

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Board of Directors and the Shareholders of 2S Metal Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of 2S Metal Public Company Limited and subsidiaries as at 31 March 2020, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and condensed notes to the interim financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Grant Thornton Limited

Bangkok

13 May 2020

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but Reviewed)	(Audited)	(Unaudited but Reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		132,187	131,850	61,170	91,549
Trade and other accounts receivable - net	5, 6	372,981	349,077	514,224	444,777
Inventories - net	7	540,997	557,246	464,267	490,734
Deposits for purchase of goods		236,589	141,092	236,589	141,092
Short-term loans and accrued interest receivable - subsidiary	5	-	-	18,416	17,416
Refundable value added tax		-	257	-	-
Refundable income tax		2,350	2,350	298	298
Advance payment for importing materials		18,229	-	18,229	-
Other current assets		7,251	5,673	3,237	2,204
Total Current Assets		1,310,584	1,187,545	1,316,430	1,188,070
NON-CURRENT ASSETS					
Restricted deposits with banks		1,052	1,052	1,052	1,052
Investments in subsidiaries	8	-	-	216,770	216,770
Long-term loans receivable - subsidiary	5	-	-	15,386	15,386
Property, plant and equipment - net	9	570,625	552,032	258,023	256,336
Rights-of-use assets - net	3, 5, 10	15,363	-	42,367	-
Investment property - net		1,862	1,946	-	-
Prepaid land rental expense - net	3	-	4,003	-	824
Leasehold rights - net	3	-	2,254	-	-
Intangible assets - net		1,527	1,647	1,371	1,454
Goodwill		15,086	15,086	-	-
Other non-current assets		941	941	938	938
Total Non-Current Assets		606,456	578,961	535,907	492,760
TOTAL ASSETS		1,917,040	1,766,506	1,852,337	1,680,830

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but Reviewed)	(Audited)	(Unaudited but Reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	11	255,339	282,234	255,339	282,234
Short-term loans and accrued interest payable - subsidiary	5	-	-	-	5,000
Trade and other accounts payable	5	37,767	28,605	45,524	34,772
Current portion of long - term lease liabilities	3, 5, 14	1,370	-	3,139	-
Accrued income tax		20,691	-	20,691	-
Value added tax payable		5,760	2,481	3,541	1,149
Accrued expenses	12	19,635	30,156	16,031	24,674
Accrued dividend	16	31,500	-	31,500	-
Deposit received in advance from customer	5	18,583	-	18,583	-
Other current liabilities		8,143	6,904	5,548	5,921
Total Current Liabilities		398,788	350,380	399,896	353,750
NON-CURRENT LIABILITIES					
Employee benefits obligation	5, 13	21,108	20,625	17,339	16,925
Long - term lease liabilities - net	3, 5, 14	7,781	-	38,322	-
Deferred tax liabilities - net	15	15,963	17,836	5,961	6,013
Total Non-Current Liabilities		44,852	38,461	61,622	22,938
TOTAL LIABILITIES		443,640	388,841	461,518	376,688

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	31 March 2020 (Unaudited but Reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but Reviewed)	31 December 2019 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)				
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht 1 par value				
- Registered 549,999,244 shares	550,000	550,000	550,000	550,000
- Issued and paid - up 449,999,095 shares (2019 : 449,998,800 shares)	449,999	449,999	449,999	449,999
Premium on share capital	121,762	121,762	121,762	121,762
Retained earnings				
- Appropriated for legal reserve	45,000	45,000	45,000	45,000
- Unappropriated	833,972	735,949	729,676	642,999
Other components of shareholder's equity	24,506	26,840	44,382	44,382
Shareholders' equity of the Company	1,475,239	1,379,550	1,390,819	1,304,142
Non-controlling interests in subsidiaries	(1,839)	(1,885)	-	-
NET SHAREHOLDERS' EQUITY	1,473,400	1,377,665	1,390,819	1,304,142
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,917,040	1,766,506	1,852,337	1,680,830

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		2020	2019	2020	2019
REVENUES					
Revenue from sales		1,453,205	1,431,905	1,458,602	1,391,405
Revenue from sales of by-product		30,661	31,808	29,367	30,181
Total revenues	5, 17	1,483,866	1,463,713	1,487,969	1,421,586
COSTS OF SALES					
Costs of sales	5, 17	(1,284,250)	(1,346,985)	(1,302,561)	(1,315,584)
Gross profit		199,616	116,728	185,408	106,002
Interest income	5, 17	411	248	727	598
Gain on exchange rate		10,092	-	11,076	-
Other income	5	4,584	4,219	5,276	4,036
Profit before expenses		214,703	121,195	202,487	110,636
Selling expenses	5, 17	(39,978)	(34,335)	(42,072)	(36,193)
Administrative expenses	5, 17	(23,831)	(23,084)	(18,947)	(18,428)
Loss on exchange rate		-	(2,427)	-	(2,043)
Total expenses		(63,809)	(59,846)	(61,019)	(56,664)
Profit before finance costs		150,894	61,349	141,468	53,972
Finance costs	5, 17	(2,223)	(3,286)	(2,643)	(3,345)
Profit before income tax		148,671	58,063	138,825	50,627
Income tax expense	15	(19,034)	(8,384)	(20,648)	(8,456)
Profit for the period		129,637	49,679	118,177	42,171
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss					
Translation adjustment for foreign currency financial statements - net of tax		(2,402)	(3,160)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		127,235	46,519	118,177	42,171
ALLOCATION OF PROFIT FOR THE PERIOD					
Portion of the Company's shareholders		129,523	49,733	118,177	42,171
Portion of non-controlling interests		114	(54)	-	-
		129,637	49,679	118,177	42,171
ALLOCATION OF COMPREHENSIVE INCOME FOR THE PERIOD					
Portion of the Company's shareholders		127,189	46,664	118,177	42,171
Portion of non-controlling interests		46	(145)	-	-
		127,235	46,519	118,177	42,171
BASIC EARNINGS PER SHARE					
Profit of the Company's shareholders (Baht per share)		0.288	0.111	0.263	0.094
Weighted average number of common shares (Unit : Thousand Shares)		449,999	449,999	449,999	449,999

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unaudited but reviewed)

(Unit : Thousand Baht)

Shareholders' equity of the Company												
Note	Other components of equity											
	Retained earnings				Other comprehensive income			Discount on dilution of investment in subsidiaries company	Total other components of equity	Shareholders' equity of the Company	Non-controlling interests	Total
	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated	Surplus on revaluation of land	Translation adjustment for foreign currency financial statement	Shareholders' equity of the Company					
Consolidated F/S												
Balance as at 1 January 2019	449,999	121,761	45,000	669,620	59,322	-	(29,817)	29,505	1,315,885	(1,699)	1,314,186	
Comprehensive income for the period	-	-	-	49,733	-	(3,069)	-	(3,069)	46,664	(145)	46,519	
Total comprehensive income for the period	-	-	-	49,733	-	(3,069)	-	(3,069)	46,664	(145)	46,519	
Balance as at 31 March 2019	449,999	121,761	45,000	719,353	59,322	(3,069)	(29,817)	26,436	1,362,549	(1,844)	1,360,705	
Balance as at 1 January 2020	449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665	
Dividend payment	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)	
Total transactions with shareholders	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)	
Comprehensive income for the period	-	-	-	129,523	-	(2,334)	-	(2,334)	127,189	46	127,235	
Total comprehensive income for the period	-	-	-	129,523	-	(2,334)	-	(2,334)	127,189	46	127,235	
Balance as at 31 March 2020	449,999	121,762	45,000	833,972	59,322	(4,999)	(29,817)	24,506	1,475,239	(1,839)	1,473,400	

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unaudited but reviewed)

(Unit : Thousand Baht)

	Note	Paid - up Share Capital	Premium on Share capital	Retained earnings		Other components of equity	Total
				Legal Reserve	Unappropriated	Other comprehensive income Surplus on reveluation of land	
Separate F/S							
Balance as at 1 January 2019		449,999	121,761	45,000	590,621	44,382	1,251,763
Comprehensive income for the period		-	-	-	42,171	-	42,171
Total comprehensive income for the period		-	-	-	42,171	-	42,171
Balance as at 31 March 2019		449,999	121,761	45,000	632,792	44,382	1,293,934
Balance as at 1 January 2020		449,999	121,762	45,000	642,999	44,382	1,304,142
Dividend payment	16	-	-	-	(31,500)	-	(31,500)
Total transactions with shareholders		-	-	-	(31,500)	-	(31,500)
Comprehensive income for the period		-	-	-	118,177	-	118,177
Total comprehensive income for the period		-	-	-	118,177	-	118,177
Balance as at 31 March 2020		449,999	121,762	45,000	729,676	44,382	1,390,819

The accompanying notes form an integral part of these interim financial statements.

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unaudited but reviewed)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
	(Unit : Thousand Baht)			
Cash flows from operating activities				
Profit before income tax	148,671	58,063	138,825	50,627
Adjustments to reconcile profit before income tax to net cash provided from operating activities:				
Reversal of allowance for doubtful debts	(147)	(314)	(155)	(278)
Provision (reversal of allowance) for decline value of inventories	1,137	(11,872)	1,137	(11,872)
Depreciation □	11,357	10,448	4,861	3,826
Loss (gain) on disposal and written off of fixed assets	-	(488)	-	12
Amortization	231	555	110	303
Interest income	(411)	(248)	(727)	(598)
Interest expense	2,223	3,286	2,643	3,345
Provision for post-employment benefits obligation	483	254	414	229
Cash flows provided from operations before changes in operating assets and liabilities	163,544	59,684	147,108	45,594
Decrease (increase) in operating assets:				
Trade and other accounts receivable	(23,757)	(75,937)	(69,292)	(43,737)
Inventories	15,112	57,825	25,330	19,408
Deposits for purchase of goods	(95,497)	198,786	(95,497)	198,786
Refundable value added tax	257	4,250	-	4,385
Advance payment for importing materials	(18,229)	-	(18,229)	-
Other current assets	(886)	(2,151)	(1,033)	(2,050)
Increase (decrease) in operating liabilities:				
Trade and other accounts payable	9,162	33,717	10,752	33,646
Accrued expenses	(10,521)	(9,526)	(8,637)	(7,709)
Value added tax payable	3,279	4,704	2,392	4,627
Deposit received in advance from customer	18,583	18,957	18,583	18,957
Other current liabilities	1,244	(613)	(373)	227
Cash received from operating activities	62,291	289,696	11,104	272,134
Interest payment	(2,228)	(3,438)	(2,649)	(3,498)
Income tax paid	(908)	(609)	(9)	(8)
Net cash provided from operating activities	59,155	285,649	8,446	268,628

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF CASH FLOWS (CONTINUED)
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

(Unaudited but reviewed)

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash flows from investing activities				
Interest income	411	222	727	572
Acquisition of building and equipment	(29,287)	(13,149)	(5,492)	(2,326)
Sale of equipment	-	521	-	21
Addition to intangible assets	(27)	(27)	(27)	-
Collection of loans to subsidiary	-	-	-	1,652
Short-term loan to subsidiary	-	-	(1,000)	-
Net cash used in investing activities	(28,903)	(12,433)	(5,792)	(81)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(26,895)	(248,770)	(26,895)	(248,770)
Repayment of short-term loans to subsidiary	-	-	(5,000)	(2,001)
Repayment for liabilities under finance lease agreement	(618)	(7)	-	(7)
Repayment for long-term lease liabilities	-	-	(1,138)	-
Net cash used in financing activities	(27,513)	(248,777)	(31,895)	(250,778)
Translation adjustment for foreign currency financial statements	(2,402)	(3,160)	-	-
Net increase (decrease) in cash and cash equivalents - net	337	21,279	(30,379)	17,769
Cash and cash equivalents at beginning of period	131,850	64,827	91,549	48,123
Cash and cash equivalents at end of period	132,187	86,106	61,170	65,892
Supplemental disclosure for cash flows information				
Non - cash transactions :				
Recognition of rights-of-use assets and long-term lease liabilities	9,769	-	42,599	-

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2020 AND 2019 (Unaudited but reviewed)

1. NATURE OF OPERATIONS

The Company

2S Metal Public Company Limited is engaged in the manufacturing of steel pipes, steel plates, light lip channel and steel wire mesh, and trading of steel products. The Company has following 3 subsidiaries that are engaged in its supporting businesses.

Its subsidiaries

- Neastern Steel Co., Ltd., registered in Thailand, is engaged in the manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh.
- Mega Trans and Logis Co., Ltd., registered in Thailand, is engaged in providing transportation services.
- Grand Steel Pipe Industry Co., Ltd., registered in Lao People's Democratic Republic, is engaged in the manufacturing of steel pipes, steel plates and light lip channel, and trading of steel products.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

2.1 General information of the company

2S Metal Public Company Limited is a public limited company incorporated and domiciled in Thailand. The address of its registered business office is 8/5 Moo 14, Tambon Thachang, Amphur Bangklam, Songkhla Province. The Company has three warehouses located in Nakhon Ratchasima, Bangkok and Suratthani Provinces.

2.2 Basis for interim financial statements preparation

The consolidated and separate interim financial statements for the three-month period ended 31 March 2020 are presented in Thai Baht. They have been prepared in accordance with TAS No. 34 'Interim Financial Reporting' and the financial reporting requirements promulgated by the Securities and Exchange Commission. These do not include all information in the same manner as required in the annual financial statements in accordance with TFRSs. They therefore, should be read in conjunction with the financial statements of the Company and subsidiaries for the year ended 31 December 2019.

The interim financial statements are officially prepared in Thai language. The translation of these financial statements into other language should conform to the official Thai version.

These interim financial statements were approved by the Company's Board of Directors on 13 May 2020.

2.3 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the logistics in which the Group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this report.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared using the same accounting policies used in the preparation of the financial statements of the Group for the year ended 31 December 2019, except for the adoption of the new and revised Thai Financial Reporting Standards, interpretations and guidance effective 1 January 2020.

3.1 Thai Financial Reporting Standards related to "Financial instruments"

TFRS 7	Financial instruments: Disclosure
TFRS 9	Financial instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

There are new requirements on the classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which are currently effective.

However, the adoption of these new standards has no significant impact on the interim financial statements of the Group.

3.2 Thai Financial Reporting Standard No.16 "Leases" (TFRS 16)

TFRS 16, the new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 "Leases", and several leases-related Interpretations. The new standard defines the leases to be recorded in the statement of financial position in the form of rights-of-use asset and a lease liabilities except short-term leases agreement with covering period of less than 12 months or with low value of asset and provides additional guidance in many areas.

Under the Thai Financial Reporting Standard No. 16 “Leases”, no significant changes to the accounting for lessors.

The Group recognition of the rights-of-use assets and lease liabilities affect the changes in nature of expenses related to those leases whereby the Group recognizes depreciation expenses from the rights-of-use assets with interest expense on lease liabilities instead of rental expenses from lease agreements.

However, the payments of short-term lease or leases of low-value assets will be recognized as expenses in profit or loss on a straight-line basis over the lease term.

The Group choose to use the modified retrospective approach for the first time adoption of TFRS 16 to recognize the rights-of-use assets and lease liabilities. This method will have no effect to the retained earnings as at 1 January 2020 and no restatement to the comparative information is required.

The measurement of lease liabilities at the 1 January 2020 are as follow:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separated F/S
	_____	_____
Operating lease commitments disclosed as at		
31 December 2019	3,788	2,400
<u>Add:</u> Right of purchase or extension options		
reasonably certain to be exercised	7,200	54,240
	_____	_____
	10,998	56,640
<u>Less:</u> Deferred interest expenses	(1,229)	(14,041)
Additional lease liabilities from TFRS 16 adoption	9,769	42,599
Finance lease liabilities as at 31 December 2019	-	-
	_____	_____
Lease liabilities as at 1 January 2020	9,769	42,599
	_____	_____
Comprised of;		
- Current portion of long-term lease liabilities	1,467	3,102
- Long-term lease liabilities - net	8,302	39,497
	_____	_____
Total	9,769	42,599
	_____	_____

3.3 Impact on the financial information

The adoption of Thai Financial Reporting Standards No. 16 has impact to the Group statements of financial position as of 1 January 2020 as follows:

(Unit: Thousand Baht)

	Consolidated F/S		
	The previous accounting policies	Adjustments	Restated
Statement of financial position			
Rights-of-use assets	-	16,026	16,026
Prepaid land rental expense	4,003	(4,003)	-
Leasehold rights	2,254	(2,254)	-
Long-term lease liabilities	-	9,769	9,769

(Unit: Thousand Baht)

	Separate F/S		
	The previous accounting policies	Adjustments	Restated
Statement of financial position			
Rights-of-use assets	-	43,423	43,423
Prepaid land rental expense	824	(824)	-
Long-term lease liabilities	-	42,599	42,599

4. ESTIMATES

When preparing the interim financial statements, management undertakes judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, are the same as those applied in the annual financial statements for the year ended 31 December 2019.

5. RELATED PARTY TRANSACTIONS

The Group has significant transactions with related parties that are related through common shareholding and/or directorship. Thus, the consolidated and separate financial statements reflect the effects of those transactions on the basis agreed upon between the Group and its related parties, which might be different from the basis used for transactions with unrelated parties.

Pricing policies

Transactions	Pricing policies
Revenue from sales, purchase of goods and transportation service	Agreed-upon basis based on market price
Rent of assets and other service income and expenses	Mutually agreed
Interest income and expenses	As specified in agreement
Manufacturing cost	Cost plus margin at 22% - 23%

Significant balances with related parties as at 31 March 2020 and 31 December 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Trade and other accounts receivable				
Subsidiary companies	-	-	151,340	103,382
Related company	19,981	41,570	19,981	41,570
Total	19,981	41,570	171,321	144,952
Short-term loans and interest receivable				
Subsidiary company	-	-	18,416	17,416
Long-term loans receivable				
Subsidiary company	-	-	15,386	15,386
Total loans and interest receivable	-	-	33,802	32,802

Significant movements in loans to subsidiary and accrued interest income for the three-month period ended 31 March 2020 are as follows:

	(Unit: Thousand Baht)			
	1 January	During the period		31 March
	2020	Increase	Decrease	2020
Subsidiary company	32,802	1,000	-	33,802

Short-term loans to subsidiary in Thailand have been granted without collateral and bear interest at MRR per annum and are repayable on demand.

Long term loans to the subsidiary in Thailand have been granted without collateral and bear interest at 4.00 percent per annum, which is payable monthly, while the principal is due at the end of year 2021.

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Short-term loans and accrued interest payable				
Subsidiary company	-	-	-	5,000
Trade and other accounts payable				
Subsidiary companies	-	-	11,134	10,121
Related companies	16,745	11,510	16,745	11,510
Total	16,745	11,510	27,879	21,631
Long-term lease liabilities				
Subsidiary companies	-	-	33,696	-
Related company	6,067	-	6,067	-
Total	6,067	-	39,763	-
Deposit received in advance from customer				
Related company	18,583	-	18,583	-
Employee benefits obligation				
Key management personnel				
- Post-employment benefits	12,904	12,656	10,175	9,973

Significant movements in loans and accrued interest payable to subsidiary for the three-month period ended 31 March 2020 are as follows:

	(Unit: Thousand Baht)			
	1 January	During the period		31 March
	2020	Increase	Decrease	2020
Subsidiary company	5,000	2,001	(7,001)	-

Loans from subsidiary in Thailand have been obtained without collateral and bear interest at 3.40 percent per annum, which approximate market rates in Thailand. The principal amounts are repayable on demand.

Significant transactions with related parties for the three-month period ended 31 March 2020 and 2019 are as follows:

Transaction with related parties	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the three-month periods ended 31 March			
	2020	2019	2020	2019
Revenue from sales				
Related companies	116,554	68,220	116,554	68,220
Subsidiary companies	-	-	67,320	35,077
Total	116,554	68,220	183,874	103,297
Asset rental and other service income				
Subsidiary company	-	-	115	65
Interest income				
Subsidiary company	-	-	316	350
Purchase of goods and service				
Related companies	185,933	119,595	185,933	119,595
Manufacturing costs				
Subsidiary company	-	-	25,954	21,649
Transportation service				
Subsidiary company	-	-	18,944	17,301
Assets rental and other service expense				
Related company	300	300	300	300
Subsidiary companies	-	-	1,331	1,337
Total	300	300	1,631	1,637

Transaction with related parties	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the three-month periods ended 31 March			
	2020	2019	2020	2019
Interest expense				
Subsidiary company	-	-	26	59
Key management personnel compensation				
Short-term employee benefits	5,625	5,502	4,252	4,146
Post-employment benefits	248	153	202	137
Total	5,873	5,655	4,454	4,283

As at 31 March 2020, a subsidiary company jointly guaranteed the Company's credit facilities granted by a financial institution totaling Baht 37.98 million by mortgaging land amounting to Baht 6 million as a secondary guarantee.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Trade accounts receivable – general customers	352,991	307,497	342,903	299,825
Trade accounts receivable – related companies	19,981	41,570	171,321	144,952
Total	372,972	349,067	514,224	444,777
Other accounts receivable – general customers	9	10	-	-
Total	9	10	-	-
Total trade and other accounts receivable	372,981	349,077	514,224	444,777

Aging analysis of the trade accounts receivable - general customers and related companies as at 31 March 2020 and 31 December 2019 are as follow:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<u>Trade accounts receivable - general customers and related companies</u>				
Not yet due	335,371	278,005	415,289	335,026
Past due:				
Less than 3 months	26,717	63,204	65,353	101,893
3 - 6 months	3,460	6,135	26,158	6,135
6 - 12 months	6,352	678	6,352	678
Over 12 months	9,548	9,668	9,404	9,532
Total	<u>381,448</u>	<u>357,690</u>	<u>522,556</u>	<u>453,264</u>
<u>Less</u> Allowance for doubtful accounts	(8,476)	(8,623)	(8,332)	(8,487)
Trade accounts receivable - general customers and related companies – net	<u>372,972</u>	<u>349,067</u>	<u>514,224</u>	<u>444,777</u>

During the period, the movements in allowance for doubtful accounts are as follows:

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
Balance as at 1 January 2020	(8,623)	(8,487)
<u>Add</u> Allowance for doubtful accounts	(8)	-
<u>Less</u> Reversal of allowance for doubtful accounts	155	155
Balance as at 31 March 2020	<u>(8,476)</u>	<u>(8,332)</u>

7. INVENTORIES – NET

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Raw materials	157,786	162,749	144,563	155,105
Work in process	62,346	62,749	55,805	56,983
Finished goods	317,009	326,562	263,692	276,657
Materials and goods in transit	3,118	3,844	3,118	3,844
Factory supplies	5,191	4,658	1,542	1,461
Total	545,450	560,562	468,720	494,050
<u>Less</u> Allowance for decline value of inventories	(4,453)	(3,316)	(4,453)	(3,316)
Net	540,997	557,246	464,267	490,734

During the period, the movements in allowance for decline value of inventories are as follows:

	(Unit: Thousand Baht)
	Consolidated and Separate F/S
Balance as at 1 January 2020	(3,316)
<u>Add</u> Additional allowance during the period	(3,198)
<u>Less</u> Reversal of allowance during the period	2,061
Balance as at 31 March 2020	(4,453)

8. INVESTMENTS IN SUBSIDIARIES

	(Unit : Thousand Baht)							
	Paid-up capital		Percentage of shareholding		Separate F/S			
					31 March 2020		31 December 2019	
	2020	2019	2020	2019	Investment		Investment	
				At cost	Dividend income	At cost	Dividend income	
Neastern Steel Co., Ltd.	90,000	90,000	99.99	99.99	99,000	-	99,000	-
Mega Trans and Logis Co., Ltd.	30,000	30,000	99.99	99.99	30,000	-	30,000	-
Grand Steel Pipe Industry Co., Ltd.	121,970	121,970	97.11	97.11	87,770	-	87,770	-
Total					216,770	-	216,770	-

9. PROPERTY, PLANT AND EQUIPMENT – NET

During the three-month period ended 31 March 2020, the Company and subsidiaries have the following condensed movements in property, plant and equipment:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Net book value as at 1 January 2020	552,032	256,336
Addition to fixed assets during the period	29,287	5,492
Disposal during the period	(8)	-
Accumulated depreciation – disposal items	8	-
Depreciation for the period	(10,694)	(3,805)
Net book value as at 31 March 2020	570,625	258,023

As at 31 March 2020 and 31 December 2019, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing products with book values amounting to Baht 109.92 million and Baht 111.07 million, respectively, in the consolidated financial statements, and Baht 99.03 million and Baht 100.02 million, respectively, in the separate financial statements are under mortgages as collaterals for bank overdrafts, loans and other credit facilities with financial institutions as mentioned in Notes 11 and 18.

10. RIGHTS-OF-USE ASSETS

During the three-month period ended 31 March 2020, the Company and subsidiaries have the following condensed movements in rights-of-use assets:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Net book value as at 1 January 2020 – After adjustment	16,026	43,423
Depreciation for the period	(663)	(1,056)
Net book value as at 31 March 2020	15,363	42,367

11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit: Thousand Baht)	
	Consolidated and Separate F/S	
	31 March 2020	31 December 2019
Promissory notes	150,000	150,000
Liabilities under trust receipt agreements	105,339	132,234
Total	255,339	282,234

Short-term loans from financial institutions bear interest at MIT, MLR – 3% to MRR per annum.

These are collateralized by the pledge of the fixed deposits, the mortgages of land and construction thereon and machinery as mentioned in Note 9, the transfer of the right to receive insurance claims, and cross guarantees among all related companies totaling Baht 840 million.

12. ACCRUED EXPENSES

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Accrued transportation	8,311	8,186	8,311	8,186
Accrued bonuses	3,497	13,209	2,665	10,660
Accrued utilities	3,113	2,943	2,485	1,365
Accrued salary and other employees benefits	2,728	3,776	1,146	3,013
Accrued other expenses	1,203	1,254	641	662
Accrued interest	783	788	783	788
Total	19,635	30,156	16,031	24,674

13. EMPLOYEE BENEFITS OBLIGATION

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Beginning balance	20,625	10,447	16,925	9,287
Provision expense recorded in the profit or loss				
- Current service costs	352	665	302	601
- Past service costs	-	4,097	-	3,296
- Finance costs	131	350	112	315
Loss from actuarial estimates charged to other comprehensive income	-	5,066	-	3,426
Ending balance	<u>21,108</u>	<u>20,625</u>	<u>17,339</u>	<u>16,925</u>

14. LONG-TERM LEASE LIABILITIES – NET

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Long-term lease liabilities as at 31 March 2020	10,278	55,000
<u>Less</u> Deferred interest	(1,127)	(13,539)
Present value of liabilities under lease agreements	<u>9,151</u>	<u>41,461</u>
<u>Less</u> Current portion	(1,370)	(3,139)
Long-term lease liabilities	<u>7,781</u>	<u>38,322</u>

15. DEFERRED TAX AND INCOME TAX

Income tax

Income tax recognized in the statement of profit or loss and other comprehensive income for the three-month periods ended 31 March 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the three-month periods ended 31 March			
	2019	2018	2019	2018
Current income tax	20,907	8,502	20,700	8,502
Deferred tax from temporary differences	(1,873)	(118)	(52)	(46)
Total income tax expenses	19,034	8,384	20,648	8,456

Deferred income tax asset and liability

The movements in deferred income tax assets/liabilities are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S			
	Recognised as income (expense)			
	1 January 2020	Statement of income	Other comprehensive income	31 March 2020
Deferred tax assets from:				
Provision for employee benefits obligation	4,125	96	-	4,221
Allowance for doubtful of accounts receivable	1,697	(31)	-	1,666
Deferred tax liabilities from:				
Surplus from fair value of land, buildings and equipment	(23,658)	1,808	-	(21,850)
Deferred tax liabilities, net	(17,836)	1,873	-	(15,963)

	(Unit : Thousand Baht)			
	Separate F/S			
	Recognised as income (expense)			
	1 January 2020	Statement of income	Other comprehensive income	31 March 2020
Deferred tax assets from:				
Provision for employee benefits obligation	3,385	83	-	3,468
Allowance for doubtful of accounts receivable	1,697	(31)	-	1,666
Deferred tax liabilities from:				
Surplus from fair value of land	(11,095)	-	-	(11,095)
Deferred tax liabilities, net	(6,013)	52	-	(5,961)

As at 31 March 2020, the Company and subsidiaries have not recognized deferred tax assets as follows:

- In the consolidated financial statements, the subsidiary's taxable loss carried forward of Baht 12.64 million (31 December 2019: Baht 14.53 million) since the subsidiary believe that future taxable profits may not be sufficient to utilize unused tax losses.
- In the consolidated financial statements and separate financial statements – the effect on allowance for decline value of inventories of Baht 4.45 million (31 December 2019: Baht 3.32 million) since the Company is in the process to determine the effect in the future.

On 15 July 2019, the Company was granted for corporate income tax exemption privileges under the promotion of investment from the Board of Investment on profit derived from the promoted activities not more than 50 percent of the investment totaling Baht 26.60 million for a period of three years commencing from the start of revenue recognition on 4 September 2019.

16. DIVIDEND PAYMENT

At the Board of Director Meeting No. 2/2020 held on 25 March 2020, the board of directors passed a resolution to approve the payment of interim dividend from non-promoted profit and retained earnings as at 31 December 2019 of Baht 0.07 per share for 450 million common shares totaling Baht 31.50 million. The interim dividend is to be paid on 21 April 2020.

17. SEGMENT REPORTING

Segment reporting for the three-month periods ended 31 March 2020 and 2019 are as follows:

(Unit : Million Baht)

	Consolidated F/S							
	For the three-month periods ended 31 March							
	Trading (Including raw material)		Manufacture and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	420.70	411.08	1,063.17	1,052.63	-	-	1,483.87	1,463.71
Revenues from inter-segments	64.67	34.03	27.36	21.65	(92.03)	(55.68)	-	-
Total revenues	485.37	445.11	1,090.53	1,074.28	(92.03)	(55.68)	1,483.87	1,463.71
Interest income	0.21	0.19	0.54	0.47	(0.34)	(0.41)	0.41	0.25
Interest expense	(0.84)	(1.04)	(2.13)	(2.66)	0.75	0.41	(2.22)	(3.29)
Depreciation and amortization expenses	-	-	(12.28)	(11.03)	0.69	0.03	(11.59)	(11.00)
Segment profits (losses)	16.00	8.80	102.97	37.60	(0.45)	3.28	129.64	49.68
Segment assets	590.45	501.22	1,326.62	1,209.70	-	-	1,917.07	1,710.92
Increase in segment non-current assets	-	-	18.16	2.14	-	-	18.16	2.14
Segment liabilities	-	-	398.79	350.21	-	-	398.79	350.21

The Group disclosed the revenue disaggregated by primary geographical area follows:

(Unit : Million Baht)

	Consolidated F/S							
	Trading (include raw materials)		Manufacture and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Local	485.37	445.11	1,028.55	998.12	(91.52)	(21.65)	1,422.40	1,421.58
Lao People's Democratic Republic	-	-	61.98	76.16	(0.51)	(34.03)	61.47	42.13
Total	485.37	445.11	1,090.53	1,074.28	(92.03)	(55.68)	1,483.87	1,463.71

18. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2020, the Company has commitments and contingent liabilities as follows:

- 18.1 The Company has two agreements dated 19 November 2007 and 5 January 2019 with other persons for the rent of land where two warehouses located in Surat Thani province for 15 and 7 years, respectively. The rent for this land is Baht 0.50 million per annum. When the land-lease agreements expire, the ownership of the warehouses will become the properties of the lessor, except for the building's equipment that should be returned to the Company.
- 18.2 A subsidiary has two land-lease agreements dated 2 August 2011 and 1 August 2015 with other persons for the right to use land located in Vientiane for 15 and 30 years, respectively. The rent for this land is Baht 0.46 million per annum. When the land-lease agreements expire, the ownership of the warehouses which are located on leased land will become the properties of the lessor.
- 18.3 The Company has agreements dated 1 January 2020 with related company for the rent of land where warehouse is located in Sumut Prakan province for 3 years. The rent for this land is Baht 1.20 million per annum.
- 18.4 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 943.36 million and Baht 70.71 million, respectively, in the consolidated and separate financial statements.

18.5 As at 31 March 2020 and 31 December 2019, the credit facilities of the Company and subsidiary are as follows:

(Unit: Million Baht)

		Consolidated F/S					
		31 March 2020			31 December 2019		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	2.61	2.61	-	2.61	2.61	-
Bank overdrafts	Baht	15.00	-	15.00	15.00	-	15.00
Promissory note and trust receipt agreement	Baht	990.00	255.34	734.66	990.00	282.23	707.77

(Unit : Million Baht)

		Separate F/S					
		31 March 2020			31 December 2019		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	1.05	1.05	-	1.05	1.05	-
Bank overdrafts	Baht	10.00	-	10.00	10.00	-	10.00
Promissory note and trust receipt agreement	Baht	990.00	255.34	734.66	990.00	282.23	707.77

The above obligations are collateralized by same assets as for the credit facilities received from the financial institution as mentioned in Note 9.

19. FAIR VALUE MEASUREMENT

Fair value is the price that would be received from sell of asset or paid for liability for ordinary transactions between market participants at the measurement date.

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The fair values are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability were categorized in different levels of the fair value hierarchy, the fair value measurement is categorized entirely in the lowest hierarchy of the input that is significant to the entire measurement.

The carrying value of financial assets and liabilities of the Group are considered to approximate their fair value.

Non-financial assets measured at fair value as at 31 March 2020 are as follow;

		(Unit : Thousand Baht)			
		Consolidated F/S			
		Level 1	Level 2	Level 3	Total
Non-financial assets					
Land at re-appraised value	-	151,921	-	151,921	

		(Unit : Thousand Baht)			
		Separate F/S			
		Level 1	Level 2	Level 3	Total
Non-financial assets					
Land at re-appraised value	-	104,157	-	104,157	

The Group re-measured the land in 2015 using the Market Approach. The fair value is calculated using the market approach based on the comparable land price, then adjusted with factors which impact both the land and the comparable land. The Weighted Quality Score (WQS) is then used to define the land fair value.

As at 31 March 2020 and 31 December 2019, the Company has forward exchange contract with a commercial bank to hedge the receipt and payment of foreign currencies. The Company has not recorded the forward exchange amount in the financial statements. The maturity dates of open forward exchange contracts which are not over 1 year are detailed as follow:

Contract Value		Contract Value	
Million USD currency		Million BAHT currency	
CONSOLIDATED and SEPARATE F/S		CONSOLIDATED and SEPARATE F/S	
2020	2019	2020	2019
8.00	6.00	260.65	181.55

The fair value, (level 2), of the derivatives with an open status at years ended are as follow:

	(Unit : Million Baht)	
	Consolidated and Separate F/S	
	2020	2019
Fair value of forward foreign currency contract	0.59	0.98

20. OTHER

As a consequence of the outbreak of the coronavirus disease 2019, the Board of Directors passed a resolution at the meeting on 25 march 2020 to postpone the annual general meeting of the shareholders for the year 2020 until the situation on the pandemic has improved.

21. EVENTS AFTER THE REPORTING PERIOD

As a result of the COVID-19 pandemic situation occurring in the early year 2020, a subsidiary of the Company operating in Laos People's Democratic Republic has to suspend its factory operations from 1 April 2020 to 4 May 2020. However, the management evaluated the impact on such event and believe that it will not have significant impact to the Group's consolidated financial statements.

At the Board of Directors Meeting No. 3/2020 held on 13 May 2020, the Board passed a resolution to call for the annual general meeting for the year 2020 on 25 June 2020. However, the Board of Directors has assigned Chief Operating Officer to consider changing the date, time, and place of the meeting in case of necessity.