

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

Interim Financial Information

For the three-month and six-month periods ended June 30, 2014

and Independent Auditor's Report on Review of Interim Financial Information

***BPR AUDIT AND ADVISORY CO., LTD.***

***Independent Auditors***

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY INDEPENDENT AUDITOR**

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

I have reviewed the accompanying consolidated statement of financial position of Rich Asia Steel Public Company Limited and its subsidiaries as at June 30, 2014, the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2014 and statement of changes in shareholders' equity, and cash flows for the six-month period ended June 30, 2014 and condensed notes to financial statements, and I have also reviewed the accompanying statement of financial position of Rich Asia Steel Public Company Limited as at June 30, 2014, the statements of comprehensive income for the three-month and six-month periods ended June 30, 2014 and statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2014 and condensed notes to financial statements. The management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No.34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No.34 "Interim Financial Reporting".

## **Other Matter**

The accompanying consolidated statement of financial position of Rich Asia Steel Public Company Limited and its subsidiaries, and the accompanying separate statement of financial position of Rich Asia Steel Public Company Limited as at December 31, 2013, presented herein as comparative information, were audited by another auditor in my firm expressed an unqualified opinion on those statements, whose report dated February 28, 2014, while drawing attention regarding the change in accounting policy made due to adoption of Thai Accounting Standard 12 “Income Taxes” which is effective. The accompanying consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2013 and the statements of changes in shareholders’ equity and cash flows for the six-month period ended June 30, 2013 of Rich Asia Steel Public Company Limited and its subsidiaries, and the accompanying separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2013 and the statements of changes in shareholders’ equity and cash flows for the six-month period ended June 30, 2013 of Rich Asia Steel Public Company Limited, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under his report dated August 13, 2013, that nothing had come to his attention that caused him to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard No.34 “Interim Financial Reporting” and drawing attention regarding the change in accounting policy made due to adoption of Thai Accounting Standard 12 “Income Taxes” which is effective.

(Mr. Boonlert Kaewphanpurk)  
Independent Auditor  
Registration No. 4165

BPR AUDIT AND ADVISORY CO., LTD.  
Bangkok  
August 11, 2014

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2014**

		In Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		June	December	June	December
		30, 2014	31, 2013	30, 2014	31, 2013
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
Notes		"Reviewed"		"Reviewed"	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
		14,453	4,905	9,101	3,295
Cash and cash equivalents					
Trade and other receivables - others	7	1,778,217	1,647,371	1,459,512	1,360,022
Trade and other receivables - related parties	6,8	-	-	160,071	92,171
Inventories	9	689,838	597,141	480,146	388,150
Advance payment for goods	10	119,543	132,735	100,346	95,836
Other current assets		7,627	8,267	566	691
<b>Total Current Assets</b>		<b>2,609,678</b>	<b>2,390,419</b>	<b>2,209,742</b>	<b>1,940,165</b>
<b>NON - CURRENT ASSETS</b>					
Bank deposit pledged as collateral		7,387	7,287	7	7
Investment in subsidiaries	11	-	-	963,689	984,689
Investment property	12	17,391	17,946	10,234	10,690
Property, plant and equipment	13	1,454,270	1,503,800	81,830	86,082
Retention receivable		18,300	35,075	-	-
Deferred tax assets	25	3,529	2,426	-	-
Other - non current assets		6,303	4,379	418	418
<b>Total non - current assets</b>		<b>1,507,180</b>	<b>1,570,913</b>	<b>1,056,178</b>	<b>1,081,886</b>
<b>TOTAL ASSETS</b>		<b>4,116,858</b>	<b>3,961,332</b>	<b>3,265,920</b>	<b>3,022,051</b>

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2014**

		In Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		June	December	June	December
		30, 2014	31, 2013	30, 2014	31, 2013
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
	Notes	"Reviewed"		"Reviewed"	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Loans that due for repayment	15	-	-	-	-
Bank overdrafts and short-term loans from financial institutions	16	754,980	749,514	701,388	734,529
Trade and other payables - others	17	799,890	579,383	647,954	469,385
Trade and other payables - related parties	6,18	12,422	12,438	66,838	17,416
Current portion					
- Liabilities under finance lease agreement	20	605	916	168	459
- Liabilities under debt restructuring agreement	21	20,400	44,200	20,400	44,200
Short - term loans from others	19	304,226	304,226	-	-
Short - term loans from related parties	6	5,000	5,000	121,604	53,864
Income tax payable		8,982	10,268	-	-
Accrued interest		219,144	175,375	3,373	628
Advance received for goods		7,141	16,636	7,141	7,141
Other current liabilities		1,814	1,510	5	5
<b>Total current liabilities</b>		<b>2,134,604</b>	<b>1,899,466</b>	<b>1,568,871</b>	<b>1,327,627</b>
<b>NON - CURRENT LIABILITIES</b>					
Long - term trade payables	17	10,200	18,965	-	-
Liabilities under finance lease agreement	20	211	415	-	-
Debt under restructuring agreement	21	1,344,901	1,281,627	1,344,901	1,281,627
Employee benefit obligations	22	4,591	4,864	909	1,932
Deferred tax liabilities	25	168,146	175,458	-	-
Others non - current liabilities		81	81	-	-
<b>Total non - current liabilities</b>		<b>1,528,130</b>	<b>1,481,410</b>	<b>1,345,810</b>	<b>1,283,559</b>
<b>TOTAL LIABILITIES</b>		<b>3,662,734</b>	<b>3,380,876</b>	<b>2,914,681</b>	<b>2,611,186</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common shares, Baht 1.00 par value					
Authorized share capital					
- 1,322,913,226 shares , Baht 1.00 par value in 2014 and 4,000,000,000 shares , Baht 1.00 par value in 2013	23	1,322,913	4,000,000	1,322,913	4,000,000
Issued and fully paid - up share capital					
- 1,025,640,498 shares, Baht 1.00 par value in 2014 and 1,002,913,226 shares, Baht 1.00 par value in 2013	23	1,025,640	1,002,913	1,025,640	1,002,913
Premium on share capital		400,172	413,967	400,172	413,967
Deficit		(1,275,481)	(1,177,712)	(1,074,573)	(1,006,015)
Other component of equity		73,721	73,721	-	-
Total equity attributable to equity holders of the parent company		224,052	312,889	351,239	410,865
Non - controlling interests		230,072	267,567	-	-
<b>Total Shareholders' equity</b>		<b>454,124</b>	<b>580,456</b>	<b>351,239</b>	<b>410,865</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,116,858</b>	<b>3,961,332</b>	<b>3,265,920</b>	<b>3,022,051</b>

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE - MONTH PERIOD ENDED JUNE 30, 2014**

"UNAUDITED"  
"REVIEWED"

		In Thousand Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2014	2013	2014	2013
<b>REVENUES</b>					
	Revenue from sales	574,671	545,392	510,017	417,083
	Revenue from services	13,765	27,666	-	-
	Other incomes	8,851	9,130	8,377	8,857
	<b>Total Revenues</b>	<b>597,287</b>	<b>582,188</b>	<b>518,394</b>	<b>425,940</b>
<b>EXPENSES</b>					
	Cost of sales	576,649	559,026	502,737	415,038
	Cost of services	11,779	26,865	-	-
	Selling expenses	3,101	1,263	167	340
	Administrative expenses	21,407	30,234	15,360	22,825
	Loss on impairment of investment in subsidiary	-	-	21,000	36,000
	Doubtful accounts	2,485	5,310	-	-
6	Management benefit expenses	2,425	2,684	2,425	2,684
	Finance costs	42,919	84,413	23,541	63,597
	<b>Total Expenses</b>	<b>660,765</b>	<b>709,795</b>	<b>565,230</b>	<b>540,484</b>
	<b>LOSS BEFORE INCOME TAX</b>	<b>(63,478)</b>	<b>(127,607)</b>	<b>(46,836)</b>	<b>(114,544)</b>
25	Income tax revenues	2,840	1,806	-	-
	<b>LOSS FOR THE PERIOD</b>	<b>(60,638)</b>	<b>(125,801)</b>	<b>(46,836)</b>	<b>(114,544)</b>
<b>Other comprehensive income (loss)</b>					
	- Change in fair value of available-for-sale securities	-	(44,558)	-	(44,558)
	<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(60,638)</b>	<b>(170,359)</b>	<b>(46,836)</b>	<b>(159,102)</b>
<b>Loss for the period attributable to :</b>					
	Equity holders of the parent company	(46,497)	(103,481)	(46,836)	(114,544)
	Non - controlling interests	(14,141)	(22,320)	-	-
		<b>(60,638)</b>	<b>(125,801)</b>	<b>(46,836)</b>	<b>(114,544)</b>
<b>Total comprehensive loss for the period attributable to :</b>					
	Equity holders of the parent company	(46,497)	(148,039)	(46,836)	(159,102)
	Non - controlling interests	(14,141)	(22,320)	-	-
		<b>(60,638)</b>	<b>(170,359)</b>	<b>(46,836)</b>	<b>(159,102)</b>
<b>LOSS PER SHARE</b>					
	Equity holders of the parent company (Baht)	(0.05)	(0.10)	(0.05)	(0.11)

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX - MONTH PERIOD ENDED JUNE 30, 2014**

"UNAUDITED"  
"REVIEWED"

		In Thousand Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2014	2013	2014	2013
<b>REVENUES</b>					
	Revenue from sales	1,489,871	1,379,564	1,268,391	1,100,363
	Revenue from services	35,019	60,970	-	-
	Other incomes	20,857	14,123	19,055	13,629
	<b>Total Revenues</b>	<b>1,545,747</b>	<b>1,454,657</b>	<b>1,287,446</b>	<b>1,113,992</b>
<b>EXPENSES</b>					
	Cost of sales	1,513,488	1,415,337	1,250,288	1,116,363
	Cost of services	29,679	61,123	-	-
	Selling expenses	5,540	3,564	467	1,444
	Administrative expenses	44,229	41,586	32,008	27,614
	Loss on impairment of investment in subsidiary	-	-	21,000	36,000
	Doubtful accounts	2,013	11,386	-	5,668
	Management benefit expenses	5,143	5,367	5,143	5,367
	Finance costs	87,305	167,589	48,402	127,075
	<b>Total Expenses</b>	<b>1,687,397</b>	<b>1,705,952</b>	<b>1,357,308</b>	<b>1,319,531</b>
	<b>LOSS BEFORE INCOME TAX</b>	<b>(141,650)</b>	<b>(251,295)</b>	<b>(69,862)</b>	<b>(205,539)</b>
	Income tax revenues	5,437	29,778	-	-
	<b>LOSS FOR THE PERIOD</b>	<b>(136,213)</b>	<b>(221,517)</b>	<b>(69,862)</b>	<b>(205,539)</b>
<b>Other comprehensive income (loss)</b>					
	- Change in fair value of available-for-sale securities	-	(44,558)	-	(44,558)
	- Defined benefit plan actuarial gain	757	-	1,304	-
	- Income tax on other comprehensive income	192	-	-	-
	<b>Other comprehensive income (loss) for the period</b>	<b>949</b>	<b>(44,558)</b>	<b>1,304</b>	<b>(44,558)</b>
	<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(135,264)</b>	<b>(266,075)</b>	<b>(68,558)</b>	<b>(250,097)</b>
<b>Loss for the period attributable to :</b>					
	Equity holders of the parent company	(98,520)	(187,841)	(69,862)	(205,539)
	Non - controlling interests	(37,693)	(33,676)	-	-
		<b>(136,213)</b>	<b>(221,517)</b>	<b>(69,862)</b>	<b>(205,539)</b>
<b>Total comprehensive loss for the period attributable to :</b>					
	Equity holders of the parent company	(97,769)	(232,399)	68,558	(250,097)
	Non - controlling interests	(37,495)	(33,676)	-	-
		<b>(135,264)</b>	<b>(266,075)</b>	<b>(68,558)</b>	<b>(250,097)</b>
<b>LOSS PER SHARE</b>					
	Equity holders of the parent company (Baht)	(0.10)	(0.19)	(0.07)	(0.20)

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX - MONTH PERIOD ENDED JUNE 30, 2014**

"UNAUDITED"  
"REVIEWED"

		In Thousand Baht							
		Consolidated financial statements							
		Other component of equity							
				Other comprehensive income (loss)					
		Change in fair value of available-for-sale securities		Total Other component of equity		Total equity attributable to owners of the parent company		Non - controlling interests	
		Total		Total		Total		Total	
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		Total		Total		Total			



**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX - MONTH PERIOD ENDED JUNE 30, 2014**

"UNAUDITED"  
"REVIEWED"

In Thousand Baht					
Separate financial statements					
Note	Issued and fully paid - up share capital	Premium on share capital	Unappropriated (deficit)	Other component of equity	Total shareholders' equity
				Other comprehensive income (expense) Change in fair value of available-for-sale securities	
<b>Balance as at January 1, 2014</b>	1,002,913	413,967	(1,006,015)	-	410,865
Common shares increase by convertible debenture conversion	23,24	22,727	(13,795)	-	8,932
<b>Comprehensive income (loss) for the period</b>					
Loss for the period	-	-	(69,862)	-	(69,862)
Other comprehensive income	-	-	1,304	-	1,304
Total comprehensive loss for the period	-	-	(68,558)	-	(68,558)
<b>Balance as at June 30, 2014</b>	<u>1,025,640</u>	<u>400,172</u>	<u>(1,074,573)</u>	<u>-</u>	<u>351,239</u>
<b>Balance as at January 1, 2013</b>	1,002,913	413,967	(612,676)	(11,432)	792,772
<b>Comprehensive income (loss) for the period</b>					
Loss for the period	-	-	(205,539)		(205,539)
Other comprehensive income (loss)	-	-	-	(44,558)	(44,558)
Total comprehensive loss for the period	-	-	(205,539)	(44,558)	(250,097)
<b>Balance as at June 30, 2013</b>	<u>1,002,913</u>	<u>413,967</u>	<u>(818,215)</u>	<u>(55,990)</u>	<u>542,675</u>

The accompanying notes are an integral part of these financial statements

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX - MONTH PERIOD ENDED JUNE 30, 2014**

"UNAUDITED"  
"REVIEWED"

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before income tax	(141,650)	(251,295)	(69,862)	(205,539)
<b>Adjustments for</b>				
Depreciation for fixed assets	78,120	63,851	4,512	4,916
Depreciation for investment property	555	694	456	456
Doubtful accounts	2,013	11,386	-	5,668
Unrealized gain from investment in trading security	-	(123)	-	(123)
Unrealized gain from investment in securities available for sale	-	(733)	-	(733)
Unrealized (gain) loss from exchange rate	5,416	(1,424)	4,887	(1,424)
Gain on sale of fixed assets	-	(4)	-	(8)
Loss from written-off of fixed assets	71	-	-	-
Loss from impairment of investment in subsidiary company	-	-	21,000	36,000
Loss from declining in value of inventories (Reversal)	(4,367)	21,219	(2,806)	10,957
Employee benefit expenses	375	179	255	117
Interest income	(100)	(6)	-	-
Interest expenses of employee benefits	109	80	26	38
Interest expenses	86,822	167,419	48,358	126,961
Profit (loss) from operating activities before change in operating assets and liabilities	27,364	11,243	6,826	(22,714)
<b>Decrease (Increase) in operating assets</b>				
Trade and other receivables - others	(133,988)	(26,746)	(99,490)	2,260
Trade and other receivables - related parties	-	-	(67,899)	(9,001)
Inventories	(90,291)	(198,479)	(89,865)	(136,772)
Advance payment for goods	15,151	157,669	(3,835)	156,785
Other current assets	1,967	395	404	744
Retention receivables	16,775	(7,846)	-	-
Other non-current assets	(1,924)	(4,700)	-	(47)
<b>Increase (Decrease) in operating liabilities</b>				
Trade and other payables - others	188,956	57,114	173,682	(10,203)
Trade and other payables - related parties	(16)	(946)	47,190	15,795
Advance receive for goods	(9,494)	(2,270)	-	(2,270)
Long - term trade payables	(8,765)	-	-	-
Other current liabilities	303	3,132	-	5
<b>Cash generated (paid) from operation</b>	6,038	(11,434)	(32,987)	(5,418)
Cash received (paid) from income tax	(4,195)	484	(279)	(111)
Cash received from interest income	102	8	-	-
<b>Net Cash Provided by (Used in) from Operating Activities</b>	1,945	(10,942)	(33,266)	(5,529)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Increase) Decrease in bank deposits pledged as collateral	(100)	23,350	(1)	27,357
Cash received from sale of fixed assets	-	27	-	8
Cash paid for purchase of fixed assets	(1,338)	(7,392)	(260)	(62)
Cash received for purchase of investment in available-for-sale securities	-	26,633	-	26,633
<b>Net Cash Provided by (Used in) from Investing Activities</b>	(1,438)	42,618	(261)	53,936

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX - MONTH PERIOD ENDED JUNE 30, 2014**

"UNAUDITED"  
"REVIEWED"

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions	5,466	77,245	(33,141)	50,880
Cash paid for liabilities under finance lease agreement	(514)	(404)	(302)	(366)
Cash paid for Debt under restructuring agreement	-	(77,375)	-	(77,375)
Cash received from short - term loans from subsidiary company	-	-	120,820	85,875
Cash paid for short - term loan from subsidiary company	-	-	(53,080)	(77,390)
Cash paid for interest expenses	(4,843)	(32,056)	(3,896)	(30,707)
Cash received from convertible debenture conversion to common shares	8,932	-	8,932	-
<b>Net Cash Provided (Used in) from Financing Activities</b>	<b>9,041</b>	<b>(32,590)</b>	<b>39,333</b>	<b>(49,083)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,548</b>	<b>(914)</b>	<b>5,806</b>	<b>(676)</b>
Cash and Cash Equivalents - Beginning of Period	4,905	7,930	3,295	3,482
<b>CASH AND CASH EQUIVALENT END OF PERIOD</b>	<b>14,453</b>	<b>7,016</b>	<b>9,101</b>	<b>2,806</b>
<b>Supplementary Disclosure of Cash Flow Information - non cash items</b>				
1. Purchase of property, plant and equipment by credit	27,323	-	-	-
2. Offsetting between trade account receivable and trade account payable	1,127	2,299	-	-
3. Transferred debt under restructuring agreement to loans due for repayment	-	610,696	-	610,696
4. Investment in securities available for sale decrease from unrealize loss	-	55,990	-	55,990

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements**  
**For the three-month and six-month periods ended June 30, 2014 (Reviewed)**

These notes form an integral part of the interim financial statements.

The interim financial statements were authorized for issue by the directors on August 11, 2014.

**1. GENERAL INFORMATION AND GOING CONCERN**

**1.1. GENERAL INFORMATION**

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

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

**1.2. GOING CONCERN**

The Company and its subsidiaries made losses for the three-month and six-month periods ended June 30, 2014 of Baht 60.64 million and Baht 136.21 million (For the three-month and six-month periods ended June 30, 2013 : Baht 125.80 million and Baht 221.52 million) The Company made losses for the three-month and six-month periods ended June 30, 2014 of Baht 46.84 million and Baht 69.86 million (For the three-month and six-month periods ended June 30, 2013 : Baht 114.54 million and Baht 205.54 million), including the Company and its subsidiaries has unfinalized contentious case in the court as mention in notes 29 to the interim financial statements. These conditions indicate the existence of a material uncertainty that may cause significant doubt about the ability of the Company and its subsidiaries to continue as going concerns. The Company and its subsidiaries need to generate sufficient cash flows to meet both its working capital requirements and its operating obligations. The financial statements have been prepared on a going concern basis which do not include any adjustments that would be required (including any which may be required in relation to the valuation of the Company's or the subsidiaries' assets) should the Company and its subsidiaries be unable to generate sufficient cash flows and/or raise additional financing from other sources in order to enable it to continue as going concerns. However, the managements are confident the planned capital raisings and negotiation with creditors will continue to be successfully completed.

**2. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION**

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

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No. 34 (revised 2012) Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared and presented in Thai Baht, which is the Company and its subsidiaries' functional currency.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2013. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2013.

**3. BASIS OF CONSOLIDATION**

The consolidated financial statements include the accounts of the Company and its subsidiaries which the Company has controlling power are prepared using the same accounting policies as were used for the financial statements for the year ended December 31 2013, the Company has shareholding in directly and indirectly on those subsidiaries as follows:

Name of Companies	Type of business	In Million Baht		Percentage of direct and indirect holding ( % )	
		Paid-up share capital		June 30, 2014	December 31, 2013
		June 30, 2014	December 31, 2013		
Thai National Product Co., Ltd	Foundation pile manufacturing, delivery, pile driving and concrete product	261	261	100.00	100.00
Siam Ferro Industry Co., Ltd	Production and distribution of steel production and all steel pipe and engagement of steel	442	442	51.88	51.88

All significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2013.

**5. APPLICATION OF NEW ACCOUNTING STANDARDS**

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

Accounting Standard:	Effective date
TAS 1 (Revised 2012)	January 1, 2014
TAS 7 (Revised 2012)	January 1, 2014
TAS 12 (Revised 2012)	January 1, 2014
TAS 17 (Revised 2012)	January 1, 2014
TAS 18 (Revised 2012)	January 1, 2014
TAS 19 (Revised 2012)	January 1, 2014
TAS 21 (Revised 2012)	January 1, 2014
TAS 24 (Revised 2012)	January 1, 2014
TAS 28 (Revised 2012)	January 1, 2014
TAS 31 (Revised 2012)	January 1, 2014

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

		<u>Effective date</u>
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 38 (Revised 2012)	Intangible Assets	January 1, 2014
Financial Reporting Standard:		
TFRS 2 (Revised 2012)	Share - Based Payments	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 4	Insurance Contracts	January 1, 2016
TFRS 5 (Revised 2012)	Non-Current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases-Incentives	January 1, 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSIC 29	Service Concession Arrangements: Disclosures	January 1, 2014
TSIC 32	Intangible Assets-Web Site Costs	January 1, 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRIC 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customer Loyalty Programs	January 1, 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC 18	Transfers of Assets from Customers	January 1, 2014

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

## **6. RELATED PARTIES TRANSACTIONS**

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

Types of relationship of related persons or companies are as follows:

Name of Companies	Type of business	Type of relationship
Thai National Product Co., Ltd	Foundation pile manufacturing, delivery, pile driving and concrete product	Subsidiary
Siam Ferro Industry Co., Ltd	Production and distribution of steel production and all steel pipe and engagement of steel	Subsidiary
A.T. STEEL Co., Ltd.	Distribution of steel	Closed cousin of executive officer are director and shareholders
G.T. STEEL WORKS Co., Ltd.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders
Ms. Angkakarn Tantiviroon		Shareholder (In 2013 was director and resign on May 15, 2014)
Mr. Somkiat Vongsarojana		Director
Mr. Teera Phoncharoensuk		Director
Ms. Arporn Seneprakornkrai		Shareholder

Pricing policies for each transactions are described as follows:

Type of transactions	Pricing policies
Revenues from sale	Price can be comparative against outside parties
Other income	Mutual agreement/Contract price
Purchases of goods	Price can be comparative against outside parties
Cost of service	Mutual agreement/Contract price
Consultation fees	Contract price
Interest expense	Interest rate 6.75 - 6.88% and 12.00% per annum (2013 : 7.00 - 7.13% and 12.00% per annum)

Significant revenues and expenses derived from transactions with related parties for the three-month and six-month periods ended June 30, 2014 and 2013 are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements			
	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2014	2013	2014	2013
<b>Transaction with related person</b>				
Interest expense	150	300	300	-
Consultation fees	360	-	360	-

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

	In Thousand Baht			
	Separate financial statements			
	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2014	2013	2014	2013
<b>Transaction with related person</b>				
Consultation fees	360	-	360	-
<b>Transaction with subsidiaries</b>				
(Eliminated from consolidated financial statements)				
Revenues from sales	363	-	390	2,116
Revenues from sales raw material	224,060	10,506	361,525	10,506
Others income	77	310	164	425
Purchase of goods	45,300	15,628	45,306	15,628
Subcontract production cost	-	241	8	430
Others expense	-	281	-	299
Interest expense	1,317	1,079	2,231	1,801

The balances of receivables from and payables to related parties as at June 30, 2014 and December 31, 2013 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June	December	June	December
	30, 2014	31, 2013	30, 2014	31, 2013
<b>Trade and other receivables</b>				
Thai National Product Co., Ltd	-	-	363	65
Siam Ferro Industry Co., Ltd	-	-	165,004	97,402
Total	-	-	165,367	97,467
Less Allowance for doubtful debt	-	-	(5,296)	(5,296)
Net	-	-	160,071	92,171
<b>Trade and other payables</b>				
Thai National Product Co., Ltd	-	-	6,544	4,312
Siam Ferro Industry Co.,Ltd.	-	-	48,471	1,290
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	47	666	47	67
Shareholder	628	25	29	-
Total	12,422	12,438	66,838	17,416



**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

	In Thousand Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Loan from</b>				
Thai National Product Co., Ltd				
(Interest rate 6.75 - 6.88% per annum)				
Balance as at beginning	-	-	53,864	48,466
Increase	-	-	120,820	197,345
Decrease	-	-	(53,080)	(191,947)
Balance as at the end	-	-	121,604	53,864
Shareholder				
(Interest rate 12.00%)				
Balance as at beginning	5,000	5,000	-	-
Increase	-	5,000	-	-
Decrease	-	(5,000)	-	-
Balance as at the end	5,000	5,000	-	-
Total short-term loan	5,000	5,000	121,604	53,864

Short - term loan from shareholder amount of Baht 5 million, the subsidiary has mortgaged investment property to collateral of loans.

For the three-month and six-month periods ended June 30, 2014 and 2013, key managements personnel compensation are as follows:

	In Thousand Baht			
	Consolidated financial statements			
	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2014	2013	2014	2013
<b>Key managements personnel compensation</b>				
Short-term employee benefits	2,423	2,628	5,138	5,254
Post-employment benefits	2	56	5	113
Total	2,425	2,684	5,143	5,367

	In Thousand Baht			
	Separate financial statements			
	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2014	2013	2014	2013
<b>Key managements personnel compensation</b>				
Short-term employee benefits	2,423	2,628	5,138	5,254
Post-employment benefits	2	56	5	113
Total	2,425	2,684	5,143	5,367

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

Significant contract during the subsidiary and related person are summarized as follows:

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

**7. TRADE AND OTHER RECEIVABLES - OTHERS**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Trade receivables</b>				
Post dated cheques	159,215	56,126	158,690	50,387
Account receivable-returned cheques	2,436	2,038	-	-
Trade receivables	1,619,716	1,619,427	1,270,404	1,307,823
Total	1,781,367	1,677,591	1,429,094	1,358,210
Less Allowance for doubtful debt	(57,107)	(55,094)	(9,905)	(9,905)
Net	1,724,260	1,622,497	1,419,189	1,348,305
<b>Other receivables</b>				
Revenue department receivable	13,382	9,343	4,078	-
Other receivables	12,430	13,302	8,967	10,143
Deferred expenses	25,532	-	25,532	-
Others	2,613	2,229	1,746	1,574
Total	53,957	24,874	40,323	11,717
<b>Grand Total</b>	<b>1,778,217</b>	<b>1,647,371</b>	<b>1,459,512</b>	<b>1,360,022</b>

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

As at June 30, 2014 and December 31, 2013, the trade and note receivable are classified by aging as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Within credit term	349,806	918,227	232,410	813,110
Over due 1 to 90 days	667,088	480,521	569,481	325,356
Over due 91 to 180 days	489,167	171,625	452,821	162,782
Over due 181 to 365 days	198,682	49,883	144,641	47,057
Over due over 1 year	76,624	57,335	29,741	9,905
Total	1,781,367	1,677,591	1,429,094	1,358,210
Less Allowance for doubtful debt - trade receivable	(57,107)	(55,094)	(9,905)	(9,905)
Net	1,724,260	1,622,497	1,419,189	1,348,305

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Bad debts and doubtful debts expense				
- for the three-month period ended June 30	2,484	5,310	-	-
- for the six-month period ended June 30	2,013	5,718	-	-

As at June 30, 2014, the consolidated financial statements, the Company and its subsidiaries factored some post dated cheques in the amount of Baht 28.48 million (December 31, 2013 : Baht 27.00 million), the separate financial statements in amount of Baht 26.99 million (December 31, 2013 : Baht 27.00 million) to discount with the financial institution. The Company and its subsidiaries still has to take responsibility in the notes receivable if the financial institution cannot collect debt repayment from such notes receivable.

As at June 30, 2014, the consolidated financial statements, part of trade receivable in amount of Baht 4.73 million (December 31, 2013 : Baht 19.27 million) had be transferred the right of collection to one financial institution. The subsidiary company still has to take responsibility in the trade receivable if the financial institution cannot collect debt repayment in accordance with such trade receivable.

As at June 30, 2014, the consolidated financial statements and separate financial statements, account receivable over credit term over 181 days amount of Baht 74.72 million is the Company's account payable amount of Baht 84.92 million. The Company is negotiating for debt settlement.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

**8. TRADE AND OTHER RECEIVABLES - RELATED PARTIES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trade receivables	-	-	160,054	92,143
Other receivables	-	-	5,313	5,324
Total	-	-	165,367	97,467
Less Allowance for doubtful debt-other receivables	-	-	(5,296)	(5,296)
Net	-	-	160,071	92,171

As at June 30, 2014 and December 31, 2013, the trade receivables - related parties are classified by aging as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Within credit term	-	-	55,232	24,399
Over due 1 to 90 days	-	-	84,428	46,010
Over due 91 to 180 days	-	-	4	21,734
Over due 181 to 365 days	-	-	20,390	-
Total	-	-	160,054	92,143

**9. INVENTORIES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Finished goods	537,717	437,885	445,995	327,701
Work in process	5,738	268	-	-
Raw materials	147,488	133,750	33,485	61,807
Goods in transit	-	28,735	-	-
Supplies	11,042	11,057	1,181	1,288
Total	701,985	611,695	480,661	390,796
Less Allowance for declining in value of inventories	(12,147)	(14,554)	(515)	(2,646)
Net	689,838	597,141	480,146	388,150

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
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	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Loss of allowance for declining in value of inventories (Reversal)				
- for the three-month period ended June 30	(518)	11,276	199	2,578
- for the six-month period ended June 30	(2,407)	22,097	(2,131)	11,835

**10. ADVANCE PAYMENT FOR GOODS**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Advance payment for goods	125,645	140,797	106,416	102,581
Less Allowance for declining in value of inventories	(434)	(2,394)	(402)	(1,077)
Doubtful debts expense	(5,668)	(5,668)	(5,668)	(5,668)
Net	119,543	132,735	100,346	95,836

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Loss of allowance for declining in value of inventories (Reversal) :				
- for the three-month period ended June 30	434	(8,156)	1,752	(8,156)
- for the six-month period ended June 30	(1,960)	(878)	(675)	(878)
Doubtful account expenses :				
- for the three-month period ended June 30	-	-	-	-
- for the six-month period ended June 30	-	5,668	-	5,668

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
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**11. INVESTMENT IN SUBSIDIARIES**

	Separate financial statements					
	Percentage of direct and indirect Holding		In Thousand Baht			
			Paid-up capital		Investment value	
			Cost method			
	June	December	June	December	June	December
	30, 2014	31, 2013	30, 2014	31, 2013	30, 2014	31, 2013
<b>SUBSIDIARIES</b>						
• Thai National Product Co., Ltd	100.00	100.00	261,006	261,006	639,478	639,478
• Siam Ferro Industry Co., Ltd	51.88	51.88	441,701	441,701	536,062	536,062
Less Allowance for impairment loss of Siam Ferro Industry Co., Ltd					(211,851)	(190,851)
Net					963,689	984,689
					In Thousand Baht	
					2014	2013
Impairment loss :						
- for the three-month period ended June 30					21,000	36,000
- for the six-month period ended June 30					21,000	36,000

**12. INVESTMENT PROPERTY**

For the six-month period ended June 30, 2014, the movements of investment property were as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2014	17,946	10,690
Depreciation for the period	(555)	(456)
Net book value as at June 30, 2014	17,391	10,234

As at June 30, 2014, the consolidated financial statements, the Company and its subsidiaries' investment property in the book value of Baht 17.39 million (December 31, 2013 : Baht 17.94 million) are pledged for collateral for short - term loan from related parties and loans granted by financial institutions.

As at June 30, 2014 and December 31, 2013, the separate financial statements, the whole amount of investment property are pledged for collateral for loans granted by financial institutions.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**13. PROPERTY, PLANT AND EQUIPMENT**

For the six-month period ended June 30, 2014, the movements are as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2014	1,503,800	86,082
Acquisitions	28,661	260
Transfer in	65,894	-
Transfer out	(65,894)	-
Disposal	(71)	-
Depreciation for the period	(78,120)	(4,512)
Net book value as at June 30, 2014	1,454,270	81,830

Consolidated Financial Statements

As at June 30, 2014, The Company and its subsidiaries mortgaged land plus building in book value of Baht 442.43 million (December 31, 2013 : Baht 445.77 million) and some part machine in book value of Baht 30.65 million (December 31, 2013 : Baht 39.04 million) are collateral of loans from the financial institutes.

As at June 30, 2014, The Company and its subsidiaries mortgaged land plus building in the book value of Baht 550.25 million (December 31, 2013 : Baht 564.95 million) are collateral of short term loans from other company

Separate Financial Statements

As at June 30, 2014, the Company mortgaged land plus building in book value of Baht 54.08 million (December 31, 2013 : Baht 54.54 million) and some part machine in book value of Baht 16.25 million (December 31, 2013 : Baht 18.50 million) are collateral of loans from the financial institutes.

**14. CREDIT FACILITIES AND GUARANTEE**

The Company and its subsidiaries has 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 June 30, 2014, in amount of Baht 1,981.82 million (December 31, 2013 : Baht 2,092.50 million) and credit line for forward contract in amount of US Dollars 4.00 million, equally for both periods. It is pledged by the Company's mortgage register of land plus building and certain part machine of the Company, some part land plus building and machine of subsidiary company, land and building of a director and related company, notes receivable, a part of deposit at bank and guaranteed by director, related company and subsidiary and beneficiary from insurance in building, machinery and equipment to commercial bank and financial institutions.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

**15. LOANS THAT DUE FOR REPAYMENT**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trust receipts	462,127	462,127	462,127	462,127
Promissory note	195,499	195,499	195,499	195,499
Long-term loans from financial institutions	373,732	373,732	373,732	373,732
Accrued interest expenses	317,405	286,920	317,405	286,920
Less Reclassification to debt under restructuring agreement	(1,348,763)	(1,318,278)	(1,348,763)	(1,318,278)
Total	-	-	-	-

As at December 31, 2013, The loan which due to payment was arisen from trust receipt, promissory notes, and long-term loan, the Company has signed the new agreement of debt restructuring dated September 27, 2013 with financial institution, in first quarter of 2014, the Company did not completely repay the debt in accordance with the debt restructuring agreement, thence reclassified such debt as the loan which due to payment. However, the Company and creditor together agreed and signed the new agreement of debt restructure dated May 30, 2014, the Company reclassified such debt to debt under restructuring agreement as present under non-current liabilities according note 21 to interim financial statements.

**16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Debt restructuring agreement	658,402	691,530	658,402	691,530
Loan from discounted bill of exchange and post date cheque	28,469	26,999	26,986	26,999
Account payable factoring	3,895	14,985	-	-
Promissory note	64,214	16,000	16,000	16,000
Net	754,980	749,514	701,388	734,529

As at June 30, 2014, short term loan from financial institutions are carried by interest rates of 4.00% - 8.50 % per annum (December 31, 2013 : 6.00% - 15.00%) and have collateral according to note 14 to interim financial statements.

As at June 30, 2014 and December 31, 2014, the debt under restructuring agreement derive from the debt under restructuring agreement contract No.5 dated June 27, 2012 and revision issued No.4 dated February 26, 2013. During the year 2013, the Company did not repay the debt in accordance with the term repayment of restructuring agreement. However, the Company and creditor together agree for new solution to restructure and the repayment of debt according to the restructuring agreement No.6 dated October 31, 2013



**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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which has 2nd amendment, dated March 27, 2014 and 3rd amendment, dated July 28, 2014 The latest restructuring agreement has significant term of payment as follows :

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

b) The Company will additional repay the creditor as call "addition principle" approximately in amount Baht 18.05 million, by calculated from principal amount of Baht 363 million which to be reduced by a repayment under clause a) with MLR interest rate, commencing on September 2013 - January 2014 and calculated from principal amount of Baht 319.48 million which to be reduced by repayment amount and charge at interest rate 4 % , commencing from February 2014 - June 2014. For July onward calculated from principal amount of Baht 300 million and charge at interest rate 4 % p.a., the repayment will be made during October to December 2013 equivalent at 2 % with repayment as end of month and repayment in June 2014 amounting to Baht 13.46 million and the repayment of rest of outstanding will be made in September 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.

Such debt under restructuring agreement constitutes collateral according to note 14 to interim financial statements.

**17. TRADE AND OTHER PAYABLES - OTHERS**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Current</b>				
Trade payables	723,439	555,271	614,647	461,199
Accrued expenses	37,614	12,589	27,630	4,717
Other payable	38,693	11,349	5,647	3,439
Others	144	174	30	30
<b>Total</b>	<b>799,890</b>	<b>579,383</b>	<b>647,954</b>	<b>469,385</b>
<b>Non-current</b>				
Trade payables	10,200	18,965	-	-
<b>Total</b>	<b>10,200</b>	<b>18,965</b>	<b>-</b>	<b>-</b>

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
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<u>Installment periods</u>	<u>Total Repayment per installment (Million Baht)</u>
September 2013	4.01
October 2013	10.00
Nov.13 - Apr. 14	0.30
May. 14 - Oct.14	0.60
Nov.14 - Apr. 15	0.80
May.15 - Sep. 15	1.20
Oct.15	1.25

As at June 30, 2014, the subsidiary company reclassified outstanding balance of trade payable of Baht 10.20 million (as at December 31, 2013 : Baht 18.96 million) to present as non-current liabilities in the consolidated financial statements.

**18. TRADE AND OTHER PAYABLES - RELATED PARTIES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trade payables	8,647	8,647	57,118	9,350
Accrued expenses	599	599	6,544	4,312
Other payables	3,176	3,192	3,176	3,754
<b>Total</b>	<b>12,422</b>	<b>12,438</b>	<b>66,838</b>	<b>17,416</b>

**19. SHORT-TERM LOANS FROM OTHER COMPANY**

As at June 30, 2014 and December 31, 2013, in the consolidated financial statements, short term loans amount of Baht 300 million represent short - term loans from other company, bear interest rate of 15% per annum, while the subsidiary mortgaged its land and building as collateral of loans. The subsidiary and the lender make a mortgage land agreement and considered this as evidence of the such loans, while the mortgages has term to redeem for three months (maturity date on June 21, 2011) and when due, the subsidiary and lender agree to continue an extend the due period for another 3 months, in each time of the extend, the borrower will charge 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 on October 22, 2012 which the subsidiary has not extended the maturity date. Currently ,the lender has prosecuted claiming for debt repayment and interest expense as mention in note 29 to interim financial statements.

As at June 30, 2014, the consolidated financial statements, short term loans amount of Baht 4.23 million (As at December 31, 2013 : Baht 4.23 million) has loan agreement and will be completely repaid within September 15, 2014, no interest charge.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
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**20. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Liabilities under financial lease agreement	924	1,510	171	472
Less Interest payment from financial lease agreement	(108)	(179)	(3)	(13)
Net	816	1,331	168	459
Less Current portion	(605)	(916)	(168)	(459)
Net	211	415	-	-
Present value of minimum lease payment				
Within one year	605	916	168	459
After one year but within five years	211	415	-	-
Total	816	1,331	168	459

As at June 30, 2014, the consolidated financial statements, the Company and its subsidiaries comprises asset under the financial leased agreement in the type of vehicle, the net book value of Baht 1.29 million (December 31, 2013 : Baht 1.65 million) and the separate financial statements, there is net book value of Baht 0.36 million (December 31, 2013 : Baht 0.57 million). The Company and its subsidiaries will receive ownership in such asset when completely repays debt to creditors in accordance with the financial leased agreement.

**21. DEBT UNDER RESTRUCTURING AGREEMENT**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Principal amount	1,031,358	1,031,358	1,031,358	1,031,358
Accrued interest expenses	313,107	273,633	313,107	273,633
Accrued interest pending for waiving	20,836	20,836	20,836	20,836
	1,365,301	1,325,827	1,365,301	1,325,827
Less Current portion	(20,400)	(44,200)	(20,400)	(44,200)
Net	1,344,901	1,281,627	1,344,901	1,281,627

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For the six-month periods ended June 30, 2014 and 2013, the movement of long-term loans are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Balance as of beginning	1,325,827	694,545	1,325,827	694,545
Transfer out to loan that due for repayment	-	(610,696)	-	(610,696)
Realized pending accrued interest to reduce interest expense	(4,563)	(6,474)	(4,563)	(6,474)
Realized suspended interest in period	46,137	-	46,137	-
Repayment	(2,100)	(77,375)	(2,100)	(77,375)
Balance as of ending	1,365,301	-	1,365,301	-

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

First tranche : The credit line of Baht 400 million, as at June 30,2014 remaining balance amount of Baht 498.97 million comprise principal amount of Baht 373.73 million and accrued interest amount of Baht 125.24 million. (December 31, 2013 : remaining balance amount of Baht 484.72 million comprise of principal amount of Baht 373.73 million and accrued interest amount of Baht 110.99 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 SPRL+ 1.00% per annum and will be settle all of accrued interest within January 31, 2017.

Second tranche : The credit line of Baht 275 million, as at June 30,2014 remaining balance amount of Baht 379.03 million comprise principal amount of Baht 274.04 million and accrued interest amount of Baht 104.99 million. (December 31, 2013 : remaining balance amount of Baht 368.75 million comprise of principal amount of Baht 274.04 million and accrued interest amount of Baht 94.71 million.) The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPR+ 1.25% per annum and will be settle all of accrued interest within December 31, 2027.

Third tranche : The credit line of Baht 250 million, as at June 30,2014 remaining balance amount of Baht 221.03 million comprise principal amount of Baht 188.09 million and accrued interest amount of Baht 32.94 million. (December 31, 2013 : remaining balance amount of Baht 213.30 million comprise of principal amount of Baht 188.09 million and accrued interest amount of Baht 25.21 million.) The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPR+ 1.25% per annum and will be settle all of accrued interest within December 31, 2027.

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Fourth tranche : The credit line of Baht 200 million, as at June 30, 2014 remaining balance amount of Baht 266.27 million comprise principal amount of Baht 195.50 million and accrued interest amount of Baht 70.77 million. (December 31, 2013 : remaining balance amount of Baht 259.05 million comprise of principal amount of Baht 195.50 million and accrued interest amount of Baht 63.55 million.) The term repayment is monthly installment with totaling 165 installments (13 years and 9 months) or within December 31, 2027, commencing on April 30, 2014 with interest rate at SPR+ 1.00% per annum and will be settle all of accrued interest within December 31, 2027.

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

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

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

Debt under restructuring agreement constitutes collaterals according to note 14 to interim financial statements.

## 22. EMPLOYEE BENEFIT OBLIGATIONS

For the six-month period ended June 30, 2014, the movements are as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Defined benefit obligation as at January 1, 2014	4,864	1,932
Current service cost and interest	484	281
Actuarial gain in other comprehensive income	(757)	(1,304)
Defined benefit obligation as at June 30, 2014	4,591	909

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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For the six-month periods ended June 30, 2014 and 2013, long-term employee benefit expenses included in the profit or loss was as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service costs	375	180	255	117
Interest on obligation	109	80	26	38
Total expenses in profit or loss	484	260	281	155
Line items under which such expenses are include in profit or loss				
Cost of goods sold and services	107	21	17	2
Selling expenses	19	14	9	1
Administrative expenses	244	32	224	1
Management benefits expense	5	113	5	113
Finance cost	109	80	26	38
Total	484	260	281	155

Principal actuarial assumptions at the valuation date were as follows:

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

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**23. SHARE CAPITAL**

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

	Consolidated and Separate financial statements					
	2014			2013		
	Par Value Baht	Number of Share (Thousand shares)	Amount (Thousand Baht)	Book value Baht	Number of Share (Thousand shares)	Amount (Thousand Baht)
<b>Authorized share capital</b>						
Ordinary shares at beginning of period	1.00	4,000,000	4,000,000	1.00	4,000,000	4,000,000
Add Increase ordinary Shares	1.00	320,000	320,000	1.00	-	-
Less Decrease ordinary Shares	1.00	(2,997,087)	(2,997,087)	1.00	-	-
Ordinary shares at end of period	1.00	1,322,913	1,322,913	1.00	4,000,000	4,000,000
<b>Issue and paid-up share capital</b>						
Ordinary shares at beginning of period	1.00	1,002,913	1,002,913	1.00	1,002,913	1,002,913
Add Increase ordinary shares	1.00	22,727	22,727	1.00	-	-
Ordinary shares at end of period	1.00	1,025,640	1,025,640	1.00	1,002,913	1,002,913

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

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

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**24. CONVERTIBLE DEBENTURES**

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

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



**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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Rate of conversion : The principal amount divides the conversion price.  
Amount of new common : The amount of not exceeding 320,000,000 shares.  
shares to be reserved for  
conversion

For the six-month period ended June 30, 2014, the convertible debentures has movement as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Convertible debenture beginning of period	-	-
Increase during period	10,000	10,000
Expenses of issue convertible debenture	(1,068)	(1,068)
Convertible debenture before exercise	8,932	8,932
Less conversion during period :		
Common shares	(22,727)	(22,727)
Shares discount	12,727	12,727
Expense of issuing convertible debenture (including in shares discount)	1,068	1,068
Convertible debenture end of period	-	-

## 25. INCOME TAX

Income tax expenses for the three-month and six-month periods ended June 30, 2014 and 2013 as follows:

	In Thousand Baht			
	For the three-month periods ended June 30			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current income tax expenses:				
Current income tax (expenses) for periods	1,340	3,132	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,180)	(4,938)	-	-
Income tax expenses (revenues) reported in profit or loss	(2,840)	(1,806)	-	-

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

	In Thousand Baht			
	For the six-month periods ended June 30			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current income tax expenses:				
Current income tax (expenses) for periods	2,787	7,260	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(8,224)	(8,646)	-	-
Decrease in income tax rates	-	(28,392)	-	-
Income tax expenses (revenues) reported in the profit or loss	(5,437)	(29,778)	-	-

As at June 30, 2014 and December 31, 2013, the components of deferred tax assets and liabilities are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	June	December	June	December
	30, 2013	31, 2012	30, 2013	31, 2012
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,759	869	-	-
Allowance for declining in value of inventories	1,124	1,138	-	-
Employee benefit obligations	646	419	-	-
Total	3,529	2,426	-	-
<b>Deferred tax liabilities</b>				
Liabilities under finance lease agreement	(58)	-	-	-
Fair value adjustment of property, plant and equipment	(168,088)	(175,458)	-	-
Total	(168,146)	(175,458)	-	-
Net	(164,617)	(173,032)	-	-

As at June 30, 2014, the consolidated financial statement, the Company and its subsidiaries had temporary differences for future tax deductible and unutilized tax losses carry forward which have not been recognized as deferred tax assets in the statement of financial position amount of Baht 1,328.16 million (December 31, 2013 : Baht 1,335.85 million) and the separate financial statement amount of Baht 1,112.66 million (December 31, 2013 : Baht 1,094.97 million) because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

**26. LOSS PER SHARE**

For the three-month and six-month periods ended June 30, 2014 and 2013, the Company calculates loss per share as follows:

	In Thousand Baht / Thousand Shares			
	For the three-month periods ended June 30			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Loss per share				
Loss for the period, equity holders of the parent company	(46,497)	(103,481)	(46,836)	(114,544)
The weighted average of number of common shares	1,004,546	1,002,913	1,004,546	1,002,913
Loss per share (Baht)	(0.05)	(0.10)	(0.05)	(0.11)

  

	In Thousand Baht / Thousand Shares			
	For the six-month periods ended June 30			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Loss per share				
Loss for the period, equity holders of the parent company	(98,520)	(187,841)	(69,862)	(205,539)
The weighted average of number of ordinary shares	1,004,546	1,002,913	1,004,546	1,002,913
Loss per share (Baht)	(0.10)	(0.19)	(0.07)	(0.20)

**27. SEGMENT FINANCIAL INFORMATION**

Segment information is presented in respect of the Company and its subsidiaries' s 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.

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

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

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

***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 three – month period ended June 30, 2014, revenues from 2 customers of the produce and distribution of steel product business segment represent approximately Baht 207.68 million of the Company and its subsidiaries 's total revenues, (2013 : revenues from 3 customer of the produce and distribution of steel product business segment represent approximately Baht 259.45 million and revenues from 1 customer of the pile business segment represent approximately Baht 76.15 million).

For the six - month period ended June 30, 2014, revenues from 1 customer of the produce and distribution of steel product business segment represent approximately Baht 341.64 million of the Company and its subsidiaries 's total revenues, (2013 : revenues from 1 customer of the produce and distribution of steel product business segment represent approximately Baht 267.04 million and revenues from 1 customer of the pile business segment represent approximately Baht 162.87 million).

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (Continued)**  
**For the three-month and six-month periods ended June 30, 2014 (Reviewed)**

The segment financial information of the Company and its subsidiaries is as follows:

In Thousand Baht								
Consolidated financial statements								
For the three-month period ended June 30								
	Segment 1		Segment 2		Segment 3		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
External revenue	527,643	472,559	42,969	100,499	17,824	-	588,436	573,058
Inter-segment revenue	270,596	26,551	-	-	-	-	270,596	26,551
Total revenue	<u>798,239</u>	<u>499,110</u>	<u>42,969</u>	<u>100,499</u>	<u>17,824</u>	<u>-</u>	<u>859,032</u>	<u>599,609</u>
Interest income	4	29	1,318	1,080	-	-	1,322	1,109
Interest expense	43,570	84,367	657	1,085	-	-	44,227	85,452
Depreciation and amortisation	11,498	11,623	2,032	2,071	1,238	-	14,768	13,694
Gain (loss) before income tax	<u>(67,311)</u>	<u>(151,357)</u>	<u>1,282</u>	<u>8,894</u>	<u>2,621</u>	<u>-</u>	<u>(63,408)</u>	<u>(142,463)</u>

In Thousand Baht								
Consolidated financial statements								
	Segment 1		Segment 2		Segment 3		Total	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Assets of segment	3,074,600	2,766,862	434,613	407,357	105,438	62,137	3,614,651	3,236,356
Capital expenditure	259	2,889	420	879	28,205	62,365	28,884	66,133
Liabilities of segment	3,632,940	3,222,092	204,991	140,562	-	-	3,837,931	3,362,654

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
**For three-month and six-month periods ended June 30, 2014 (Reviewed)**

The segment financial information of the Company and its subsidiaries is as follows:

In Thousand Baht								
Consolidated financial statements								
For the six-month period ended June 30								
	Segment 1		Segment 2		Segment 3		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
External revenue	1,381,077	1,225,972	116,577	214,562	27,236	-	1,524,890	1,440,534
Inter-segment revenue	408,103	28,680	-	-	-	-	408,103	28,680
Total revenue	<u>1,789,180</u>	<u>1,254,652</u>	<u>116,577</u>	<u>214,562</u>	<u>27,236</u>	<u>-</u>	<u>1,932,993</u>	<u>1,469,214</u>
Interest income	24	30	2,308	1,804	-	-	2,332	1,834
Interest expense	88,226	167,629	1,289	1,689	-	-	89,515	169,318
Depreciation and amortisation	23,127	23,500	4,087	4,119	2,432	-	29,646	27,619
Gain (loss) before income tax	<u>(117,012)</u>	<u>(273,754)</u>	<u>4,940</u>	<u>28,829</u>	<u>3,874</u>	<u>-</u>	<u>(108,198)</u>	<u>(244,925)</u>

In Thousand Baht								
Consolidated financial statements								
	Segment 1		Segment 2		Segment 3		Total	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Assets of segment	3,074,600	2,766,862	434,613	407,357	105,438	62,137	3,614,651	3,236,356
Capital expenditure	259	2,889	420	879	28,205	62,365	28,884	66,133
Liabilities of segment	3,632,940	3,222,092	204,991	140,562	-	-	3,837,931	3,362,654

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

	In Thousand Baht			
	Consolidated financial statements			
	For the three-month period ended June 30		For the six-month period ended June 30	
	2014	2013	2014	2013
<b>Revenue</b>				
Total revenue for reportable segments	859,032	599,609	1,932,993	1,469,214
Other income	10,716	10,804	23,842	16,631
	869,748	610,413	1,956,835	1,485,845
Less Inter-segment revenue	(270,596)	(26,551)	(408,103)	(28,680)
Interest income and others	(1,865)	(1,674)	(2,985)	(2,508)
Total revenue	597,287	582,188	1,545,747	1,454,657
<b>Profit or loss</b>				
Total profit or loss for reportable segments	(63,408)	(142,463)	(108,198)	(244,925)
Adjustment and elimination : inter - segment	2,355	17,540	(28,309)	(1,003)
Non allocate :				
Management benefit expenses	(2,425)	(2,684)	(5,143)	(5,367)
Total profit or loss before income tax	(63,478)	127,607	(141,650)	(251,295)

	In Thousand Baht	
	Consolidated financial statements	
	June 30, 2014	December 31, 2013
<b>Assets</b>		
Total assets for reportable segments	3,614,651	3,236,356
Adjustment and elimination : inter - segment	502,207	724,976
Total assets	4,116,858	3,961,332
<b>Liabilities</b>		
Total liabilities for reportable segments	3,837,931	3,362,654
Adjustment and elimination : inter - segment	(175,197)	18,222
Total liabilities	3,662,734	3,380,876

**RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Interim Financial Statements (continued)**  
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**28. CONTINGENT LIABILITIES**

28.1 A part from liabilities shown on the financial statements, the Company and its subsidiaries still remains contingent liabilities with commercial banks as follows :

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
- letter of guarantee has bank deposit				
pledge for collateral	7.38	7.28	-	1.81
- Advance note payable for pledged	1.15	4.12	-	-

28.2 As at June 30, 2014, A subsidiary has contingent liabilities from capital expenditure in the amount of Baht 4.20 million.

**29. LITIGATION**

A subsidiary and director (on behalf of principal and agent) constitute prosecuted case claiming in allegation of defaults debt repayment and interest expense of the loan contract according to note 19 to interim financial statements, claiming in the amount of Baht 420.71 million plus interest rate at 15.00% per annum and borrowing fees at 11.40% per annum of principle in amount of Baht 300 million until the payment is settled. Currently, the case is being heard by the Court. The subsidiary has recognized such liabilities cover the damage.

A lawsuits 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 plus interest rate at 12.00% per annum until the payment is settled. The civil court ordered the Company to pay the payable, the Company filed an appeal against the order with the appeal court. The amount payable has not yet been finalized because the case is being heard by the Court, however, the Company has recognize certain provision for accrued interest for these claims, the management believe its adequate and cover the damage.