

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

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

I have reviewed the consolidated and separate financial statements of 2S Metal Public Company Limited and its subsidiaries (the “Group”) as at 30 June 2023, the related consolidated and separate statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023, changes in shareholders’ equity and cash flows for the six-month period then ended, and condensed notes to the interim financial statements (collectively “the interim financial information”). 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".

Luxsamee Deetrakulwattanapol

Certified Public Accountant

Registration No. 9056

Grant Thornton Limited

Bangkok

8 August 2023

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited but Reviewed)	(Audited)	(Unaudited but Reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		693,506	595,294	683,346	587,359
Trade and other accounts receivable - net	5, 6	354,259	328,159	379,464	347,046
Inventories - net	7	596,315	651,997	581,725	638,824
Deposits for purchase of goods	5	12,202	19,510	12,202	19,510
Short-term loans and accrued interest receivable - subsidiaries	5	-	-	72,421	65,921
Refundable value added tax		338	7,621	-	7,621
Refundable income tax		5,088	10,141	1,751	1,751
Other current assets		18,355	5,131	5,318	3,035
Total Current Assets		1,680,063	1,617,853	1,736,227	1,671,067
NON-CURRENT ASSETS					
Investments in subsidiaries	8	-	-	216,770	216,770
Long-term loans receivable - subsidiary	5	-	-	9,400	9,400
Property, plant and equipment - net	9	630,423	639,052	274,775	277,822
Rights-of-use assets - net	10	12,829	8,978	74,790	73,292
Investment property - net		766	934	-	-
Intangible assets - net		625	805	528	684
Goodwill		15,086	15,086	-	-
Other non-current assets		2,288	2,300	1,485	1,496
Deferred tax assets		1,550	1,012	-	-
Total Non-Current Assets		663,567	668,167	577,748	579,464
TOTAL ASSETS		2,343,630	2,286,020	2,313,975	2,250,531

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited but Reviewed)	(Audited)	(Unaudited but Reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	11	-	150,000	-	150,000
Trade and other accounts payable	5	238,907	46,038	244,419	50,194
Current portion of liabilities under					
finance lease agreements	12	1,550	1,343	5,696	5,390
Current portion of employee benefits obligation		3,270	-	2,544	-
Accrued income tax		3,089	-	3,088	-
Value added tax payable		11,112	226	11,092	-
Accrued expenses		23,846	31,770	19,078	25,323
Other current liabilities		9,227	5,929	7,470	4,350
Total Current Liabilities		291,001	235,306	293,387	235,257
NON-CURRENT LIABILITIES					
Employee benefits obligation		17,026	19,094	12,919	16,993
Long-term lease liabilities - net	12	6,749	2,875	73,936	72,160
Deferred tax liabilities - net		12,694	13,311	4,681	4,672
Total Non-Current Liabilities		36,469	35,280	91,536	93,825
TOTAL LIABILITIES		327,470	270,586	384,923	329,082

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	30 June 2023 (Unaudited but Reviewed)	31 December 2022 (Audited)	30 June 2023 (Unaudited but Reviewed)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)				
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht 1 par value				
- Registered 549,997,741 shares	549,998	549,998	549,998	549,998
- Issued and paid - up 549,995,954 shares	549,996	549,996	549,996	549,996
Premium on share capital	121,762	121,762	121,762	121,762
Retained earnings				
- Appropriated for legal reserve	55,000	55,000	55,000	55,000
- Unappropriated	1,271,601	1,272,462	1,157,912	1,150,309
Other components of shareholder's equity	20,322	18,613	44,382	44,382
Shareholders' equity of the Company	2,018,681	2,017,833	1,929,052	1,921,449
Non-controlling interests in subsidiaries	(2,521)	(2,399)	-	-
NET SHAREHOLDERS' EQUITY	2,016,160	2,015,434	1,929,052	1,921,449
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,343,630	2,286,020	2,313,975	2,250,531

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED 30 JUNE

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		2023	2022	2023	2022
REVENUES					
Revenue from sales		1,494,186	1,596,350	1,457,567	1,596,165
Revenue from sales of by-product		29,538	41,461	27,828	40,115
Total revenues	5, 15	1,523,724	1,637,811	1,485,395	1,636,280
COSTS OF SALES					
Costs of sales	5	(1,456,497)	(1,630,332)	(1,425,691)	(1,635,344)
Gross profit		67,227	7,479	59,704	936
Interest income	5, 15	1,126	539	2,103	876
Other income	5	10,454	12,329	11,508	14,022
Profit before expenses		78,807	20,347	73,315	15,834
Selling expenses	5	(37,612)	(34,048)	(34,204)	(32,818)
Administrative expenses	5	(27,730)	(27,613)	(23,689)	(21,728)
Loss on exchange rate		(7,410)	(18,826)	(2,079)	(286)
Total expenses		(72,752)	(80,487)	(59,972)	(54,832)
Profit (loss) before finance cost		6,055	(60,140)	13,343	(38,998)
Finance cost	15	(88)	(422)	(974)	(1,382)
Profit (loss) before income tax		5,967	(60,562)	12,369	(40,380)
Income tax expense	13	18,959	6,951	18,303	6,847
Profit (loss) for the period		24,926	(53,611)	30,672	(33,533)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items to be not reclassified subsequently to profit or loss					
Actuarial loss - net of tax		-	-	-	-
Items to be reclassified subsequently to profit or loss					
Translation adjustment for foreign currency financial statements - net of tax		1,088	(10,978)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		26,014	(64,589)	30,672	(33,533)
ALLOCATION OF PROFIT (LOSS) FOR THE PERIOD					
Portion of the Company's shareholders		25,089	(53,109)	30,672	(33,533)
Portion of non-controlling interests		(163)	(502)	-	-
		24,926	(53,611)	30,672	(33,533)
ALLOCATION OF COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD					
Portion of the Company's shareholders		26,146	(63,771)	30,672	(33,533)
Portion of non-controlling interests		(132)	(818)	-	-
		26,014	(64,589)	30,672	(33,533)
BASIC EARNINGS (LOSS) PER SHARE					
Profit (loss) of the Company's shareholders (Baht per share)		0.045	(0.097)	0.056	(0.061)
Weighted average number of common shares (Unit : Thousand Shares)		549,996	549,996	549,996	549,996

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		2023	2022	2023	2022
REVENUES					
Revenue from sales		3,334,667	3,420,388	3,280,554	3,371,900
Revenue from sales of by-product		70,437	78,012	67,374	75,456
Total revenues	5, 15	3,405,104	3,498,400	3,347,928	3,447,356
COSTS OF SALES					
Costs of sales	5	(3,168,223)	(3,378,415)	(3,124,301)	(3,348,145)
Gross profit		236,881	119,985	223,627	99,211
Interest income	5, 15	1,619	1,227	3,548	1,790
Other income	5	21,529	23,249	24,600	24,617
Profit before expenses		260,029	144,461	251,775	125,618
Selling expenses	5	(79,957)	(68,692)	(75,022)	(67,901)
Administrative expenses	5	(58,166)	(55,219)	(49,855)	(45,391)
Loss on exchange rate		(11,592)	(22,894)	(6,647)	(533)
Total expenses		(149,715)	(146,805)	(131,524)	(113,825)
Profit (loss) before finance costs		110,314	(2,344)	120,251	11,793
Finance costs	15	(133)	(482)	(1,923)	(2,371)
Profit (loss) before income tax		110,181	(2,826)	118,328	9,422
Income tax expense	13	(1,853)	(1,650)	(2,686)	(1,520)
Profit (loss) for the period		108,328	(4,476)	115,642	7,902
OTHER COMPREHENSIVE INCOME (LOSS)					
Items to be not reclassified subsequently to profit or loss					
Actuarial loss - net of tax		638	-	1,961	-
Items to be reclassified subsequently to profit or loss					
Translation adjustment for foreign currency financial statements - net of tax		1,760	(4,413)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		110,726	(8,889)	117,603	7,902
ALLOCATION OF PROFIT (LOSS) FOR THE PERIOD					
Portion of the Company's shareholders		108,501	(3,989)	115,642	7,902
Portion of non-controlling interests		(173)	(487)	-	-
		108,328	(4,476)	115,642	7,902
ALLOCATION OF COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD					
Portion of the Company's shareholders		110,848	(8,329)	117,603	7,902
Portion of non-controlling interests		(122)	(560)	-	-
		110,726	(8,889)	117,603	7,902
BASIC EARNINGS (LOSS) PER SHARE					
Profit (loss) of the Company's shareholders (Baht per share)		0.197	(0.008)	0.210	0.014
Weighted average number of common shares (Unit : Thousand Shares)		549,996	549,996	549,996	549,996

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Unit : Thousand Baht)

	Shareholders' equity of the Company											
	Retained earnings				Other components of equity							
	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated	Other comprehensive income				Shareholders' equity of the Company	Non-controlling interests	Total	
					Surplus on revaluation of land	Remeasurements of post-employment benefit obligarion	Translation adjustment for foreign currency financial statement	Discount on dilution of investment in subsidiaries company				Total other components of equity
Consolidated F/S												
Balance as at 1 January 2022	499,998	121,762	50,000	1,584,633	59,322	-	(6,639)	(29,817)	22,866	2,279,259	(1,436)	2,277,823
Increased in capital	49,998	-	-	-	-	-	-	-	-	49,998	-	49,998
Dividend payment	-	-	-	(184,995)	-	-	-	-	-	(184,995)	-	(184,995)
Total transactions with shareholders	49,998	-	-	(184,995)	-	-	-	-	-	(134,997)	-	(134,997)
Comprehensive income for the period	-	-	-	(3,989)	-	-	(4,340)	-	(4,340)	(8,329)	(560)	(8,889)
Total comprehensive income for the period	-	-	-	(3,989)	-	-	(4,340)	-	(4,340)	(8,329)	(560)	(8,889)
Balance as at 30 June 2022	549,996	121,762	50,000	1,395,649	59,322	-	(10,979)	(29,817)	18,526	2,135,933	(1,996)	2,133,937
Balance as at 1 January 2023	549,996	121,762	55,000	1,272,462	59,322	-	(10,892)	(29,817)	18,613	2,017,833	(2,399)	2,015,434
Dividend payment	-	-	-	(110,000)	-	-	-	-	-	(110,000)	-	(110,000)
Total transactions with shareholders	-	-	-	(110,000)	-	-	-	-	-	(110,000)	-	(110,000)
Comprehensive income for the period	-	-	-	108,501	-	638	1,709	-	2,347	110,848	(122)	110,726
Transfer on actuarial loss	-	-	-	638	-	(638)	-	-	(638)	-	-	-
Total comprehensive income for the period	-	-	-	109,139	-	-	1,709	-	1,709	110,848	(122)	110,726
Balance as at 30 June 2023	549,996	121,762	55,000	1,271,601	59,322	-	(9,183)	(29,817)	20,322	2,018,681	(2,521)	2,016,160

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

(Unaudited but reviewed)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Unit : Thousand Baht)

			Retained earnings		Other components of equity		Total
	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated	Other comprehensive income		
					Surplus on revaluation of land	Remeasurements of post- employment benefit obligarion	
Separate F/S							
Balance as at 1 January 2022	499,998	121,762	50,000	1,434,973	44,382	-	2,151,115
Increased in capital	49,998	-	-	-	-	-	49,998
Dividend payment	-	-	-	(184,995)	-	-	(184,995)
Total transactions with shareholders	49,998	-	-	(184,995)	-	-	(134,997)
Comprehensive income for the period	-	-	-	7,902	-	-	7,902
Total comprehensive income for the period	-	-	-	7,902	-	-	7,902
Balance as at 30 June 2022	549,996	121,762	50,000	1,257,880	44,382	-	2,024,020
Balance as at 1 January 2023	549,996	121,762	55,000	1,150,309	44,382	-	1,921,449
Dividend payment	-	-	-	(110,000)	-	-	(110,000)
Total transactions with shareholders	-	-	-	(110,000)	-	-	(110,000)
Comprehensive income for the period	-	-	-	115,642	-	1,961	117,603
Transfer on actuarial loss	-	-	-	1,961	-	(1,961)	-
Total comprehensive income for the period	-	-	-	117,603	-	-	117,603
Balance as at 30 June 2023	549,996	121,762	55,000	1,157,912	44,382	-	1,929,052

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

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit (loss) before income tax	110,181	(2,826)	118,328	9,422
Adjustments to reconcile profit before income tax to net cash provided from operating activities:				
Provision (reversal) for doubtful debts	1,483	(38)	1,483	50
Provision (reversal) of allowance for decline value of inventories	(3,385)	90,117	(2,763)	90,117
Depreciation □	26,733	24,353	12,477	12,558
Unrealized loss on exchange rate	2,190	2,026	-	-
Loss (gain) on disposal fixed assets	(20)	21	(20)	-
Amortization	983	323	959	298
Interest income	(1,619)	(1,227)	(3,548)	(1,790)
Interest expense	133	482	1,923	2,371
Provision for employee benefits obligation	2,000	806	922	715
Cash flows provided from operations before changes in operating assets and liabilities	138,679	114,037	129,761	113,741
Decrease (increase) in operating assets:				
Trade and other accounts receivable	(27,583)	2,819	(33,901)	(7,739)
Inventories	59,067	(180,224)	59,862	(210,882)
Deposits for purchase of goods	7,308	(2)	7,308	(2)
Refundable value added tax	7,283	(29,528)	7,621	(28,621)
Refundable income tax	5,053	34	-	-
Other current assets	(11,275)	1,029	(2,283)	(231)
Other non-current assets	12	46	10	45
Increase (decrease) in operating liabilities:				
Trade and other accounts payable	191,944	15,137	193,637	15,895
Accrued expenses	(7,902)	(12,564)	(6,223)	(8,797)
Value added tax payable	10,886	(4,095)	11,092	(3,572)
Other current liabilities	3,298	1,038	3,120	(56)
Cash received from (provided) operating activities	376,770	(92,273)	370,004	(130,219)
Interest payment	(155)	(420)	(1,945)	(2,309)
Income tax paid	(2,028)	(63,910)	(79)	(55,577)
Net cash received from (used in) operating activities	374,587	(156,603)	367,980	(188,105)

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2023	2022	2023	2022
Cash flows from investing activities				
Interest received	1,619	1,227	3,548	1,790
Acquisition of building and equipment	(16,183)	(45,016)	(5,660)	(12,574)
Sale of equipment	227	51	226	-
Short-term loan granted to subsidiary	-	-	(11,500)	(24,002)
Net cash used in investing activities	(14,337)	(43,738)	(13,386)	(34,786)
Cash flows from financing activities				
Repayment for short-term loans from financial institutions	(150,000)	94,825	(150,000)	94,825
Proceeds from short-term loans from subsidiary	-	-	5,000	3,286
Repayment for liabilities under finance lease agreement	(1,608)	(986)	(3,607)	(2,890)
Dividend paid	(110,000)	(134,997)	(110,000)	(134,997)
Net cash used in financing activities	(261,608)	(41,158)	(258,607)	(39,776)
Exchange rate loss on cash and cash equivalents	(430)	(6,439)	-	-
Net increase (decrease) in cash and cash equivalents - net	98,212	(247,938)	95,987	(262,667)
Cash and cash equivalents at beginning of period	595,294	352,593	587,359	330,383
Cash and cash equivalents at end of period	693,506	104,655	683,346	67,716
Supplemental disclosure for cash flows information				
Non - cash transactions :				
Account payable for purchase asset	925	-	588	-
Recognition right-of-use asset with lease liabilities	5,689	-	5,689	-

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023 (Unaudited but reviewed)

1. NATURE OF OPERATIONS

The Company

2S Metal Public Company Limited is a public limited company incorporated and domiciled in Thailand and engaged in the production of steel pipes, steel plates, light lip channel and steel wire mesh, and trading of steel products. The Company's registered business office address is 8/5 Moo 14, Tambon Thachang, Amphur Bangklam, Songkhla Province. The Company has three warehouses located in Nakhon Ratchasima, Bangkok and Suratthani Provinces. The Company has following 3 subsidiaries that are engaged in its supporting businesses. The Company and its subsidiaries call "The Group".

Its subsidiaries

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

2. GENERAL INFORMATION AND BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION

2.1 Basis for interim financial statements preparation

The consolidated interim financial statements for the three-month and six-month periods ended 30 June 2023 have been prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting" and the guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission and are presented in Thai Baht currency which do not include all the information required in annual financial statements in accordance with Thai Financial Reporting Standards. These should therefore be read in conjunction with the full set of financial statements for the year ended 31 December 2022.

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 8 August 2023.

2.2 Basic for consolidation financial statements preparation

The consolidated interim financial statements included the financial statements of 2S Metal Public Company Limited and its subsidiaries and are prepared on the same basis as applied for the preparation of consolidated financial statements for the year ended 31 December 2022. There has been no significant change in the subsidiaries during the period.

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 2022, except for the adoption of the revised Thai Financial Reporting Standards that become effective for the preparation financial statements for the period beginning on or after 1 January 2023.

Financial Reporting Standards which are amended and effective for the accounting period beginning on or after 1 January 2023 are as follows:

3.1 Thai Accounting Standard 16, "Property, Plant and Equipment"

The amendments prescribe the recognition of the proceeds from selling any items, produced while the entity is preparing that assets for its intended use, as revenue instead of deducting from the cost of an item of those Property Plant and Equipment.

3.2 Thai Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets"

The amendments are to clarify the incremental cost of fulfilling the contract and an allocation of other costs that relate directly to fulfilling contracts which need to be considered whether a contract is onerous.

3.3 Thai Accounting Standard 41, "Agriculture"

This standard was amended to remove the requirement to exclude cash flows for taxation when measuring fair value of biological assets.

3.4 Thai Financial Reporting Standard 1, "First-time Adoption of Thai Financial Reporting Standards"

The amendment provides the application for a subsidiary that is a first-time adopter to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent at the parent's date of transition to TFRS.

3.5 Thai Financial Reporting Standard 3, “Business Combinations”

This standard was amended to clarify the references to the present Conceptual Framework for Financial Reporting and added a consideration to recognize liabilities and contingent liabilities acquired from business combinations together with the contingent assets that cannot be recognized at the acquisition date.

3.6 Thai Financial Reporting Standard 9, “Financial Instruments”

The amendment is to clarify the fees in assessing derecognition of financial liabilities when performing the 10 percent test by included those fees paid net from fees received (only fees paid or received between the borrow and the lender, including fee paid or received by either the borrower or lender on the other's behalf).

However, the Group management considered that the application has no material impact on the financial statements.

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 2022.

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	Agree-upon basis based on market price
Rental of assets and other service income and expenses	Mutually agreed
Interest income and expenses	As specified in agreement
Manufacturing cost	Cost plus margin
Management compensation	According to the shareholders' meeting

Significant balances with related parties as of 30 June 2023 and 31 December 2022 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Trade and other accounts receivable				
Subsidiary companies	-	-	33,489	23,205
Deposits for purchase of goods				
Related company	-	9,654	-	9,654
Short-term loans and interest receivable				
Subsidiary companies	-	-	72,421	65,921
Long-term loans receivable				
Subsidiary companies	-	-	9,400	9,400
Total loans and interest receivable	-	-	81,821	75,321

Significant movements in loans to subsidiary and accrued interest receivable for the six-month period ended 30 June 2023 are as follows:

	(Unit : Thousand Baht)			
	1 January	During the period		30 June
	2023	Increase	Decrease	2023
Subsidiary companies	75,321	11,500	(5,000)	81,821

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 percent per annum. The interest is payable monthly while the principal amount is due at the end of year 2026.

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Trade and other accounts payable				
Subsidiary companies	-	-	9,040	8,900
Related companies	10,025	8,659	10,025	8,659
Total	10,025	8,659	19,065	17,559
Long-term lease liabilities				
Subsidiary companies	-	-	71,333	73,332
Related company	2,832	3,361	2,832	3,361
Total	2,832	3,361	74,165	76,693
Employee benefits obligation				
Key management personnel				
- Post-employment benefits	15,728	15,083	12,543	12,007

Significant transactions with related parties for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows:

Transaction with related parties	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the three-month period ended 30 June			
	2023	2022	2023	2022
Sales				
Related companies	67,866	109,226	67,866	109,226
Subsidiary companies	-	-	2,861	48,134
Total	67,866	109,226	70,727	157,360
Asset rental and other service income				
Subsidiary company	-	-	65	65
Interest income				
Subsidiary company	-	-	977	341
Purchase of goods and service				
Related parties	179,854	347,273	179,854	347,273
Manufacturing costs				
Subsidiary company	-	-	24,313	21,417
Transportation service				
Subsidiary company	-	-	16,898	17,533
Assets rental and other service expense				
Related company	300	300	300	300
Subsidiary companies	-	-	2,422	2,335
Total	300	300	2,722	2,635
Key management personnel compensation				
Short-term employee benefits	6,322	6,664	4,441	4,346
Post-employment benefits	322	178	268	156
Total	6,644	6,842	4,709	4,502

Transaction with related parties	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the six-month period ended 30 June			
	2023	2022	2023	2022
Sales				
Related companies	180,070	109,519	180,070	109,519
Subsidiary companies	-	-	17,479	71,601
Total	180,070	109,519	197,549	181,120
Asset rental and other service income				
Subsidiary company	-	-	620	131
Interest income				
Subsidiary company	-	-	1,929	568
Purchase of goods and service				
Related parties	424,732	621,508	424,732	621,508
Manufacturing costs				
Subsidiary company	-	-	52,390	41,546
Transportation service				
Subsidiary company	-	-	37,415	37,729
Assets rental and other service expense				
Related company	600	600	600	600
Subsidiary companies	-	-	4,867	4,720
Total	600	600	5,467	5,320
Key management personnel compensation				
Short-term employee benefits	12,531	12,447	8,792	8,692
Post-employment benefits	644	356	537	313
Total	13,175	12,803	9,329	9,005

As of 30 June 2023 and 31 December 2022, the Company's credit facilities granted by a financial institution totaling Baht 690 million has been jointly guaranteed by a subsidiary company by mortgaging land valuing Baht 6 million as a secondary guarantee.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Trade accounts receivable - general customers	354,250	328,151	345,975	323,841
Trade accounts receivable - subsidiary companies	-	-	33,489	23,205
Trade accounts receivable - related companies	-	-	-	-
Total	<u>354,250</u>	<u>328,151</u>	<u>379,464</u>	<u>347,046</u>
Other accounts receivable – general customers	<u>9</u>	<u>8</u>	<u>-</u>	<u>-</u>
Total trade and other accounts receivable	<u>354,259</u>	<u>328,159</u>	<u>379,464</u>	<u>347,046</u>

Aging analysis of the trade accounts receivable - general customers and related companies as of 30 June 2023 and 31 December 2022 are as follow:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
<u>Trade accounts receivable - general customers and related companies</u>				
Not yet due	327,197	289,517	334,209	292,523
Past due:				
Less than 3 months	24,630	33,260	22,514	35,435
More than 3 months – 6 months	1,066	927	4,247	927
More than 6 months – 12 months	1,245	1,379	4,245	15,097
Over 12 months	16,720	18,193	30,857	18,189
Total	<u>370,858</u>	<u>343,276</u>	<u>396,072</u>	<u>362,171</u>
<u>Less</u> Allowance for impairment	<u>(16,608)</u>	<u>(15,125)</u>	<u>(16,608)</u>	<u>(15,125)</u>
Trade accounts receivable - general customers and related companies – net	<u>354,250</u>	<u>328,151</u>	<u>379,464</u>	<u>347,046</u>

The movements in allowance for doubtful of accounts receivable during the period are as follows:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Balance as of 1 January 2023	(15,125)	(15,125)
<u>Add</u> Allowance for doubtful accounts during the year	(3,874)	(3,874)
<u>Less</u> Reversal of allowance for doubtful accounts	2,391	2,391
Balance as of 30 June 2023	<u>(16,608)</u>	<u>(16,608)</u>

7. INVENTORIES – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Raw materials	51,352	219,197	51,344	219,018
Work in process	24,678	58,733	22,755	57,618
Finished goods	293,648	374,296	284,489	364,355
Materials and goods in transit	232,627	9,346	232,627	9,346
Factory supplies	5,444	5,244	1,873	2,613
Total	<u>607,749</u>	<u>666,816</u>	<u>593,088</u>	<u>652,950</u>
<u>Less</u> Allowance for devalue of inventories during the period	<u>(11,434)</u>	<u>(14,819)</u>	<u>(11,363)</u>	<u>(14,126)</u>
Net	<u>596,315</u>	<u>651,997</u>	<u>581,725</u>	<u>638,824</u>

The movements in allowance for devalue of inventories during the period are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2023	2022	2023	2022
Balance as at 1 January	(14,819)	(17,964)	(14,126)	(17,964)
<u>Add</u> Allowance for devalue of inventories during the year	(14,764)	(151,092)	(14,694)	(150,399)
<u>Less</u> Reversal of devalue of inventories accounts	18,149	154,237	17,457	154,237
Balance as at 30 June	<u>(11,434)</u>	<u>(14,819)</u>	<u>(11,363)</u>	<u>(14,126)</u>

8. INVESTMENTS IN SUBSIDIARIES

(Unit : Thousand Baht)

	Paid-up capital		Percentage of shareholding		Separate F/S			
					30 June 2023		31 December 2022	
					Investment		Investment	
	2023	2022	2023	2022	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 six-month period ended 30 June 2023, 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 of 1 January 2023	639,052	277,822
Addition to fixed assets during the period	17,108	6,248
Disposal during the period	(272)	(255)
Accumulated depreciation on – disposed items	65	49
Depreciation for the period	(25,530)	(9,089)
Net book value as of 30 June 2023	630,423	274,775

As at 30 June 2023 and 31 December 2022, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing products with net book values amounting to Baht 49.01 million and Baht 55.76 million, respectively, in the consolidated financial statements, and Baht 40.31 million and Baht 41.87 million, respectively, in the separate financial statements, are under mortgages as collaterals for bank overdrafts, loans and other credit facilities with financial institutions.

10. RIGHTS-OF-USE ASSETS

During the six-month period ended 30 June 2023, the movement in rights-of-use assets are as follows:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Net book value as of 1 January 2023	8,978	73,292
Increased in period	5,689	5,689
Decreased in period	(803)	(803)
Depreciation for the period	(1,035)	(3,388)
Net book value as of 30 June 2023	<u>12,829</u>	<u>74,790</u>

11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)	
	Consolidated and Separate F/S	
	30 June 2023	31 December 2022
Liabilities under trust receipt	-	150,000
Total	<u>-</u>	<u>150,000</u>

As at 31 December 2022, the Company has short-term loans from financial institutions for the year ended 31 December 2022 bear interest at 2.68% 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 insurance beneficiary, and cross guarantees among all related companies totaling Baht 690 million.

12. LONG-TERM LEASE LIABILITIES – NET

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Long-term lease liabilities as of 30 June 2023	9,300	107,541
<u>Less</u> Deferred interest	(1,001)	(27,909)
Present value of liabilities under lease agreements	8,299	79,632
<u>Less</u> Current portion	(1,550)	(5,696)
Long-term lease liabilities	<u>6,749</u>	<u>73,936</u>

13. INCOME TAX

Income tax recognized in the statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the three-month period ended 30 June			
	2023	2022	2023	2022
Current income tax	(18,437)	(6,885)	(18,247)	(6,885)
Deferred tax from temporary differences	(522)	(66)	(56)	38
Total income tax expenses	<u>(18,959)</u>	<u>(6,951)</u>	<u>(18,303)</u>	<u>(6,847)</u>

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the six-month period ended 30 June			
	2023	2022	2023	2022
Current income tax	3,167	1,673	3,167	1,673
Deferred tax from temporary differences	(1,314)	(23)	(481)	(153)
Total income tax expenses	<u>1,853</u>	<u>1,650</u>	<u>2,686</u>	<u>1,520</u>

14. DIVIDEND PAYMENT

At the Annual General Meeting for the year 2022 held on 21 April 2022, shareholders passed a resolution to pay dividend from income from operation for year 2021 from non-promoted business by cash dividend amount of Baht 0.27 per share for 500 million common shares amount of Baht 135 million and stock dividend at the ratio of 10 existing shares per 1 stock dividend amount of Baht 0.10 per shares amount of Baht 50 million totaling Baht 185 million.

At the Annual General Meeting for the year 2023 on 19 April 2023, the shareholders passed the resolution to propose to for approval to pay dividend from operating results of the year 2022, the Company's financial statements has retained earnings – unappropriated amount of Baht 1,150.31 million, which was considered to pay dividends at the rate of 0.20 baht per share for 550 million common shares amounting to Baht 110 million. By the list of shareholders to receive the dividend appear on the shareholder register on 9 March 2023 as follow:

Dividend	Baht per share	Numbers of shares (Million shares)	Amount (Million Baht)
Cash dividend	0.20	550	110.00
Total	0.20		110.00

The dividend was paid on 18 May 2023.

15. SEGMENT REPORTING

Segment reporting for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows:

(Unit : Million Baht)

	Consolidated F/S							
	For the three-month period ended 30 June							
	Trading (Including raw material)		Manufacture and distribution of steel products		Eliminated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues from external customers	607.69	561.85	916.03	1,075.96	-	-	1,523.72	1,637.81
Revenues from inter-segments	0.05	38.95	25.21	28.03	(25.26)	(66.98)	-	-
Total revenues	607.74	600.80	941.24	1,103.99	(25.26)	(66.98)	1,523.72	1,637.81
Interest income	0.83	0.30	1.28	0.58	(0.98)	(0.34)	1.13	0.54
Interest expense	(0.76)	(0.57)	(1.18)	(1.11)	1.85	1.26	(0.09)	(0.42)
Depreciation and amortization expenses	-	-	(15.04)	(13.75)	1.34	1.34	(13.70)	(12.41)
Segment profits (loss)	7.02	(11.86)	17.30	(39.53)	0.61	(2.22)	24.93	(53.61)
Segment assets	919.52	764.92	1,424.11	1,581.92	-	-	2,343.63	2,346.84
Increase (Decrease) in segment non-current assets	(1.12)	6.49	(1.73)	13.41	-	-	(2.85)	19.90
Segment liabilities	128.48	69.39	198.99	143.52	-	-	327.47	212.91

(Unit : Million Baht)

	Consolidated F/S							
	For the six-month period ended 30 June							
	Trading (Including raw material)		Manufacture and distribution of steel products		Eliminated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues from external customers	1,313.38	1,185.95	2,091.72	2,312.45	-	-	3,405.10	3,498.40
Revenues from inter-segments	12.33	55.14	53.34	54.27	(65.67)	(109.41)	-	-
Total revenues	1,325.71	1,241.09	2,145.06	2,366.72	(65.67)	(109.41)	3,405.10	3,498.40
Interest income	1.36	0.61	2.19	1.19	(1.93)	(0.57)	1.62	1.23
Interest expense	(1.46)	(0.98)	(2.35)	(1.92)	3.68	2.42	(0.13)	(0.48)
Depreciation and amortization expenses	-	-	(29.59)	(27.36)	2.68	2.68	(26.91)	(24.68)
Segment profits (loss)	42.60	6.26	65.38	(12.54)	0.35	1.81	108.33	(4.47)
Segment assets	895.18	807.81	1,448.45	1,539.53	-	-	2,343.63	2,346.84
Increase (Decrease) in segment non-current assets	(1.76)	6.85	(2.84)	13.04	-	-	(4.60)	19.90
Segment liabilities	125.08	73.24	202.39	139.67	-	-	327.47	212.91

The Group discloses the revenue disaggregating by primary geographical area as follows:

(Unit : Million Baht)

	Consolidated F/S							
	For the three-month periods ended 30 June							
	Trading (Include raw materials)		Manufacture and distribution of steel products		Eliminated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Local	606.06	598.81	903.65	1,058.88	(25.26)	(66.98)	1,484.45	1,590.70
Lao People's Democratic Republic	1.68	1.99	37.59	45.11	-	-	39.27	47.11
Total	607.74	600.80	941.24	1,103.99	(25.26)	(66.98)	1,523.72	1,637.81

(Unit : Million Baht)

	Consolidated F/S							
	For the six-month periods ended 30 June							
	Trading (Include raw materials)		Manufacture and distribution of steel products		Eliminated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Local	1,322.53	1,234.07	2,077.78	2,254.83	(65.67)	(109.41)	3,334.64	3,379.48
Lao People's Democratic Republic	3.18	7.02	67.28	111.89	-	-	70.46	118.92
Total	1,325.71	1,241.09	2,145.06	2,366.72	(65.67)	(109.41)	3,405.10	3,498.40

16. COMMITMENTS AND CONTINGENT LIABILITIES

As of 30 June 2023, the Company has no changes in significant commitments and contingent liabilities that had changed from 31 December 2022, except the following:

- 16.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 566.66 million and Baht 1.90 million, respectively, in the consolidated and separate financial statements.

16.2 As of 30 June 2023, and 31 December 2022, the letter of guarantee and credit facilities of the Company and subsidiary are as follows:

(Unit : Million Baht)

		Consolidated F/S					
		30 June 2023			31 December 2022		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	8.81	1.56	7.25	8.81	1.56	7.25
Bank overdrafts	Baht	15.00	-	15.00	15.00	-	15.00
Promissory note and trust receipt agreement	Baht	690.00	-	690.00	690.00	150.00	540.00

(Unit : Million Baht)

		Separate F/S					
		30 June 2023			31 December 2022		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Bank overdrafts	Baht	10.00	-	10.00	10.00	-	10.00
Promissory note and trust receipt agreement	Baht	690.00	-	690.00	690.00	150.00	540.00

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

17. FAIR VALUE MEASUREMENT

Fair value is the price that would be received from sale 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 of 30 June 2023 are as follow;

(Unit : Thousand Baht)

	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
Non-financial assets				
Land at re-appraised value	-	156,621	-	156,621

(Unit : Thousand Baht)

	Separate F/S			
	Level 1	Level 2	Level 3	Total
Non-financial assets				
Land at re-appraised value	-	108,857	-	108,857

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.

18. EVENTS AFTER THE REPORTING PERIOD

At the Board of Director Meeting No. 3/2023 held on 8 August 2023, the directors passed a resolution to approve the payment of interim dividends from income for the six-month period end 30 June 2023 of Baht 0.10 per share for 550 million common shares totalling Baht 55 million. The dividend will be paid on 7 September 2023.