating the values, raising awareness, practicing against and Anti-Corruption

The company is educating employees by providing training to raise awareness the values of life by follow up initiative of His Majesty King Bhumibol Adulyadej - the King's Sufficiency Economy. Encouraging employees to creating the values which sufficiently way in life and prevent misconduct by observing their responsibly works; what is risk behavior that may entail the scope of corruption in the organization. Thus, this is concept of training name's "Creating the values, raising awareness, practicing against and Anti-Corruption."



The Company has indicated Policy of anti-corruption in 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. 9/2015 held on November 13, 2015 has reviewed the policy and approved to continue using the existing policy.

Respect of Human Rights

The Company gives importance to respect for and adherence to relevant laws, rules, and regulations, with the following practice put in place:

1. Comply with laws, rules and regulations, and observe customary practice relevant to its business.
2. Comply with regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
3. Comply with good corporate governance principles as prescribed by the Stock Exchange of Thailand.
4. Give no support to any conduct in breach of the laws and regulatory criteria.
5. Treat all persons without discrimination on the grounds of race, religion, gender, or status.

Exercise of social and political rights:

Employee has rights and freedom to participate in any social activity, with avoidance of any impropriety that violates the law or morality, or causes social disorder, and with maintaining of individual honor and dignity, as appropriate for the status in the society and community where the Company is situated, with the following guidelines to be observed:

1. Not engage in any conduct that may lead to understanding that the Company takes part in or gives support to any particular political party.
2. Not engage in any conduct that may cause or lead to disunity among employees or with the community where the Company is situated.

Labor Treatment with Fairness

The Company recognizes the employees as a vital resource that will support and push for its achievement of targets. The Company thus has a policy to take care of the employees to ensure good quality of life, fair employment conditions, appropriate welfare, and career development opportunities. The following practice guidelines are in place:

1. Determine remuneration for employees of all levels at fair and appropriate rates, mainly giving importance to welfare, security, and advancement in career path of employees.
2. Make available tools and equipment, and prepare operational control and training procedure with due regard for security in life and property of employees.
3. Adhere strictly to laws, bylaws, and provisions in relation to employees, and aim to adopt international management standards in case of no laws, bylaws, and provisions applicable at present.
4. Appoint and rotate, as well as give reward and impose penalty to employees, in a fair and sincere way, and on the basis of their knowledge, competence and appropriateness.



5. Support, promote, and give importance to development of knowledge, competence and skills of employees, with opportunities opened for all levels organization-wide and on a regular basis.

6. Make available provident fund for employees to apply as members from which employees are guaranteed to receive welfare remuneration upon their termination of employment for whatever reason unless the termination results from conduct causing damage to the Company.

7. Allow employees who face work problems, whether regarding work conditions, employment conditions or work command, and cannot work out solutions by themselves, to file complaints through the channel, system and procedure in place.

8. Be open for comments and suggestions from employees of all levels fairly and equitably.

Training and Development in 2015

To increase staff's general knowledge, the Company has set up in-house training and development according to the following:

1. Safety awareness in the workplace
2. Making conscious habits: 5S objects
3. Calculation of personal income tax
4. RICH Company Motto: The 9 rules
5. Creating the values, raising awareness, practicing against and Anti-Corruption (Part 2)
6. Building skill and income through flower arrangement (Part 2)
7. Computer Troubleshooting Basics
8. Preparation for the entering into ASEAN community
9. Fire prevention and protection in the workplace

Furthermore, in 2015, the Company has initiated 2 long-term weekly programs to enhance skills in learning, meditation, and intelligence. The programs are led by knowledgeable, skilful experts within the company. The 2 programs are "English for Business" and "Meditation: Discussions and Exchanging of Knowledge". The aforementioned programs are long term staff development programs, in which the skills attained from the program can be adopted and utilised for staff's sustainable work efficiency.

Moreover, the Company also encourages staff to gain training knowledge outside of the office according to each department's roles in order to adapt the skills gained to enhance the quality and capability of employees in their roles. Whereby, the outside training programs include:

1. Strategies in negotiations in the buying department
2. Organizing shareholder's meeting according to Corporate Governance
3. Smart Disclosure Program (SDP), 12th cycle
4. Managing Corporate Social Responsibility for long term sustainability
5. CS Sharing: How to improve your CG practice



6. Operating SCP system: Reporting Straight Through, Strategic Shareholder, Reporting FSCOM
7. Basic IR
8. Professional Secretary: the important support in running a good business
9. 28 issues in closing accounts, according to accounting standards
10. 60 issues that need to be monitored carefully when the Revenue Department runs inspections
11. Update the tax laws applicable in 2015, the issues and problems that accountants need to know

Occupational Health and Safety

1. All work units concerned in the organization shall perform in compliance with the laws and regulations in relation to occupational safety, sanitation and environment in a concrete manner.
2. In case of witnessing any damage risk or incident in the factory or office premises, whether such incident is caused by employees, machines, or any other factors, including any accidental incident, and whether there are any casualties from which or not, it shall be the duty of the witnessing employee to immediately report to the supervisor, or safety committee members, or any party concerned.
3. Work systems in place give importance to workplace safety and sanitation, i.e. work stations are kept clean and in sanitary conditions in line with the 5S principles, to ensure employees and visitors are safe from accidents and diseases at the workplace and the surrounding areas.
4. Executives and employees pay serious attention to activities in promotion of occupational safety, sanitation and environment, by performing duties with safety consciousness and awareness of environmental protection on a consistent basis.

Fire prevention and protection in the workplace

The Company has set up a fire prevention and protection program (fire crisis management plan manual), which is in line with the announcement from the Ministry of Interior on “fire prevention and protection in the workplace, for work safety of employees”. This is so employees can use as guideline in case of a fire crisis. The program invited lecturers and speakers accepted or approved by the government to educate and train no less than 40% of employees in basic fire protection and prevention. This program is conducted annually, by which in 2015 the program was set and carried out on November 26, 2015.



5S objects

The Company's' 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. Whereby, in 2015 the Company has continuously upheld the 5S guidelines, until it has become engrained into each employee's daily routine, according to the fifth S - SHITSUKE. To further support the 5S objects, there has even been Poem Competitions to further spread the awareness and gain cooperation, through poetic verses that promote the disciplines in a clear and substantial manner. Rewards have been given towards the department that best follows the 5S objects practices with the best intentions and most sustainable discipline.



Consumer Responsibility

The Company focuses to satisfy customer, therefore, the Company has set up policy on customer treatment as follows:

1. Deliver safely quality products with fair prices that can timely and consistently meet demand of customers and are of the standard proper for application by customers.
2. Make no distortion, cheating, nor misleading of the details on the products, and conduct survey of customers' satisfaction for use to improve service and develop products on a regular basis.
3. Give importance to and maintain confidential information of customers and use no information of customers for personal and others' benefits.
4. Set up a complaint dealing center where customers can complain about the products and service.

Operation

License TIS . 24-2548 steel bars for concrete reinforcement : deformed bar.

Steel Bars for concrete reinforcement (deformed bars) of the Company is a product that has passed the standard the requirements of the Thai Industrial Standards Institutes (TISI) i.e. passes all technical requirements, including effectiveness of usage, quality of raw materials to produce, and the testing methods according to the TISI standards. The result has been achieved standard of TIS. 24-2548 steel bars for concrete reinforcement: deformed bar No. T 2585-1218/24 on



October 26, 2015 which can ensure the quality of the Company's product and the safety of the consumers, as well as fairness of consumption of our products.



Participation in Community and Social Development

The Company projects to develop the community and society, with the following practice put in place:

1. The Company assists in developing personnel in various occupations to accommodate shortage of labor force and promotes occupational skills and potential as well as knowledge for people in the community and society, by participating in Bilateral Vocational Education Project, collaboration between educational institutions and business enterprises, to produce skilled labor with quality responsive to the market.
2. Personnel of all levels are responsible for and committed to taking care of the community nearby and stakeholders as a whole, with CSR training courses arranged for them by the Company.
3. The Company organizes activities that foster the nearby community and society to promote better quality of life.
4. The Company responds quickly and efficiently to incidents that may affect the community and society as a result of its business operations with full cooperation given to relevant government authorities and agencies.
5. The Company participates in religious activities by offering necessities and making donation to temples in nearby community and other areas in such occasions as Buddhist Lent Candle procession, Kathin ceremony, Phapa ceremony, etc.
6. The Company participates in making merit and donations, both money and necessities, including the used ones that are still usable and beneficial to others and steel products of the Company, to both public and private agencies, foundations, associations, or victims of natural disasters, to help relieve hardship and for use as necessary for the particular place and situation.

Operation

Vocational bilateral system

In 2013 the Company 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's reason in participating of vocational bilateral system due to the labor market's shortage of skill workers such as electrician and welder. The Company 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's exact requirement. The above project's student will not have any obligation to work at the Company after graduated.

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

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 in others department besides the above project's student as trainee and recruit as an employee after graduation.



Religion

The Company engages in the Religious activities and supports the basic needs of the nearby temples, especially on Religious Holidays, e.g., offering Phansa candles and Thot Kathin ceremony at Pathip Pleephol Temple, Tharkham, Bangkhuntien, Bangkok. Whereby Prathip Pleepol Temple is a temple situated nearby the Head Quarters. Also, making off-season offer at Chaisit Temple (Phra That Koi Pu), Maepaak, Wang Chin, Phrae to build birthday Buddha and Phradhitsathan Pavillion.



Environmental Management

The Company awareness of duties and responsibilities to environment with the following practices:

1. Emphasis is placed on optimizing the use of resources, and preserving the environment by safeguarding against any environmental impacts.
2. Promote and instill in all employees awareness of the value of natural resources, energy saving, and environmental protection, and encourage promotion of the reuse of resources.
3. Employees shall strictly comply with work safety rules; supervisors and safety committee members in direct charge shall also ensure employees do not violate the rules; and employees who witness any breaching incidents shall report such incidents to the parties concerned without delay.
4. The Company shall give cooperation to government agencies and organizations in solving environmental problems and developing good environment to the society, as well as dealing with emergency cases or accidents at work in a quick and efficient manner.
5. The Company shall put in place measures to prevent accidents and control disposal of factory waste within the limit prescribed by law.
6. Personnel of all levels are responsible for and committed to taking care of the community nearby and stakeholders as a whole, with CSR training courses arranged for them by the Company.
7. The Company organizes activities that foster the nearby community and society to promote better quality of life.
8. The Company responds quickly and efficiently to incidents that may affect the community and society as a result of its business operations with full cooperation given to relevant government authorities and agencies.

Operation

Help the People - Help the State; Save Water Project

Metropolitan Waterworks Authority (MWA) has prepared a project to help the state and the people save water. Whereby, water rights fees are given as prizes for those whom have reduced water consumption to no less than 10% and no less than 5 CBM. in the past August - September 2015. For those who consume water no more than 1 inch in measurement will receive water rights fees of 100 Thai Baht, for those consuming water with measurement 1.5 inches and above shall receive water rights fees of 200 Thai Baht. The Company has joined this program by publicising and campaigning for all employees to value water, and to engrain the consciousness of being a valuable part of a community and helping the Company save on water consumption; which all employees have given their full cooperation. As a result, the Company's water consumption has reduced within the parameters laid out by the MWA for 1 month (September); the Metropolitan Waterworks Authority (MWA) has therefore given out a prize of 100 Thai Baht water rights fee. Whereby, this water rights fee shall be deducted from the water measurement period of December 2015 onwards until reaching the full amount.



Conservation of Nypa palms' forest in areas outside the factory

The company has engaged in Nypa palms' forest conservation in area nearby the factory, situated at Bhang Phrong sub-district, Muang Samut Prakhan district, Samut Prakhan. There are homes and communities that live nearby, therefore the Nypa palms' forest helps to sustain the natural balance, and to also filter noise and dust from steel production. Besides this, the Company has planted Horse radish trees, Coconut trees, to further filter noise and dust. Furthermore, employees are able to use the product e.g., the sheath of the Horse radish plant and the Coconut plant can be cooked as food and medicine, for instance. Also, in the past year 2015, the Company notices allow employees to plant homegrown vegetables e.g., tomatoes, eggplant, morning glory, bog choy, corn in the land space of the company. This project can support the employee's free time to create benefit and they can take the products from farm to cook for their foods.



Sedimentation

In the process of steel production, when going through the rolled steel process, the water used in the steel rolling process will be transferred to the sedimentation tank, until the steel scale leftover. Steel from sediment (Scale) is able to be utilized in road repairs of potholes and uneven roads and the remained Scale will be selling to contractors for further use. Such sedimentation is one methodology to reduce water pollution because it can filter steel scale separately from water before draining to the public for further treatment.



Internal Audit and Risk Management

Board of Director's Meeting no 1/2016 on February 26, 2016 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 2015 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 2014 and 2015 as follow:

Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd.* Nature of business: production and distribution of steel pipes. Structural Steel and various types of steel products.	The Company holds 51.88% shares and some directors have been being directors of Rich Asia Industry Co., Ltd. The Company holds shares since 2011	1. Trade Receivable 2. Other receivables 3 Receivables Stock 4. Allowance for doubtful accounts. 5. Loans 6. Interest receivable 7. Income from products 8. Income from raw material 9. Other Income	29.193 0.001 5.296 (5.296) 389.200 1.125 0.038 515.005 0.020	53.755 0.001 5.296 (5.296) 389.200 2.644 0.068 270.401 0.013	- The 1 th , 7 th and 8 th items are occurred by sales of products and raw material to Rich Asia Industry Co., Ltd.* for factory renovation which comparison the sale to unrelated parties, the terms and condition of sale has performed in normal way of business. - The 2 nd and 9 th items are occurred by the company Charge a mobile phone company, which is based at the Rich Asia Industry Co., Ltd.* - The 3 rd and 4 th items of Rich Asia Industry Co., Ltd.* diluted share value by the Extraordinary General Meeting of Shareholders No. 1/2011 of the original par value. 100 baht per outstanding par value of 31 baht.



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd.* (continue)		10. Interest	1.125	31.136	- The 5 th item 6 th and 10 th items are occurred by The Company. Rich Asia Industry Co., Ltd.* loan. The turnover of the operation.
		11. Buy	45.306	25.519	
		12. cuts and productivity	0.008	0.006	- The 11 th and 12 th items are occurred by company hired Rich Asia Industry Co., Ltd.* manufactures products according to the company's production. To achieve maximum efficiency The commercial terms and price, according to normal business operations when compared to transactions with unrelated third party.
		13. Other expenses	-	0.029	
<u>Audit Committee's Opinion</u>					These related parties transaction's are reasonable and benefit to the company. Terms and conditions

Note * Siam Ferro Industry Co., Ltd. changed its name to Rich Asia Industries Co., Ltd. on September 17, 2015.



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
					are normal business transactions
Rich Asia Engineering Co., Ltd. Nature of Business: Supply of equipment and technology, including invest in utilities and infrastructure.	The Company holds shares in the proportion of 90,000 shares, as 90% shares and some directors holds shares of 1.5% (Establish on February 2015).	1. Other receivables 2. Other Income	- -	0.020 0.207	- The 1 st and 2 nd items are occurred by The Company Charge of office leasing company. <u>Audit Committee's Opinion</u> These related parties transaction's are reasonable and benefit to the company. Terms and conditions are normal business transactions.
Thai National Product Co., Ltd. Nature of Business: Spun pile manufacturer and distributor with services transportation and piling rigs. Selling prefabrication of concrete products.	The Company holds 29.89% shares. Some directors have been being shareholders. (The Company holds shares at the midyear of 2010)	1. Trade Receivable 2. Assets Receivable 3. Interest receivable 4. Other creditors 5. Loan	1.742 0.018 - - 187.377	- - - 0.010 -	- The 1 st and 7 th items are occurred by Thai National Product Co., Ltd. purchases as raw material in the production of the commercial terms and price, according to the nature of its normal business. compared to transactions with unrelated third party. - The 2 nd and 9 th items are occurred by The company sold a truck. Radios and computers



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Thai National Product Co., Ltd. (continue)		6. Interest payable	3.399	-	to companies Thai National Product Co., Ltd. for the operation.
		7. Income from products	9.881	5.062	
		8. Other Income	0.159	0.004	- The 3 rd and 10 th items occurred by The Thai National Product Co., Ltd. short-term loans from the company.
		9. Income - Sale of assets	0.123	0.046	
		10. Interest	-	0.559	- Thd 4 th and 12 th items are occurred by The company would use trade credit (LC, TR) Company Ltd Thai National Product Co., Ltd.
		11 Interest expense	8.252	3.902	is the Bank to pay compensation for the use of the credit facility at 0.25 percent.
		12. Other expenses	-	0.153	
					- The 5 th item 6 th and 11 th items are occurred by The Company Borrowing money from the Thailand National Product Co., Ltd. for use in current operations.
					- The 8 th item The Company Office rents charged for electricity supply and service of documents from the National Product Co., Ltd. Thailand.



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Thai National Product Co., Ltd. (continue)		* Guarantee agreement and Promised land And building Equipment			<p>- The contract guarantees the company's Thai National Product Co., Ltd. agreement. And promised land, buildings and machinery. As collateral to secure credit facilities of the Company. With a financial institution Without any compensation from the company.</p> <p><u>Audit Committee's Opinion</u> These related parties transaction's are reasonable and benefit to the company. Terms and conditions are normal business transactions</p>
G. T. Steelwork Co., Ltd. Nature of Business: Manufacturer and distributor of steel bar and scrap iron.	Miss Angkarn Tantiviroon, director and shareholder of the Company, and family held 34.81% shares in G.T. Steel Work Co., Ltd.	1. Payable 2. Other creditors	8.647 3.100	8.647 3.100	<p>- The 1st and 2nd items are occurred by G.T. Steel Works. The transaction was trading of goods which was normal terms and conditions that can be compared with non-related customers.</p> <p><u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
PNB INTER GROUP Co., Ltd. Nature of Business: Distributor of marble, granite and steel.	A client of Company. Mr. Kamol Wantanakanin as a director of PNB INTER GROUP Co., Ltd. and shareholder of Thai National Product Co., Ltd. amount of 1,000,001 shares, representing 3.69% shares and being director.	1. Trade Receivable 2. Revenue from the sale of FG	3.702 13.191	- 16.823	- The 1 st and 2 nd items the Company has sold the goods, provided the trade price and the nature of the ordinary compared to transactions with third parties that do not. Concerned <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
STAR DECOR & DESIGN. Co., Ltd. Nature of Business: Distributor of marble, granite and steel.	A client of Company. Mr. Kamol Wantanakanin as a director of PNB INTER GROUP Co., Ltd. and shareholder of Thai National Product Co., Ltd.	1. Trade Receivable 2. Revenue from the sale of FG	5.004 9.640	0.118 11.246	- The 1 st and 2 nd items the Company has sold the goods, provided the trade price and the nature of the ordinary compared to transactions with third parties that do not. Concerned <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
STAR DECOR & DESIGN. Co., Ltd. (continue)	amount of 1,000,001 shares, representing 3.69% shares and being director.				are normal business transactions.
Miss Angkakarn Tantiviroon	Chief Executive Officer, director and shareholder of Rich Asia Steel PCL. representing 1.81% shares, Newly appointment as Chief Executive Officer held on February 1, 2015.	1. Other creditors 2. Consultants 3. Other expenses agreement	0.009 1.800 0.107 No charges	0.039 - 0.262	- The 1 st and 3 th items as the transportation paid to directors of the Company. - The 2 nd item is a consultant in charge of the appointment of Andre Kan. Tantiviroon as a consultant during the non-executive chairman. - Ms. Angkarat Kan Tanti Wiroon agreement for credit facilities of the Company. With a financial institution Without any compensation from the company. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable.



Company / People	Relationship	Transaction Account	2014 (Million Baht)	2015 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Mr. Somkiat Vongsarojana	Managing Director and Director	1. Other creditors	0.012	0.008	- The 1 st and 2 nd items as the transportation paid to directors of the Company. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable.
		2. Other expenses	0.180	0.116	
Mr. Teera Phoncharoensuk	Directors And Production Director	1. Other creditors	0.008	0.007	- The 1 st and 2 nd items as the transportation paid to directors of the Company. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable
		2. Other expenses	0.098	0.081	



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)	2015	2014	2013
Revenue from sales and services	3,759.12	3,035.36	3,570.10
Cost of goods sold and services	3,744.23	3,046.38	3,595.06
Gross Profit (Loss)	14.90	(11.02)	(24.97)
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	(33.16)	489.15	(182.44)
Finance costs	155.52	183.49	274.48
Profit (Loss) before share of profit on investment in associate and income tax	(188.68)	305.66	(456.93)
Profit (Loss) for the year	(198.28)	307.66	(425.28)
Profit for equity holders of the parent company	(165.15)	306.82	(357.92)

(Unit : Million Baht)

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED)	2015	2014	2013
Total assets	4,286.02	3,578.47	3,961.33
Total liabilities	3,172.87	2,267.14	3,380.88
Share capital-common shares			
Authorize share capital, par 1.00 Baht	2,400.00	2,400.00	4,000.00
Issued and fully paid-up share capital, par 1.00 Baht	2,400.00	2,400.00	1,002.91
Total equity attributable to equity holders of the parent company	877.62	1,042.77	312.89
Non - controlling interests	235.53	268.56	267.57
Total shareholders' equity	1,113.15	1,311.33	580.46

Financial Ratio	2015	2014	2013
Liquidity Ratio (times)	7.10	3.08	1.26
Gross Profit Ratio (%)	0.40	(0.36)	(0.70)
Net Profit Ratio (%)	(4.34)	8.39	(11.78)
Return on Equity Ratio (%)	(17.20)	45.27	(73.63)
Debt to Equity Ratio (times)	2.85	1.73	5.82



Management's Discussion and Analysis (MD&A)

1. Analysis of past performance

STATEMENTS OF INCOME (CONSOLIDATED)	2015		2014		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and services	3,759.12	100.00	3,035.36	100.00	3,570.10	100.00
Cost of goods sold and services	3,744.23	99.60	3,046.38	100.36	3,595.06	100.70
Gross Profit (Loss)	14.90	0.40	(11.02)	(0.36)	(24.97)	(0.70)
Gain on sales of investments in subsidiary	-	-	94.25	3.11	-	-
Gain on fair value of equity interest	-	-	4.52	0.15	-	-
Gain on debt restructuring	8.51	-	478.42	15.76	-	-
Gain on sales of fixed assets	2.09	-	24.08	0.79	-	-
Other incomes	33.00	0.88	30.27	1.00	38.94	1.09
Profit before expenses	58.50	1.28	620.52	20.45	13.97	0.39
Expenses	91.66	2.44	131.38	4.33	196.41	5.50
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	(33.16)	(1.16)	489.14	16.12	(182.44)	(5.11)
Financial cost	155.52	4.14	183.49	6.05	274.48	7.69
Share of profit (loss) on investment in associate	(15.10)	(0.40)	1.74	0.06	-	-
Profit (loss) before income tax	(203.78)	(5.70)	307.39	10.13	(456.93)	(12.80)
Income tax revenue	5.50	0.15	0.26	0.01	31.65	0.89
Profit (loss) for the years	(198.28)	(5.55)	307.65	10.14	(425.28)	(11.91)
Profit for equity holders of the parent company	(165.15)	(4.39)	306.82	10.11	(357.92)	(10.03)

Overview of Operating Performance

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

Operating performance in 2015 with revenue from sales and services amount of 3,759.12 million baht, revenue in 2014 amount of 3,035.36 million Baht. In 2015 revenue increased 723.77 million baht or 23.84 % of the last year due to in the period of quarter 1/2015, the Company and its subsidiaries received increase orders from customers, who are the wholesaler customers that result to sale and revenue of the Company and its subsidiary increased from the same period of the last year. Other revenue increased 11.25 million Baht or 37.15% compared to the same period of last year due to the increment of rental revenues of the assets and other services. Other profits decreased 599.18 million Baht or 99.65% from the same period of the last year due to the reduction of gain on debt restructuring



amount of 469.91 million Baht and there are no gain on sale of investments include gain on fair value of equity interest same period last year which result to the other profit decreased.

The main cost of products such as steel, which is the main raw material in steel. In 2015, the cost these costs continue to be affected by competitive prices from manufacturers in Asian countries, which distribution at prices lower than domestic sales that result to the domestic manufacturers and suppliers had a large amount of import. As a result, domestic steel prices in the market fluctuation and slowdown in the production of a major steel manufacturers in the country. The steel business need support from the government in issuing various measures in the prevention of anti dumping from foreign manufacturers to help entrepreneurs in the country to compete in price.

The company had sales volume increase in 2015 as result to the costs of goods and services increased amount of 697.85 million Baht or increased 22.91% compared with the same period last year.

Year 2015, the Company and its subsidiaries had finance cost decreased amount of 27.97 million Baht or decreased 15.24% due to the Company has entered into the restructuring debt agreements with financial institutes and repayment debt to financial institute pursuant to the agreement, which result to the recognition on decrease of interest and default interest rate from debt restructuring agreement. Also to the subsidiaries had financial cost decreased due to completely repayment to creditor, which result to the decreased financial expense comparing to the same period of last year.

Therefore from the company's sale revenue and service was increased, selling, administrative and others expenses include financial expenses which decreased. However, the situation of the slowdown in investment in the construction sector and moreover the domestic price of steel continues to trend decline which result to the decrease of demand of steel's order of the Company and its subsidiaries and affected to the price reduction which result to the Company's sale revenue was not sufficient to support the expenses of the Company, as the result to the Company's net loss for this period amount of 165.15 million Baht which represented to the increased loss or decreased profit 153.83% comparing to the same period of last year.

Operating performance of the company and its subsidiaries for the periods as December 31, 2015 as summarizes the follows:

1) Operating performance

Revenue

For sale and service revenue in 2013, 2014 and 2015 were 3,570.10 million Baht, 3,035.36 million Baht and 3,759.12 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 the last year. For 2015 the revenue increased 23.84% from the same period of the last year due to the orders from customers increased



Cost of sales and services

The company and its subsidiaries had the cost of sale and service in 2013, 2014 and 2015 amount of 3,595.06 million Baht, 3,046.38 million Baht and 3,744.23 million Baht or 100.70%, 100.36% and 99.60% of the revenue of sale and services respectively.

In 2015 the company had the cost of sale and service decreased from the same period of the last year due to purchase price factors. The company purchases goods for distribution at cost decreased due to the company is planning to purchase goods from suppliers to pay a deposit in advance to contract pricing for steel costs that result to the company able to partially control purchase cost. The competition from overseas suppliers, that export steel at the lower price than domestic manufacturers also being result to the domestic steel prices decreased from 2014.

Expenses

The company and its subsidiaries had selling administrative and other expenses (include loss on impairment of investment in available for sale securities and management benefit expenses) in 2013, 2014 and 2015 amount of 196.41 million Baht, 131.37 million Baht and 91.66 million Baht respectively.

In 2015, the company had proportion in selling administrative and other expenses decreased amount of 39.71 million Baht or 30.23% from the same period of the last year due to the Company and its subsidiaries has decreased expenses relate to the bonds issuance.

Finance costs

The company and its subsidiaries had finance costs in 2013, 2014 and 2015 amount of 274.48 million Baht, 183.49 million Baht and 155.52 million Baht respectively. In 2015 the finance cost decreased from the same period of the last year amount of 27.97 million Baht or 15.24% due to due to the company has entered into the restructuring debt agreements with financial institution and repayment debt to financial institution pursuant to the agreement, which result to the recognition on decrease of interest and default interest rate from debt restructuring agreement. Also to the subsidiaries had financial cost decreased due to completely repayment to creditor, which result to the decreased financial cost comparing to the same period of last year.

Gross Profit

Gross loss of the company and its subsidiaries in 2013 and 2014 were 24.97 million Baht and 11.02 million Baht. For 2015 the company had gross profit amount of 14.90 million Baht or (0.70)% (0.36)% and 0.40 of sale and service revenue respectively, which in 2013, 2014 and 2015 had gross profit increased from the last year by the reasons mentioned above.



Net profit

The company and its subsidiaries had net profit (loss) attributable to equity holder of the parent in 2013, 2014 and 2015 amount of (357.92) million Baht, 306.82 million Baht and (165.15) million Baht or net profit (loss) attributable to equity holder of the parent margin ratio to total revenue (9.92)%, 8.37% and (4.34) respectively.

In 2015 the company had loss for the year amount to 198.28 million Baht or 5.21% of total revenue, which was attributable to non - controlling interests equity holders amount of 33.13 million Baht , owners of the parent shareholders amount of 165.15 million Baht .

In consideration profit and loss for the year attributable to equity holder of the parent exclude non- controlling interests in 2015 the company had loss 165.15 million Baht, which loss increased or decreased profit from the same period of the last year amount of 153.83% million Baht. Although in 2015 the company had the gross margin increased from revenues from sales and services increased and cost of sales decreased, selling and administrative expenses decreased from the debt restructuring to the financial institutions. Hence, economic situations in the past year both the business sector and the construction sector slowdown as a result to demand of consumers decreased that affected to sales and revenues were not enough to cost of sales and administration expenses include the finance cost of the Company as result to the operating performance still continued to such loss.



2) Financial position of company

	2015		2014		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Total current assets	3,258.92	76.03	2,469.31	69.01	2,390.41	60.34
Total non - current assets	1,027.10	23.97	1,109.16	30.99	1,570.93	39.66
Total assets	4,286.02	100.00	3,578.47	100.00	3,961.34	100.00
Total current liabilities	458.82	10.70	800.77	22.37	1,899.47	47.95
Total non - current liabilities	2,714.05	63.32	1,466.37	40.98	1,481.41	37.39
Total liabilities	3,172.87	74.02	2,267.14	63.35	3,380.88	85.34
Share capital						
- 4,000,000,000 shares, Baht 1.00 par value in 2013						
- 2,400,000,000 shares, Baht 1.00 par value in 2014 and 2015	2,400.00		2,400.00		4,000.00	
Issued and fully paid - up share capital						
- 1,002,913,226 shares, Baht 1.00 par value in 2013						
- 2,400,000,000 shares, Baht 1.00 par value in 2014 and 2015	2,400.00	56.00	2,400.00	67.07	1,002.91	25.32
Premium (Discount) on share capital	(562.14)	(13.12)	(562.14)	(15.71)	413.97	10.45
Deficit	(1,033.97)	(24.12)	(868.82)	(24.28)	(1,177.71)	(29.73)
Other component of equity	73.72	1.72	73.72	2.06	73.72	1.86
Total equity attributable to equity holders of the parent company	877.62	20.48	1,042.77	29.15	312.89	7.90
Non - controlling interests	235.53	5.50	268.56	7.50	267.57	6.76
Total Shareholders' equity	1,113.15	25.98	1,311.33	36.65	580.46	14.66

2.1) Asset Components

In 2015 the company and its subsidiaries had total assets 4,286.02 million increased from end of the year 2014 amount of 3,578.55 million Baht, or increased 19.77%, transaction of increased assets consist trade and other receivable increased 664.26 million Baht due to sale in this period increased by quite a lot, inventory increased 261.52 million Baht, cash and cash equivalents items increased 229.40 million Baht, deposit for investment increased 30 million Baht, other non-current assets increased 1.92 million Baht and bank deposit pledged as collateral increased 0.09 million Baht.

The major assets items that decreased consist advance payment for goods decreased amount of 395.57 million Baht, the property, plant and equipment decreased 67.82 million Baht, investment in associate decreased 15.33 million Baht and investment property decreased 0.92 million Baht. The significant of increased and decreased were as follows:

**Trade accounts receivable**

As end of the year 2013, 2014 and 2015 the company and subsidiaries had total trade and other receivables-others 1,655.64 million Baht, 1,302.64 million Baht and 1,966.90 million Baht respectively (financial statement of 2015 and 2014 have been classified in trade accounts receivable and other receivable for compared to financial statement of 2014). In order that, in such amount were trade accounts receivable 1,622.50 million Baht, 1,275.11 million Baht and 1,933.89 million Baht respectively, which represented aging of trade accounts receivable and other receivable as follows:

Aging of trading accounts receivable- other parties

(Unit : Million Baht)

	2015	2014	2013
Within credit term	709.50	757.79	918.23
Over due 1 to 90 days	379.30	379.54	480.52
Over due 91 to 180 days	521.18	78.80	171.63
Over due 181 to 365 days	323.91	58.98	49.88
Over due over 1 year	-	2.58	57.34
Total	1,933.89	1,277.69	1,677.59
Less : Allowance for doubtful	-	(2.58)	(55.09)
Total	1,933.89	1,275.11	1,622.50

As at 31 December 2015, trade accounts receivable-other parties of the company and its subsidiaries were within credit term 709.50 million Baht, over due 1-90 days 379.30 million Baht and over due 91 days to over due over 1 year total amount of 845.09 million Baht. The account receivable in over due 1-90 days decreased from end of the year 2014 and 2013. The account receivable in over due 91 days to over due over 1 year as end of the year 2015 more than end of the year 2014 and 2013 due to in 2015 the account receivables, which are the entrepreneurs steel affected from the economic slowdown as result to sale revenue decreased. As a result, some account receivables lack of liquidity in the short term, therefore the company has followed closely the repayment of loans and credit of the account receivables are considered more rigorous. After the end of the year 2015, the Company received payment of the overdue receivables above that result to range of receivables were not in over due 180 days or more overdue.



Inventories (Net)

Component of Inventories

(Unit : Million Baht)

	2015	2014	2013
Finished goods	34.70	5.82	437.88
Raw materials	239.44	2.18	133.75
Goods in transit	-	-	28.73
Work in process	0.02	-	0.27
Supplies	4.52	4.60	11.06
Less : Allowance for declining in value of inventories	(8.86)	(4.30)	(14.55)
Total	269.82	8.30	597.14

As at 31 December 2015, the Company and its subsidiaries had inventories amount of 269.82 million Baht, increased from end of the year 2014 amount of 261.52 million Baht or increased 3,150.84% due to the Company has received a many purchase order from the customer, thus the Company prepared inventories for delivery to customers in accordance the purchase orders in the next quarter.

Property, plant and equipment

As December 31, 2015, Property, plant and equipment amount of 819.87 million, decreased from December 31, 2014 amount of 67.82 million Baht due to some assets are disposed and written-off, which the value decreased mainly due to the depreciation of assets.



2.2) Liquidity

Cash Flow

(Unit : Million Baht)

Statement of Cash Flow	2015	2014	2013
Profit (loss) from operating activities before change in operating assets and liabilities	22.06	44.83	34.02
Net cash receive (payment) from operating activities	(573.81)	(535.29)	47.68
Net cash provided by (used in) from operating activities	(551.75)	(490.46)	81.70
Net cash provided by (used in) from investing activities	(31.79)	458.39	38.87
Net cash provided by (used in) from financing activities	812.94	324.23	(123.60)
Net increase or (decreased) in cash and cash equivalents	229.40	292.16	(3.03)
Cash and cash equivalents-Beginning of year	297.06	4.90	7.93
Cash and cash equivalents-End of period	526.46	297.06	4.90

Remark: Cash flow statement from the consolidated financial statement

The nature of business of the Company and its subsidiaries are supplying steel products which have variety of sizes and types of products for support the needs of customers as result to in 2015, the company had sales increased which make cash flow required to operate on high-value at relatively customers and to comply with the required cash flow for the company in terms of increase in inventories. Therefore, the company needs to raise funds from the bond issuance to be used the operation. In the period, the Company repay the short-term loans from related parties and from short-term loans from other parties. End of the year 2015, the Company had cash and cash equivalents amount of 526.46 million Baht. A part of this such cash, the Company planed to repay the debt to the financial institution to reduce debt and finance costs reduced that result to the company's performance and financial structure to good direction.

Statement of cash flows of the Company and its subsidiaries for the year 2015, the cash has been used in the activity as follows:

The Company had profit from operating activities before changes in operating assets and liabilities 22.06 million Baht and net cash payment from operating activities 573.81million Baht, which net cash used in from operating activities 557.75 million Baht as the follows :

Net cash items in operating assets and liabilities amount of 573.18 million Baht, were the major items as the following

- Net cash paid from operating assets amount of 532.43 million Baht, for the major items such as trade and other receivable 660.81 million Baht, inventories 266.08 million Baht and other non-current



assets 1.91 million Baht and the major receive items were advance payment for goods 396.37 million Baht.

- Net cash paid from operating liabilities amount of 43.43 million Baht, the major payment items such as trade and other payable 43.35 million Baht and others non-current liabilities 0.08 million Baht.

- Net cash received from other items 2.05 million Baht were interest income 0.94 million Baht and cash payment for tax 0.89 million Baht.

Net cash items in investing activities amount of 31.79 million Baht, were the major items as the following

- The major paid items were deposit for investment 30 million Baht, cash paid from investing in property, plant and equipment 4.41 million Baht and cash paid from bank deposit pledged as collateral 0.09 million Baht.

- Net cash received from sale of property, plant and equipment 2.15 million and cash received from interest income 0.56 million Baht.

Net cash items in financing activities amount of 812.94 million Baht, were the major items as the following

- Net cash received from cash received from issuance of debentures 1,205.21 million Baht, cash received from long-term loans from other persons 159.21 million Baht, cash received from short-term loans from related parties 114.00 million Baht and cash received from increase on non-controlling interests 0.10 million Baht.

- Net cash paid from cash payment in short-term loans from related parties 301.38 million Baht, cash payment in long-term loans from other persons and parties 260 million Baht, cash payment for interest expenses 77.44 million Baht and cash payment for short-term loans from financial institutions 26.76 million Baht.

Liquidity Ratio

For liquidity ratio of the Company and its subsidiaries were current asset to current liability ratio in 2013, 2014 and 2015 equal 1.26 times, 3.08 times and 7.10 times. In 2015 liquidity ratio increased from end of the year 2014 due to the Company received from issuance of debentures and received inventories from advance payment for goods for sold to increased the profits, which the Company had repay in short-term loans from related parties, long-term loans from other persons and parties include repayment in short-term loans from financial institutions as a result to liabilities decreased.



And in 2015, the Company had accounts payable decreased more than end of the year 2014 as result the current ratio increased from the year 2014. Therefore in 2015 the Company had account receivable turnover ratio and inventory turnover ratio increased from end of the year 2014.

2.3) The source of fund

Liability

As December 31, 2015 the Company and subsidiaries had liabilities amount of 3,172.87 million Baht, increased from end of the year 2014 amount of 905.73 million Baht or increased 39.95% due to issuance of debentures in 2015 amount of 1,230 million baht, net debentures increased amount of 1,211.81 million baht and liabilities under debt restructuring agreement increased from finance cost, total these liabilities increased 50.35 million Baht. In 2015 the Company had short-term loans from related parties decreased 187.38 million Baht, short-term loans from other parties decreased 86.84 million Baht and trade and other payable decreased 49.97 million Baht, which decreased from repayment and the Company had liabilities from bank overdrafts and short-term loans from financial institutions decreased due to repayment of such debt as result to ratio of debt to shareholders' equity as of December 31, 2015 was 2.85 times, that increased from the end of the year 2014, which ratio of debt to shareholders' equity was 1.73 times.

Shareholder's Equity

As December 31, 2015 the Company and subsidiaries had shareholder's equity amount of 1,113.15 million Baht, decreased 198.18 million Baht from end of the year 2014 or decreased 15.11%, which equity holders of the parent amount of 877.62 million Baht, decreased from end of year 2014 amount of 165.15 million Baht or decreased 15.84% due to the Company had loss for the year 2015 amount of 198.28 million Baht, which was profit for equity holders of the parent amount of 165.15 million Baht that result to as at 31 December 2015 the Company had return on equity ratio (17.20%), which decreased from end of the year 2014 that return on equity ratio was 45.27% due to year 2015 the Company had gain on debt restructuring and gain on sales of fixed assets decreased from year 2014.

From such above the performance, liquidity of the Company remained the better direction both the liquidity ratio, collection period from receivables and inventory period better than year 2014 and year 2013. The Company's liabilities increased from year 2014 due to the mainly liabilities were loan from financial institutions, which the Company is in the acceleration solutions to reduce the debt burden and another part of the company's liabilities were trade payable from purchase to normal operations.

The rate of return on equity decreased from the year 2014 due to in 2014, the Company had a gain on debt restructuring as a result to the company had in this gain more than as at 31



December 2015, however the rate of return in 2015, the company had a rate of return on equity higher than the year 2013. Rate of return in 2016 was loss on equity of 73.63%.

According to the results of operations of the company is in a better direction, the company has planned business policies, both in the marketing to increase revenue from sales to both domestic and abroad, policies to reduce production costs and cost of sales and the financial restructuring to reduce the financial cost as a result to the company has more profitable and will lead the Company's capital structure is in a better 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

The current investment policy of the government affecting the growth of the construction sector is a vital factor of the steel business due to the domestic economy in 2015, there's no expansion. Investment in the real estate sector was slowdown that result to the demand of steel in 2015 decreased.

Since early 2016, the government has accelerate investment in transport infrastructure according to Transport operation Plan B.E. 2559 to operate a tender for several contracts both the highway between the cities projects, sky train projects and high-speed train projects to support economic expansion. This operation as result to the construction industry has the direction to the increase expansion.

Therefore the management believes strongly that the government's investment will help stimulate the growth of the real estate and construction. This is a great opportunity for the recovery of the steel business, building materials, piles including concrete railway sleepers, which were the group of company. The investment plan such as a long-term plan year 2015-2022, which will boost the expansion of the construction industry including the steel industry has been growing steadily.

2.2 The material shortages and risk of material and finished good price

Currently, there is no gross steel production in Thailand. Therefore, many steel manufacturers rely on imports of raw materials from foreign channels. However, the situation of foreign manufacturers faced with the goods exceeds demand, this causes an oversupply of manufactured goods. Thus the country is seeking to export to foreign countries especially the ASEAN countries including Thailand. This state of oversupply of steel products that affected to the price of the export sales price was lower than the manufacturer or distributor in the country as a result, manufacturers and suppliers in the country not able compete on price. As a result, many manufacturers reduced the production and stop production. Such problems led the government to issue anti-dumping measures to



assist in the production and distribution to help the domestic manufacturers and distributors to domestic steel situation back to recover.

However, the current number of each type of steel manufacturers less cases while the demand for steel in 2016 is expected to increase from accelerate of the investment policy of public transportation and the expansion of the real estate market trends to cause the bargaining power of suppliers increase. The cost of import materials and products, many steel sector will have a price increase from the measures of anti dumping and tax safeguard imports. Therefore the manufacturers and suppliers of steel, many are likely to have the increase cost of raw materials and goods and likely shortages of raw materials in the future.

2.3 Change of exchange rate

In the first half of the year 2015 resulting from exchange rate rise greatly as 34-35 per 1 dollars thus affect the cost of imported raw materials and product cost increased.

The company has imported raw materials, products and equipment from abroad. The change of exchange rate is important factors for the order. In 2016 may have the exchange rate with the weakening or appreciation. So the company is aware of such problems. The company has financial planning in the prevention of the risk of buying foreign goods with financial institutions in advance to reduce the risk of loss of foreign exchange to occur to decrease.

2.4 Oil price

The reduction or increase of the oil price in the country are major factors that affect to the cost of production in the steel industry include cost of transportation to customers. In 2015 reduction of the oil price as result to production costs are decreased significantly. In the early 2016, price of oil and fuel not to rise. However, the company needs to have adjustment plan in case the oil prices have turned up in order to control cost of production and forecast sale price to make the company without the risk of loss from sales lower than the cost.

Audit Fee

1. Audit fee

The company and subsidiaries had the audit fee to office of the auditor was Sam Nak-Ngan A.M.C Co., Ltd. total amount of 1.811 million Baht, which was audit fee of the Company amount of 1.250 million Baht and audit fee of its subsidiaries total amount of 0.561 million Baht (Rich Asia Industry 0.460 million Baht and Rich Asia Engineering 0.101 million Baht).



2. Non-audit fee

The company and subsidiaries had the other compensation in 2015, such as due diligence audit, transportation, allowance for auditing and fiscal checking inventories as the actual expenses (if any) to office of Sam Nak-Ngan A.M.C Co., Ltd., the compensation of the Company total amount of 591,730 Baht (paid during the financial year amount of 390,544 Baht and to be paid in the future amount of 201,186 Baht) and two subsidiaries total amount of 24,345 baht (paid during the financial year amount of 18,658 Baht and to be paid in the future amount of 5,687 Baht).

Auditor were Mr.Ampol Chamnongwat or Miss Praphasri Leelasupha and Sam Nak-Ngan A.M.C 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.



Resume of Directors and Managements as of December 31, 2015

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2015	Experience	
General Watanachai Chaimuanwong Age : 72 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 : 60 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. Pimsiri Keeratitensiri Age : 65 Director	Diploma Degree Accounting Bangkok Business College Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkarn Tantiviroon	2.79%	27 Jan. 2006 – Present 2000 – 2003 1992 - 1999	- Director Rich Asia Steel Public Company Limited - Accounting Manager Thanasarn Import-Export Ltd. (Agricultural) - Auditor Assistant GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Dr. Rittirong Intarajinda Age : 52 Director	- Ph.D. Electrical Engineering Thammasat University	-None-	-None-	27 Jan. 2006 – Present 2014 - Present	- Director Rich Asia Steel Public Company Limited - Secretary of Transportation Senate Committee



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2015	Experience	
Dr. Rittirong Intarajinda (Continue)	- Master Degree 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 2013 - Present 2010 - Present 2007 - Present 1994 – Present 1991 – Present	- Lecturer, Faculty of Science and Technology 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 : 51 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%	17 Apr. 2015 - Present 1 Feb. 2015 - Present Feb. 2015 - Present Oct. 2005 - May 2014 2011 - May 2014 2010 - May 2014 10 May 1999 – 30 Sep. 2005	- Director Rich Asia Steel Public Company Limited - 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 Rich Asia Industry Co., Ltd.*** - Director Thai National Product Co., Ltd. - Director Rich Asia Trading (Thailand) Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2015	Experience	
Ms. Angkarn Tantiviroon (Continue)				2003 – 21 Jun. 2010 1989 – 2001	<ul style="list-style-type: none"> - Planner Administrator Rich Asia Industry Co., Ltd.*** - Manufacturing Director GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Mr. Somkiat Vongsarajana Age : 53 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	<ul style="list-style-type: none"> - Director Rich Asia Steel Public Company Limited - Managing Director Rich Asia Steel Public Company Limited - Director Rich Asia 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 Rich Asia Industry Co., Ltd.***
Mr. Teera Phoncharoensuk Age : 45 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	<ul style="list-style-type: none"> - Director Rich Asia Steel Public Company Limited - Director Rich Asia Engineering Co., Ltd. - Production Director Rich Asia Steel Public Company Limited - Director Rich Asia Industry Co., Ltd.*** - Director Thai National Product Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2015	Experience	
Mr. Teera Phoncharoensuk (Continue)				1 Apr. - 30 Sep. 2005 1999 - 2004	<ul style="list-style-type: none"> - 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 Thoraneenitayan Age : 40 Director / Audit Committee (Independent Director)	<ul style="list-style-type: none"> - Doctoral Degree Banking and Finance The University of Queensland, Australia - Master Degree Banking and Finance Sripatum University - Bachelor Degree Finance Bangkok University - Bachelor Degree Business Economics Sukhothai Thammatirat Open University - Bachelor Degree , Law Sukhothai Thammatirat Open University - Bachelor of Accountancy, Sukhothai Thammathirat Open University - Bachelor of Public Administration (Human Resources Management), Sukhothai Thammathirat Open University - Bachelor of Political Science (International Relations), Sukhothai Thammathirat Open University <p>Director Accreditation Program (DAP) 84/2010</p>	-None-	-None-	<ul style="list-style-type: none"> 30 Apr. 2010 - Present 2015 - Present 2011 - Present 2013 - Present 2013 - 2015 2009 - 2013 2007 – 2008 2007 – 2008 2000 - 2009 1998 – 2000 1997 - 1998 	<ul style="list-style-type: none"> - Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Director, Sripatum Business Incubator, Sripatum University - Lecturer, Master of Business Administration Program for Finance Manager, Faculty of Business Administration, Kasetsart University - Member of Revenue and Asset Management Board, Pathumwan Institute of Technology - Assistant Dean for Academic Affairs Sripatum Business School, Sripatum University - Head of Finance and Banking Department Faculty of Business Administration, Sripatum University - Advisor, Thai Rating Information Service Co., Ltd. - Performance Auditor Ministry of Natural Resources and Environment - Lecturer, Department of Finance and Banking Faculty of Business Administration Sripatum University - Business Analyst P.S. Consulting Group Co., Ltd. - Securities Marketing Officer Jardine Flaming Thanakorn Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2015	Experience	
Pol.Lt.Gen. Mongkol Kamolbutra Age : 72 Director / Audit Committee (Independent Director)	Master of Public Administration, Major Public Management, Chulalongkorn University Bachelor of Public Administration, Major Police Management, Royal Police Cadet Academy Director Accreditation Program (DAP) 89/2011	-None-	-None-	27 Feb. 2013 - Present 2016 - Present 2012 - Present 2007 - Present 2007 - 2008 2005 - 2008 2006 - 2007 2004 - 2006	- Independent Director / Audit Committee Rich Asia Steel Public Company Limited - Vice Chairman Central Investigation Bureau Special Branch Forensic Science Savings And Credit Cooperative Limited - Instructor, Advanced Power Management Program, Ministry of Energy - Advisor, Chairman, Royal Turf Club of Thailand under Royal Patronage - Chairman, Police Printing Bureau - Lecturer, Master of Public Administration Program, Bansomdejchaopraya Rajabhat University - Advisor, Advisor of the Prime Minister's Office - Chief Inspector, SME Bank
Ms. Nongluck Sarochsuwan Age : 48 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 Rich Asia Industry Co., Ltd.***

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

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

*** Siam Ferro Industry Co., Ltd. changed its name to Rich Asia Industries Co., Ltd. on September 17, 2015.



Authority Details of Director and Management of Rich Asia Steel Public Company Limited at the present.

Name	Position in the Company	Position in subsidiary and affiliate		
		Rich Asia Industry Co., Ltd.* The company owns 51.88%	Rich Asia Engineering Co., Ltd. The company owns 95%	Thai National Product Co., Ltd. The company owns 28.89%
1. Gen. Watanachai Chaimuanwong	W	-	-	-
2. Mr. Surapong Churangsarit	X, N	-	-	-
3. Mrs. Pimsiri Keeratitensiri	/	-	-	-
4. Dr. Rittirong Intarajinda	/	-	-	-
5. Ms. Angkarn Tantiviroon *	/, V, //, U	-	/	-
6. Mr. Somkiat Vongsarojana	/, //, ///, U	/	-	/
7. Mr. Teera Phoncharoensuk	/, //, U	/	/	/
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	/, Z	-	-	-
9. Pol.Lt.Gen. Mongkol Kamolbutra	/, Z	-	-	-

* Siam Ferro Industry Co., Ltd. changed its name to Rich Asia Industries Co., Ltd. on September 17, 2015.

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, 2015

Name	Position in subsidiary and affiliate		
	Rich Asia Industry Co., Ltd. The company owns 51.88%	Rich Asia Engineering Co., Ltd. The company owns 95%	Thai National Product Co., Ltd. The company owns 29.89%
1. Ms. Angkarn Tantiviroon	/	/	-
2. Mr. Somkiat Vongsarojana	/	-	/
3. Mr. Teera Phoncharoensuk	/	/	/

* Siam Ferro Industry Co., Ltd. changed its name to Rich Asia Industries Co., Ltd. on September 17, 2015.

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, 2015 are reliable under generally accepted accounting standards, legally and related regulations.

General

(Watanachai Chaimuanwong)

Chairman

(Miss Angkakarn Tantiviroon)

Chief Executive Officer

AUDITOR'S REPORT

To the Shareholders of RICH ASIA STEEL PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the separate financial statements of RICH ASIA STEEL PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA STEEL PUBLIC COMPANY LIMITED only, respectively, which comprise the consolidated and the separate statements of financial positions as at December 31, 2015, and the related consolidated and the separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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


Opinion

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

Other matters

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

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


(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) Registration No. 4664

Bangkok,

February 26, 2016

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

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

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

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

(Unit : Baht)

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

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

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

(Unit : Baht)

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

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

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

(Unit : Baht)

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

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

(Unit : Baht)

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015

(Unit : Baht)

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015

(Unit : Baht)

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

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

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****For the years ended December 31, 2015**

1. General information

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

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

2. Basis of financial statement preparation

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

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

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

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

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

2.3 New financial reporting standards

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

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

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

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

2.3.2 New and revised financial reporting standards not yet effective

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

<u>Reference standard No.</u>	<u>Name</u>
The Conceptual financial Reporting Standards (revised 2015)	
<u>Thai Accounting Standards (TAS)</u>	
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimate and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture

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

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

Lease agreement

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

Allowance for doubtful debt

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

Impairment of investments

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

Property, plant and equipment and Investment property

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

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

Post-employment benefits underdefined benefit plans

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

Deferred tax assets

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

Litigation

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

3. Basis of the consolidated financial statements preparation

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

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

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

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

4. Summary of significant accounting policies

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

- 4.1 Cash and cash equivalents consist of cash in hand and at banks, and all highly liquidity investments with an original maturity of three months or less and not subject to withdrawal restrictions.
- 4.2 Trade and other receivables are stated at their invoice value less allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging. Bad debts are written off when incurred.
- 4.3 Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less accumulated impairment losses (if any).
- 4.4 Investment in associate is accounted for in the consolidated financial statements by the equity method and in the separate financial statements by the cost method net of allowance for impairment (if any).
- 4.5 Investments in other debt and other equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

No depreciation is provided on investment properties-land.

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

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

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

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

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

Subsequent costs

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

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

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

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

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

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

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

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

Amortization is calculated over the cost of the asset, less its residual value.

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

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

4.11 Impairment of Assets

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

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

4.12 Trade and other payables are stated at cost.

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

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

4.15 Long-term leases

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

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

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

4.16 Employee benefits

Short-term employee benefits

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

Share-based payments

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

Post-employment benefits

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

Defined benefit plans

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

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

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

- 4.17 Revenue excludes value added taxes and is arrived at after deduction of trade discounts.
- 4.17.1 Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.
- 4.17.2 Service income is recognized as services are provided.
- 4.17.3 Rental income from operating lease contracts is recognized in profit or loss on a straight line basis over the term of the lease.
- 4.17.4 Dividend income is recognized in profit or loss on the date the Company and its subsidiaries' right to receive payments is established.
- 4.17.5 Interest income is recognized in profit or loss on the accrual basis.

4.18 Expenses

- 4.18.1 Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.
- 4.18.2 Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.
- 4.18.3 Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

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

Current tax

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

Deferred tax

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

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

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

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

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

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

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

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

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

4.22 Fair value measurement

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

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

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.
- Level 3 Use of unobservable inputs such as estimates of future cash flows.

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

5. Inter-transaction with related companies

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

5.1 Inter-assets and liabilities

(Unit : Thousand Baht)

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

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

(Unit : Thousand Baht)

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

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

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

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

(Unit : Thousand Baht)

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

5.3 Management benefit expenses

(Unit : Thousand Baht)

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

5.4 Pricing policies

Pricing policies for each transactions are described as follows:

<u>Type of transactions</u>	<u>Pricing policies</u>
Revenues from sale	Price can be comparative against outside parties
Other income	Mutual agreement/Contract price
Purchases of goods	Price can be comparative against outside parties
Value from purchase fixed assets	Mutual agreement
Cost of service	Mutual agreement/Contract price
Other expenses	Actual price/Contract price
Consultation fees	Contract price
Interest income	Interest rate 6.63%-8.00% per annum (2014 : 8.00% per annum)
Interest expenses	Interest rate 6.63%-6.75% per annum (2014 : 6.75%-6.88% and 12.00% per annum)

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

5.5 Types of relationship of related parties are as follows:

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

6. Temporary investment

(Unit : Thousand Baht)

Consolidated/Separate financial statements

As at December 31,

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

7. Trade and other receivable

Consisted of:-

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

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

7.1 Trade receivable-related parties

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

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

7.2 Trade receivable-other parties

(Unit : Thousand Baht)

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

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

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

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

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

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

8. Inventories

Consisted of :-

(Unit : Thousand Baht)

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

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

(Unit : Thousand Baht)

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

(Unit : Thousand Baht)

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

9. Advance payments for goods

Consisted of :-

(Unit : Thousand Baht)

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

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

(Unit : Thousand Baht)

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

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

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

10. Deposit for investment

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

11. Investment in subsidiaries

Consisted of :-

(Unit : Thousand Baht)

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

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

In September 2014, Thai National Product Company Limited increased its share capital from Baht 261,006,000 to Baht 271,006,000 by issue new common shares amount of 1,000,000 shares at par value of Baht 10.00 per share to sell to the director of subsidiary. The subsidiary and the director of subsidiary have changed in term and condition of share-based payment including revision the estimated fair values of share by a qualified independent financial advisor with using the Discounted Cash Flows model (DCF). The key financial assumptions used were the Weighted Average Cost of Capital (WACC) rate of 8.56% per annum, the Terminal Growth rate at 3.00% per annum, sales growth rate at 0-1% per annum and sale price growth rate at 3.00% per annum which based from the construction price index.

In September 2014, the director of subsidiary has exercise the right to purchase subsidiary's shares in amount of 1,000,000 shares, exercise price is Baht 15.00 per share and the fair value of share with determine by discounted cash flows model is Baht 25.06 per share. The subsidiary has recognized the related expenses in the financial statements for the year ended December 31, 2014 amounting to Baht 10.10 million as “employee benefit expenses” with a corresponding increase in equity as “surplus on share-based payment transactions” at the same amount which presented including in non-controlling interests in the consolidated financial statements. After the subsidiary's director exercised its right, as a result, the dilution of the Company's shareholding in the subsidiary from 100% to 96.31%. In this regard, the Company recorded the effect from change in shareholding amount of Baht 1.32 million in “Surplus from change in shareholding in subsidiary” and presented under shareholder's equity in the consolidated financial statements.

Subsequently, on December 3, 2014 the Company has sold shares in Thai National Product Co., Ltd. to non-related person in amount of 18.00 million shares at the selling price of Baht 30.00 per share and amounting to Baht 540.00 million, according to the resolution of Extraordinary Shareholders' Meeting No. 1/2014, held on November 21, 2014. The Company recorded a gain on sale of investment in subsidiary of Baht 75.58 million included in the separate statement of comprehensive income for the year ended December 31, 2014 (net of selling expenses amount of Baht 23.42 million).

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

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 :-

	(Unit : Thousand Baht)
Current assets	468,180
Non-current assets	294,335
Total assets	762,515
Current liabilities	359,684
Non-current liabilities	7,964
Total liabilities	367,648
Total net assets	394,867
Investment sales amount	540,000
<u>Less</u> Cash payment for selling expenses	(1,818)
Accrued selling expenses	(21,600)
Cash received from sales-Net	516,582
<u>Less</u> Cash and cash equivalents of subsidiary which status changed to associate	(2,407)
Net cash received from disposal of subsidiary	514,175

12. Investment in associate

Consisted of :-

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

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

Financial information of associate company

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

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

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

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

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

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

13. Investment property

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

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

The depreciation in the statement of comprehensive income

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

(Unit : Thousand Baht)

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

The depreciation in the statement of comprehensive income

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

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

As at December 31, 2015 and 2014, the consolidated and separate financial statements, investment property had the fair value which appraise by an independence appraiser, that appraise the fair value of a land by market comparison approach method and the cost approach method for buildings, according to appraisal report on November 2014 which had the total of fair value amount of Baht 22.03 million.

14. Property, plant and equipment

(Unit : Thousand Baht)

	Consolidated financial statements											
	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment	Vehicle	Tools Pile	Water/fence wells/road /culvert	Work in process	Machinery and equipment in process	Total
Cost :												
As at January 1, 2014	641,083	1,052,744	5,411	1,652,306	11,456	178,148	32,826	278,085	81,600	68,560	438	4,002,657
Purchase	-	46,510	155	16,482	-	6,776	9,072	-	-	74,873	72	153,940
Sale/Written-off	-	-	(42)	(1,116)	-	(2,012)	(307)	(40,738)	-	(65,972)	-	(110,187)
Decrease from changing in status from a subsidiary to an associated company	(324,518)	(253,719)	(113)	(458,228)	-	(153,810)	(27,078)	(237,347)	(81,600)	(77,283)	-	(1,613,696)
As at December 31, 2014	316,565	845,535	5,411	1,209,444	11,456	29,102	14,513	-	-	178	510	2,432,714
Purchase	-	-	-	468	264	688	-	-	-	3,441	128	4,989
Sale/Written-off	-	-	-	(2,034)	-	(2,930)	(362)	-	-	-	-	(5,326)
As at December 31, 2015	316,565	845,535	5,411	1,207,878	11,720	26,860	14,151	-	-	3,619	638	2,432,377
Accumulated depreciation :												
As at January 1, 2014	(48,359)	(643,624)	(1,589)	(1,242,039)	(9,562)	(173,052)	(30,751)	(271,161)	(78,720)	-	-	(2,498,857)
Depreciation for the year	(431)	(35,857)	(271)	(93,939)	(407)	(3,206)	(1,144)	(3,140)	(1,238)	-	-	(139,633)
Sale/Written-off	-	-	-	1,116	-	2,005	307	40,620	-	-	-	44,048
Decrease from changing in status from a subsidiary to an associated company	-	152,146	-	419,692	-	146,146	17,797	233,681	79,958	-	-	1,049,420
As at December 31, 2014	(48,790)	(527,335)	(1,860)	(915,170)	(9,969)	(28,107)	(13,791)	-	-	-	-	(1,545,022)
Depreciation for the year	(430)	(29,698)	(271)	(41,116)	(427)	(474)	(332)	-	-	-	-	(72,748)
Sale/Written-off	-	-	-	2,035	-	2,929	298	-	-	-	-	5,262
As at December 31, 2015	(49,220)	(557,033)	(2,131)	(954,251)	(10,396)	(25,652)	(13,825)	-	-	-	-	(1,612,508)
Net book value :												
As at December 31, 2014	267,775	318,200	3,551	294,274	1,487	995	722	-	-	178	510	887,692
As at December 31, 2015	267,345	288,502	3,280	253,627	1,324	1,208	326	-	-	3,619	638	819,869
The depreciation in the statement of comprehensive income												
For the year ended December 31, 2014												139,633
For the year ended December 31, 2015												72,748

(Unit : Thousand Baht)

Separate financial statements

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

The depreciation in the statement of comprehensive income

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

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

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

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

15. Credit Facilities and guarantee

The Company have credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2015 and 2014, in amount of Baht 1,172.85 million and Baht 1,077.36 million respectively, It is pledged by the Company's mortgage of land and buildings and certain machinery of the Company, according to the note to financial statement No.13 and 14, some land, buildings and machinery of associate, land and buildings of other company, notes receivable, a part of deposit at bank and guaranteed of the Company and subsidiary, by associate, other company and director of the Company, and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

16. Short-term loans from financial institutions

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>
Discount post dated cheques	-	26,756
Promissory notes	16,000	16,000
Total	16,000	42,756

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

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

17. Trade and other payable

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade accounts payable related parties	8,674	8,651	8,647	8,647
Trade accounts payable other parties	188,633	197,057	188,151	176,935
Other accounts payable related parties	3,766	3,728	3,166	3,129
Other accounts payable other parties	28,977	41,406	25,838	36,636
Accrued expenses related parties	-	3,399	-	3,399
Accrued expenses other parties	21,693	47,468	16,746	42,600
Others	7,172	7,172	7,172	7,172
Total	258,915	308,881	249,720	278,518

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

18. Short-term loans from other parties

Consisted of :-

(Unit : Thousand Baht)

Consolidated/Separate financial statements

As at December 31

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

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

19. Debentures

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

(Unit : Thousand Baht)

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

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

20. Liabilities under debt restructuring agreement

Consisted of :-

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

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

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

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

- First tranche : The credit line of Baht 400.00 million, as at December 31, 2015, remaining balance amount of Baht 531.19 million comprise principal amount of Baht 373.73 million and accrued interest amount of Baht 157.46 million. (December 31, 2014: remaining balance amount of Baht 513.14 million comprise principal amount of Baht 373.73 million and accrued interest amount of Baht 139.40 million). The term repayment is monthly installments with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014, with interest rate at SPRL+1.00% per annum and will be settle all of accrued interest within January 31, 2017.
- Second tranche : The credit line of Baht 275.00 million, as at December 31, 2015, remaining balance amount of Baht 402.04 million comprise principal amount of Baht 274.04 million and accrued interest amount of Baht 128.00 million. (December 31, 2014: remaining balance amount of Baht 389.23 million comprise of principal amount of Baht 274.04 million and accrued interest amount of Baht 115.19 million). The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014, with interest rate at SPR+1.25% per annum and will be settle all of accrued interest within December 31, 2027.
- Third tranche : The credit line of Baht 250.00 million, as at December 31, 2015, remaining balance amount of Baht 239.37 million comprise principal amount of Baht 188.09 million and accrued interest amount of Baht 51.28 million. (December 31, 2014 : remaining balance amount of Baht 228.81 million comprise of principal amount of Baht 188.09 million and accrued interest amount of Baht 40.72 million). The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014, with interest rate at SPR+1.25% per annum and will be settle all of accrued interest within December 31, 2027.

- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2015, remaining balance amount of Baht 282.37 million comprise principal amount of Baht 195.50 million and accrued interest amount of Baht 86.87 million. (December 31, 2014: remaining balance amount of Baht 273.44 million comprise of principal amount of Baht 195.50 million and accrued interest amount of Baht 77.94 million). The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014, with interest rate at SPR+1.00% per annum and will be settle all of accrued interest within December 31, 2027.

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

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

In addition, the liabilities under debt restructuring agreement was defined the Company to make a repayment not less than Baht 450.00 million within January 31, 2017. Such repayment amount will be settle accrued interest and principal amount for all tranche of debt by allocation to the First tranche amount of Baht 163.10 million, Second tranche amount of Baht 119.60 million, Third tranche amount of Baht 82.00 million and Fourth tranche amount of Baht 85.30 million.

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

21. Employee benefit obligations

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

(Unit : Thousand Baht)

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

Expenses recognized in statements of comprehensive income as follows :-

(Unit : Thousand Baht)

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

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

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

22. Deferred tax liabilities

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

(Unit : Thousand Baht)

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

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

)Unit : Thousand Baht(

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

)Unit : Thousand Baht(

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

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

23. Share capital

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

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

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

1. Approved a reduction of the Company's registered capital from the existing Baht 4,000,000,000 to Baht 1,002,913,226 by deleting the capital register of which was not sold in amount of Baht 2,997,086,774 at par value of Baht 1.00 per share.
2. Approved an increase of the Company's registered capital for another Baht 320,000,000 from the former registered capital of Baht 1,002,913,226 to a new registered capital of Baht 1,322,913,226 by

issuing of common shares in the amount of 320,000,000 at par value of Baht 1.00 per share for the purpose of reservation for conversion of convertible debentures.

3. Approved for the allocation of increase common share in the amount of not exceeding 320,000,000 shares at the par value of Baht 1.00 which will be reserved for right conversion of convertible debentures.

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

1. Approved to decrease of the registered capital of the Company by the amount of Baht 297,272,728 at the par value of Baht 1.00 per share, from the existing registered capital of Baht 1,322,913,226 to Baht 1,025,640,498 by cancelling the unissued shares which are the remaining amount from the shares issued to accommodate the exercise of conversion rights of the convertible bonds issued and offered to the Advance Opportunity Fund, as approved by the 2014 Annual General Meeting of Shareholders held on April 18, 2014, because of such convertible bonds was not successful as planned.
2. Approved to increase in the registered capital of the Company by issuing 1,374,359,502 shares at the par value of Baht 1.00 per share from the existing registered capital of Baht 1,025,640,498 to Baht 2,400,000,000 to accommodate the allocation of the newly issued shares to the shareholders proportionate to their shareholding (Rights Offering) and to the specific persons (Private Placement).
3. Approved for the allocation of 1,374,359,502 newly issued shares at the par value of Baht 1.00 per share, as follows:-
 - 3.1 To allocate 1,025,640,498 newly issued shares at the par value of Baht 1.00 per share to the existing shareholders proportionate to their shareholding (Rights Offering) at a ratio of 1 existing share per 1 new share at the offering price of Baht 0.30 per share.
 - 3.2 To allocate up to 348,719,004 newly issued shares at the par value of Baht 1.00 per share and offer the shares to four specific persons (Private Placement) who are not connected persons of the Company at the price of Baht 0.30 per share.
 - 3.3 To allocate and offer the shares remaining from Item 3.1 to four specific persons as mention in Item 3.2 These four persons agree to purchase all newly issued shares and the newly issued

shares shall be equally allocated to each person in the same amount at the price of Baht 0.30 per share.

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

Capital management

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

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

24. Gain from debt restructuring

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

- a) The Company will repay the creditor in amount of Baht 363.00 million by gradually payment and will be completed repayment the whole amount within December 2014.
- b) The Company will additional repay the creditor as call "addition principle" approximately in amount Baht 21.61 million, by calculated from principal amount of Baht 363.00 million which to be reduced by a repayment under clause a) with MLR interest rate, commencing on September 2013-January 2014 and calculated from principal amount of Baht 319.48 million which to be reduced by repayment amount and charge at interest rate 4.00% per annum, commencing from February 2014-June 2014 and calculated from principal amount of Baht 300.00 million which to be reduce by repayment amount and charge at interest rate 4.00% per annum, commencing from July 2014-September 2014. For October 2014 onward calculated from principal amount of Baht 290.00 million and charge at interest rate 5.00% per annum, the repayment will be made during October to December 2013 equivalent at 2.00% per annum with

repayment as end of month and repayment in June 2014 amounting to Baht 13.43 million, in September 2014 amounting to Baht 3.02 million and the repayment of rest of outstanding will be made in December 2014.

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

Subsequently, on December 3, 2014 the Company can pay the full amount owed under the debt restructuring contract repayment for the outstanding amount according to the debt restructuring agreement. The remaining debt was waived by the bank and the Company recognized as gain on debt restructuring amount of Baht 321.26 million (Net of consultation fees amount of Baht 31.76 million).

- 24.2 For the year ended December 31, 2014, profit from debt restructuring agreement amount of Baht 157.16 million derived from subsidiary had short term loans from other company amount of Baht 300.00 million, bear interest rate of 15.00% per annum, while the subsidiary mortgaged land and building as collateral of loans. The subsidiary and the lender makes the mortgage land contract and considered this as evidence of the loans contract, while the mortgages has term to redeem for three months (maturity date of June 21, 2011) and when due, the subsidiary and lender agree to continue extend the due period for another 3 months, in each time of extend, the borrower has charged the extended fees in the rate of 11.40% per annum and interest in the rate of 15.00% per annum. The final maturity date is October 22, 2012 which the subsidiary has not extended the maturity date and the lender has prosecuted claiming for debt repayment and interest expense. However, on December 2014, the subsidiary entered into memorandum of repayment and end of litigation with the lender. The lender agreed subsidiary to repay the debt for principal amount of Baht 300.00 million and interest in the rate of 8.00% per annum for the amount of Baht 60.00 million and 10.00% per annum for the amount of Baht 240.00 million. The remaining accrued interest will be waived by the creditor. The subsidiary has already paid the principal and accrued interest to the creditor according to the memorandum of repayment and end of litigation and recognized the reduction debts amount of Baht 157.16 million as gain from debt restructuring.

25. Expenses by nature

(Unit : Thousand Baht)

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

26. Management benefit expense

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

27. Income tax revenues

(Unit : Thousand Baht)

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

Deferred tax expense (Note 22)

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

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

(Unit : Thousand Baht)

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

(Unit : Thousand Baht)

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

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

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

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

28. Basic earnings (loss) per share

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

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

29. Segment information

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

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

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

Business segments

The Group Companies has segmentation at report for the years ended December 31, 2015 and 2014 for comprise 1 and 3 main business segments respectively as follows:

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

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

Segment 3 : Manufacture of concrete product.(2014)

Geographic segments

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

Major customers

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

The segment financial information is as follows:-

(Unit : Thousand Baht)

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

(Unit : Thousand Baht)

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

Reconciliation of revenue, profit or loss, asset and liabilities

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

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

30. Obligations and contingent liabilities

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

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

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

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

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

31. Financial instruments

31.1 Policy to manage financial risks

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

31.2 Interest rate risks

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

(Unit: Million Baht)

Consolidated financial statements

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

(Unit: Million Baht)

Separate financial statements

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

31.3 Exchange rate risks

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

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

31.4 Credit risks

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

32. Fair value measurement

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

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

Fair value hierarchy

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

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

33. Provident fund

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.2530, in the name of "TISCO 2 Registered Provident Fund". The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees' salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognized as expenses in the year in when they are incurred. For the year ended 2015 and 2014 the Company has provident fund expense in amount of Baht 0.23 million and Baht 0.19 million respectively.

34. Litigation

34.1 A lawsuit had been filed against the Company claiming in the amount Baht 25.35 million. This comprised debt of Baht 24.61 million arising from the purchase of goods and interest charges of Baht 0.74 million and interest rate at 12.00% per annum until the payment is settled. The civil court ordered the Company to pay the creditor. The remaining interest expenses of Bath 0.84 million, the Company has negotiated with creditor to reduce debt.

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

35. Events after the reporting period

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

36. Approval of interim financial statements

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



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