

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 2S Metal Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of 2S Metal Public Company Limited and its subsidiaries (the "Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2020, the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of 2S Metal Public Company Limited and its subsidiaries as at 31 December 2020, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
<p><u>Impairment of investments in subsidiaries and goodwill</u></p> <p>As at 31 December 2020, the separate financial statements include investments in subsidiaries amounting to Baht 216.77 million, and the consolidated financial statements include a goodwill of Baht 15.09 million which arose from a business combination in year 2015. In accordance with Thai Financial Reporting Standards, goodwill is required to be tested annually for impairment and investments in subsidiaries are required to be tested when there is an indicator of impairment.</p> <p>An impairment assessment requires significant judgement by management, specifically in determining the assumptions to develop the cash flows projections of the subsidiary and the selection of the of discount rate which may be affected by changes in the economic condition, market situation and specific risks.</p> <p>Refer to Notes 4.20, 11 and 18 which provide details of the impairment testing performed by management.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of how management identified impairment indicators and the testing process - Reviewing the supporting documents prepared by management to assess whether the goodwill is impaired at the end of year and assess the appropriateness of the valuation model and key assumptions used by management - Assessing the reasonableness of the discount rate applied to the estimated future cash flows - Testing the calculation of the recoverable amount - Review the sensitivity analysis provided by management and considered the impact to recoverable amount <p>Considering the adequacy and appropriateness of the disclosure of the assumptions, methodology and recoverable amount of goodwill and investment in subsidiary.</p>

Key audit matters	How the matter was addressed in the audit
<p><u>Inventories</u></p> <p>As at 31 December 2020, the Group and the Company have ending inventories of Baht 1,056.06 million and Baht 1,013.68 million, respectively.</p> <p>Inventories are carried in the financial statements at the lower of cost and net realizable value. The Group's management has estimated the net realizable value from the estimated selling price after the deduction of direct costs.</p> <p>However, steel prices are highly volatile depending on the demand and supply in the global market. As such the Group's managements have to highly use judgments in determining the selling prices of products and the determination of the net realizable values of inventories for preparation of the financial statements.</p> <p>Refer to Notes 4.12, 4.20 and 9 which provides details of the valuation of inventories.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the process to determine the net realizable value of inventories through inquiry of the Company's management and the tests of the current market prices of inventories and the purchase and sale commitments that may exist. - Evaluating the design of the internal control process and testing the operating effectiveness of the controls. - Performing substantive testing on a sample basis on the net realizable value of inventories - Reviewing the actual results for the year with the Company's historical estimation of allowance for declined value of inventories and future operating plan to evaluate the appropriateness of the Company's estimation relating to the valuation of inventories; and - Considering in the adequacy of the Company's disclosure in accordance with Thai Financial Reporting Standards

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available for my review after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to revise a material misstatement.

Responsibilities of Management and Those Charged with Governance for the Preparation of the Company's Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Company's Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks to and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Grant Thornton Limited

Bangkok

25 February 2021

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

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	132,111	131,850	119,255	91,549
Trade and other accounts receivable - net	6, 8, 30	275,391	349,077	313,869	444,777
Inventories - net	9	1,056,060	557,246	1,013,683	490,734
Deposits for purchase of goods		11,079	141,092	11,079	141,092
Short-term loans and accrued interest receivable - subsidiary	6, 30	-	-	32,802	17,416
Refundable value added tax		10,012	257	10,012	-
Refundable income tax		1,682	2,350	298	298
Other current assets		5,926	5,673	2,797	2,204
Total Current Assets		1,492,261	1,187,545	1,503,795	1,188,070
NON-CURRENT ASSETS					
Restricted deposits with banks	10, 30	72,357	1,052	72,357	1,052
Investments in subsidiaries	11	-	-	216,770	216,770
Long-term loans receivable - subsidiary	6	-	-	-	15,386
Property, plant and equipment - net	12	605,188	552,032	280,489	256,336
Rights-of-use assets - net	3, 13	13,547	-	87,270	-
Investment property - net	14	1,609	1,946	-	-
Prepaid land rental expense - net	15	-	4,003	-	824
Leasehold rights - net	3, 16	-	2,254	-	-
Intangible assets - net	17	1,303	1,647	1,055	1,454
Goodwill	18	15,086	15,086	-	-
Other non-current assets		1,541	941	1,537	938
Deferred tax assets	24	2,047	-	-	-
Total Non-Current Assets		712,678	578,961	659,478	492,760
TOTAL ASSETS		2,204,939	1,766,506	2,163,273	1,680,830

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

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

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	19, 30, 31	176,240	282,234	176,240	282,234
Short-term loans and accrued interest payable					
- subsidiary	6, 31	-	-	-	5,000
Trade and other accounts payable	6, 20, 30	149,090	28,605	155,582	34,772
Current portion of liabilities under					
finance lease agreements	6, 13, 30, 31	2,776	-	5,092	-
Accrued income tax		45,343	-	45,343	-
Value added tax payable		2,735	2,481	-	1,149
Accrued expenses	21	27,274	30,156	21,595	24,674
Other current liabilities		4,791	6,904	2,840	5,921
Total Current Liabilities		408,249	350,380	406,692	353,750
NON-CURRENT LIABILITIES					
Employee benefits obligation	6, 22	22,303	20,625	18,455	16,925
Liabilities under finance lease agreements - net	6, 13, 30, 31	5,702	-	82,890	-
Deferred tax liabilities - net	24	13,077	17,836	3,694	6,013
Total Non-Current Liabilities		41,082	38,461	105,039	22,938
TOTAL LIABILITIES		449,331	388,841	511,731	376,688

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

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

(Unit : Thousand Baht)

	Note	Consolidated F/S		Separate F/S	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
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		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	25.1	50,000	45,000	50,000	45,000
- Unappropriated		1,109,614	735,949	985,399	642,999
Other components of shareholders' equity		26,108	26,840	44,382	44,382
Shareholders' equity of the Company		1,757,483	1,379,550	1,651,542	1,304,142
Non-controlling interests in subsidiaries		(1,875)	(1,885)	-	-
NET SHAREHOLDERS' EQUITY		1,755,608	1,377,665	1,651,542	1,304,142
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,204,939	1,766,506	2,163,273	1,680,830

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		2020	2019	2020	2019
REVENUES					
Revenue from sales		5,484,167	5,281,847	5,428,829	5,256,993
Revenue from sales of by-product		118,858	114,427	114,452	109,306
Total revenues	6, 27, 28	<u>5,603,025</u>	<u>5,396,274</u>	<u>5,543,281</u>	<u>5,366,299</u>
COSTS OF SALES					
Costs of sales	6, 9, 26	(4,865,660)	(4,989,967)	(4,869,570)	(4,999,210)
Gross profit		<u>737,365</u>	<u>406,307</u>	<u>673,711</u>	<u>367,089</u>
Interest income	6, 27	2,059	1,478	3,375	2,764
Gain on exchange rate		-	-	436	-
Other income	6	20,837	16,188	22,418	18,681
Profit before expenses		<u>760,261</u>	<u>423,973</u>	<u>699,940</u>	<u>388,534</u>
Selling expenses	6, 26	(137,563)	(144,144)	(143,158)	(147,318)
Administrative expenses	6, 26	(109,944)	(99,697)	(91,246)	(80,245)
Loss from exchange rate	6, 26	(20,783)	(10,237)	-	(6,362)
Total expenses		<u>(268,290)</u>	<u>(254,078)</u>	<u>(234,404)</u>	<u>(233,925)</u>
Profit before finance costs		<u>491,971</u>	<u>169,895</u>	<u>465,536</u>	<u>154,609</u>
Finance costs	6, 27	(7,957)	(11,408)	(10,517)	(11,633)
Profit before income tax		<u>484,014</u>	<u>158,487</u>	<u>455,019</u>	<u>142,976</u>
Income tax expense	23	(73,817)	(25,212)	(76,119)	(24,857)
Profit for the year		<u>410,197</u>	<u>133,275</u>	<u>378,900</u>	<u>118,119</u>
OTHER COMPREHENSIVE INCOME					
Items to be reclassified subsequently to profit or loss					
Actuarial loss - net of tax		-	(4,053)	-	(2,741)
Translation adjustment for foreign currency financial statement - net of tax		(754)	(2,744)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>409,443</u>	<u>126,478</u>	<u>378,900</u>	<u>115,378</u>

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
ALLOCATION OF PROFIT FOR THE YEAR				
Portion of the Company's shareholders	410,165	133,382	378,900	118,119
Portion of non-controlling interests	32	(107)	-	-
	<u>410,197</u>	<u>133,275</u>	<u>378,900</u>	<u>118,119</u>
ALLOCATION OF TOTAL COMPREHENSIVE INCOME				
Portion of the Company's shareholders	409,433	126,664	378,900	115,378
Portion of non-controlling interests	10	(186)	-	-
	<u>409,443</u>	<u>126,478</u>	<u>378,900</u>	<u>115,378</u>
BASIC EARNINGS PER SHARE				
Profit of the Company's shareholders (Baht : Share)	0.91	0.30	0.84	0.26
Weighted average number of common shares (Unit : Thousand Shares)	<u>449,999</u>	<u>449,999</u>	<u>449,999</u>	<u>449,999</u>

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

Shareholders' equity of the Company											
Notes	Retained earnings				Other components of equity				Shareholders' equity of the Company	Non-controlling interests	Total
	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated	Other comprehensive income		Discount on dilution of investment in subsidiaries company	Total Other components of equity			
					Surplus on revaluation of land	Translation adjustment for foreign currency financial statements					
Consolidated F/S											
	449,999	121,761	45,000	669,620	59,322	-	(29,817)	29,505	1,315,885	(1,699)	1,314,186
	Balance as at 1 January 2019										
	Changes in shareholders' equity										
	-	1	-	-	-	-	-	-	1	-	1
	Warrant conversion to common share										
25.2	-	-	-	(63,000)	-	-	-	-	(63,000)	-	(63,000)
	Cash dividend paid										
	-	1	-	(63,000)	-	-	-	-	(62,999)	-	(62,999)
	Total transactions with shareholders										
	-	-	-	129,329	-	(2,665)	-	(2,665)	126,664	(186)	126,478
	Comprehensive income for the year										
	-	-	-	129,329	-	(2,665)	-	(2,665)	126,664	(186)	126,478
	Total comprehensive income for the year										
	449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665
	Balance as at 31 December 2019										
	449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665
	Balance as at 1 January 2020										
	Changes in shareholders' equity										
25.1	-	-	5,000	(5,000)	-	-	-	-	-	-	-
	Appropriation for legal reserve during the year										
25.2	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)
	Cash dividend paid										
	-	-	5,000	(36,500)	-	-	-	-	(31,500)	-	(31,500)
	Total transactions with shareholders										
	-	-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
	Comprehensive income for the year										
	-	-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
	Total comprehensive income for the year										
	449,999	121,762	50,000	1,109,614	59,322	(3,397)	(29,817)	26,108	1,757,483	(1,875)	1,755,608
	Balance as at 31 December 2020										

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Notes	Paid - up Share Capital	Premium on Share capital	Retained earnings		Other components of equity	Total
				Legal Reserve	Unappropriated	Other comprehensive income	
						Surplus on revaluation of land	
Separate F/S							
Balance as at 1 January 2019		449,999	121,761	45,000	590,621	44,382	1,251,763
Changes in shareholders' equity							
Warrant conversion to common share		-	1	-	-	-	1
Cash dividend paid	25.2	-	-	-	(63,000)	-	(63,000)
Total transactions with shareholders		-	1	-	(63,000)	-	(62,999)
Comprehensive income for the year		-	-	-	115,378	-	115,378
Total comprehensive income for the year		-	-	-	115,378	-	115,378
Balance as at 31 December 2019		449,999	121,762	45,000	642,999	44,382	1,304,142
Balance as at 1 January 2020		449,999	121,762	45,000	642,999	44,382	1,304,142
Changes in shareholders' equity							
Appropriation for legal reserve during the year	25.1	-	-	5,000	(5,000)	-	-
Cash dividend paid	25.2	-	-	-	(31,500)	-	(31,500)
Total transactions with shareholders		-	-	5,000	(36,500)	-	(31,500)
Comprehensive income for the year		-	-	-	378,900	-	378,900
Total comprehensive income for the year		-	-	-	378,900	-	378,900
Balance as at 31 December 2020		449,999	121,762	50,000	985,399	44,382	1,651,542

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	484,014	158,487	455,019	142,976
Adjustments to reconcile profit before income tax to net cash provided from operating activities:				
Provision (reversal of allowance) for doubtful debts	10,059	(1,497)	10,066	(417)
Reversal of allowance for decline value of inventories	(3,030)	(9,982)	(3,030)	(9,982)
Depreciation	46,682	42,223	21,034	15,705
Loss (gain) on disposal and written off of fixed assets	(106)	(439)	(105)	28
Amortization	593	2,165	426	1,112
Interest income	(2,059)	(1,478)	(3,375)	(2,764)
Interest expense	7,957	11,408	10,517	11,633
Provision for post employee benefits obligation	1,934	5,112	1,655	4,212
Cash flows provided from operations before changes in operating assets and liabilities	546,044	205,999	492,207	162,503
Decrease (increase) in operating assets:				
Trade and other accounts receivable	63,627	6,341	120,842	(7,033)
Inventories	(495,784)	84,746	(519,919)	72,932
Deposits for purchase of goods	130,013	61,908	130,013	61,908
Refundable value added tax	(9,755)	6,983	(10,012)	4,385
Refundable income tax	668	-	-	-
Other current assets	(254)	(1)	(593)	568
Other non-current assets	(600)	-	(599)	-
Increase (decrease) in operating liabilities:				
Trade and other accounts payable	120,485	8,669	120,810	9,941
Accrued expenses	(2,259)	(58)	(2,456)	(433)
Value added tax payable	254	104	(1,149)	1,149
Other current liabilities	(2,113)	1,967	(3,081)	2,784
Employee benefit paid	(256)	-	(125)	-
Cash received from operating activities	350,070	376,658	325,938	308,704
Interest payment	(8,581)	(10,794)	(11,140)	(11,023)
Income tax paid	(35,280)	(32,235)	(33,095)	(29,393)
Net cash provided from operating activities	306,209	333,629	281,703	268,288

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash flows from investing activities				
Interest received	2,060	1,513	3,375	2,799
Decrease (increase) in restricted deposits with banks	(71,305)	16,293	(71,305)	16,293
Acquisition of building and equipment	(97,067)	(48,647)	(39,855)	(7,102)
Sale of equipment	152	837	152	37
Addition to intangible assets	(249)	(1,316)	(27)	(1,137)
Receipt of repayment of loans to subsidiary	-	-	12,000	2,693
Short-term loan granted to subsidiary	-	-	(12,000)	(2,400)
Net cash provided from (used in) investing activities	(166,409)	(31,320)	(107,660)	11,183
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(105,994)	(169,536)	(105,994)	(169,536)
Repayment of short-term loans from subsidiary	-	-	(5,000)	(13,512)
Proceeds from short-term loans from subsidiary	-	-	-	10,009
Repayment for liabilities under finance lease agreement	(1,291)	(7)	(3,843)	(7)
Proceeds from conversion of warrants to common shares	-	1	-	1
Cash dividend payment	(31,500)	(63,000)	(31,500)	(63,000)
Net cash used in financing activities	(138,785)	(232,542)	(146,337)	(236,045)
Translation adjustment for foreign currency financial statement	(754)	(2,744)	-	-
Net increase in cash and cash equivalents - net	261	67,023	27,706	43,426
Cash and cash equivalents at beginning of year	131,850	64,827	91,549	48,123
Cash and cash equivalents at end of year	132,111	131,850	119,255	91,549
Supplemental disclosure for cash flows information				
Non - cash item :				
Recognition of rights-of-use assets and long-term lease liabilities	9,769	-	42,599	-

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

1. NATURE OF OPERATIONS

The Company

2S Metal Public Company Limited is principally 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 business supporting.

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 STATEMENT OF COMPLIANCE WITH TFRS

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.

The accompanying consolidated and separate financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Thai Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to another language must conform to the official report in Thai.

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Land	Fair value
Net defined benefit liability	Present value of the defined benefit obligation as explained in Note 22

Coronavirus disease 2019 pandemic

The Coronavirus 2019 pandemic has affected economic slowdown and adversely impact most businesses and industries. This situation brought about uncertainties and has impacted the industry in which the Group operates. The Group's management has continuously monitored ongoing situation and assess the financial impact in respect of the revenues and expenses, 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. However, the Coronavirus 2019 pandemic does not have much effect on the Group's operations during the year.

3. CHANGES IN ACCOUNTING POLICIES

3.1 New and revised financial reporting standards, interpretations and guidance which effective from 1 January 2020

3.1.1 Thai Financial Reporting Standards related to "Financial instruments"

TFRS 7	Financial instruments: Disclosure
TFRS 9	Financial instruments
TAS 32	Presentation of Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above standards define the new requirements on the classification and measurement of financial assets and financial liabilities, impairment consideration method and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which were formerly used.

The Group's management has assessed the potential impact on the financial statement of Thai Financial Reporting Standards related to "Financial instruments" as follow:

Classification and measurement of financial assets and financial liabilities

Financial assets

Financial assets for debt instrument are classified into three principal classification categories: measured at amortized cost, fair value to profit or loss, fair value to other comprehensive income, based on the business model of the Group in which they are managed and based on the cash flow characteristics of the financial assets with following consideration:

Financial assets measured at amortized cost interest is calculated using effective interest rate in statement of profit or loss.

Financial assets for equity instrument measured at fair value to profit or loss - the Group considered to recognize financial assets at fair value to other comprehensive income that will not be reclassified subsequently to profit or loss.

Financial liabilities

Financial liabilities classified and measured at amortized cost - Interest expense is calculated by using effective interest rate in statement of profit or loss, except for derivative liabilities classified and measured at fair value to profit or loss unless hedge accounting is applied.

The classification and measurement under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Group's financial assets and financial liabilities as at 1 January 2020 are as follows:

Consolidate F/S		(Unit: Thousand Baht)
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020
Description	Carrying amounts	Amortized cost - net
Financial assets		
Cash and cash equivalent	131,850	131,850
Trade and other receivables - net	349,077	349,077
Restricted bank deposit	1,052	1,052
Total	<u>481,979</u>	<u>481,979</u>
Financial liabilities		
Short-term loans from financial institutions	282,234	282,234
Trade and other account payable	28,605	28,605
Total	<u>310,839</u>	<u>310,839</u>

(Unit: Thousand Baht)

Separate F/S		Classification under
Classification under previous standards at 31 December 2019		TFRS 9 at 1 January 2020
Description	Carrying amounts	Amortized cost - net
Financial assets		
Cash and cash equivalent	91,549	91,549
Trade and other receivables - net	444,777	444,777
Restricted bank deposit	1,052	1,052
Total	<u>537,378</u>	<u>537,378</u>
Financial liabilities		
Short-term loans from financial institutions	282,234	282,234
Trade and other account payable	34,772	34,772
Total	<u>317,006</u>	<u>317,006</u>

Financial assets and financial liabilities which are measured at amortized cost is closed to fair values.

Impairment – Financial assets and contract assets

The Group has assessed the impairment of financial assets and contract assets by forward-looking 'expected credit loss' (ECL) model. It is no longer necessary for a credit event to occur before credit losses are recognized and judgement about how changes in economic factors affect expected credit loss and probability - weighted basis. However, the new assessment is applied only for financial assets measured at amortized cost and fair values to other comprehensive income.

The Group determines the application of TFRS 9 as follows:

- Trade and other receivables – the Group applies simplified approach for measurement by expected credit loss for the receivable.
- Loan to related parties – the Group applies general approach by 12-months expected credit loss / lifetime expected credit loss.

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

Hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequently changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or unrecognized from commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

3.1.2 Thai Financial Reporting Standard No.16 “Leases” (TFRS 16)

TFRS 16 defines new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 “Leases”, and several leases-related Interpretations. Under this new standard, leases are to be recorded in the statement of financial position in the form of “rights-of-use asset” with corresponding “lease liabilities”, except for 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”, there is no significant changes to the accounting for lessors.

The Group recognizes the right-of-use assets and lease liabilities that affects the change in nature of expenses related to those leases whereby the Group recognizes depreciation expense from the right-of-use assets and interest expense of lease liabilities instead of expenses from lease agreements.

The Group also considers to recognize payments of short-term lease or leases of low-value assets as expenses in profit or loss on a straight-line basis over the lease term.

The Group used 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 on the retained earnings as at 1 January 2020 and no restatement to the comparative information is required.

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

	(Unit : Thousand Baht)	
	Consolidated F/S	Separated F/S
	<hr/>	<hr/>
Operating lease commitments disclosed as at 31 December 2019	3,798	2,400
<u>Add:</u> Right of purchase or extension options reasonably certain to be exercised	7,200	54,240
	<hr/> 10,998	<hr/> 56,640
<u>Less:</u> Deferred interest expenses	(1,229)	(14,041)
Lease liabilities from TFRS 16 adoption	<hr/> 9,769	<hr/> 42,599
Finance lease liabilities as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	<hr/> 9,769	<hr/> 42,599
Classification of lease liabilities;		
- Current portion of long-term lease liabilities	1,467	3,102
- Long-term lease liabilities - net	8,302	39,497
Total	<hr/> 9,769	<hr/> 42,599

3.1.3 Impact on the financial information

The adoption of Thai Financial Reporting Standards No. 16 impacts the Group's statements of financial position as of 1 January 2020 as follows:

	(Unit: Thousand Baht)		
	Consolidated F/S		
	Based on former accounting policies	Adjustments	As 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		
	Based on former accounting policies	Adjustments	As 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

The right-of-use assets classified by types of assets are as follow:

	(Unit : Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2020		
Land and land improvements	7,552	3,001
Warehouse	8,474	40,422
Total right-of-use assets	16,026	43,423

3.2 Financial Reporting Standards, Interpretations, and guidance which are effective from 1 January 2021

3.2.1 Thai Accounting Standard No.1 “Presentation of financial statements” and Thai Accounting Standard No. 8 “Accounting policies, Changes in Accounting Estimates and Errors”

This standard amends the definition of “Materiality” to comply with the Financial Reporting Standards and frameworks, including the explanation that clarified the materiality application to Thai Financial Reporting Standard No.1. The amendment also causes consequential amendments to other TFRS including TAS 8, TAS 10, TAS 34 and TAS 37.

3.2.2 Thai Financial Reporting Standard No.3 “Business combinations”

- Provide an option for the entity to use “Concentration Test” that allows a simplified assessment of whether a transaction is an acquired of assets or a business combination.
- The amendment definition of “Business” that define the business combination must include, at a minimum, an input and a substantive process that are collective significantly contribute to the ability to create outputs. Furthermore, amendment definition of “Outputs” is focusing on goods and services provided to customers and removing the reference to an ability to lower the costs.

3.2.3 Thai Financial Reporting Standard No.9 “Financial instruments” and Thai Financial Reporting Standard No.7 “Disclosure of Financial instruments”

This standard changes specific hedge accounting requirements for relief the uncertainties arising from impact of interest rate benchmark reform such as Interbank offer rates – IBORs. In addition, the amendment requires the entity to provide information of all hedging relationships directly affected by such uncertainty.

3.2.4 Conceptual Framework for Financial Reporting

The amendment conceptual framework in definition of assets and liabilities and criteria for recognizing assets and liabilities in financial statements. The principles and practices are as follow:

- Measurement including factors to be considered when selecting a benchmark basis
- Presentation and disclosure including classification of revenue and expenses in other comprehensive income.
- Derecognition assets and liabilities from financial statements.

In addition, this framework describes responsibilities, conservatism, and measurement uncertainty in preparation of financial reporting. The revised conceptual framework also affects the revision in others framework including TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22 and TSIC 32.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Overall consideration

The consolidated and separate financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

4.2 Basis of consolidation

The Company prepares the consolidated financial statements from those of the Company and all its subsidiaries for which all subsidiaries have the same reporting date as the Company at 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed in the consolidation, the underlying asset is also tested for impairment from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Company and the non-controlling interests based on their respective ownership interests.

4.3 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For each business combination, the Company measures the non-controlling interest, in the acquiree either at fair value or at the proportionate share of the seller's identifiable net assets.

Goodwill is measured at fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Thai Baht, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all asset, liabilities and transactions of Group entities with a functional currency other than Thai Baht are translated into Thai Baht upon consolidation.

4.5 Segment reporting

The Group has two operating segments: production and trading. In identifying these operating segments, management generally follows the Group's operations representing its main products (see Notes 1 and 27).

Each of these operating segments is managed separately as each requires different marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

4.6 Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and directing the Group's operations.

4.7 Revenue

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax, and is after deduction of any trade discounts and volume rebates.

Sale of steel products and by-product

Revenue from sale of steel products and by-products are recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Interest and other income

Interest and other income are recognized on accrual basis.

4.8 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized over time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported as part of finance costs.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid cash in banks (which do not have restriction of use) that are readily convertible to cash with insignificant risk of change in value.

Restricted deposits with banks are presented under non-current assets in the statement of financial position.

4.11 Accounts receivable

Accounting policies applicable from 1 January 2020

A receivable is recognized when the Group has an unconditional right to receive consideration.

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at its present value.

The Group applies the TFRS 9 simplified approach to measuring expected credit losses with the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes. The impairment losses are recognised in profit or loss within administrative expenses.

Accounting Policy applicable before 1 January 2020

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade accounts receivable is presented at the net realizable value. The Group record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year.

4.12 Inventories

Inventories are stated at the lower of cost (by using the moving average method) or net realizable value.

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

4.13 Investments in subsidiaries

Investments in subsidiaries in the separate statement of financial position are accounted for by the cost method. The Company recognizes gain or loss on sale of investment in the statement of profit or loss in the year the investment is sold. In the case of impairment, the Company will recognize the loss from impairment as an expense in the statement of profit or loss. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

4.14 Property, plant and equipment

Land

Land held for use in production is stated at revalued amounts. Revalued amounts are fair values based on appraisals of independent professional appraisers once the market factors indicate a material change in fair value (see Note 12). Any revaluation surplus is recognized as other comprehensive income and credited to the revaluation reserve under equity. To the extent that any revaluation decreases, or impairment loss (if any) has previously been recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluations of land are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrement recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Buildings and other equipment

Buildings and other equipment are initially booked at acquisition cost or construction cost, including any costs directly attributable to bringing assets to the location and condition necessary for operation in the manner intended by the Group's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses (if any).

Depreciation is recognized on a straight-line basis to write down the cost over the following estimated useful lives.

Land improvement	5 - 20 years
Buildings and construction	15 - 50 years
Machinery and factory tools	5 - 20 years
Furniture and office equipment	5 - 10 years
Vehicles	5 - 15 years

Asset residual value estimates and estimated useful lives are updated as required, but at least annually.

Gains or losses arising from disposal of property, plant and equipment are determined based on the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss as other income or other expenses.

4.15 Investment property

Investment property is measured initially at its cost including related transaction costs and valued at cost less accumulated depreciation and allowance for impairment (if any). The depreciation for building is computed by straight-line method at the useful lives of 15 years.

4.16 Intangible assets

Computer software is presented at cost less accumulated amortization. Amortization is calculated by reference to cost on a straight-line basis over the estimated time frame of 5 - 10 years.

4.17 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses (if any). Refer to Note 18 for a description of impairment testing procedures.

4.18 Lease assets

Accounting policies applicable from 1 January 2020

Leases - where the Group is the lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated and separated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After the initial measurement, the lease liability will be reduced from the payment and increased from interest expense. This is a measure to reflect a new appraisal or adjustment or significant changes to the fixed lease. When the lease liability is remeasured, the right-of-use assets have decreased to be zero, the lessee must recognize the remainder of the remeasurement in profit or loss.

The rent paid under short-term leases and low value asset leases are recognized as expense on a straight-line method. The short-term lease is a lease with a lease term less than or equal 12 months, the assets with low value comprises small office equipment lease.

Accounting Policy applicable before 1 January 2020

Leases of equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are recorded as long-term liabilities. The finance charge is charged to the statement of profit or loss over the lease period. Assets under finance lease agreements are depreciated over its useful lives.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, penalty is recognized as an expense in the period in which termination takes place.

4.19 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

The Group financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurement of financial assets

Financial assets are initially recognized at fair value plus or less directly costs attributable to the acquisition of the asset. For financial assets measured at fair value through profit or loss (FVTPL), the Group recognizes the associated costs as an expense in profit or loss.

The Group classify financial assets measurement by amortized cost method, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) the classification is determined by both as follow:

1. The entity's business model for managing the financial asset, and
2. The contractual cash flow characteristics of the financial asset (SPPI).

The Group classified revenue and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions.

1. They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
2. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than hold to collect contractual cash flows or hold to collect contractual cash flows and sell financial assets are categorized at fair value through profit or loss (FVTPL). Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at financial assets at fair value through profit or loss. All derivative financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at fair value through other comprehensive income if the assets meet the following conditions:

1. The Group held under a business model whose objective is "hold to collect" the associated cash flows and sell, and
2. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) on the specified day.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

Since 1 January 2020, the Group has considered impairment for financial assets that are measured at amortized cost. And measure fair value through other comprehensive income (FVOCI).

The Group uses a simplified approach to recognize impairment of assets that do not have significant financing elements and contractual assets. According to estimates of credit losses over the life of such assets since the Group recognize.

In determining the expected credit loss, management grouped receivables by type of customers and consider credit risks that are of a common nature. The expected credit loss rate is determined by the nature of the payment in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment.

The Group assesses credit risk of financial assets at the end of every period whether there has been a significant change.

The Group considers and recognizes the expected credit loss by taking into account the past experience and anticipating the future. The recognized credit losses arise from the weighted average credit loss probability estimate. The amount of cash expected to be discounted the effective interest rate.

Losses and reversals of impairment losses are recorded in profit or loss separately.

Classification and measurement of financial liabilities

The Group classifies the financial instruments issued by the Group as financial liabilities or equity instruments considered based on contractual obligations to deliver the financial assets to other persons or entities.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs of financial liability.

Subsequent measurement of financial liabilities

Financial liabilities are subsequent measured at amortized cost. Interest expense is to be calculated by using effective interest rate and charged to statement of profit or loss except for derivatives liabilities are measured at fair value through other comprehensive income (FVOCI).

4.20 Impairment testing of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amounts are estimated.

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

Calculation of recoverable amount

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

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.21 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

4.22 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.23 Equity

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from share premium, net of any related income tax benefits.

Other components of shareholders' equity include the following:

Other comprehensive income

- revaluation of land reserve – comprises gains and losses from the revaluation of land (see Note 4.14)
- translation adjustment for foreign currency financial statement – comprises gains and losses from the translation of foreign operations entity with a functional currency other than Thai Baht (see Note 4.4)
- discount on dilution of investment in subsidiaries company - comprises dilution loss arose on shares issued by the subsidiaries and sold to third parties.

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the Company are recorded separately as part of equity.

Dividend distributions payable to equity shareholders are included in other liabilities when general meeting of shareholders or the Company's Board of Directors meeting approved prior to the reporting date.

4.24 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and retirement benefit plans.

Defined contribution plans

The Group has sets up a registered provident fund that is contributed to by employees and by the Group for which assets are held in a separate trustee fund and managed by an authorised fund manager. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

Retirement benefit plans

The Group has a legal obligation to pay retirement benefits by reference to the employee's length of service and the latest payment of salary. The liability recognized in the statement of financial position for retirement benefit plans is the present value of the retirement benefit obligation at the reporting date.

Management estimates the retirement benefits annually by reference to the calculation of the independent actuary. This is based on salary growth rate, turnover and mortality. Discount factors are determined close to each year-end by reference to Thai government bonds with terms to maturity approximating the terms of the related pension liability.

Gains and losses resulting from remeasurements of the net retirement benefit liability under the new regulation are included in other comprehensive income and directly transferred to the retained earnings.

Short-term employee benefits

Short-term employee benefits, including salaries, wages, bonuses and contribution to the social security as expenses when incurred.

4.25 Income tax

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax is the expected tax payable or claimable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of earlier years.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognized in full, except for the exemption under TAS 12: "Income Taxes". As a result of these exemptions, the Group does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

4.26 Basic earnings per share

Basic earnings per share are computed by dividing the income for the year by the weighted average number of common shares outstanding during the year.

4.27 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.28 Significant management judgement in applying accounting policies and uncertainty of the estimates

When preparing the financial statements, management makes various judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may be substantially different.

Accounts receivable

The Company sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance is based on a review of the expected credit loss. Management groups receivables by types of customers and considers credit risks that are of a common nature. The expected credit loss rate is determined by the nature of the payment in the past. Information of credit losses from past experience, external factors, and future factors that may affect debtor payment. The Group assesses credit risk of financial assets at the end of every period whether there has been a significant change.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by global market changes that may reduce future selling prices.

Building and equipment, investment property and computer software

Management determines the estimated useful lives and residual values of the Company's building and equipment, investment property and computer software and will revise the depreciation and amortization charges where useful lives and residual values previously estimated have changed or are subject to be written down or if they are no longer in use.

Leases

Determine the lease terms

The Group shall determine the lease term only when it is reasonably certain that the Group will exercise an option to extend a lease, or not to exercise an option to terminate a lease. The Group shall consider all relevant environments and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Group shall revise the lease term if there is a change in the non-cancellable of a lease that may be caused by the Group's using (or not exercising) rights. The reasonably certain assessment of certainty upon the occurrence of either a significant event or a significant change in circumstances. This has an impact on assessment of the lease term and is under the control of the group.

Determination of the discount rate on lease liabilities

The Group assessment interest rate of incremental borrowing of lessee by using information provided by third-party financing of each leasing entity and updating information obtained to reflect changes in the tenant's financial factors, if possible.

Impairment of investments in subsidiaries and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Uncertainty in the estimation relates to assumptions about future operating results and the determination of a suitable discount rate (see Notes 11 and 18).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carryforwards can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 4.25).

Defined employee benefit obligation

Management's estimates of the defined employee benefit obligation based on number of critical underlying assumptions such as standard rates of inflation, mortality rate, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined employee benefit obligation amount and the annual defined benefit expenses (see Note 22).

Fair value measurement

Management uses valuation techniques to determine the fair value of land. This involves developing estimates and assumptions consistent with how market participants to price the assets. Management determines the assumptions based on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved on an arm's length transaction at the end of year.

Allowance for doubtful accounts to reflect impairment

The Group sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance is based on a review of the expected credit loss. Management groups receivables by type of customers and considers credit risks that are of a common nature. The expected credit loss rate is determined by the nature of payments in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment which is considered at the end of every period.

5. INTERESTS IN SUBSIDIARIES

Composition of the group

Details of the subsidiaries held directly by the Company are as follow:

Subsidiary companies	Country of incorporation and business	Proportion of ownership interest held by the Group at year ended (percentage)		Principal activity
		2020	2019	
Neastern Steel Co., Ltd.	Thai	99.99	99.99	Manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh
Mega Trans and Logis Co., Ltd.	Thai	99.99	99.99	Transportation services for heavy products
Grand Steel Pipe Industry Co., Ltd.	Laos	97.11	97.11	Manufacturing and sale of steel pipe, steel plates and light lip channel and trading of steel products.

Subsidiary

A subsidiary is an entity controlled by the Company. The Company controls an entity when it has exposure to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

6. RELATED PARTY TRANSACTIONS

The Group has 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.

Nature of relationship

Name of entities	Country of incorporation/ nationality	Nature of relationship
<i>Related parties</i>		
Nana Watsadu Furniture Co., Ltd.	Thailand	Co-shareholders
Panichsawad Co., Ltd.	Thailand	Co-related party
United Steel Pipe Co., Ltd.	Thailand	Co-shareholders
City Metal Co., Ltd.	Thailand	Co-shareholders
Kwangfha Lohakit	Thailand	Co-shareholders
<i>Key management</i>	Thailand	Directors and managements
<i>Related person</i>	Laos	Person who is a close member of the family of a director and management of a subsidiary

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 22% - 23%

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

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Trade and other accounts receivable				
Subsidiary companies	-	-	51,331	103,382
Related company	-	41,570	-	41,570
Total	-	41,570	51,331	144,952

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Short-term loans and interest receivable				
Subsidiary company	-	-	32,802	17,416
Long-term loans receivable				
Subsidiary company	-	-	-	15,386
Total loans and interest receivable	-	-	32,802	32,802

Significant movements in loans to subsidiary and accrued interest income for the year ended 31 December 2020 are as follows:

	(Unit: Thousand Baht)			
	1 January	During the year		31 December
	2020	Increase	Decrease	2020
Subsidiary companies	32,802	12,000	(12,000)	32,802

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. The interest is payable monthly while the principal amount is due at the end of year 2021.

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Short-term loans and accrued interest payable				
Subsidiary company	-	-	-	5,000
Trade and other accounts payable				
Subsidiary companies	-	-	9,541	10,121
Related parties	18,914	11,510	18,914	11,510
Total	18,914	11,510	28,455	21,631

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Lease Liabilities				
Subsidiary companies	-	-	80,863	-
Related parties	5,362	-	5,362	-
Total	5,362	-	86,225	-
Employee benefits obligation				
Key management personnel				
- Post-employment benefits	13,647	12,656	10,781	9,973

Significant movements in loan and accrued interest payable to subsidiary for the year ended 31 December 2020 are as follows:

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

Loans from subsidiary in Thailand have been obtained without collateral and bears interest at rate of 3.40 percent per annum which approximate market rates in Thailand, and are repayable on demand.

Significant transactions with the related parties for the years ended 31 December 2020 and 2019 are as follows:

Transaction	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2020	2019	2020	2019
Revenue from sales				
Related parties	526,412	407,220	526,412	407,220
Subsidiary company	-	-	202,992	227,123
Total	526,412	407,220	729,404	634,343
Rental assets and other service income				
Subsidiary company	-	-	325	260
Interest income				
Subsidiary companies	-	-	1,323	1,315

Transaction	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2020	2019	2020	2019
Purchase of goods and service				
Related parties	702,445	704,138	702,445	704,138
Manufacturing cost				
Subsidiary company	-	-	98,685	89,931
Transportation service				
Subsidiary company	-	-	66,395	67,991
Rental assets and other service expenses				
Related parties	1,200	1,200	1,200	1,200
Subsidiary company	-	-	-	5,341
Total	1,200	1,200	1,200	6,541
Interest expense				
Subsidiary company	-	-	26	225
Key management personnel compensation				
Short-term employee benefits	31,348	30,191	24,133	23,373
Post-employment benefits	991	4,185	808	2,297
Total	32,339	34,376	24,941	25,670

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.

7. CASH AND CASH EQUIVALENTS

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Cash on hand	156	621	40	44
Cash at banks				
- Current account	47,288	59,922	40,951	29,895
- Saving account	84,667	71,307	78,264	61,610
Total	132,111	131,850	119,255	91,549

8. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Trade accounts receivable				
– general customers - net	275,382	307,497	262,537	299,825
Trade accounts receivable				
– related companies	-	41,570	51,331	144,952
Total	275,382	349,067	313,868	444,777
Other accounts receivable - general customers	9	10	1	-
Total	9	10	1	-
Total trade and other accounts receivable - net	275,391	349,077	313,869	444,777

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
<u>Trade accounts receivable - general customers</u>				
<u>and related companies</u>				
Not yet due	236,537	278,005	272,091	335,026
Past due				
Less than 3 months	37,584	63,204	34,565	101,893
3 - 6 months	1,142	6,135	7,097	6,135
6 - 12 months	3,784	678	3,780	678
Over 12 months	15,017	9,668	14,888	9,532
Total	294,064	357,690	332,421	453,264
<u>Less</u> Allowance for doubtful accounts	(18,682)	(8,623)	(18,553)	(8,487)
Trade accounts receivable - general customers and related companies - net	275,382	349,067	313,868	444,777

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Balance as at 1 January	(8,623)	(10,120)	(8,487)	(8,904)
<u>Add</u> Allowance for doubtful accounts during the year	(11,193)	(983)	(11,193)	(983)
<u>Less</u> Reversal of allowance for doubtful accounts	1,134	2,480	1,127	1,400
Balance as at 31 December	<u>(18,682)</u>	<u>(8,623)</u>	<u>(18,553)</u>	<u>(8,487)</u>

9. INVENTORIES – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Raw materials	394,486	162,749	383,705	155,105
Work in process	53,683	62,749	51,682	56,983
Finished goods	410,325	326,562	384,250	276,657
Materials and goods in transit	190,883	3,844	190,883	3,844
Factory supplies	6,969	4,658	3,449	1,461
Total	<u>1,056,346</u>	<u>560,562</u>	<u>1,013,969</u>	<u>494,050</u>
<u>Less</u> Allowance for decline values	(286)	(3,316)	(286)	(3,316)
Net	<u>1,056,060</u>	<u>557,246</u>	<u>1,013,683</u>	<u>490,734</u>

During the years, the movements in allowance for cost of goods anticipated to be higher than net realizable value are as follows:

	(Unit : Thousand Baht)	
	Consolidated and Separate F/S	
	2020	2019
Balance as at 1 January	(3,316)	(13,298)
<u>Add</u> Additional allowance during the year	(5,061)	(28,082)
<u>Less</u> Reversal of allowance during the year	8,091	38,064
Balance as at 31 December	<u>(286)</u>	<u>(3,316)</u>

Items included in the costs of goods sold are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Costs of goods sold	4,868,690	4,999,949	4,872,600	5,009,192
<u>Add</u> Allowance for cost of goods anticipated to be higher than net realizable value	5,061	28,082	5,061	28,082
<u>Less</u> Reverse of allowance for cost of goods anticipated to be higher than net realizable value	(8,091)	(38,064)	(8,091)	(38,064)
Total costs of sales	<u>4,865,660</u>	<u>4,989,967</u>	<u>4,869,570</u>	<u>4,999,210</u>

10. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2020 and 2019, the Company's saving and fixed deposits with term of maturity of 12 months with interest at 0.65 – 1.05 percent per annum, have been pledged as collateral for the use of electricity and short-term credit line from financial institutions.

11. INVESTMENTS IN SUBSIDIARIES - NET

	(Unit : Thousand Baht)							
	Paid-up capital		Percentage of shareholding		Separate F/S			
					2020		2019	
	2020	2019	2020	2019	Investments		Investments	
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					<u>216,770</u>	<u>-</u>	<u>216,770</u>	<u>-</u>

12. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

	Consolidated F/S						Total
	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	
Cost							
1 January 2020	180,796	281,557	518,775	25,072	119,265	-	1,125,465
Acquisitions	-	39	4,804	1,107	17,813	73,304	97,067
Disposals	-	-	(1,676)	(25)	(314)	-	(2,015)
Transfer in / (out)	3,059	39,751	30,243	-	8	(73,061)	-
31 December 2020	183,855	321,347	552,146	26,154	136,772	243	1,220,517
Accumulated depreciation							
1 January 2020	(13,419)	(140,836)	(342,018)	(21,595)	(55,565)	-	(573,433)
Depreciation for the year	(1,480)	(11,295)	(22,054)	(1,238)	(7,798)	-	(43,865)
Depreciation for disposals	-	-	1,653	2	314	-	1,969
31 December 2020	(14,899)	(152,131)	(362,419)	(22,831)	(63,049)	-	(615,329)
Net book value							
31 December 2020	168,956	169,216	189,727	3,323	73,723	243	605,188
Depreciation for the year 2020							
Cost of goods sold							27,375
Administrative expenses							16,490
Total							43,865

(Unit : Thousand Baht)

	Consolidated F/S						Total
	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	
Cost							
1 January 2019	179,746	254,410	465,608	23,868	108,885	47,660	1,080,177
Acquisitions	-	1,549	4,600	1,165	12,860	28,473	48,647
Disposals	-	-	-	(879)	(2,480)	-	(3,359)
Transfer in / (out)	1,050	25,598	48,567	918	-	(76,133)	-
31 December 2019	180,796	281,557	518,775	25,072	119,265	-	1,125,465
Accumulated depreciation							
1 January 2019	(12,009)	(130,090)	(320,144)	(21,318)	(50,610)	-	(534,171)
Depreciation for the year	(1,410)	(10,746)	(21,874)	(1,091)	(7,102)	-	(42,223)
Depreciation for disposals	-	-	-	814	2,147	-	2,961
31 December 2019	(13,419)	(140,836)	(342,018)	(21,595)	(55,565)	-	(573,433)
Net book value							
31 December 2019	167,377	140,721	176,757	3,477	63,700	-	552,032

(Unit : Thousand Baht)

Consolidated F/S

	Land and improvement	Buildings and construction	Machinery and factory tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	Total
Depreciation for the year 2019							
Cost of goods sold							27,492
Administrative expenses							14,731
Total							42,223

(Unit : Thousand Baht)

Separate F/S

	Land and improvement	Buildings and construction	Machinery and factory Tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	Total
Cost							
1 January 2020	112,174	131,338	224,624	13,813	8,152	-	490,101
Acquisitions	-	23	1,303	884	1,749	35,896	39,855
Disposals	-	-	(1,668)	(25)	(314)	-	(2,007)
Transfer in / (out)	-	11,895	23,758	-	-	(35,653)	-
31 December 2020	<u>112,174</u>	<u>143,256</u>	<u>248,017</u>	<u>14,672</u>	<u>9,587</u>	<u>243</u>	<u>527,949</u>
Accumulated depreciation							
1 January 2020	(4,270)	(51,606)	(158,967)	(11,688)	(7,234)	-	(233,765)
Depreciation for the year	(557)	(5,733)	(8,143)	(770)	(452)	-	(15,655)
Depreciation for disposals	-	-	1,644	2	314	-	1,960
31 December 2020	<u>(4,827)</u>	<u>(57,339)</u>	<u>(165,466)</u>	<u>(12,456)</u>	<u>(7,372)</u>	<u>-</u>	<u>(247,460)</u>
Net book value							
31 December 2020	<u>107,347</u>	<u>85,917</u>	<u>82,551</u>	<u>2,216</u>	<u>2,215</u>	<u>243</u>	<u>280,489</u>
Depreciation for the year 2020							
Cost of goods sold							10,955
Administrative expenses							4,700
Total							15,655

(Unit : Thousand Baht)

Separate F/S

	Land and improvement	Buildings and construction	Machinery and factory Tools	Furniture and office equipment	Vehicles	Assets in transit and in progress	Total
Cost							
1 January 2019	112,174	104,267	220,516	12,440	8,452	26,237	484,086
Acquisitions	-	1,549	1,113	773	533	3,134	7,102
Disposals	-	-	-	(254)	(833)	-	(1,087)
Transfer in / (out)	-	25,522	2,995	854	-	(29,371)	-
31 December 2019	112,174	131,338	224,624	13,813	8,152	-	490,101
Accumulated depreciation							
1 January 2019	(3,710)	(45,893)	(150,673)	(11,190)	(7,616)	-	(219,082)
Depreciation for the year	(560)	(5,713)	(8,294)	(688)	(450)	-	(15,705)
Depreciation for disposals	-	-	-	190	832	-	1,022
31 December 2019	(4,270)	(51,606)	(158,967)	(11,688)	(7,234)	-	(233,765)
Net book value							
31 December 2019	107,904	79,732	65,657	2,125	918	-	256,336
Depreciation for the year 2019							
Cost of goods sold							11,089
Administrative expenses							4,616
Total							15,705

As at 31 December 2020 and 2019, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing with book values of Baht 106.47 million and Baht 111.07 million, respectively, in the consolidated financial statements, and Baht 96.06 million and Baht 100.02 million, respectively, in the separate financial statements have been mortgaged as collaterals for bank overdrafts, loans and other credit facilities with financial institutions as mentioned in Notes 19 and 29.2.

As at 31 December 2020 and 2019, the cost of fully depreciated assets that are still in use are Baht 354.47 million and Baht 283.94 million, respectively, in the consolidated financial statements and of Baht 167.09 million and Baht 151.48 million, respectively, in the separate financial statements.

13.2 Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
	2020	2020
Lease liabilities		
Not over 1 year	3,098	9,205
Over 1 year but not over 5 years	6,200	36,220
Over 5 years	-	79,478
Total	9,298	124,903
<u>Less</u> Deferred interest	(820)	(36,921)
	8,478	87,982
<u>Less</u> Current portion	(2,776)	(5,092)
Net	5,702	82,890

The Company entered into lease agreements with subsidiary and related parties to lease warehouse for 3 - 15 years and the Group entered into land rental agreement for 30 years.

Lease payment not recognised as a liability

The Group has elected not to recognized a lease liability for short-term leases (leases with an expected term of 12 month or less) or for leases of low value assets. Payments made under such leases are expended on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expended as incurred.

The expenses related to the lease not included in the measurement of the lease liability is as follows:

	(Unit: Baht)	
	Consolidated F/S	Separate F/S
Leases of low value assets	1,029	769

14. INVESTMENT PROPERTY – NET

	(Unit : Thousand Baht)
	Consolidated F/S
Cost	
1 January 2019	5,060
31 December 2019	5,060
31 December 2020	5,060
Accumulated depreciation	
1 January 2019	(2,777)
Depreciation for the year	(337)
31 December 2019	(3,114)
Depreciation for the year	(337)
31 December 2020	(3,451)
Net book value	
31 December 2019	1,946
31 December 2020	1,609

15. PREPAID LAND RENTAL EXPENSE – NET

During the years ended 31 December 2020 and 2019, the Company has the following movements in prepaid land rental expense:

	Consolidated F/S			Separate F/S		
	Land			Land		
	Building	improvement	Total	Building	improvement	Total
Cost						
1 January 2019	8,656	5,450	14,106	8,656	67	8,723
31 December 2019	8,656	5,450	14,106	8,656	67	8,723
Transfer Out	(8,656)	(5,450)	(14,106)	(8,656)	(67)	(8,723)
31 December 2020	-	-	-	-	-	-
Accumulated depreciation						
1 January 2019	(7,430)	(1,800)	(9,230)	(7,430)	(67)	(7,497)
Amortization for the year	(402)	(471)	(873)	(402)	-	(402)
31 December 2019	(7,832)	(2,271)	(10,103)	(7,832)	(67)	(7,899)
Transfer Out	7,832	2,271	10,103	7,832	67	7,899
31 December 2020	-	-	-	-	-	-

(Unit : Thousand Baht)

	Consolidated F/S			Separate F/S		
	Land		Total	Land		Total
	Building	improvement		Building	improvement	
Net book value						
31 December 2019	824	3,179	4,003	824	-	824
31 December 2020	-	-	-	-	-	-
Amortization for the year 2019						
Administrative expenses			873			402
Amortization for the year 2020						
Administrative expenses			-			-

As at 31 December 2019, the prepaid land rental expense of the Company amounting to Baht 0.82 million represents the construction cost of two warehouses on the land leased under two lease agreements from an outsider for 15 years. When the land - lease agreements expire, the ownership of the warehouse which are located on leased land will become the properties of the lessor. The Company amortizes prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

As at 31 December 2019, the prepaid land rental expenses of a subsidiary in Lao People's Democratic Republic amounted to Baht 3.18 million represents the right to use land under two lease agreements from another person for 15 - 30 years. The subsidiary amortizes the prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

As at 1 January 2020, the Group transferred prepaid land rental expense from the adoption of TFRS 16 to recognize the right-of-use assets (as mention note 3.1.3)

16. LEASEHOLD RIGHT – NET

The movements in leasehold right for the years ended 31 December 2020 and 2019 are as follow:

	(Unit : Thousand Baht) Consolidated F/S
Cost	
1 January 2019	3,039
31 December 2019	3,039
Transfer Out	(3,039)
31 December 2020	-
Accumulated amortization	
1 January 2019	(609)
Amortization for the year	(176)
31 December 2019	(785)
Transfer Out	785
31 December 2020	-
Net book value	
31 December 2019	2,254
31 December 2020	-

As at 1 January 2020, the Group transferred leasehold right from to the adoption of TFRS 16 to recognize the right-of-use assets (as mention note 3.1.3)

17. INTANGIBLE ASSETS – NET

The movements in computer software for the years ended 31 December 2020 and 2019 are as follow:

	(Unit :Thousand Baht)	
	Consolidated F/S	Separate F/S
Cost		
1 January 2019	6,580	5,872
Addition	1,316	1,137
31 December 2019	7,896	7,009
Addition	249	27
31 December 2020	8,145	7,036
Accumulated amortization		
1 January 2019	(5,470)	(4,845)
Amortization for the year	(779)	(710)
31 December 2019	(6,249)	(5,555)
Amortization for the year	(593)	(426)
31 December 2020	(6,842)	(5,981)
Net book value		
31 December 2019	1,647	1,454
31 December 2020	1,303	1,055

18. GOODWILL

Goodwill of Baht 15 million as at 31 December 2020 and 2019 arose from the business acquisition of Grand Steel Pipe Industry Co., Ltd. in 2015.

Impairment testing

During the year 2020, for the annual impairment testing, management assessed the recoverable amount of investment using the value in use calculation. The calculation is based on 5 years cash flows projection based on a financial and business plan.

Key assumptions used in the recoverable amount assessment include:

	Consolidated F/S
Growth rate (%)	1
Discount rate (%)	12

The basis of the key assumptions are as follows:

Cash flow assumptions

Due to the volatility of steel prices, management projects sales volume using the average selling prices and fix the profit margin similar to the historical experience of the parent company. Management believes that those assumptions are the best available input for this projection.

Growth rate

Weighted average growth rate is based on the country economic growth. Weighted average growth rate is used to extrapolate cash flows after cash flow projection of 5 years period.

Discount rate

Discount rate is expected to reflect the current market assessments of the time value of money and specific risks to assets.

From the consideration of the above factors for the calculation of the recoverable amount of investment in Grand Steel Pipe Industry Co., Ltd., management is not aware of any other probable changes that would necessitate changes in its key estimates in year 2020. However, the estimated recoverable amount is particularly sensitive to the discount rate. If the discount rate used for calculation increased/decreased by 1%, the value – in -use will decrease/increase by Baht 10.81 million and Baht 12.99 million, respectively. The results of the valuation indicated that the recoverable amount was Baht 123.85 million which is more than investment value. The Company therefore does not have to consider impairment loss in investment, and there would still be no impact on the carrying value of goodwill as at 31 December 2020.

19. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)	
	Consolidated and Separate F/S	
	2020	2019
Promissory notes	150,000	150,000
Liabilities under trust receipt agreements	26,240	132,234
Total	176,240	282,234

The Company has short-term loans from financial institutions which bear interest at MIT, MLR – 3% to MRR per annum.

These are collateralized by the mortgages of land and construction thereon and machinery as mentioned in Note 12, the transfer of the right to receive insurance claims, and cross guarantees among the Group totaling Baht 840 million.

20. TRADE AND OTHER ACCOUNTS PAYABLE

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Trade accounts payable – general suppliers	124,884	11,353	124,884	11,302
Trade accounts payable – related companies	18,900	11,503	28,398	21,590
Other accounts payable – general suppliers	5,292	5,742	2,243	1,839
Other accounts payable – related companies	14	7	57	41
Total	<u>149,090</u>	<u>28,605</u>	<u>155,582</u>	<u>34,772</u>

21. ACCRUED EXPENSES

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Accrued bonuses	15,240	13,209	11,955	10,660
Accrued transportation	5,828	8,186	5,828	8,186
Accrued salary and other employee benefits	2,180	3,776	1,584	3,013
Accrued utilities	2,776	2,943	1,274	1,365
Accrued other expenses	1,085	1,254	789	662
Accrued interest	165	788	165	788
Total	<u>27,274</u>	<u>30,156</u>	<u>21,595</u>	<u>24,674</u>

22. POST - EMPLOYMENT BENEFIT PLANS

22.1 Defined benefit plans

During the years ended 31 December 2020 and 2019, movements in employee benefits obligation are as follow:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Beginning Balance	20,625	10,447	16,925	9,287
Provision expense recorded in the statement of profit or loss				
- Current service costs	1,407	665	1,207	601
- Past service costs	-	4,097	-	3,296
- Financial costs	527	350	448	315
Employee benefits paid	(256)	-	(125)	-
Loss from actuarial estimates charged to other comprehensive income	-	5,066	-	3,426
Ending Balance	<u>22,303</u>	<u>20,625</u>	<u>18,455</u>	<u>16,925</u>

Principal actuarial assumptions are as follows:

	Consolidated F/S	Separate F/S
Discount rate for salary	2.02-2.47 percent per annum	2.47 percent per annum
Discount rate for wage	2.02-2.47 percent per annum	2.47 percent per annum
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017
Future salary expense increment rate	5.84-6.04 percent per annum	5.84 percent per annum
Future wage expense increment rate	2.71-4.87 percent per annum	2.71 percent per annum
Normal retirement age	60 years	60 years
Number of employees	411 persons	274 persons

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	(Unit: Thousand Baht)	
	The defined benefit obligation	
	Consolidated F/S	Separate F/S
Discount rate (0.5% increment)	(760)	(685)
Discount rate (0.5% decrement)	816	736
Future salary growth (0.5% increment)	831	742
Future salary growth (0.5% decrement)	(781)	(695)
Employee turnover (1.0% increment)	(1,144)	(942)
Employee turnover (1.0% decrement)	1,281	1,057

22.2 Defined provident fund plan

The Group and their employees have jointly established a provident fund plan in accordance with the Provident Fund Act B.E. 2530. The Group and their employees contributed to the fund monthly at the rate of 3.00% of basic salaries. The fund is managed by Kasikorn Asset Management Co., Ltd. and SCB Asset Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund rules.

For the years ended 31 December 2020 and 2019, the Group contribution amounted to Baht 1.35 million and Baht 1.26 million, respectively, in the consolidated financial statements and Baht 1.00 million and Baht 0.92 million, respectively, in the separate financial statements.

23. INCOME TAX

Reconciliation of income tax expenses are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2020	2019	2020	2019
Profit before tax	484,014	158,487	455,019	142,976
Applicable tax rate (Percentage)	20	20	20	20
Tax multiplied by applicable tax rate	96,803	31,697	91,004	28,595
Adjustment for:				
Non-deductible expenses	2,151	900	2,099	834
Tax-exempted income and additional expendable expense	(5,659)	(5,050)	(3,684)	(3,072)
Profit from promoted operation	(13,705)	(350)	(13,300)	-
Tax from taxable losses of previous year	(702)	(382)	-	-
Related transaction	(614)	(103)	-	-
Change in tax rate	(2,410)	-	-	-
Tax benefit previously unrecognized as deferred tax assets	(2,047)	(1,500)	-	(1,500)
Income tax	<u>73,817</u>	<u>25,212</u>	<u>76,119</u>	<u>24,857</u>
Income tax consisted of:				
Current income tax	80,623	28,848	78,438	27,384
Deferred tax from temporary differences	(6,806)	(3,636)	(2,319)	(2,527)
Total income tax	<u>73,817</u>	<u>25,212</u>	<u>76,119</u>	<u>24,857</u>

24. DEFERRED TAX

Deferred income tax asset and liability

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

	(Unit : Thousand Baht)			
	Consolidated F/S			
	1 January 2020	Recognised as income (expense)		31 December 2020
		Profit or loss	Other comprehensive income	
Deferred tax assets from:				
Provision for allowance doubtful of accounts receivable	1,697	2,013	-	3,710
Provision for employee benefits obligation	4,125	336	-	4,461
Taxable loss carried forward	-	2,047	-	2,047
Deferred tax liabilities from:				
Surplus from fair value of land, buildings and equipment	(23,658)	2,410	-	(21,248)
Deferred tax liabilities, net	<u>(17,836)</u>	<u>6,806</u>	<u>-</u>	<u>(11,030)</u>

(Unit : Thousand Baht)

	Consolidated F/S				
	1 January 2019	Recognised as income (expense)		31 December 2019	
		Profit or loss	Other		comprehensive income
Deferred tax assets from:					
Provision for allowance doubtful of accounts receivable	-	1,697	-	1,697	
Provision for employee benefits obligation	2,103	1,009	1,013	4,125	
Deferred tax liabilities from:					
Surplus from fair value of land, buildings and equipment	(24,588)	930	-	(23,658)	
Deferred tax liabilities, net	(22,485)	3,636	1,013	(17,836)	

(Unit : Thousand Baht)

	Separate F/S				
	1 January 2020	Recognised as income (expense)		31 December 2020	
		Profit or loss	Other		comprehensive income
Deferred tax assets from:					
Provision for allowance doubtful of accounts receivable	1,697	2,013	-	3,710	
Provision for employee benefits obligation	3,385	306	-	3,691	
Deferred tax liabilities from:					
Surplus from fair value land	(11,095)	-	-	(11,095)	
Deferred tax liabilities, net	(6,013)	2,319	-	(3,694)	

(Unit : Thousand Baht)

	Separate F/S				
	1 January 2019	Recognised as income (expense)		31 December 2019	
		Profit or loss	Other		comprehensive income
Deferred tax assets from:					
Provision for allowance doubtful of accounts receivable	-	1,697	-	1,697	
Provision for employee benefits obligation	1,870	830	685	3,385	
Deferred tax liabilities from:					
Surplus from fair value land	(11,095)	-	-	(11,095)	
Deferred tax liabilities, net	(9,225)	2,527	685	(6,013)	

As at 31 December 2020, the Company and subsidiaries have not recognized deferred tax assets in the consolidated financial statements and separate financial statements for the effect on allowance for decline value of inventories of Baht 0.29 million (2019: Baht 3.32 million). This does not have significant effect to the financial statements.

25. EQUITY

25.1 Legal reserve

Pursuant to Section 116 of the Public Limited Company Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net income for the year after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

25.2 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 totalling Baht 31.50 million. The interim dividend was paid on 21 April 2020.

At the Annual General Meeting for the year 2019 held on 24 April 2019, the shareholders passed a resolution to pay dividend from net profit for the second half of the year (July – December of 2018) from non-promoted business for 450 million common shares at Baht 0.07 per share, totalling Baht 31.50 million. The dividend was paid on 23 May 2019.

At the Board of Director Meeting No. 3/2019 held on 14 August 2019, the board of directors passed a resolution to pay interim dividend from non-promoted income for the six-month period ended 30 June 2019 of Baht 0.07 per share for 450 million common shares, totalling Baht 31.50 million. The interim dividend was paid on 12 September 2019.

26. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2020	2019	2020	2019
Salaries, wages and other employee benefits	121,947	117,663	74,096	75,239
Executives' remuneration	32,339	34,376	24,941	25,670
Depreciation and amortization	47,275	44,388	21,460	16,817
Transportation expenses	85,346	83,461	117,060	111,440
Manufacturing service costs	5	-	98,690	89,931
Reversal of allowance excess of cost of goods over net realizable value	(3,030)	(9,982)	(3,030)	(9,982)
Loss from exchange rate	20,783	10,237	-	6,362
Raw material and supplies used	2,977,397	3,181,260	2,959,844	3,139,355
Purchase of finished goods	1,865,239	1,716,369	1,865,239	1,716,369
Change in finished goods and work in process	(74,697)	7,941	(102,292)	12,941

27. SEGMENT REPORTING

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

The Company and subsidiaries' business operations are categorized mainly into 2 principal segments: (1) trading of steel products including raw material and (2) production and distribution of steel products. Below are revenues of the Company and subsidiaries for the years ended 31 December 2020 and 2019.

	(Unit : Million Baht)							
	Consolidated F/S							
	For the years ended 31 December							
	Trading of products (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	1,717.52	1,602.13	3,885.50	3,794.14	-	-	5,603.02	5,396.27
Revenues from inter-segments	198.39	221.21	98.68	90.48	(297.07)	(311.69)	-	-
Total revenue	1,915.91	1,823.34	3,984.18	3,884.62	(297.07)	(311.69)	5,603.02	5,396.27

(Unit : Million Baht)

Consolidated F/S								
For the years ended 31 December								
	Trading of products (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Interest income	1.05	0.90	2.36	2.12	(1.35)	(1.54)	2.06
Interest expense	3.63	3.84	8.21	9.11	(3.88)	(1.54)	7.96	11.41
Depreciation and amortization expenses	-	-	50.95	44.52	(3.68)	(0.13)	47.27	44.39
Segment profits	84.99	31.86	320.82	100.77	4.38	0.64	410.19	133.27
Segment assets	716.00	564.29	1,488.94	1,202.22	-	-	2,204.94	1,766.51
Increased (decreased) of segment non-current assets	-	-	133.72	(11.12)	-	-	133.72	(11.12)
Segment liabilities	-	-	449.33	388.84	-	-	449.33	388.84

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

(Unit : Million Baht)

Consolidated F/S								
	Trading (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Local	1,915.03	1,823.34	3,726.93	3,632.89	(296.56)	(311.69)	5,345.40
Lao People's Democratic Republic	0.88	-	257.25	251.73	(0.51)	-	257.62	251.73
Total	1,915.91	1,823.34	3,984.18	3,884.62	(297.07)	(311.69)	5,603.02	5,396.27

Major Customer

The Group does not have sales to any customer more than 10 percent of total revenues in the consolidated and separate financial statements.

28. INVESTMENT PROMOTION PRIVILEGES

The Company and subsidiary have privileges under investment certificates covered by the Promotion of Investment Act B.E. 2520 (A.D. 1977), as follows:

Certificate No.	Date	Promoted activity types	Commence date of revenues generated	Expiry date
<u>The Company</u>				
62-0968-1-04-1-0	15 July 2019	Cold formed structural steel sections	4 September 2019	3 September 2022
<u>The subsidiary</u>				
2488(2)/2557	25 August 2014	Cold formed structural steel sections	29 February 2016	29 February 2024

The Company and subsidiary have privileges as follows:

- Exemption from import duty on approved imported machinery.
- Exemption from corporate income tax on profits from the promoted activity not exceeding 50% and 100% of assets, excluding land and capital, for a period of three years and eight years, respectively commencing the date that income was first derived.
- Exemption from income tax on dividends paid to the shareholders from the profit of the promoted operations during the period in which the corporate income tax is exempted.

As a promoted company, the Company and subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

Based on the Announcement of the Board of Investment No. Por 14/1998 dated 30 December 1998 regarding revenue reporting of a promoted industry, the subsidiary is required to report the revenues separately for promoted and the non-promoted businesses. The revenue for the years ended 31 December 2020 and 2019 are follows:

	Thousand Baht			
	Consolidated F/S			
	Promoted business	Non-promoted business	Eliminated	Total
2020				
Revenue from sales	1,053,379	4,846,718	(297,072)	5,603,025
2019				
Revenue from sales	398,544	5,309,419	(311,689)	5,396,274

	Thousand Baht		
	Separate F/S		
	Promoted business	Non-promoted business	Total
2020			
Revenue from sales	1,038,723	4,504,558	5,543,281
2019			
Revenue from sales	377,562	4,988,737	5,366,299

29. COMMITMENTS AND CONTINGENT LIABILITIES

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

29.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 402.95 million and Baht 154.40 million, respectively, in the consolidated and separate financial statements.

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

(Unit : Million)

	Currency	Consolidated F/S					
		31 December 2020			31 December 2019		
		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	9.86	2.62	7.24	2.61	2.61	-
Bank overdraft	Baht	10.00	-	10.00	15.00	-	15.00
Promissory notes and trust receipt agreement	Baht	990.00	176.24	813.76	990.00	282.23	707.77

(Unit : Million)

	Currency	Separate F/S					
		31 December 2020			31 December 2019		
		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	1.05	1.05	-	1.05	1.05	-
Bank overdraft	Baht	10.00	-	10.00	10.00	-	10.00
Promissory notes and trust receipt agreement	Baht	990.00	176.24	813.76	990.00	282.23	707.77

The above obligations are collateralized by the same assets as for the credit facilities received from the financial institution as mentioned in Note 19.

30. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, restricted deposits with banks, trade and other accounts receivable and payable and loans. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 4 to the financial statements.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The significant financial assets and liabilities are classified below, according to interest rate type:

(Unit : Thousand Baht)

	Consolidated F/S						
	2020						
	Fixed interest rate			Floating	Non	Total	Interest Rate (% per annum)
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate		
<u>Financial assets</u>							
Cash at banks	-	-	-	84,667	47,288	131,955	0.05 - 0.25
Trade and other accounts receivable - net	-	-	-	-	275,391	275,391	-
Restricted deposit with banks	72,357	-	-	-	-	72,357	1.05
Total	72,357	-	-	84,667	322,679	479,703	
<u>Financial liabilities</u>							
Short-term loans from financial institutions	-	-	-	176,240	-	176,240	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	149,090	149,090	-
Lease liabilities	2,776	5,702	-	-	-	8,478	4.51 – 4.84
Total	2,776	5,702	-	176,240	149,090	333,808	

(Unit : Thousand Baht)

Consolidated F/S							
2019							
	Fixed interest rate			Floating	Non	Total	Interest
	Within	More than	More than	Interest	Interest		Rate
	1 year	1 – 5 years	5 years	rate	rate		(% per annum)
Financial assets							
Cash at banks	-	-	-	71,307	59,922	131,229	0.10 – 0.70
Trade and other accounts receivable - net	-	-	-	-	349,077	349,077	-
Restricted deposit with banks	1,052	-	-	-	-	1,052	1.05
Total	1,052	-	-	71,307	408,999	481,358	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	282,234	-	282,234	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	28,605	28,605	-
Total	-	-	-	282,234	28,605	310,839	

(Unit : Thousand Baht)

Separate F/S							
2020							
	Fixed interest rate			Floating	Non	Total	Interest
	Within	More than	More than	Interest	Interest		Rate
	1 year	1 – 5 years	5 years	rate	rate		(% per annum)
Financial assets							
Cash at banks	-	-	-	78,264	40,951	119,215	0.05 – 0.25
Trade accounts receivable and other - net	-	-	-	-	313,869	313,869	-
Loan to subsidiary company	32,802	-	-	-	-	32,802	2.80 - 4.00
Restricted deposit with banks	72,357	-	-	-	-	72,357	1.05
Total	105,159	-	-	78,264	354,820	538,243	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	176,240	-	176,240	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	155,582	155,582	-
Lease liabilities	5,092	22,309	60,581	-	-	87,982	4.51 – 4.84
Total	5,092	22,309	60,581	176,240	155,582	419,804	

(Unit : Thousand Baht)

	Separate F/S						Interest Rate (% per annum)
	2019						
	Fixed interest rate			Floating	Non	Total	
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate		
Financial assets							
Cash at banks	-	-	-	61,610	29,895	91,505	0.10 - 0.70
Trade accounts receivable and other - net	-	-	-	-	444,777	444,777	-
Loan to subsidiary company	17,416	15,386	-	-	-	32,802	2.80 - 4.00
Restricted deposit with banks	1,052	-	-	-	-	1,052	1.05
Total	18,468	15,386	-	61,610	474,672	570,136	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	282,234	-	282,234	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	34,772	34,772	-
Loan from subsidiary companies	5,000	-	-	-	-	5,000	3.40
Total	5,000	-	-	282,234	34,772	322,006	

Exchange rates risk

The Company and its subsidiaries sometimes execute transactions in foreign currencies. However, as at 31 December 2020 and 2019, the Company and subsidiaries have assets and liabilities in the foreign currencies. The Company and its subsidiaries use forward exchange contracts to manage foreign exchange risk.

As at 31 December 2020, the Company and subsidiaries have assets and liabilities in the foreign currencies are as follows:

(Unit : Thousand Baht)

	Consolidated F/S	
	2020	
	Foreign currency	Average exchange rate
Cash at banks		
USD	1,001	29.77

(Unit : Thousand Baht)

	Separate F/S	
	2020	
	Foreign currency	Average exchange rate
Cash at banks		
USD	1,001	29.77
Trade and account receivable		
USD	1,724	29.77

Credit risk

Risk from non-collection incurs if customers are not able to settle obligations to the Group within the normal terms of trade. The Group sales are mainly made to customers with a sound financial position and with good records of debt payment capability. The Group has also established a long-term relationship with these customers. In addition, the Group periodically assesses the financial viability of customers. Moreover, the appropriate expected credit loss over lifetime of receivables has been set up by the Group. The Group believes that accounts receivable at the reporting date is recoverable.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendment to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with future sub-categories as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

(Unit : Thousand Baht)

	Consolidated F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2020	282,234	-	-	282,234
Cash-flows:				
Repayment	(4,035,228)	-	(1,291)	(4,036,519)
Proceeds	3,929,234	-	-	3,929,234
Non-Cash				
Additional lease liabilities from TFRS 16 adoption	-	-	9,769	9,769
Acquisition	-	-	-	-
31 December 2020	176,240	-	8,478	184,718

(Unit : Thousand Baht)

	Consolidated F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2019	451,770	-	7	451,777
Cash-flows:				
Repayment	(4,399,813)	-	(7)	(4,399,820)
Proceeds	4,230,277	-	-	4,230,277
31 December 2019	282,234	-	-	282,234

(Unit : Thousand Baht)

	Separate F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2020	282,234	5,000	-	287,234
Cash-flows:				
Repayment	(4,035,228)	(7,001)	(3,843)	(4,046,072)
Proceeds	3,929,234	2,001	-	3,931,235
Non-Cash				
Additional lease liabilities			42,599	42,599
from TFRS 16 adoption	-	-		
Acquisition	-	-	49,226	49,226
31 December 2020	176,240	-	87,982	264,222

(Unit : Thousand Baht)

	Separate F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2019	451,770	8,503	7	460,280
Cash-flows:				
Repayment	(4,399,813)	(13,512)	(7)	(4,413,332)
Proceeds	4,230,277	10,009	-	4,240,286
31 December 2019	282,234	5,000	-	287,234

32. FAIR VALUE MEASUREMENT

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

Number of 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 might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level 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 December 2020 is as following;

		(Unit : Thousand Baht)			
		Consolidated F/S			
		Level 1	Level 2	Level 3	Total
Non - financial assets					
Revaluation of land		-	151,921	-	151,921

		(Unit : Thousand Baht)			
		Separate F/S			
		Level 1	Level 2	Level 3	Total
Non - financial assets					
Revaluation of land		-	104,157	-	104,157

The Group re-measured land in 2015 using the Market Approach. The fair value calculated by the market approach was 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 defend the land fair value.

As at 31 December 2020 and 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
0.50	6.00	15.67	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	0.05	0.98

33. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment policy or issue new shares or new debentures to finance debts or sell assets to reduce debts.

34. EVENTS AFTER THE REPORTING PERIOD

At the Board of director's meeting No. 1/2021, held on 25 February 2021, the meeting passed the resolution to propose to the Annual General Meeting of Shareholders 2021 for approval to pay dividend from its net profit after tax year 2020 for 449,999,095 common shares as follow:

Dividend	Baht per share	Numbers of shares (Million shares)	Amount (Million Baht)
Stock dividend (at in the ratio of 9 existing shares per 1 stock dividend)	0.1111	450.00	50.00
Cash dividend	0.2500	450.00	112.50
Total	0.3611		162.50

35. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated and separate financial statements for the year ended 31 December 2020 (including comparative financial statements) were approved by the Board of Directors on 25 February 2021.