

**Information Memorandum of
Rich Asia Steel Public Company Limited
On the Disposal of Part of Ordinary Shares of Thai National Product Co., Ltd.**

1. Date of transaction

Rich Asia Steel Public Company Limited (“RICH or the “Company”) plans to dispose of 18,000,000 ordinary shares it holds in Thai National Product Co., Ltd. (“TNP”), provided that RICH will be able to enter into the transaction upon approval being granted by an extraordinary meeting of shareholders and this transaction is expected to complete within December 31, 2014.

2. Parties involved

Seller: Rich Asia Steel Public Company Limited

Buyer: (1) Dr. Phasin Suebsubanunt (2) Mr. Thiti Kittipattananon and
(3) Miss Duendara Limthanakul

(Details of the Buyers of TNP as per attachment)

Relationship between the Buyer and the Seller:

The Buyer and the Seller are not related and not connected persons under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions, Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2006) or other relevant laws.

Reason to sell TNP's shares

1. At this present, TNP cannot be granted any loan from the domestic financial institution because TNP has guaranteed the amount of loan of RICH with the Financial institution. In addition, the land, building and machinery are duly owned TNP and were mortgaged under the said loan and RICH as its mother company is in the process of restructuring the debt under the debt restructuring agreements with 2 financial institutions. Resulting that TNP faces with the fund liquidity problem and cannot accept any new project as it should be. In addition, this situation may pursue TNP's value to be more less than it is. Thus, the financial problem still remain.

2. RICH has entered into the debt restructuring agreement with the financial institution, in case RICH has repaid debt to the financial institution according to debt restricting agreement. Then, RICH can release the mortgage of the assets of TNP and the sale of TNP's shares results that the rate of interests to be paid decreases.

3. RICH shall gain the profit from the sale of its part of shares which is better than holding all of shares of TNP and the value of TNP's shares may be decreased.

In this regard, in case RICH still holds some part of the its shares because RICH mainly considered on the necessity of using the fund and value of the fund for repayment the loan with the financial institution pursuant to the latest restructuring debt agreement for releasing the duty to guarantee the debt and release the mortgage of land and building and machinery which were duly owned by TNP. Thus, RICH still holds the 29.89 percent of shares in TNP.

4. The Buyer is a person who is keen on engineering (please see details of his qualification as per attachment) which shall be directly capable to support the business of TNP and the business operation of TNP shall have a good tendency.

Direction of RICH and TNP

After the shareholders' meeting of RICH which approves this transaction, TNP then convenes the shareholders' meeting for appointing its new directors.

3. General Information on the transaction and the transaction size

RICH intends to dispose of 18,000,000 ordinary shares of TNP at the par value of Baht 10 per share, representing 66.42 percent of the total issued and paid-up shares. In this regard, RICH will receive a payment of Baht 540 million in cash.

Transaction size:

Net tangible asset basis

$$= \frac{\text{Net tangible assets of TNP} \times \text{Percentage of the disposal of the ordinary shares of TNP}}{\text{Net tangible assets of RICH}}$$

$$= \frac{350.06 \times 66.42\%}{224.05}$$

$$= 103.77\%$$

$$\text{Net profit basis} = \text{NA}$$

Remark: Unable to calculate because RICH's loss

$$\text{Consideration paid basis} = \frac{\text{Consideration paid}}{\text{Assets of RICH}}$$

$$= \frac{540.00}{4,116.86}$$

$$4,116.86$$

(Translation)

= 13.12%

Issuance of securities basis = None

The financial information as at 30 June 2014 is described below:

Unit : Baht million

	RICH	TNP *
Total assets	4,116.86	555.05
Paid-up registered capital	1,025.64	271.01
Shareholders' equity	224.05	350.06
Net profit (loss) **	- 339.98	33.47

Remark: *On 3 September 2014, TNP increases its capital by 1 million shares at the offering price of Baht 15 per share, totaling Baht 15,000,000. Mr.Kamol Watthanakanin paid for the said share price. Thus, the total assets, the paid-up registered capital, and the shareholders' equity are adjusted accordingly in its financial statements based on the capital increase value received.

**For the period of one year from 1 July 2013 to 30 June 2014.

The transaction size based on the Net tangible asset basis which after 6 months pass, RICH does not have any sale and purchase transaction thus the value constitutes 103.77 percent, being the highest value in comparison with other basis in accordance with the Notification of the Board of Governors the Stock Exchange of Thailand Re: Disclose of Information and Acts by Listed Companies in Acquisition or Disposal of Assets B.E. 2547 (2004) which is categorized as a Type 1 transaction, RICH is required to report and disclose the transaction to the Stock Exchange of Thailand, as well as to convene a shareholders' meeting for seeking approval on entering into the transaction.

4. Details on assets to be disposed

Asset type	Ordinary shares of Thai National Product Co., Ltd.
Nature of business	Spun pile production
Location	33/3 Moo 4, Bang Bua Thong-Suphan Buri Road, Sai Yai Subdistrict, Sai Noi District, Nonthaburi Province

(Translation)

Directors	Mr. Somkiat Vongsarojana and Mr. Teera Phoncharoensuk
Paid-up issued capital	Baht 271,006,000
Par value	Baht 10 per share
Total ordinary shares	27,100,600 shares*
Disposed shares	18,000,000 shares
Shareholding ratio before disposal	96.31 percent
Shareholding ratio after disposal	29.89 percent of the paid-up registered capital
Remark: Amount of shares as of September 3, 2014	

Before Disposal			After Disposal		
Shareholder Name	No. of Shares	%	Shareholder Name	No. of Shares	%
1. RICH	26,100,598	96.31	1. RICH	8,100,598	29.89
2. Mr. Kamol Wantanakanin	1,000,001	3.69	2. Mr. Kamol Wantanakanin	1,000,001	3.69
3. Mr. Somkiat Vongsarojana	1	0.00	3. Mr. Somkiat Vongsarojana	1	0.00
			4. Dr. Phasin Suebsubanunt	6,000,000	22.14
			5. Mr. Thiti Kittipattananon	6,000,000	22.14
			6. Miss Duendara Limthanakul	6,000,000	22.14
Total	27,100,600	100.00	Total	27,100,600	100.00

5. Total consideration value

The total consideration value of the disposal of 18,000,000 ordinary shares of TNP at the par value of Baht 10 per share, representing 66.42 percent of the total issued and paid-up issued shares, is Baht 540 million. The Buyer will pay RICH the consideration of Baht 540 million in cash.

6. Value of the disposed assets

In 2010, RICH paid TNP Baht 635 million for the acquisition of 26,100,600 ordinary shares. In this regard, the cost of Baht 639.48 or Baht 24.50 per share and the book value of Baht 12.84 per shares were recorded in the financial statements as of June 30, 2014.

7. Basis used to determine the consideration value

In the disposal of the ordinary shares of TNP, RICH applies the adjusted book value approach in fixing the offering price of the ordinary shares of TNP pursuant to the following calculation method:

Shareholders' equity as of June 30, 2014	335.06	Million Baht
Capital increase fund after the date of financial statement	15.00	Million Baht*
Share premium from the evaluation	400.72	Million Baht**
Total	749.48	Million Baht
Amount of issued and sold shares	27,100,600	Shares
Value of shares	27.70	Baht

Remark * TNP increased its registered capital in September 2014 in the amount of 1,000,000 shares offering price equals to Baht 15, being Million Baht 15 in total .

 ** Book value of land, building, machinery and equipments as of June 30, 2014 valued 204.28 Million Baht. While the valuation price of assets by Bangkok Valuation and Consultants Co., Ltd. equals to Million Baht 605.

8. Expected benefits for RICH from the disposal of the shares of TNP

The disposal of the shares of TNP shall bring about the following benefits to RICH:

- The funds received from the disposal of the shares of TNP will allow the Company to repay the debts and decrease the financial costs of the Company. Therefore, RICH's business operation will be better.
- The funds received from the disposal of the shares will be used as RICH's revolving capital.

9. Planned use of the funds received from the disposal of the shares of TNP

RICH plans to use the funds of Baht 540 million received from the disposal of the shares of TNP for debt repayment to a financial institution in the amount of Million Baht 450 and for the rest of fund Million Baht 90 shall be used as the Company's revolving capital.

10. Opinion of the Board of Directors on entering into the transaction

The Board of Directors is of the view that entering into the transaction is reasonable and beneficial to the Company because it will alleviate the Company's burden of debt and interest, as the funds received from the disposal of the ordinary shares of TNP will be used for debt repayment at a financial institution, and the remaining funds will be used as the Company's revolving capital.

11. Opinion of the Audit Committee and/or Directors which is different from the Opinion of the Board of Directors under Clause 10

- None -

12. Invitation letter to the shareholders

The Company will submit the invitation to the Extraordinary General Meeting of Shareholders No.1/2014, and the opinion of the independent financial advisor to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, for consideration at least five business days before sending the same to the shareholders at least 14 days before the meeting date.

Resume of the Buyers of the ordinary shares of TNP

No.	Name	Education	Relationship with the directors, managements, shareholders of the Company/subsidiaries of the Company /Associated company of the Company	Relationship with the Company/subsidiaries of the Company /Associated company of the Company	Work Experience
1	Dr.Phasain Suebsubanunt Director Certification Program 130/2010, Thai Institute of Directors (IOD)	<ul style="list-style-type: none"> - Doctor's degree Management Program มหาวิทยาลัย Brunel University London - Diploma on management University of Management London - Master Degree in MBA of Asian Institute of Technology - Bachelor Degree in Engineer (honor) ,major in Electronic Engineering Chulalongkorn University 	None	None	<ul style="list-style-type: none"> - Senior Vice President-South East Asia: Valartis Financial Advisory Service PTE LTD - Director of Northern Gulf Petroleum Co., Ltd. - Assistance to Managing Director in Derivatives and Investment Banking at CIMB - President of Structured Finance of ABN AMRO Bank - Senior Fieldwork engineering at Schlumberger (the United Kingdom and Australia)

No.	Name	Education	Relationship with the directors, managements, shareholders of the Company/subsidiaries of the Company /Associated company of the Company	Relationship with the Company/subsidiaries of the Company /Associated company of the Company	Work Experience
2	Mr. Thiti Kittipattananon	- Bachelor Degree of MBA at Rajamangala University of Technology	None	None	- TOR Food companylimited
3	Miss Duendara Limthanakul	- Bachelor Degree, English program at Bangkok University	None	None	- Advance Orthodontic System Ltd

Information Memorandum of

Rich Asia Steel Public Company Limited on the Disposal of Part of Ordinary Shares of Thai National Product Co., Ltd., a Subsidiary of the Company as per Account (2)

As Rich Asia Steel Public Company Limited (“The Company”) plans to dispose of 18,000,000 ordinary shares it holds in Thai National Product Co., Ltd. (“TNP”), provided that RICH will be able to enter into the transaction upon approval being granted by an extraordinary meeting of shareholders and this transaction is expected to complete within December 31, 2014. In this regard, the disposal of shares in TNP mentioned above is classified under the asset disposal transaction, having the maximum transaction value of 103.77 percent, calculated by the net tangible assets basis, based on the financial statements of the second quarter as at 30 June 2014, as detailed in the Information Memorandum of the Company on the asset disposal transaction.

1. Company’s Information

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.

The subsidiary companies’s nature of business

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

Thai National Products Co., Ltd. has established in 1990, operate in spun pile manufacturing with transport and pile driving services at the maximum capacity of 480,000 tons per year, TNP located in Sainoi District, Nonthaburi Province, current registered capital is 261 006 000 Baht which fully paid up and 100% held by the company.

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

In 2013 TNP has diversified new business to concrete railway sleepers products. In order to support the government policy for improvement the unsafe railway throughout the country by replacing from wooden sleepers to concrete sleepers, including concrete sleepers usage in other projects such as double railroad. The company has additional investment in new plant and tested new products in end of 2013 and start distribution in January 2014.

However, major raw material cost in spun pile production is steel which can support the business between the companies as well.

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

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

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

Revenue Structure

Revenue Structure of Company and its subsidiaries

For 6 month periods (Jan.-Jun.) 2014 the Company had revenue in consolidated statement of the company and its subsidiaries total amount of 1,545.75 million Baht , which consist sale and services 1,524.89 million Baht , revenue of the separate company 1,268.39 million Baht.

Revenue of subsidiaries for 6 month periods were as following

1. Thai National Product Co.,Ltd. (proportion of holding shares of the company 100.00%) , total revenue amount of 147.39 million Baht , which is sale and service (Sale of pile, transportation and driving service) amount of 143.81 million Baht.

2. Siam Ferro Industry Co.,Ltd. (proportion of holding shares of the company 51.88%) , total revenue amount of 522.00 million Baht , which is sale and services (production for sale, production hiring and procure for trading) amount 520.79 million Baht.

(Consolidated financial statements exclude related transaction of sale amount of 408.10 million Baht)

Product / Group of business	Operated by	Holding shares (%)	Revenue from consolidated financial statement (Million Baht)							
			๒ 2014 (Jan.-Jun.)	%	2013	%	2012	%	2011	%
Structural steel and other steel	Rich Asia Steel Public Company Limited and Siam Ferro Industry Company Limited	51.88%	1,381.08	89.35%	3,191.10	88.42	2,724.00	89.02	3,964.00	94.61
Pile , Delivery and Driving	Thai National Product Company Limited	100.00%	143.81	9.30%	379.00	10.50	291.00	9.51	178.00	4.25
Other Revenue	Rich Asia Steel Public Company Limited and subsidiaries		20.86	1.35%	39.00	1.08	45.00	1.47	48.00	1.15
Total			1,545.75	100.00%	3,609.10	100.00	3,060.00	100.00	4,190.00	100.00

Remark : 1. 2012 Restated financial statement

2. Other revenue i.e. revenue from rental, gain on sales of assets, gain on a bargain purchase of subsidiary company , revenue from written off accrued expenses and other expenses and others

Revenue Structure of the separate company

Type of Revenue	2014 (Jan.-Jun.)		2013		2012		2011	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Revenue from sales								
1. Structural Steel								
1.1 Square tube	60.79	4.72	118.34	4.10	237.77	10.51	394.34	11.03
1.2 Black steel pipe	26.61	2.07	55.26	1.91	75.59	3.34	115.09	3.22
1.3 Rectangular tube	80.43	6.25	158.65	5.50	271.10	11.98	429.47	12.01
1.4 Lipped channel	160.43	12.46	635.90	22.02	601.10	26.57	1,137.09	31.81
1.5 Angle Bar	0.01	0.00	0.32	0.01	0.21	0.01	1.16	0.03
1.6 Deformed Bar	141.95	11.03	366.76	12.70	493.11	21.80	222.59	6.23
1.7 Round bar	47.95	3.72	192.30	6.66	221.71		276.95	7.74
2. Hot rolled steel coil and Sheets	510.84	39.68	591.73	20.50	109.02	4.82	691.87	19.36
3. Billet	215.08	16.71	580.94	20.12	17.12	0.76	-	-
4. Others *	24.30	1.89	151.62	5.25	159.67	16.86	264.81	7.41
Total Revenue from sales	1,268.39	98.53	2,851.82	98.77	2,186.40	96.65	3,533.37	98.84
Other revenue **	19.06	1.47	35.64	1.23	75.82	3.35	41.63	1.16
Total Revenue	1,287.45	100.00	2,887.46	100.00	2,262.22	100.00	3,575.00	100.00

Remarks : * 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 a bargain purchase of subsidiary company , revenue from written off accrued expenses , interest revenue , receive from management instead of trading account receivable and Others Income.

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

Type of Revenue	2014 (Jan.-Jun.)		2013		2012		2011	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Revenue from sales								
1. Procurement for sale								
1.1 Trading	1,255.57	98.99	2,544.21	89.21	1,691.37	77.36	3,086.75	87.36
1.2 Production hiring for sale	12.82	1.01	114.88	4.03	243.25	11.13	248.04	7.02
Total of procurement for sale	1,268.39	100.00	2,659.09	93.24	1,934.62	88.49	3,334.79	94.38
2. Production for sale	-	-	192.73	6.76	251.77	11.51	198.58	5.62
Total revenue from sales	1,268.39	100.00	2,851.82	100.00	2,186.39	100.00	3,533.37	100.00

2.1 The characteristics of products and services

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

Group of Structural steel products and steel products

1. Products and services

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

Products and services from the purchase or hire production

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

1) Structural Steel Pipe

Steel pipes and Lip channel structural steel, the company procure the structural steel by hiring and orders from other manufacturers or distributors (see details on the topic, procurement of raw materials and products), by pipe steel products that the company provides the main hiring contractors are 3 types such as Square Tube, Black Steel Pipe and Rectangular Tube, size standard length of 6 meters diameter from ½ "- 8" and has a thickness ranging from 1.00 to 4.50 mm, In addition the Company also provide products from procurement to be sold to customers to cover the demand in the market both for building structures and various pipeline liquids.

2) Hot Rolled Steel Coil and Sheets

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

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

3) Billet and other products

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

Product and Service from manufacturing

In addition to being a leading provider of distribution. The company has developed the business into a manufacturer to retailer to meet the demands of more customers. The production year 2013 was as follows.

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

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

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

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	½" x ½" – 2½" x 2½"	1.00-4.50
Black Steel Pipe	½" – 3"	1.00-6.50
Rectangular Tube	2" x 1" – 3" x 1½"	1.20-4.50

Currently, Rich Asia Steel Public Company Limited had a production machines with the total installed capacity was 28,200 tons per year (formerly in 2011 the company has 2 machines with the total installed capacity were 75,000 tons per year. In 2011 the company used capacity until April and then stopped production due to the lease is terminated. In 2012 the company sold a machine to Siam Ferro Industry Company Limited). Rate of capacity utilization in the 2011 equal to 0.83% of a total installed capacity of the rolling pipe machine and in 2012-2014 (Jan.-Jun.) there was no production.

In the first 6 months of 2014, Siam Ferro Industry Co Ltd. (subsidiary) used capacity rate 1.48% of the total installed capacity of steel pipe. In this production used the capacity to supply 1.48% of installed capacity of the rolling pipe machine respectively and no production contract for this first 6 months.

In 2013 the capacity utilization rate equal to 2.51% of installed capacity of the rolling pipe machine, which capacity utilization rate for sales 1.78% and the capacity to contract manufacturing was 0.73% of the rolling pipe machine respectively.

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. In 2011 the company has 1 Lip channel Steel machine with the total installed capacity were 50,000 tons per year. In 2011 the utilization capacity rate equal to 2.85% of channel Steel machine due to in 2011 the company used capacity until April and then stopped production due to the lease is terminated. In 2012 the company sold a machine to Siam Ferro Industry Company Limited so in 2012-2014 (Jan.-Jun.) had no production.

In the first 6 months of 2014 the subsidiary company used capacity rate 5.89% of the total installed capacity of the lip channel machine, which in this production had capacity utilization for sales 5.87% and the capacity to contract manufacturing was 0.02% of total installed capacity respectively.

In 2013 the subsidiary company used the capacity rate equal to 7.68% of installed capacity of the lip channel machine, which capacity utilization for sales 4.68% and the capacity to contract manufacturing was 2.82% of the rolling pipe machine respectively.

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. In 2011 the company began production in August, the rate of capacity utilization was 8.19% and the 2012 capacity rate of 13.13% of total installed capacity of the steel processing industry. For the year 2013 the capacity rate of the company was 13.13% of total installed capacity of the steel processing industry that It is produced in January to 14 March 2013 and the plant was leased by other company to produce since 15 March 2013 onwards.

In the production of the company had both the production order of the customer (Made to Order) and production for sale. The Company's policy was to distribute products in all sizes. The first 6 months of 2014 the company had no production due to the plant and machinery was leased by other company.

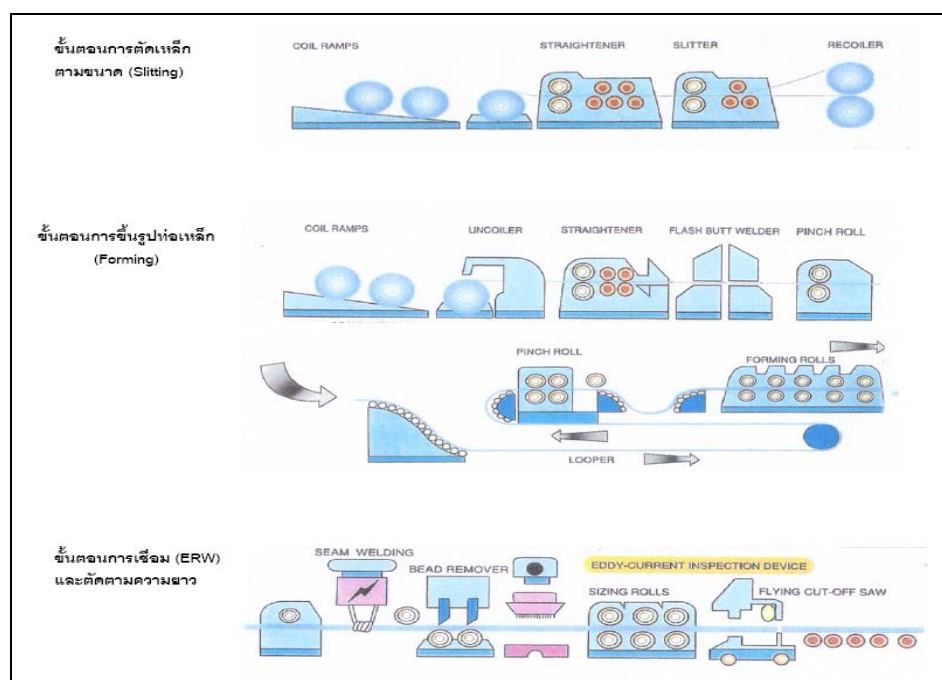
In the production planning, the sales department will send production orders to production department, which will consider the number of orders and demand in the market include the quantities that the economy of production volume (Economy of Scale) by the production department will consider for the period of the production run, quantity of raw material required and the need to order more include considering the quantity of excess capacity in manufacturing, The company hired a factory that is under

contract with the company is a manufacturer, then the purchasing department is responsible for purchasing material and check inventory in the warehouse about 1 to 2 days, depending on the type of product and the volume of product to customer orders and to monitor product and to ensure product quality. The inspection will be conducted to ensure product quality at each stage of production, policy monitoring and quality control of the company.

Process of Manufacturing

Steel pipe manufacturing of the company started from raw materials such as hot rolled coils (Hot Rolled Steel Coli) into the slitting machine to cut the steel strip with a width comparable to the length to roll the pipe circumference. Then the iron bars that have gone through the process of forming, gently roll steel into desired shapes and sizes, such as round, flat and square steel C-shaped structure by passing the rolling machine at room temperature. Then connect the edges of the plate by using the resistance welding (Electric Resistance Welding, ERW), which is caused by high frequency welding heat and then compressed together and make the bead trimming the convex metal surface, then machine cut to length 6 m as the standards or according to customer orders and bundle includes for the distribution.

Manufacturing process of steel pipe



2. Quality of Products

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

Standard	Country	Description
TIS. 1228-2016 TIS. 276-1989 TIS. 2771989, TIS. 281-1989 TIS. 107-1990	Thailand	Cold formed structural steel steel pipe Galvanized steel pipe Spiral steel pipe for plumbing and general. Hollow structural steel
ASTM A-120, 35A	U.S.A.	Fluid pipe, gas, air
JIS G 3452	Japan	General black steel pipe
JIS G 3101 SS400 (TIS 1479) TIS. 1479-1998	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general and processing
Standard	Country	Description
JIS G 3131 SPHC (TIS 528 HR 1) TIS. 528-1997	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general structure.
TIS. 348-1997	Thailand	Low carbon steel wire

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

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

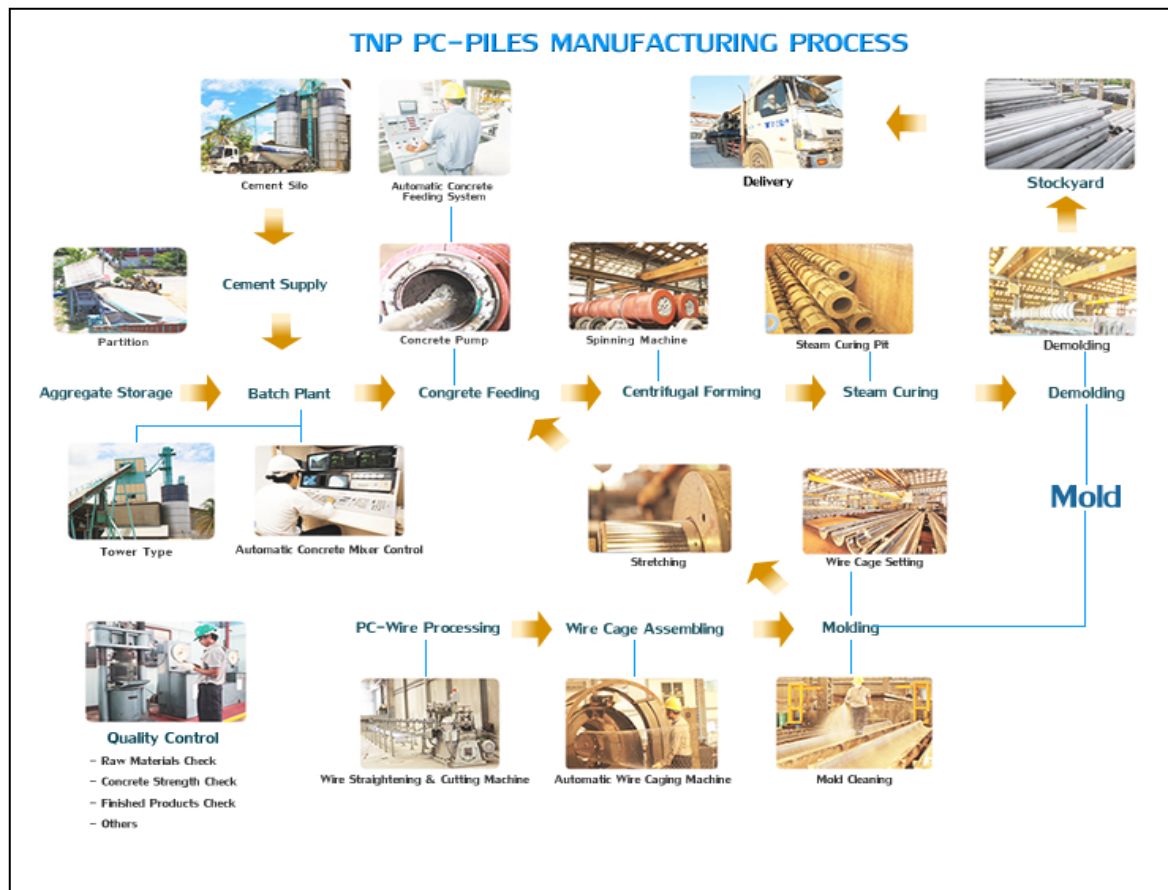
Group of pile and concrete product

1. Product and service

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

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

2. Quality of product

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 strong foundations are crucial to the entire building.

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 Marketing and competitive environment

2.2.1 Competitive strategy

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

1. Creating variety and completeness of the product

Group of Structural steel products and steel products

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.

Group of pile and concrete 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 will start 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

Group of Structural steel products and steel products

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.

Group of pile and concrete product

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

Group of Structural steel products and steel products

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.

Group of pile and concrete product

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

Group of Structural steel products and steel products

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.

Group of pile and concrete product

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.

5. Measuring performance with KPI and budget control

The companies and its subsidiaries to focus on measuring the performance of the company's strategy to be successful. Using tracking and KPI (Key Performance Indicator) at the company's various departments to verify the performance of the strategy of the company along with cost control and investment in each department to be effective result to the company to save costs and to plan and control the operations of the departments effectively. In particular, the company's customer service is very important along with the development of human resources was trained in different agencies both public and private continued, as a result the company generate increased sales and productivity.

6. The development of information technology within the organization

The companies and its subsidiaries to focus on the development of technology to support the expansion to keep pace to events and decisions of the executive and the agencies that need information to make decisions and reduce repetitive of the information and data to the same data in the centralized system.

In 2007 Rich Asia Steel Public Company Limited implemented ERP system (Enterprise Resource Planning) to be able to integrate to include primary (core business process) in the whole company including purchasing, sales, accounting, and personnel management, finance, and manufacturing into a system are interrelated and can link the various departments together in real time, each division will be linked to the flow of information (information flow) as a results in the management of various activities connected with the management of problem situations and can recognize the tasks immediately in response to a customer service tasks effectively.

2.2.2 The characteristics of the customers and target customers

Group of Structural steel products and steel products

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

Therefore, the company's target customers group include distributors steel processing industry, entrepreneur in the construction industry, which is currently the main customer group and the

automotive industry include the continual industry, that will bring the company's products are used as raw material in the production, such as

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

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

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

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

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

Group of pile and concrete product

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.

2.2.3 Distribution and distribution channel

Group of Structural steel products and steel products

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. Proportion of sales to customers who were wholesalers in the first 6 months of 2014, with sales in excess of 10 percent for 3 cases who are wholesalers based in Bangkok.

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. For the first 6 months of 2014, were approximately 0.84% of income from the company's sale of steel and subsidiary company. The company expects to expand sales of products to more retailers for expand the customer base in the marketing area.

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. For the first 6 months of 2014 the Company had no sales to customers, which in 2013 the proportion of sales to customers in this segment, representing approximately 0.04 percent from the company and its subsidiaries's sale of the steel .

Group of pile and concrete product

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 projects, which are 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.

2.2.4 Trends and Industry Outlook

Structural steel industry overview

Structural steel industry generally can be divided into 3 stages:

1. The primary steel industry

Primary steel industry (Raw Steel Product) is the industrial production of pig iron and sponge Iron by the steps of production starting from iron ore came through the iron making to separate iron from iron ore. The primary steel industry is the large production, which requires large investments by Thailand have not been steel production in this step.

2. Semi-Finished Steel Industry

Semi-finished steel industry is process which took the pig iron and sponge Iron and scrap was processed steel making, which is the process of reducing the amount of trace contaminants and improve the mix to be. requirements used to melt and cast into semi-finished products. Semi-finished steel products. which are steel rods (Billet), which are processed into long steel products such as rebar, wire, etc.. Slab is processed to flat steel products such as hot rolled and cold rolled. Additional that get bloom beam steel, which are processed into structural steel, such as I-beam and H-shaped and Wire Frank etc.

3. Finish Steel Industry

Finish steel Industry is process which took the semi-finished steel products were processed from cast iron to get the desired shape and size by the slab to be processed by the roll. The rolling process has both hot-roll and cold-roll including steel coating and the steel casting (Foundry) to get the finished product or processing by introducing steel billet pressed into bars.

The product from this process will be used as raw material in the manufacture of the various continuous steel process, which is divided according to the shape of the two products as follows

1. Long steel products (Long Products) such as round bar, deformed bar, wire rod, shape steel, which is mainly used in construction industry by through the production of smelting iron ore (Pig iron) or scrap to the square steel (Billet), then be rolled into lines or steel wire.

2. Flat steel products (Flat Products) such as hot rolled steel (Hot Rolled Sheet), Cold Rolled Steel (Cold Rolled Sheet), Hot-dip coated steel sheet (Coated Sheet), thick steel plate (Hot Rolled Plate) which was used in the construction industry, steel pipe manufacturing container. The gas tank, automobile, electrical appliances and furniture accessories

Hot rolled sheet steel industry

Production process of hot-rolled steel made from iron ore or scrap and ores such as manganese, led by smelting in furnaces to produce steel plates (Slab), then bring to roll to the thinner steel plates or called hot-rolled steel from rolling steel. Another method is to remove the scrap products and pig iron from fused and with the addition of elemental iron to remove impurities make water clean by using electric furnace. Then be prepared to improve the quality of the steel in the furnace is derived from

medium slab casting machine is introduced into the furnace tunnel to rolling. After that it will be forwarded to the coil rolling mills for rolling slab medium to hot rolled coils according to customer requirements.

For hot rolled steel sheet as the raw material of various industries such as the construction industry. Hot rolled steel is used to produce steel such as structural steel for C-shape, H-shape, I-shape including the production of steel pipes, automotive steel used hot rolled steel in the manufacture of chassis, dump trucks etc.

Steel pipe industry

Steel pipe industry, as the industry continued its important of steel plate industry. Steel pipe products are finish manufactured from hot rolled products (Hot Rolled Steel), which is cut by a given width and taken through forming and welding by welding process based on resistance (Electric Resistance Welding, ERW) steel pipe products in order to have the desired shape and size for use in various industries. The current steel pipe industry can be divided into 2 types as characteristic of steel process are pipe-welded and pipe-seamless, which is more than 90 percent of domestic steel pipe manufacturing is a type of steel pipe weld seam types by electricity resistance weld pipe, such as black-steel pipe, galvanized steel pipe and stainless steel pipe, which is used in various industries. For pipe-seamless will be used for the oil industry, gas and petroleum, which also must rely on imports is mainly due to the large investment and high production techniques.

The steel industry in the first 6 months of 2014

During the first 6 months of 2014, Thailand's total production of 3,347,852 metric tons, decreased 10.19% compared to the same period in the last year. While demand in the amount of 8,308,287 metric tons, decreased 14.63% due to the amount of steel used in the construction and automotive industries declined. The problem of the political situation in the early years of uncertainty, the confidence of investors and consumers is decreased.

In the 2nd quarter of 2014 products with reduced demand such as flat steel products decreased of 17.12% and long steel products decreased of 9.56%, which sales volume and prices of long steel products, for example rebar decreased due to the influence of imports from China, which are sold at a cheaper price in the market is quite large that result to the long steel producer in the country has been affected quite some enterprises stopped production due to they can not compete on price.

Trend of steel industry

Thai economic forecasts in the late years of the 2014 the political situation in the country improved to achieve confidence in investment and budget disbursement will be back to normal, which makes economic growth and a better investment. The Government will accelerate forward various infrastructure investments, including infrastructure projects, 2.4 million million Baht and double rails railway projects as resulted in increasing economic confidence of the private sectors. Therefore, the

consumption of steel in the late years, 2014 to the year 2015 are expected to increase the investment policy of the government.

Construction industry

Construction industry in the first 6 months of 2014, the value of land and buildings in the country and the value of commercial real estate loans according to statistics of the Bank of Thailand in 2011 to 30 June 2014 are summarized below.

	2014 (Jan.-Jun.)	2013	2012	2011
Real Estate Credit Outstanding of Commercial Bank (Millions of Baht))	4,234,557.4	7,810,553.1	6,897,983.6	6,184,837.7
Land and building Transactions Nationwide (Millions of Baht)	407,892.0	991,318.8	850,817.5	729,262.4

Source : Bank of Thailand

- Real estate credit of commercial banks for the first 6 months of 2014 amount of 4,234 , 557.42 million Baht with loans increased 12.20% from the same period of last year which had the credit amount of 3,774, 247.59 million Baht.

- Buying and selling land and buildings in the country for the first 6 months of 2014 amount of 407,891.97 million Baht, decreased 16.82% from the same period of last year which was amount of 490,361.70 million Baht.

According to the data of the Bank of Thailand, the Direction of registration of new housing in the Bangkok and metropolitan area, the registration of condominium and licensing of land development throughout the country in the period of first 6 months of the year 2014 had direction nearly to the period of years 2013 to request a condominium registration there were a slight decrease in volume. The details were as follows.

	2014 (Jan.-Jun.)	2013	2012	2011
Land Development Licenses Nationwide (Unit)	57,732	99,217	87,007	120,657
Condominium Registration Nationwide (unit)	43,373	102,200	81,665	39,795
New Housing in Bangkok Metropolis and Vicinity (unit)	51,109	130,046	125,002	81,856
Domestic Cement Sales (3-month moving average) (Thousand ton)	27,276	34,162	30,925	28,022

Source : Bank of Thailand

Demand for steel in the construction sector in the first 6 months of 2014 was still not much although the government had a policy of continued investment in the infrastructure. However, domestic demand for steel used in the construction industry has not increased. The entrepreneurs of property delayed the launch projects due to entrepreneurs are still considering the direction and obviously, as result to the government to have more confidence.

Trend of the construction

Outlook for the construction industry in 2014 will be not to grow very much. However, at the end of the year until the year 2015 that direction of the construction will be expanded due to the government accelerate the disbursement of the various important investment budgets will result in the construction sector have shifted in a better direction.

The automotive industry

The automotive industry uses several types of steel as a major component in the production of automotive steel sheets cold rolled using steel sheet and coated sheet steel, hot rolled steel pipe. In the first 6 months of 2014, the Federation of Thai Industries summarized the production of car total 952,105 units and the volume of domestic automotive sale 440,911 units. Outlook for the volume of domestic automotive production and sale total in 2014 decrease than year 2013 due to the project of first car finished and automotive markets return to normal.

	2014 (Jan.-Jun.)	2013	2012	2011
The volume of domestic automotive production (unit)	952,105	2,457,057	2,453,717	1,457,795
The volume of domestic automotive sale (unit)	440,911	1,330,672	1,436,335	795,250

Source : Federation of Thai Industries

Trends of the automotive industry

Trends of the automobile manufacturing in 2014 tends to decrease over the years 2013 due to car manufacturing sector private reduce the volume production for sale in the country from the 1.2 million units 1 million units, however still the target production for export at the 1.2 million units, decrease due to limitations in the economic growth and as delivery cars in the first car project is finished.

The outlook of automotive industry will have to growth direction in 2015 due to trade liberalization under the AEC will help stimulate the construction industry and the automotive commercial with the increase volume.

Competition in the steel pipe industry

At the currently, the Stock Exchange of Thailand has classified the steel industry is an important sector by intermediate manufacturers and finish manufacturers with a registered the stock exchange number of 27 companies that manufacturer have installed capacity in excess of 100,000 tons per year about all 7 companies, which the company is 1 of 7 companies.

For the steel pipe market can be classified into 2 groups such as group of the large steel pipes, pipe with a diameter from 8 inches above accounted for about 10-20% of the total market value and the group of small steel pipe, pipe with diameter 0.5-8 inch figure is approximately 80-90% of the total market value, which a small steel pipe group can also be classified into 3 levels as follows:

1. The premium market, which has approximately 20% of the total market value, which is the most refined product demand and quality standards, such as the automotive industry and furniture industries.

2. The intermediate market, which has approximately 30% of total market value, which is the standard product, but do not focus too much on appearance as conduits industry.

3. The lower-level market, which has approximately 30% of total market value, which is the market that is not focused on beauty. The general standards of quality and affordable prices, such as the construction industry and general structure.

The company and the group are a manufacturer and supplier of steel pipe major of the country. The Company's executive estimates that the market share of approximately 15 percent based on the value of distribution. The current products steel of the company focused on marketing to a wide customer base, and has an ongoing need, for example the residential construction, office buildings and steel structure, etc.

The company's executives expect the company's customer base, which is a major competitor in the same company, approximately 4 suppliers. However, the competition was still severe although there were several operators in the industry. In order that, due to the entrepreneurs are focused customer base varies such as the pipe of a large group of specific customers, exports or sales to government agencies, etc. Moreover, the intake pipe is continues to grow as a result of the expansion of the real estate and construction. The use of steel pipes to form a more diverse in various industries and the use of alternative materials such as steel, wood and some product of steel, etc..

2.3 Procurement of products

Group of Structural steel products and steel products

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. Year 2014 (Jan - June), the Company and its subsidiaries supply from domestic suppliers total about 10 cases, which such companies were providing steel from Siam Ferro Industry Co Ltd, which is a subsidiary company.

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. Year 2014 (Jan - June), the Company and its subsidiaries supply HRC from domestic suppliers total about 14 cases due to the company's policy to supply a variety of vendors to prevent the risk of price and delivery.

For the first six months of 2014 the company and its subsidiaries do not supply steel plates to be used in production, hiring or for use in distribution.

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 domestic suppliers 8 cases. For other steel products, the company supplied from both domestic and foreign suppliers total of more than 10 cases.

2. Procurement from production

Production

The company has a factory for production in steel of products, located on Bangprong District, Muang Samutprakarn, the production steel of product capacity 90,000 tons per year and the company has the machine for structural steel products, pipe steel by full capacity 28,200 tons per year total the capacity 118,200 tons per year (In 2011, the capacity of production total 215,000 tons per year due to in 2011 the company has terminated the rental contract as result to year 2012 had capacity 118,200 tons per year)

Table : volume of production

Machine	Capacity (Tons / year)	Volume of production (Tons) and (ตัน) and Rate of utilization of capacity (%)							
		2014 (Jan.-Jun.)		2013		2012		2011	
		Volume	%	Volume	%	Volume	%	Volume	%
1. Machine for Rolling Black Steel Pipe, Rectangle tube and Square Tube 2 units	Rolling Pipe Machine 1 28,200 Rolling Pipe Machine 2 ¹⁾ 46,800 Year 2012-2014 Not capacity for the Rolling Pipe Machine 2	-	-	-	-	-	-	624	0.83
2. Machine for Rolling Lip-Channel ²⁾ 1 unit	50,000 Year 2012-2014 Not capacity	-	-	-	-	-	-	1,426	2.85
3. Machine for Steel Processing 1 unit	90,000			4,809	5.34	11,819	13.13	7,367	8.19
Total	215,000 Year 2012-2014 total of capacity 118,200			4,809	4.07	11,819	10.00	9,417	4.38

1) Rolling Pipe Machine 2 started production in Q2/2005, in 2011 Rolling Pipe Machine 1 and 2 produced till April 2011 and then stopped due to terminated the rental contract, then in 2012 the company no had production and sold the Rolling Pipe Machine 2 to Siam Ferro Industry Co.,Ltd.

2) Machine for Rolling Lip-Channel started production in Q4/2005, in 2011 the machine produced till April 2011 and then stopped due to terminated the rental contract, then in 2012 the company sold the Rolling Lip-Channel to Siam Ferro Industry Co.,Ltd., In 2012 there was no production.

3) Machine for Steel Processing 1 unit started production in Q1/2008, in 2011 the machine started production on August 2011, in 2013 the company rent the plant and machinery started March 15, 2013 onwards.

Procurement of raw material

The company's main products and raw materials such as steel plates, steel pipe, structural C-Channel steel, steel products and other steel such as billet, flat steel, angle bar steel, plumbing, joint, slit steel etc.

The company and its subsidiaries had a supply of raw materials and products for sale in 3 characteristics such as trading for sale, hiring production for sale, and production for sale.

Year 2014 (Jan.-Jun.) The company and its subsidiaries have been supplying raw materials and products by trading for sale 79.10% and production for sale 20.90%.

For the supply of raw materials and products separate by Rich Asia steel Public Company Limited year 2011-2014(Jan.-Jun.) were as follows:

Type of raw material and product procurement	The separate company (%)			
	2014 (Jan.-Jun.)	2013	2012	2011
Trading for sale	100.00	92.13	82.11	86.65
Hiring for sale	-	3.00	5.53	8.04
Production for sale	-	4.87	12.36	6.31

Procurement of raw material and products, the company and its subsidiaries were as follows:

1. Hot rolled steel coils

The main raw material, procured by purchase from various agent. The order of the Company, represented approximately 15.33, 45.77 and 3.00 of the total purchases of raw materials and products, in 2011, 2012 and 2013, respectively. For the year 2014 (January - June) the company ordered for trading only.

The company and subsidiary ordered hot rolled steel coil as raw materials in the first 6 months of 2014, represented 20.90% of the total purchase of raw materials and products.

The Company ordered hot rolled steel for trading represented approximately 24.84%, 4.82%, 20.72% and 35.82% of the total purchase of raw materials and products in 2011, 2012, 2013 and 2014 (Jan.-Jun.) respectively.

Ordering hot rolled steel plates for the finished goods of the company and its subsidiary for the first 6 months of 2014, proportion was 25.87% of total of purchases of raw materials and products.

2. Steel pipe products

Steel pipe product is a product which has been procured by the company for sale. The separate company procured in the first 6 month of 2014 by portion 100.00%.

The procurement of steel pipe of the company and its subsidiary by trading for sale and production for sale in 2013 by portion 46.62% and 53.38%, respectively.

3. Structural C-Channel steel product

Structural C-Channel steel product is a product by trading for sale. For the procurement Lip C-Channel of the company and its subsidiary by trading for sale and production for sale. In the first 6 months of 2014 were the portion of 54.21% and 45.79%, respectively.

4. Structural steel and other steel product

The company procured the other steel products such as long steel product, H-Beam, I-Beam, Wire Frank, scrap, deformed bar, round bar, steel coil, steel plate, etc. In the first 6 months of 2014 the separate financial statement of Rich Asia Steel Public Company Limited was trading for sale 100%.

The company and its subsidiary procured other steel by trading for sale 99.99% and 0.01 in the first 6 months of 2014, respectively.

The company and its subsidiary procured raw material and steel products in 2014 from domestic 100% and the separate company procured in 2011-2014 (Jan.-Jun.) were as follows :

Source	ITEM	2014 (Jan.-Jun.)	2013	2012	2011
Domestic	Hot rolled coil steel plate, steel pipe, structural C-Channel and other steel products	100.00	98.89	93.03	97.88
Foreign	Hot rolled coil steel and other steel products	-	1.11	6.97	2.12
รวม		100.00	100.00	100.00	100.00

Group of pile and concrete product

1. Procurement from production

Production

Thai National Products Co., Ltd. has a factory for production in spun pile and concrete sleeper, located on Sainoi District, Nonthaburi Province, production volumes are as follows :

- Spun pile manufacturing with full capacity of 40,000 tons per month or 480,000 tons per year in 2014(January - June) the company's utilization capacity total of 24,087 tons or 10.04% of total capacity.

- The machine for manufacturing concrete railway sleepers with the full capacity for 6 months of 2014 (January - June) total 100,000 pieces due to started production in 2014 with the production capacity in the first 6 months, including 62,306 pieces, representing a percentage. 62.31 of the total capacity of

The subsidiary is in the process of building another one concrete railway sleepers production plant to increase production capacity which is expected to be completed by the year 2014.

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.

2.4 Impact on the environment

Group of Structural steel products and steel products

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 Labor 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

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.

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.

2.5 Work did not deliver

As 30 June 2015 the company and subsidiary company had work did not deliver, the details were as follows:

Group of Structural steel products and steel products

The company has no outstanding works which have not yet been delivered.

Group of pile and concrete product

The company had not yet delivered as June 30, 2015 total of 6 projects.

Financial Highlights

Financial Statement

(1) Statements of Financial Position and Statement of Comprehensive Income of the company and its subsidiaries (consolidated financial statement)

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014, DECEMBER 31, 2013, 2012 AND 2011

ASSETS	2014 (Jan.-Jun.)		2013		2012		2011	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
CURRENT ASSETS								
Cash and cash equivalents	14.45	0.35	4.90	0.12	7.93	0.18	14.42	0.33
Temporary investment			-	-	0.21	-	0.26	0.01
Trade and other accounts receivable - other companies	1,778.22	43.19	1,647.37	41.59	1,888.77	44.06	1,345.40	31.12
Inventories	689.84	16.76	597.14	15.07	441.47	10.30	407.97	9.44
Advance payment for goods	119.54	2.90	132.73	3.35	167.85	3.92	539.38	12.47
Other current assets	7.63	0.19	8.27	0.21	6.02	0.14	4.47	0.10
Total current assets	2,609.68	63.39	2,390.42	60.34	2,512.26	58.60	2,311.91	53.47
NON - CURRENT ASSETS								
Restricted bank deposit	7.39	0.18	7.29	0.18	31.27	0.73	6.09	0.14
Investment in securities available for sale			-	-	129.56	3.02	-	-
Investment property	17.39	0.42	17.95	0.45	26.75	0.62	124.01	2.87
Property, plant and equipment	1,454.27	35.32	1,503.80	37.96	1,566.02	36.53	1,696.52	39.24
Other account receivable - advance payment for goods			-	-	-	-	161.24	3.73
Retention receivable	18.30	0.45	35.08	0.89	14.14	0.33	11.78	0.27
Deferred tax assets	3.53	0.09	2.43	0.06	2.73	0.06	6.09	0.14
Other non - current assets	6.30	0.15	4.38	0.12	4.27	0.11	6.24	0.14
Total non - current assets	1,507.18	36.61	1,570.91	39.66	1,774.73	41.40	2,011.98	46.53
TOTAL ASSETS	4,116.86	100.00	3,961.33	100.00	4,286.99	100.00	4,323.88	100.00

Remark : Year 2012 and 2011 restated financial statement for comparative to 2013

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014, DECEMBER 31, 2013, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY	2014 (Jan.-Jun.)		2013		2012		2011	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
CURRENT LIABILITIES								
Loans that due for repayment			-	-	1,031.36	24.06	745.72	17.25
Bank overdrafts and short - term loans from financial institutions	754.98	18.34	749.51	18.92	103.77	2.42	217.54	5.03
Trade and other accounts payable - other companies	799.89	19.43	579.38	14.63	627.68	14.64	472.55	10.93
Trade and other accounts payable - related companies	12.42	0.30	12.44	0.31	13.37	0.31	9.39	0.22
Current portion								
- Liabilities under finance lease agreement	0.61	0.01	0.92	0.02	0.82	0.02	0.77	0.02
- Liabilities under debt restruction agreement	20.40	0.50	44.20	1.12	248.67	5.80	19.66	0.45
Short - term loans from other person and other company	304.23	7.39	304.23	7.68	300.00	7.00	300.00	6.94
Short - term loans from related person and related company	5.00	0.12	5.00	0.13	5.00	0.12	-	-
Income tax payable	8.98	0.22	10.27	0.26	0.29	0.01	1.17	0.03
Accrued interest	219.14	5.32	175.37	4.43	274.49	6.40	48.09	1.11
Advance received for goods	7.14	0.17	16.64	0.42	9.41	0.22	40.68	0.94
Other current liabilities	1.81	0.04	1.51	0.04	6.59	0.15	1.79	0.04
Total current liabilities	2,134.60	51.84	1,899.47	47.96	2,621.44	61.15	1,857.36	42.96
NON - CURRENT LIABILITIES								
Long - term trade account payable	10.20	0.25	18.97	0.48	-	-	-	-
Liabilities under finance lease agreement	0.21	0.01	0.41	0.01	0.54	0.01	1.36	0.03
Liabilities under debt restruction agreement	1,344.90	32.67	1,281.63	32.35	445.88	10.40	840.69	19.44
Employee benefit obligations	4.59	0.11	4.86	0.12	4.34	0.10	3.85	0.09
Deferred tax liabilities	168.15	4.09	175.46	4.43	220.40	5.14	247.42	5.72
Others non - current liabilities	0.08	0.00	0.08	-	0.08	-	0.08	-
Total non - current liabilities	1,528.13	37.13	1,481.41	37.39	671.24	15.65	1,093.41	25.28
TOTAL LIABILITIES	3,662.73	88.97	3,380.88	85.35	3,292.69	76.80	2,950.77	68.24

Remark : Year 2012 and 2011 restated financial statement for comparative to 2013

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014, DECEMBER 31, 2013, 2012 AND 2011

SHAREHOLDERS' EQUITY	2014 (Jan.-Jun.)		2013		2012		2011	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
SHAREHOLDERS' EQUITY								
Share capital - common shares - Authorized share capital								
- 1,500,000,000 shares, Baht 1.00 par value in 2011								
- 4,000,000,000 shares, Baht 1.00 par value in 2012 and 2012								
- 1,322,913,226 shares, Baht 1.00 par value in 2014	1,322.91		4,000.00		4,000.00		1,500.00	
Issued and fully paid - up share capital								
- 1,000,000,000 shares, Baht 1 par value in 2011								
- 1,002,913,226 shares, Baht 1 par value in 2012 and 2013								
- 1,025,640,498 shares, Baht 1 par value in 2014	1,025.64	24.91	1,002.91	25.32	1,002.91	23.39	1,000.00	23.13
Premium on share capital	400.17	9.72	413.97	10.45	413.97	9.66	415.42	9.61
Deficit	(1,275.48)	(30.98)	(1,177.71)	(29.73)	(819.79)	(19.12)	(464.20)	(10.74)
Other component of equity	73.72	1.79	73.72	1.86	62.29	1.45	58.83	1.36
Total equity attributable to owners of the parent	224.05	5.44	312.89	7.90	659.38	15.38	1,010.05	23.36
Non - controlling interests	230.072	5.59	267.57	6.75	334.93	7.82	363.07	8.40
Total shareholders' equity	454.12	11.03	580.46	14.65	994.30	23.20	1,373.12	31.76
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,116.86	100.00	3,961.33	100.00	4,286.99	100.00	4,323.88	100.00

Remark : Year 2012 and 2011 restated financial statement for comparative to 2013

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014, THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

STATEMENTS OF COMPREHENSIVE INCOME	2014 (Jan.-Jun.)		2013		2012		2011	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue								
Revenue from sales and services	1,524.89	100.00	3,570.10	100.00	3,017.84	100.00	4,190.41	100.00
Cost of sales and services	1,543.17	101.20	3,595.06	100.70	3,106.38	102.93	4,193.37	100.07
Gross Profit	(18.28)	(1.20)	(24.97)	(0.70)	(88.54)	(2.93)	(2.96)	(0.07)
Other incomes	20.86	1.37	38.94	1.09	44.81	1.48	48.29	1.15
Revenue before expenses	2.58	0.17	13.97	0.39	(43.73)	(1.45)	45.33	1.08
Selling expenses	5.54	0.36	11.71	0.33	8.49	0.28	9.72	0.23
Administrative expenses	44.23	2.90	94.93	2.66	71.14	2.36	70.61	1.68
Loss on impairment of assets	-	-	-	-	-	-	7.70	0.18
Loss from sale investment in securities available for sale	-	-	70.83	1.98	3.73	0.12	-	-
Doubtful accounts (Reversal)	2.01	0.13	8.05	0.23	(26.27)	(0.87)	149.27	3.56
Management benefit expenses	5.14	0.34	10.89	0.31	10.08	0.33	11.86	0.28
Finance costs	87.31	5.73	274.48	7.69	337.97	11.20	203.61	4.86
Total Expenses	144.23	9.46	470.90	13.20	405.12	13.42	452.76	10.79
Loss before income tax	(141.65)	(9.29)	(456.93)	(12.81)	(448.86)	(14.87)	(407.43)	(9.71)
Income tax (expense) revenue	5.44	0.36	31.65	0.89	23.03	0.76	-	-
Loss for the year	(136.21)	(8.93)	(425.28)	(11.92)	(425.83)	(14.11)	(407.43)	(9.71)
Other comprehensive income (expense)								
- Change in fair value of available for sale securities					(11.43)	(0.38)		
- Defined benefit plan actuarial gain	0.76	0.05						
in securities available for sale			11.43	0.32				
- income tax on other comprehensive income	0.19	0.01						
Total comprehensive loss for the year	(135.26)	(8.87)	(413.85)	(11.60)	(437.26)	(14.49)	(407.43)	(9.71)
Loss for the year attributable to :								
Equity holders of the parent	(98.52)	(6.46)	(357.92)	(10.03)	(355.60)	(11.78)	(389.22)	(9.29)
Non - controlling interests	(37.69)	(2.47)	(67.36)	(1.89)	(70.24)	(2.33)	(18.21)	(0.43)
	(136.21)	(8.93)	(425.28)	(11.92)	(425.83)	(14.11)	(407.43)	(9.73)
Total comprehensive loss for the year attributable to :								
Equity holders of the parent	(97.77)	(6.41)	(346.49)	(9.71)	(367.03)	(12.16)	(389.22)	(9.29)
Non - controlling interests	(37.50)	(2.46)	(67.36)	(1.89)	(70.24)	(2.33)	(18.21)	(0.43)
	(135.26)	(8.87)	(413.85)	(11.60)	(437.26)	(14.49)	(407.43)	(9.73)
Basic loss per share								
Equity holders of the parent	(0.098)		(0.357)		(0.355)		(0.389)	

(2) Statement of Cash Flow of the company and its subsidiaries (consolidated financial statement)

RICH ASIA STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30 2014, THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

Unit : Million Baht

STATEMENTS OF CASH FLOWS	2014 (Jun.)	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(141.65)	(456.93)	(448.86)	(407.43)
Adjustments for				
Depreciation	78.68	128.99	135.52	122.28
Doubtful account (reversal)	2.01	8.05	(26.27)	149.27
Loss of non-refundable withholding tax	-	-	1.52	-
Amortization of prepaid expenses	-	-	-	1.53
Amortization of intangible asset	-	-	-	0.37
Loss from write off of investment in the expired warrants	-	-	-	0.01
Loss from declining in value of investment in trading security	-	0.21	0.05	0.52
Loss from sale investment in securities available for sale	-	70.83	3.73	-
Unrealized (gain) loss from exchange rate	5.42	6.76	(3.75)	3.13
(Gain) loss from sale fixed assets	-	1.57	(23.17)	(0.24)
Loss from written off fixed assets	0.07	0.43	0.00	
Gain on a bargain purchase of subsidiaries company	-	-	-	(22.68)
Loss on impairment of assets	-	-	-	7.70
Loss from impairment of other deposit	-	-	-	0.63
Loss from write off of retention receivable	-	-	-	2.40
Loss from declining in value of inventories (Reversal)	(4.37)	2.07	(0.87)	6.27
Revenue from written - off accrued expenses	-	(0.78)	-	(12.21)
Amortization of deferred finance charge in borrowing	-	-	5.83	5.78
Employee benefit expenses	0.38	0.36	0.35	3.13
Interest income	(0.10)	(0.08)	(0.16)	(0.19)
Interest expenses of employee benefits	0.11	0.16	0.14	0.14
Interest expenses	86.82	272.36	332.34	192.61
Profit (loss) from operating activities before change in operating assets and liabilities	27.36	34.0	(23.61)	53.01
Decrease (Increase) in operating assets				
Trade and other accounts receivables - other companies	(133.99)	234.13	(636.64)	532.58
Inventories	(90.29)	(156.23)	(32.47)	(8.47)
Advance payment for goods	15.15	27.94	371.38	(54.23)
Other current assets	1.97	(0.37)	(1.55)	(0.04)
Other account receivable - advance payment for goods	-	-	4.93	23.87
Other long-term accounts receivable	-	-	-	11.13
Retention receivable	16.78	(20.94)	(2.36)	9.79
Other non - current assets	(1.92)	(0.11)	1.97	(0.02)

Unit : Million Baht

STATEMENTS OF CASH FLOWS	2014 (Jun.)	2013	2012	2011
Increase (Decrease) in operating liabilities				
Trade and other accounts payables - other companies	188.96	(36.12)	259.78	21.18
Trade and other accounts payables - related companies	(0.02)	(0.93)	3.98	9.39
Advance receive for goods	(9.49)	7.22	(31.27)	0.84
Long-term trade payables	(8.77)	-	-	-
Other current liabilities	0.30	(5.08)	7.16	(7.99)
Cash received (paid) from operating activities	6.04	83.54	(78.69)	591.03
Cash received from corporate income tax and withholding tax	-	1.11	-	-
Cash paid for corporate income tax and withholding tax	(4.20)	(3.57)	(2.36)	(4.94)
Cash received from interest income	0.10	0.63	0.16	14.22
Net Cash Provided by (Used in) from Operating Activities	1.95	81.70	(80.89)	600.31
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) Decrease in bank deposits pledged ad collateral	(0.10)	23.98	(25.18)	(5.32)
Cash received from sale of property, plant and equipment	-	0.23	6.11	0.24
Cash received from sale of investment property	-	5.68	43.16	-
Cash received from sale of investment in securities available for sale	-	70.16	43.27	-
Cash paid for purchase of investment in subsidiary company	-	-	-	(799.24)
Cash paid for purchase of property, plant and equipment	(1.34)	(61.17)	(2.44)	(4.34)
Net Cash Provided by (Used in) from Investing Activities	(1.44)	38.87	64.93	(808.65)
CASH FLOW FROM FINANCING ACTIVITIES				
Cash received from sale of investment in subsidiary company	-	-	56.99	227.24
Increase (Decrease) in bank overdrafts and short - term loans from financial institutions	5.47	41.95	62.23	106.36
Cash paid for account payable for assets	-	-	-	(9.25)
Cash paid for liabilities under finance lease agreement	(0.51)	(0.03)	(0.77)	(0.92)
Cash paid for long-term loans from financial institutions	-	-	(42.82)	(15.62)
Cash paid for Debt under restructuring agreement	-	(133.89)	-	-
Cash received from short - term loan from related person	-	5.00	5.00	-
Cash paid for short - term loan from related person	-	(5.00)	-	(0.32)
Cash received from short - term loan from other person	-	8.03	-	50.00
Cash paid for short - term loan from other person	-	(4.01)	-	(21.41)
Cash received from premium on share capital	-	-	1.46	-
Cash paid for interest expenses	(4.84)	(35.65)	(72.62)	(132.17)
Cash received from convertible debenture conversion to common shares	8.93	-	-	-
Net Cash Provided by (Used in) Financing Activities	9.04	(123.60)	9.47	203.91
NET DECREASE IN CASH AND CASH EQUIVALENTS	9.55	(3.03)	(6.49)	(4.43)
Cash and Cash Equivalents - Beginning of Year	4.91	7.93	14.42	18.86
CASH AND CASH EQUIVALENTS - END OF YEAR	14.45	4.90	7.93	14.42

Financial ratios that reflect the financial position and Operating Performance of the Company and its subsidiaries

Financial Ratio	2014 (Jun.)	2013	2012*	2011*
Liquidity Ratio				
Current Ratio (Times)	1.22	1.26	0.96	1.24
Quick Ratio or Acid Test Ratio (Times)	0.84	0.87	0.72	0.73
Account Receivable Turnover (Times)	1.76	1.99	1.84	2.57
Average Collection Period (Days)	204.00	181.00	196.00	140.00
Inventory Turnover (Times)	6.33	9.48	12.88	18.24
Average Inventory Period (Days)	57.00	38.00	28.00	20.00
Account Payable Turnover (Times)	1.19	1.54	5.85	9.95
Average Payment Period (Days)	302.00	234.00	62.00	36.00
Cash Cycle (Days)	(41.00)	(15.00)	162.00	124.00
Profitability Ratio				
Gross Profit Margin (%)	(1.20)	(0.70)	(2.93)	(0.07)
Operating Profit Margin (%)	(10.51)	(13.74)	(16.12)	(10.75)
Other Profit Margin (%)	1.35	1.08	1.46	1.14
Operating Cash Flow to Operating Profit Ratio Margin (%)	(1.20)	(16.48)	16.39	(1.32)
Net Profit Margin (%)**	(8.81)	(11.78)	(13.90)	(0.10)
Return On Equity (%)	(36.70)	(73.63)	(42.60)	(30.42)
Efficiency Ratio				
Return On Asset (%)	(4.88)	(8.68)	(8.26)	(9.64)
Fixed Asset Turnover (%)	(2.76)	(15.01)	(13.79)	(22.19)
Total Assets Turnover (Times)	0.77	0.88	0.71	1.05
Financial Policy Ratio				
Debt to Equity Ratio (Times)	8.07	5.82	3.31	2.15
Interest Coverage (Times)	1.03	1.42	0.83	4.12
Debt Service Coverage - cash basis (Times)	(0.79)	0.96	1.09	0.99
Dividend Payout (%)	-	-	-	-

* Year 2011 and 2012 restated financial statement

**Net Profit Margin Ratio = Profit and Loss for the year / Total Revenue

Management's Discussion and Analysis (MD&A)

Management Discussion and Analysis of Financial Position and Operating Performance

Analysis of past performance

Overview of Operating Performance

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

Operating performance for the first 6 months (Jan.-Jun. 2014) with revenue amount of 1,524.89 million Baht. In 2013 with revenue amount of 3,570.10 million Baht, which for the first 6 months (Jan.-Jun.) 2013 amount of 1,440.53 million Baht. The first 6 months of 2014, the revenue increased 84.36 million Baht or 5.86% from the same period last year due to the company had orders from customers increased.

The main cost of products such as steel, which is the main raw material in steel and spun pile production, which is highly valued. In 2014, still had price competition from steel producing countries in the Asian region result to domestic manufacturers and suppliers had to import steels in a large quantity, that a result of fluctuations in the market price of steel and caused a slowdown of the major domestic manufactures, which the government had imposed safeguard measures against imports of steel, resulting in higher costs. In addition the main raw material of spun pile production such as cement, gravel, sand that adjusted higher cost due to the demand of the market has increased, fuel energy cost is rising result to the cost of production in higher rate.

For the first 6 months of 2014, the company and its subsidiary company still had the financial cost is high due to the debts from financial institutions and loan from other person and other company. However, the burden of financial cost in the first half of 2014 decreased from the same period amount of 80.28 or 47.91% due to contract debt restructuring between companies and financial institutions, which in the 2014 if the company has success according to the debt restructuring, will able to reduce a lot of financial cost, that result to a better operating performance of the company in the period which success according to the agreement.

Therefore for this reason, that result the first 6 months of 2014 the company was still net loss for the year attributable to equity holders of the parent amount of 98.52 million Baht, that represented to the increased profit or decreased loss 89.32 million Baht or increased profit 47.55% from the same period of 2013.

Operating performance of the company and its subsidiaries for the 6 month periods as June 30, 2014 as summarizes the follows:

1) Operating performance

Revenue

Total revenue of the company and its subsidiaries in 2011, 2012, 2013 and 6 month periods end of June 30, 2014 were 4,238.70 million Baht, 3,062.64 million Baht, 3,609.04 million Baht and 1,545.75 million Baht respectively.

The total revenue in 2012 decreased 27.75 % from in 2011 and 2013 increased 17.84% from in 2012 and the first 6 months of 2014 the total revenue increased 6.26% from the same period of 2013.

The company's revenue classified by product as follows

Product / Group of business	Operated by	Holding shares (%)	Revenue from consolidated financial statement (Million Baht)							
			ปี 2014 (Jan.-Jun.)	%	2013	%	2012	%	2011	%
Structural steel and other steel	Rich Asia Steel Public Company Limited and Siam Ferro Industry Company Limited	51.88%	1,381.08	89.35%	3,191.10	88.42	2,724.00	89.02	3,964.00	94.61
Pile , Delivery and Driving	Thai National Product Company Limited	100.00%	143.81	9.30%	379.00	10.50	291.00	9.51	178.00	4.25
Other Revenue	Rich Asia Steel Public Company Limited and subsidiaries		20.86	1.35%	39.00	1.08	45.00	1.47	48.00	1.15
Total			1,545.75	100.00%	3,609.10	100.00	3,060.00	100.00	4,190.00	100.00

Remark : 1. 2012 Restated financial statement

2. Other revenue i.e. revenue from rental, gain on sales of assets, gain on a bargain purchase of subsidiary company, revenue from written off accrued expenses and other expenses and others

In the first 6 months of 2014 the Company and its subsidiary had revenues from sales of structural steel products and steel products 89.35% and from sale of spun piles include delivering and pile driving, which was the business of a subsidiary 9.30%, which was the portion of structural steel increased from end of 2013 and revenues from pile business decreased in the half first 6 months of 2014 due in part to delayed construction projects, which as the result of political problems that arise. Therefore, the sale portion of steel increased than portion of the pile sale.

For sale and service revenue in 2011, 2012, 2013 and 6 month periods were 4,190.41 million Baht, 3,017.84 million Baht, 3,570.10 million Baht and 1,524.89 million Baht respectively. Sale and service revenue in 2012 and 2011 decreased 27.98 %, 2013 increased 18.30% and the first 6 months of 2014 increased 5.86% from the same period of 2013 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 2011, 2012, 2013 and 2014 (Jan.-Jun.) amount of 4,193.37 million Baht, 3,106.38 million Baht, 3,595.06 million Baht and 1,543.17 million Baht or 100.07%,102.93%, 100.70% and 101.20% of the revenue of sale and services respectively.

In the first 6 months of 2014 the company had the cost of sale and service increased from 2013 due to many important factors, such as the fluctuating of raw material prices, importing problem of raw materials with higher costs that affected to not requirement in quantity of stock of entrepreneur due to not confident in steel price situation, that result to the company and subsidiaries had quantity of production for support to the demand of the customers decreased, as a result to the allocation of depreciation was a key of factors that result in higher production costs per unit, as a result, the Company and its subsidiaries has increased the cost of sales was not worth the revenue of sale and services.

Expenses

The company and its subsidiaries had selling administrative and other expenses in 2011, 2012, 2013 and 2014 (Jan.-Jun.) amount of 249.15 million Baht, 67.15 million Baht,196.41 million Baht and 56.93 million Baht respectively.

In 2014 (Jan.-Jun.), the company had proportion in selling administrative and other expenses decreased from 2013 amount of 4.98 million Baht or 8.04% due to the companies received payment from the receivables from the provision for doubtful accounts, as a result the cost of this decreased.

Gross Profit

The Company and its subsidiaries 's gross profit in 2011, 2012, 2013 and the first 6 months of 2014 were (2.96) million Baht , (88.54) million Baht ,(24.97) million Baht and (18.28) million Baht or (0.07)%, (2.93)%, (0.70)% and (1.20)% of sale and service revenue respectively. Gross profit In 2012 decreased, 2013 and the first 6 months of 2014 increased by the reasons mentioned above.

Net profit

The company and its subsidiaries had net profit (loss) attributable to equity holder of the parent in 2011, 2012, 2013 and the first 6 months of 2014 amount of (389.23) million Baht,(355.60) million Baht, (357.92) million Baht and (98.52) million Baht or net profit margin ratio to total revenue (9.18)%,(11.61)%, (9.92)% and (6.37)% respectively.

In 2014 (Jan.-Jun.) the Company had a loss for the year amount to 136.21 million Baht (net profit margin ratio 8.81%) , which was attributable to non - controlling interests equity holders amount of 37.69 million Baht , owners of the parent shareholders amount of 98.52 million Baht .

In order that, considering income for the year attributable to the shareholders ad not include, in first 6 months of 2014 the company had loss 98.52 million Baht. which profit increased or loss decreased from the first 6 months of 2013 amount of 89.32 million Baht or profit increased 47.55%, due to the revenue of the first 6 month of the company and its subsidiaries in 2014 increased from the period of 2013 were 5.86% and the financial cost decreased from the debt restructuring agreement, that result to the loss of company decreased, which the financial cost decreased 47.91%.

Financial position of company

1. Asset Components

As June 30, 2014 the company and its subsidiaries had total assets 4,116.86 million increased from end of 2013 amount of 155.53 million Baht, transaction of decreased assets consist property, plant and equipment decreased 49.53 million Baht, a part from an increase in accumulated depreciation of normal use, retention receivable decreased 16.78 million Baht due to the company received reimbursement from retention that was due over the term of the agreement.

For the increased of assets that were significant, such as trade and other accounts receivable increased 130.85 million Baht and inventories increased 92.70 million Baht due to the part of customers are affected from state of sell decreased, so there were not enough revenue are paid to the companies in time and in part from sale increased, so the company has increased trade receivable. For the inventories increased from ordered for prepare to deliver to customers on the purchase orders.

The significant of increased and decreased were as follows:

Trade accounts receivable

As end of 2011, 2012, 2013 and the first 6 months of 2014 the company and subsidiaries had total trade accounts receivable 1,345.40 million Baht, 1,888.77 million Baht, 1,647.37 million Baht and 1,778.22 million Baht respectively. In order that, in such amount were trade accounts receivable in 2011, 2012, 2013 and June 30, 2014 amount of 1,322.78 million Baht, 1,863.65 million Baht, 1,622.50 million Baht and 1,724.26 million Baht respectively , which represented aging of trade accounts receivable as follows:

Aging of trading account receivable

(Unit : Million Baht)

	2014 (Jun.)	2013	2012	2011
Within credit term	349.81	918.23	589.76	793.03
Over due 1 to 90 days	667.09	480.52	365.51	491.23
Over due 91 to 180 days	489.17	171.63	784.28	10.40
Over due 181 to 365 days	198.68	49.88	123.01	28.16
Over due over 1 year	76.62	57.34	53.80	47.27
Total	1,781.37	1,677.59	1,916.36	1,370.09
Less : Allowance for doubtful	(57.11)	(55.09)	(52.71)	(47.31)
Net account receivable	1,724.26	1,622.50	1,863.65	1,322.78

As end of 2013, trading account receivable of the company and its subsidiaries were with credit term 349.81 million Baht, over due 1-90 days 667.09 million Baht and over due 91 days to over due over 1 year total amount of 764.47 million Baht, which in this account receivables increased from end of 2013 due to the account receivables are affected from the political economic, as result to sale revenue decreased. In order that the company accelerated the repayment of loans tracked closely and credit of the account receivable are considered more rigorous.

Inventories (Net)

Component of Inventories

(Unit : Million Baht)

	2014 (Jun.)	2013	2012	2011
Finished goods	537.72	437.88	320.82	161.40
Raw materials	147.49	133.75	119.79	248.75
Goods in transit	-	28.73	-	-
Work in process	5.74	0.27	0.42	0.85
Supplies	11.04	11.06	14.45	11.99
Less : Allowance for declining in value of inventories	(12.15)	(14.55)	(14.00)	(15.02)
Total Net Inventories	689.84	597.14	441.47	407.97

As June 30, 2014, the company and its subsidiaries had inventories amount of 689.84 million Baht, increased from Dec.31, 2013 amount of 92.70 million Baht or increased 15.52% by the main of inventories was finished goods, that the company procured for preparation of delivery to customers in 2014 according to order of customers.

Property, plant and equipment

As June 30, 2014, Property, plant and equipment amount of 1,454.27 million, decreased from December 31, 2013 amount of 49.53 million Baht due to the depreciation of the assets, in order that, the company group increased investment in the building and equipments a part.

2. Liquidity

Cash Flow

Statement of Cash Flow	2014 (June)	2013	2012	2011
Profit (loss) from operating activities before change in operating assets and liabilities	27.36	34.02	(23.61)	53.01
Net cash receive and payment from operating activities	(25.41)	47.68	(57.29)	547.30
Net cash provided by (used in) from operating activities	1.95	81.70	(80.90)	600.31
Net cash provided by (used in) from investing activities	(1.44)	38.87	64.93	(808.65)
Net cash provided by (used in) from financing activities	9.04	(123.60)	9.47	203.91
Net increase or (decreased) in cash and cash equivalents	9.55	(3.03)	(6.49)	(4.43)
Cash and cash equivalents-beginning of year	4.90	7.93	14.42	18.86
Cash and cash equivalents-end of period	14.45	4.90	7.93	14.42

Remark : Statement of cash flows from consolidated financial statement

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

Statement of cash flows of the company and its subsidiaries for the 6 months as June 30, 2014, the cash has been used in the activity as follows:

The company had profit (loss) from operating activities before changes in operating assets and liabilities 27.36 million Baht and net cash payment from operating activities 25.41 million Baht, which net cash provided by (used in) from operating activities 1.95 million Baht as the follows :

Net cash items in operating assets and liabilities amount of (25.41) million Baht, were the major items as the following

- Net cash received (paid) from operating assets amount of (192.31) million Baht, for the major items such as trade and other accounts receivable increased 133.99 million Baht, inventories increased 90.29 million Baht and other non current assets increased 1.92 million Baht and the major

receive items were retention receivable decreased 16.78 million Baht, advance payment for goods decreased 15.15 million Baht and current assets decreased 1.97 million Baht.

- Net cash received (paid) from operating liabilities amount of 170.98million Baht, for the major received items such as trade and other accounts payables from other companies 188.96 million Baht and other current liabilities 0.30 million Baht and the major paid items such as advance received for goods 9.49 million Baht, long-term account payable 8.77 million Baht and trade and other accounts receivables from related companies 0.02 million Baht.

- Net cash received (paid) from other items (4.09) million Baht were Interest income 0.10 million Baht and cash payment for corporate income tax and withholding tax 4.20 million Baht.

Net cash items in investing activities amount of (1.44) million Baht, were the major items as the following

- The major paid items were investing in property, plant and equipment 1.34 million Baht, which was the major investing in subsidiary company and cash paid from the restricted bank deposit 0.10 million Baht.

Net cash items in financing activities amount of (9.04) million Baht, were the major items as the following

- Net cash received from cash received from bank overdrafts and short-term loans from financial institutions 5.47 million Baht, cash received from convertible debenture conversion to common shares 8.93 million Baht. The major paid items were cash payment for interest expenses 4.84 million Baht and cash payment for liabilities under finance lease agreement 0.51 million Baht.

Liquidity Ratio

For liquidity ratio of the company and its subsidiaries were current asset to current liability ratio in 2011, 2012, 2013 and 2014 (30 Jun.) equal 1.24 times, 0.96 times, 1.26 times and 1.22 times. In 2014 (Jun.), liquidity ratio decreased from end of 2013 due to the payment period of the raw materials procurement of subsidiaries shorter than the period of collection from receivables because the procurement of some raw materials there were not much, but there were more manufacturer's demands. Therefore, the power to negotiate for the purchase order, there were some short term credit period by average inventory period 57 days, which was longer than end of 2013 with the period of approximately 38 days due to in the first half year, the customer not much confidence in the political economic so purchased as necessary without much stocks.

3. The source of fund

Liability

As June 30, 2014 the company and subsidiaries had liabilities amount of 3,658.14 million Baht, increased from as December 31, 2013 amount of 282.13 million Baht due to finance cost from loan from financial institutes and loan from other parties and trade payable and payable from operating increased, that affected to debt to equity ratio as June 30, 2014 increased equal 8.07 times, which as the end of 2013 equal 5.82 times. In order that in 2014, the company and its subsidiaries will accelerate debt reduction under the debt restructuring agreement is completed, which the trend as result to debt to equity ratio decreased.

Shareholder's Equity

As June 30, 2014 the company and subsidiaries had shareholder's equity amount of 454.12 million Baht, decreased 126.34 million Baht from end of 2013, which equity holders of the parent as June 30, 2014 amount of 224.05 million Baht decreased from end of 2013 amount of 88.84 million Baht. Major cause of the decline came from the company's net loss for the 6 month periods as June 30, 2014 amount of 136.21 million Baht, which was loss for equity holders of the parent amount of 98.52 million Baht, that loss from finance cost of the company and its subsidiaries total amount of 87.31 million in the first 6 months of 2014 and 274.48 million Baht in 2013. Capital structure of the company was debt to equity ratio increased from 5.82 times in 2013 to 8.07 times in 2014 (Jun.) and return on equity ratio (36.70)%.

From such a performance may affect decisions to raising fund investing of investors and shareholders of the company, which the executives have been aware of this problem as well. Currently, the company has planned and accelerate find a suitable method in solving problems in reducing risk in capital structure, which high interest and the company is in the process of approval to raise funds from investors interested in the company and its subsidiaries and planned the policies of producing and marketing of company to use the capacity of the company and its subsidiaries to maximize efficiencies to reduce the cost of production and planning in the competition in the business both domestic and overseas businesses for induce increased value of revenue to the company, which will result to the company's capital structure is going in the good direction.

4. 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:

1. Political stability

The steel industry and the production of spun pile or concrete products of the group company, that were in the business group that requires the investment of the construction sector from private sector and government sector. Therefore, political stability is an important factor to determine the direction of economic, trade and investment sector, which are defined in the investment policy of

developing the country's infrastructure. Especially in the year 2014, a period that has to be prepared to open free trade AEC in 2015. Therefore, Thailand should be prepared in certainty political and accelerate cease the political problems, that the result to lacking of reliable to countries for investment or contact business.

Therefore, in 2014 the government should began preparing in the potential development of the country to accept from the international country, should accelerate development the infrastructure system, such as improving the road network and the rail system for support the expansion of the trafficking.

According to the National Council for Peace and Order (NHC.) Has approved and implemented a continuation of the economic policy and investment in the necessary infrastructure such as double railway systems and sky train systems in Bangkok metropolis and vicinity that is the important factor to the growth prospects of the business, including real estate business, steel industry and various spun pile as well.

In the opposite direction, in case the domestic political problems of Thailand that is unclear and unstable, will result to the confidence of investors in the private sector, depend on the government to ensure that investors have more confidence.

Therefore, Management expects the political impact of the 2014 year is currently in a better direction than a year 2013, which has a more precise guidelines and policy in investment operations, system infrastructure, which result to good direction to construction business of the company and its subsidiaries, but if there is a political change in the future, the administration will be prepared to adjust planned an operation to reduce the risk of the operation that occurs as well.

2. Shortage Of Raw material

As the Thai steel industry is currently in the country, which a few for the manufacturer of raw materials of steel hot rolled. Therefore, material management is done by domestic ordering and imported from abroad, but due to Importing of raw materials in last 2 years, hot rolled coil is affected by the Safeguard tax on imports and have a tendency to have increased at a rate of taxation for prevent the problem of competing against the few of domestic manufacturers, as a result, the steel industry have a tendency to shortage of raw materials in the future or faced with price problems of raw material that have higher costs due to a large of demand for quantity, but there are fewer manufacturers in quantities which may affect the steel industry and construction industry in term of cost are expected to increase.

3. Transportation Systems

In currently, transportation systems is very important for industries, in order that of trade liberalization AEC, transport system will be developed to increase. Demand for transportation will increase, the private sector will need to be invested in vehicles increases, so expect future demand for energy and gas will increase that affect to cost of energy and fuel are higher direction that to the higher

costs in transportation of industry, which affect the cost of production of steel and concrete products of the Group are tremendous.

Risk factors

1 Risks in business

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

1.1 Risk from fluctuation of raw material price

The company and subsidiary major raw material was Hot Rolled Coil (HRC) both type of roll and sheet .for sale and manufacture of steel pipes and structural steel of C-Channel. In Purchasing of hot rolled steel for 6 months of 2017 was 20.90% of total value of raw material purchased from domestic manufacturers 100.00%. In addition, the prices of hot rolled steel prices was adjusted according to world price and demand & supply situation which are important factors to impacted raw material costs and gross margins due to the major cost of Hot Rolled Coil.

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

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

1.2 Risk from products procurement

According to company has a policy to hedge the purchase of raw materials by procurement of raw materials from various distributors which consideration of the direction of the price fluctuation and the negotiations of payment term. Thus, in the first 6 months of 2014 the Company and its subsidiaries have increased supply vendors for the benefit of the bargain and to reduce the risks to the supply of products to meet the needs of manufacturing efficiency.

As a policy, the company expects to reduce risk in the supply of products, including price controls, and the demand has increased.

1.3. Financial Risks

1.3.1 Risks associated with debt from the loan

According to the Company and its subsidiaries had loans from financial institutions and other parties for as working capital to run the business as of June 30, 2014, the Company and its subsidiaries had loans from using the credit facility and the borrowing total 2,649.47 million baht, which the company is aware of the problem in such indebtedness as well and is in the process of solving problems in raising funds from other sources to repay the debt to decrease the financial cost and the risks to the company and shareholders, which the Company is expected that end of year 2014, the debt from the loan will be at reduced risk.

1.3.2 Risks from loan due for payment

The company has liabilities which was due for repayment to bank and financial institute. Partial of due debt was debt under restructuring agreements which having loan installment under the contract. In 2013 and in the first 6 months of 2014 the company has repaid the principal to financial institutions to reduce both the principal and interest. Thus, the company planned to manage financial by reserve the particular cash for loans repayment by preparing cash flow projection for an adequate cash management to prevent risk and reduce errors that may arise from the due loan.

1.4 Risk from competitive law change

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

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

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

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

The tax Safeguard affect to higher cost of imports HRC. Therefore , the steel imports volume in 2013 and the first 6 months of 2014 were decreased and affect to HRC users to purchase HRC from major domestic manufacturers which there were few players. The steel industry has limited channel for purchasing raw materials and trend of domestic price was increase which affected to the users in small and medium enterprise who are in downstream industry faced a higher cost.

2 Risks affecting the rights of holders of securities or investments

The risk of company's retained deficit

In the first 6 months of 2014, the Company had net loss on consolidate financial total amount of 136.21 million Baht, a net loss attributable to the equity holders of the parent amount of 98.52 million Baht. For the separate operating performance net loss of 69.86 million Baht, which affect the Company's results of operations deficit as June 30, 2014 the consolidated financial statements amount of 1,275.48 million

Baht, separate financial statements was deficit 1,074.57 million Baht due to the Company had burden of the financial cost and in last 3 years, Thailand was faced flood problem, political problem that affect to the decrease of steel demand and fluctuation of steel price which result to the Company's sales revenue and have insufficient income for expenses and financial cost.

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

Thus, the Company is in problem solving process by searching for low cost source of funds in order to reduce high financial cost and also adapt Company's and subsidiaries' market strategies which expected that if such operation can be run successfully in 2014. The company's performance will be improved and can reduce retained deficit and risk of inability of dividend payment to the shareholders.

Board of Directors' Name at present

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

Management at present as per SEC regulations as follows:

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

Registered and Paid-up Share Capital at present

Registered Capital: 4,000,000,000 Baht comprise of ordinary share amount of 4,000,000,000 shares at par value 1.00 Baht per share

Issued and Paid-up Share Capital: 1,025,640,498 Baht comprise of ordinary share amount of 1,025,640,498 shares at par value 1.00 Baht per share

Shareholders

Major Shareholders as of August 7, 2014

Ranking	Shareholders	Number of shares	Percentage
1.	Mr. Silchai Seemawongnant	49,569,070	4.83
2.	Miss Nada Thepawatanasuk	46,410,090	4.52
3.	Miss Angkakarn Tantiviroon	43,550,000	4.25
4.	Mrs. Phimsiri Keeratithiansiri	33,450,000	3.26
5.	Miss Arporn Seneeprakornkrai	31,169,500	3.04
6.	Mr. Krit Purisinsit	27,225,000	2.65
7.	Mr. Thammarat Opassathien	23,868,600	2.33
8.	Mr. Anuroj Seneeprakornkrai	23,000,000	2.24
9.	Mr. Kamol Buranasumpatanont	22,240,000	2.17
10.	Mr. Norong Wangchareonwong	18,303,900	1.78
	Total	318,786,160	31.08
	Other Shareholders	706,854,338	68.92
	Total Shareholders	1,025,640,498	100.00

Other information that might have impact on the decisions of investors significantly (if any)

- None -

2. (1) Total of paid-up and non paid- up debt securities as of June 30, 2014

Items	Issued	Not yet issued
Total of convertible debentures	22,727,272 shares	297,272,728 shares

Remark: Annual General Meeting of Shareholders year 2014 of the Company on April 18, 2014 resolved to approve the issue and offer for sale of Convertible Debentures in the amount of not exceeding Singapore Dollar 20 million or its equivalent amount in other currencies to a specific foreign investor (Private Placement) that is Advance Opportunities Fund (AO Fund) and allocate increased ordinary shares in the amount of not exceeding 320,000,000 shares as reservation for conversion of right of convertible debentures. At present, the Company considers that the issue of convertible bonds was not successful as planned. Then the Company does not issue convertible bonds to AO Fund anymore.

(2) The total amount of the loan, with a maturity date by conduction burden assets as collateral

Creditor	Debt Amount (Baht)	Collateral
Bank Creditor No. 1 (debt under restructuring agreement, principal and interest)	1,365,300,843.50	Land and building mortgage of Rich Asia Steel Public Company Limited, land building and machine mortgage of Thai National Product Co., Ltd , land mortgage of a private company
Bank Creditor No. 2 (debt under restructuring agreement, principal and interest)	658,402,109.12	-
Total	2,023,702,952.62	

Remark : Outstanding balance as at 30 June 2014 as the consolidated financial statements

(3) The total amount of other liabilities include bank overdrafts by conduction burden assets as collateral

Creditor	Debt Amount (Baht)	Collateral
Bank Creditor	42,986,241.00	Land and building mortgage of Rich Asia Steel Public Company Limited
Bank Creditor	53,591,443.76	-
Liabilities under Finance Lease Agreement	815,888.85	-
Other party	515,770,800.00	Land and building mortgage of Siam Ferro Industry Company Limited
Other party	7,598,820.97	-
Related party	5,000,000.00	Condominium of Thai National Product Company Limited
Trade accounts payables	742,285,221.25	-
Other payable	80,307,630.68	-
Total	1,448,356,046.51	

Remark : Outstanding balance as at 30 June 2014 as the consolidated financial statements

(4) Contingent liabilities

- **Obligation and Contingent liabilities**

As at June 30, 2014, the company had contingent liabilities as follows:

	Unit : Million Baht (Consolidated financial statement)
- Letter of guarantee has bank deposit pledge for collateral	7.38
- Advance note payable for pledged	1.15

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

3. Litigation or claim that significance is in pending

As at June 30, 2014, the Company and subsidiaries had the litigation as follows:

1. The Company had the lawsuit from a creditor lawsuit for repayment from the purchase of goods amount of 25.35 million Baht which comprised debt amount of 24.61 million Baht and interest charges of Baht 0.74 million plus interest rate at 12% per annum until the payment is settled. The Civil court ordered the Company to pay the payable, the Company fields an appeal against the order with the appeal court and the case is being heard by the Court, However, the company paid to the creditor amount of 15 million Baht that outstanding debt of about 10 million Baht, the company agreed to pay all debts to be completed by the end of November 2014 and the creditor will withdraw lawsuits related to the company.

2. 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, 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.

4. 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.

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. Angkarn Tantiviroon		Shareholder (In 2013 was director and resign on May 15, 2014)
Mr. Somkiat Vongsarajana		Director
Mr. Teera Phoncharoensuk		Director
Ms. Arporn Seneeprakornkrai		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
Transaction with related person				
Interest expense	150	300	300	-
Consultation fees	360	-	360	-

	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
Transaction with related person				
Consultation fees	360	-	360	-
Transaction with subsidiaries				
(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		Separate financial	
	statements		statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trade and other receivables				
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
Trade and other payables				
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
Loan from				
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)	-	-

	In Thousand Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
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
Key managements personnel compensation				
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
Key managements personnel compensation				
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

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 of subsidiaries before invest. At present, the transferee exercised the right on September 3, 2014.

The Board of Directors has reviewed this Information Memorandum carefully and certifies that the information is correct, complete, not encouraging others to have misunderstanding and not lacking of the material information requires to be disclosed.

Sincerely yours,

- SOMKIAT VONGSAROJANA -

(Mr. Somkiat Vongsarojana)

Managing Director Acting Chief Executive Officer