

# 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 2021, 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 consolidated and separate 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 2021, and its consolidated and separate financial performance and its consolidated and separate 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 2021, 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 4.19, 12 and 17 which provide details of the impairment testing performed by management.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of how management identified impairment indicators and the testing process</li> <li>- 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</li> <li>- Assessing the reasonableness of the discount rate applied to the estimated future cash flows</li> <li>- Testing the calculation of the recoverable amount</li> <li>- Review the sensitivity analysis provided by management and considered the impact to recoverable amount</li> </ul> <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 2021, the Group and the Company have ending inventories of Baht 1,105.14 million and Baht 1,032.48 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>Management prepared a net realizable value calculation report. and assess the adequacy of allowance for net realizable value at the end of the year and at the end of the period.</p> <p>I focused on this area because the valuation of the inventory is significant for the financial statements and the estimation of the allowance for net realisable value is based on domestic market prices. This might be affected by the fluctuation of raw material prices in global markets, competitive marketing and the situation in the industry.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Understood the Company's policy for net realisable value calculation, the procedure of data collection and accuracy review, and the consistency in the implementation of the Company's accounting policies.</li> <li>- Tested internal controls over the procurement cycle from the purchase requisition, purchase order, goods received, and payment until recording to reflect the accuracy of inventory costs.</li> <li>- Inquired the management and assessed the appropriateness of the selling prices per unit used to estimate the allowance for net realisable value, by comparing quotations and selling price lists with year-end market prices.</li> <li>- Tested the calculation of net realisable value at year end for both raw materials and finished goods, including any reconciliations. There was no significant difference noted.</li> </ul> <p>From performing the above procedures, I viewed that the selling prices used in estimation of the allowance for net realisable value was reasonable and consistent with the available evidence.</p>

*Other matter*

The consolidated and separate financial statements of 2S Metal Public Company Limited for the year ended 31 December 2020, presented as comparative information, were audited by another auditor from the same firm as mine, who expressed an unmodified opinion on those statements on dated 25 February 2021.

### *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 skepticism 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 and separate 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.

**Luxsamee Deetrakulwattanapol**

Certified Public Accountant

Registration No. 9056

Grant Thornton Limited

Bangkok

24 February 2022

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

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	352,593	132,111	330,383	119,255
Trade and other accounts receivable - net	7, 9	363,557	275,391	409,367	313,869
Inventories - net	10	1,105,143	1,056,060	1,032,484	1,013,683
Deposits for purchase of goods		441	11,079	441	11,079
Short-term loans and accrued interest receivable - subsidiary	7	-	-	17,415	32,802
Refundable value added tax		-	10,012	-	10,012
Refundable income tax		3,928	1,682	-	298
Other current assets		5,404	5,926	2,301	2,797
<b>Total Current Assets</b>		<b>1,831,066</b>	<b>1,492,261</b>	<b>1,792,391</b>	<b>1,503,795</b>
<b>NON-CURRENT ASSETS</b>					
Restricted deposits with banks	11	1,052	72,357	1,052	72,357
Investments in subsidiaries	12	-	-	216,770	216,770
Long-term loans receivable - subsidiary	7	-	-	12,686	-
Property, plant and equipment - net	13	593,133	605,188	278,635	280,489
Rights-of-use assets - net	14	11,255	13,547	80,273	87,270
Investment property - net	15	1,271	1,609	-	-
Intangible assets - net	16	2,083	1,303	1,915	1,055
Goodwill	17	15,086	15,086	-	-
Other non-current assets		1,541	1,541	1,537	1,537
Deferred tax assets	23	1,012	2,047	-	-
<b>Total Non-Current Assets</b>		<b>626,433</b>	<b>712,678</b>	<b>592,868</b>	<b>659,478</b>
<b>TOTAL ASSETS</b>		<b>2,457,499</b>	<b>2,204,939</b>	<b>2,385,259</b>	<b>2,163,273</b>

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 2021	31 December 2020	31 December 2021	31 December 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term loans from financial institutions	18	-	176,240	-	176,240
Trade and other accounts payable	7, 19	30,229	149,090	34,968	155,582
Current portion of liabilities under					
finance lease agreements	14.2	1,483	2,776	5,340	5,092
Accrued income tax		62,281	45,343	55,545	45,343
Value added tax payable		4,095	2,735	3,572	-
Accrued expenses	20	38,908	27,274	31,159	21,595
Other current liabilities		6,727	4,791	5,615	2,840
<b>Total Current Liabilities</b>		<b>143,723</b>	<b>408,249</b>	<b>136,199</b>	<b>406,692</b>
<b>NON-CURRENT LIABILITIES</b>					
Employee benefits obligation	21	17,794	22,303	15,562	18,455
Liabilities under finance lease agreements - net	14.2	4,219	5,702	77,551	82,890
Deferred tax liabilities - net	23	13,940	13,077	4,832	3,694
<b>Total Non-Current Liabilities</b>		<b>35,953</b>	<b>41,082</b>	<b>97,945</b>	<b>105,039</b>
<b>TOTAL LIABILITIES</b>		<b>179,676</b>	<b>449,331</b>	<b>234,144</b>	<b>511,731</b>



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

(Unit : Thousand Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</u></b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common share at Baht 1 par value					
- Registered 499,998,995 shares					
(2020 : 549,999,244 shares)	24.1	499,998	550,000	499,998	550,000
- Issued and paid - up 499,997,946 shares					
(2020 : 449,999,095 shares)	24.1	499,998	449,999	499,998	449,999
Premium on share capital		121,762	121,762	121,762	121,762
Retained earnings					
- Appropriated for legal reserve	24.2	50,000	50,000	50,000	50,000
- Unappropriated		1,584,633	1,109,614	1,434,973	985,399
Other components of shareholders' equity		22,866	26,108	44,382	44,382
<b>Shareholders' equity of the Company</b>		<b>2,279,259</b>	<b>1,757,483</b>	<b>2,151,115</b>	<b>1,651,542</b>
Non-controlling interests in subsidiaries		(1,436)	(1,875)	-	-
<b>NET SHAREHOLDERS' EQUITY</b>		<b>2,277,823</b>	<b>1,755,608</b>	<b>2,151,115</b>	<b>1,651,542</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,457,499</b>	<b>2,204,939</b>	<b>2,385,259</b>	<b>2,163,273</b>

**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	
		2021	2020	2021	2020
<b>REVENUES</b>					
Revenue from sales		6,352,680	5,484,167	6,308,927	5,428,829
Revenue from sales of by-product		168,133	118,858	162,021	114,452
<b>Total revenues</b>	26	<b>6,520,813</b>	<b>5,603,025</b>	<b>6,470,948</b>	<b>5,543,281</b>
<b>COSTS OF SALES</b>					
Costs of sales		(5,371,701)	(4,865,660)	(5,403,717)	(4,869,570)
<b>Gross profit</b>		<b>1,149,112</b>	<b>737,365</b>	<b>1,067,231</b>	<b>673,711</b>
Interest income	26	1,801	2,059	2,869	3,375
Gain on exchange rate		-	-	13,252	436
Other income		32,513	20,837	34,618	22,418
<b>Profit before expenses</b>		<b>1,183,426</b>	<b>760,261</b>	<b>1,117,970</b>	<b>699,940</b>
Selling expenses	25	(127,474)	(137,563)	(129,698)	(143,158)
Administrative expenses	25	(107,845)	(109,944)	(92,515)	(91,246)
Loss from exchange rate		(21,703)	(20,783)	-	-
<b>Total expenses</b>		<b>(257,022)</b>	<b>(268,290)</b>	<b>(222,213)</b>	<b>(234,404)</b>
<b>Profit before finance costs</b>		<b>926,404</b>	<b>491,971</b>	<b>895,757</b>	<b>465,536</b>
Finance costs	26	(1,716)	(7,957)	(5,508)	(10,517)
<b>Profit before income tax</b>		<b>924,688</b>	<b>484,014</b>	<b>890,249</b>	<b>455,019</b>
Income tax expense	22	(186,636)	(73,817)	(178,179)	(76,119)
<b>Profit for the year</b>		<b>738,052</b>	<b>410,197</b>	<b>712,070</b>	<b>378,900</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items to be reclassified subsequently to profit or loss</b>					
Translation adjustment for foreign currency financial statement - net of tax		(3,340)	(754)	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>734,712</b>	<b>409,443</b>	<b>712,070</b>	<b>378,900</b>

**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	
	2021	2020	2021	2020
<b>ALLOCATION OF PROFIT FOR THE YEAR</b>				
Portion of the Company's shareholders	737,515	410,165	712,070	378,900
Portion of non-controlling interests	537	32	-	-
	<u>738,052</u>	<u>410,197</u>	<u>712,070</u>	<u>378,900</u>
<b>ALLOCATION OF TOTAL COMPREHENSIVE INCOME</b>				
Portion of the Company's shareholders	734,273	409,433	712,070	378,900
Portion of non-controlling interests	439	10	-	-
	<u>734,712</u>	<u>409,443</u>	<u>712,070</u>	<u>378,900</u>
<b>BASIC EARNINGS PER SHARE</b>				
Profit of the Company's shareholders (Baht : Share)	1.47	0.82	1.42	0.76
Weighted average number of common shares (Unit : Thousand Shares)	<u>499,998</u>	<u>499,998</u>	<u>499,998</u>	<u>499,998</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					
<b>Consolidated F/S</b>											
<b>Balance as at 1 January 2020</b>	449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665
<b>Changes in shareholders' equity</b>											
Appropriation for legal reserve during the year	24.1	-	-	5,000	(5,000)	-	-	-	-	-	-
Cash dividend paid	24.3	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)
<b>Total transactions with shareholders</b>		-	-	5,000	(36,500)	-	-	-	(31,500)	-	(31,500)
Comprehensive income for the year		-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
<b>Total comprehensive income for the year</b>		-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
<b>Balance as at 31 December 2020</b>	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
<b>Balance as at 1 January 2021</b>	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
<b>Changes in shareholders' equity</b>											
Increased in capital	24.1	49,999	-	-	-	-	-	-	49,999	-	49,999
Cash dividend paid	24.3	-	-	(262,496)	-	-	-	-	(262,496)	-	(262,496)
<b>Total transactions with shareholders</b>		49,999	-	(262,496)	-	-	-	-	(212,497)	-	(212,497)
Comprehensive income for the year		-	-	737,515	-	(3,242)	-	(3,242)	734,273	439	734,712
<b>Total comprehensive income for the year</b>		-	-	737,515	-	(3,242)	-	(3,242)	734,273	439	734,712
<b>Balance as at 31 December 2021</b>	499,998	121,762	50,000	1,584,633	59,322	(6,639)	(29,817)	22,866	2,279,259	(1,436)	2,277,823

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	
<b>Separate F/S</b>							
<b>Balance as at 1 January 2020</b>		449,999	121,762	45,000	642,999	44,382	1,304,142
<b>Changes in shareholders' equity</b>							
Appropriation for legal reserve during the year	24.1	-	-	5,000	(5,000)	-	-
Cash dividend paid	24.3	-	-	-	(31,500)	-	(31,500)
<b>Total transactions with shareholders</b>		-	-	5,000	(36,500)	-	(31,500)
Comprehensive income for the year		-	-	-	378,900	-	378,900
<b>Total comprehensive income for the year</b>		-	-	-	378,900	-	378,900
<b>Balance as at 31 December 2020</b>		449,999	121,762	50,000	985,399	44,382	1,651,542
<b>Balance as at 1 January 2021</b>		449,999	121,762	50,000	985,399	44,382	1,651,542
<b>Changes in shareholders' equity</b>							
Increased in capital	24.1	49,999	-	-	-	-	49,999
Dividend payment	24.3	-	-	-	(262,496)	-	(262,496)
<b>Total transactions with shareholders</b>		49,999	-	-	(262,496)	-	(212,497)
Comprehensive income for the year		-	-	-	712,070	-	712,070
<b>Total comprehensive income for the year</b>		-	-	-	712,070	-	712,070
<b>Balance as at 31 December 2021</b>		499,998	121,762	50,000	1,434,973	44,382	2,151,115

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	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Profit before income tax	924,688	484,014	890,249	455,019
<b>Adjustments to reconcile profit before income tax to net cash provided from operating activities:</b>				
Provision (reversal of allowance) for doubtful debts	(2,838)	10,059	(2,797)	10,066
Provision (reversal of allowance) for decline value of inventories	17,678	(3,030)	17,678	(3,030)
Depreciation	48,527	46,682	24,690	21,034
Unrealized gain on exchange rate	(3,163)	(446)	-	-
Loss (gain) on disposal and written off of fixed assets	15	(106)	23	(105)
Amortization	483	593	385	426
Interest income	(1,801)	(2,059)	(2,869)	(3,375)
Interest expense	1,716	7,957	5,508	10,517
Provision for post employee benefits obligation	1,633	1,934	1,418	1,655
<b>Cash flows provided from operations before changes in operating assets and liabilities</b>	986,938	545,598	934,285	492,207
<b>Decrease (increase) in operating assets:</b>				
Trade and other accounts receivable	(85,328)	63,627	(92,701)	120,842
Inventories	(66,761)	(495,784)	(36,479)	(519,919)
Deposits for purchase of goods	10,638	130,013	10,638	130,013
Refundable value added tax	10,012	(9,755)	10,012	(10,012)
Refundable income tax	(2,246)	668	298	-
Other current assets	3,507	(254)	496	(593)
Other non-current assets	-	(600)	-	(599)
<b>Increase (decrease) in operating liabilities:</b>				
Trade and other accounts payable	(118,861)	120,485	(120,614)	120,810
Accrued expenses	11,799	(2,259)	9,729	(2,456)
Value added tax payable	1,360	254	3,572	(1,149)
Other current liabilities	1,936	(2,113)	2,774	(3,081)
Employee benefit paid	(6,142)	(256)	(4,311)	(125)
<b>Cash received from operating activities</b>	746,852	349,624	717,699	325,938
Interest payment	(1,881)	(8,581)	(5,672)	(11,140)
Income tax paid	(170,784)	(35,280)	(166,839)	(33,095)
<b>Net cash provided from operating activities</b>	574,187	305,763	545,188	281,703

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	
	2021	2020	2021	2020
<b>Cash flows from investing activities</b>				
Interest received	1,801	2,060	2,869	3,375
Decrease (increase) in restricted deposits with banks	71,305	(71,305)	71,305	(71,305)
Acquisition of building and equipment	(33,958)	(97,067)	(15,953)	(39,855)
Sale of equipment	100	152	91	152
Addition to intangible assets	(1,263)	(249)	(1,245)	(27)
Receipt of repayment of loans to subsidiary	-	-	-	12,000
Short-term loan granted to subsidiary	-	-	-	(12,000)
<b>Net cash provided from (used in) investing activities</b>	<b>37,985</b>	<b>(166,409)</b>	<b>57,067</b>	<b>(107,660)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	(176,240)	(105,994)	(176,240)	(105,994)
Repayment of short-term loans from subsidiary	-	-	(1,000)	(5,000)
Proceeds from short-term loans from subsidiary	-	-	3,701	-
Repayment for liabilities under finance lease agreement	(2,776)	(1,291)	(5,091)	(3,843)
Proceeds from conversion of warrants to common shares	49,999	-	49,999	-
Cash dividend payment	(262,496)	(31,500)	(262,496)	(31,500)
<b>Net cash used in financing activities</b>	<b>(391,513)</b>	<b>(138,785)</b>	<b>(391,127)</b>	<b>(146,337)</b>
Exchange rate losses on cash and cash equivalents	(177)	(308)	-	-
<b>Net increase in cash and cash equivalents - net</b>	<b>220,482</b>	<b>261</b>	<b>211,128</b>	<b>27,706</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>132,111</b>	<b>131,850</b>	<b>119,255</b>	<b>91,549</b>
<b>Cash and cash equivalents at end of year</b>	<b>352,593</b>	<b>132,111</b>	<b>330,383</b>	<b>119,255</b>
<b>Supplemental disclosure for cash flows information</b>				
Non - cash item :				
Recognition of rights-of-use assets and long-term lease liabilities	-	9,769	-	42,599

**2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

**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 accounting policies for property, plant and equipment - net (Note 13) and post – employment benefit plans (Note 21).



## Coronavirus disease 2019 pandemic

The Coronavirus 2019 pandemic has affected economic slowdown and adversely impact most businesses and industries. This situation has brought about uncertainties and have 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 a negative 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 2021 are as follows:

3.1.1 Thai Accounting Standard No.1 "Presentation of financial statements" and Thai Accounting Standard No. 8 "Accounting policies, Changes in Accounting Estimates and Errors"

There is an amendment to the definition of the term "Materiality" to comply with the Financial Reporting Standards and frameworks. Including the explanation that clarifies the materiality application to Thai Financial Reporting Standard No.1. The amendment also makes consequential amendments to other TFRS including TAS 8, TAS 10, TAS 34 and TAS 37.

3.1.2 Thai Financial Reporting Standard No.3 "Business combinations")

This standard was amended to provide more consideration as follow;

- Provide an option for the entity to use "Concentration Test" that allows a simplified assessment of purchase to distinguish the consideration for purchase of assets and the business combination.
- Amend the definition of the term "Business" to define the business combination to include, at a minimum, an input and a substantive process that are collectively significant contribution to the ability to create outputs. Furthermore, amendment definition of "Outputs" which focusing on goods and services provided to customers and removing the reference to an ability to lower the costs.

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

These standards change specific hedge accounting requirements to relief the uncertainties arising from impact of interest rate benchmark reform including the effects of changes to contractual cash flow or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate such as Interbank offer rates – IBORs. In addition, the amendment requires the entity to disclose all hedging relationships directly affected by such uncertainty.

### 3.1.4 Conceptual Framework for Financial Reporting

The conceptual framework definition was amended to define assets and liabilities and criteria for recognizing assets and liabilities in financial statements by adding the conceptual and application consideration 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 about responsibilities by function, conservative consideration concept, and uncertainty in the measurement of values in the preparation of financial information. The revision in conceptual framework also affect 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.

### 3.1.5 Thai Financial Reporting Standard No.16 “Lease”

This standard amends the discount of rent relating to Covid-19 by permitting lessees, as a practical expedient, not to assess the rent concessions that meet specified conditions as lease modification.

However, the Group has initially applied revised TFRS that are effective for annual period beginning on 1 January 2021 and has not early adopted TFRS which are not yet effective. The of this standard application has no impact on the Company’s financial statements.

### 3.2 Financial Reporting Standards, Interpretations, and guidance which are effective from 1 January 2022

Thai Financial Reporting Standard 9, “Financial instruments”, Thai Financial Reporting Standard 7, “Disclosure of Financial instruments”, Thai Financial Reporting Standard 16, “Lease”, Thai Financial Reporting Standard 4, “Insurance Contracts” and accounting guidance, financial instruments and disclosures for insurance business

Interest rate benchmark (IBOR) reform – phase 2 provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flow or hedging relationship arising from the change of interest rate benchmark to alternative benchmark rates. The significant information are as follows:

- Applying a practical expedient on relief measurement when changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), have to comply with 2 conditions are 1) the changes that are necessary as a direct result of the IBOR reform and 2) the new basis for determining contractual cash flows are considered economically equivalent, will not result in an immediate gain or loss in the statement of profit or loss. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.
- Hedge accounting relief measures will allow most TFRS 9 hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

TFRS7 requires addition disclosures as follows:

- The nature and extent of risks arising from the IBOR reform including methods that the entity uses in managing for the transition to alternative benchmark rates.
- The quantitative information related to the financial instruments that have yet transitioning to an alternative benchmark rate as at the end of the reporting period, by separate significant benchmark rates under the IBOR reform.
- The changing to an entity’s risk management strategies that the risk arising from financial instruments and transition to alternative benchmark rates.

## 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

#### a) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

#### *b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

#### 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 26).

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 includes all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Company's ordinary activities are also presented as revenue.

Revenue are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into individual distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfilment of the obligation to the customer.

#### Sale of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Sales are recognised when control of the products has transferred, being when the products are delivered.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term between 7 days to 120 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Services

Revenue from rendering services is based on the stage of completion.

#### Interest income and other income

Interest income is recognised on an accrual basis, using the effective interest method.

Other income is recognised on an accrual basis.

#### Payments to customers

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

#### 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

In the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call.

#### 4.11 Accounts receivable

Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement between 7 days to 120 days and therefore are all classified as current.

Accounts receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Company holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

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.

## 4.12 Financial asset

### a) Classification

The Company classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Company has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

### b) Recognition and derecognition

Regular way of purchases, acquisitions and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.



#### d) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- FVOCI: Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### e) Impairment

The Company assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

#### 4.13 Financial liabilities

##### a) Classification

Financial instruments issued by the Company are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Company has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company's own equity instruments.
- Where the Company has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

##### c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Company assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

#### 4.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the moving average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

#### 4.15 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.

#### 4.16 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 13). 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.

#### 4.17 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.

#### 4.18 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.

#### 4.19 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 17 for a description of impairment testing procedures.

#### 4.20 Lease assets

##### 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.

#### 4.21 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 are derecognized financial assets 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*

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 accounts receivable and other receivable and loan to other entity and related party. According to estimates of credit losses over the life of such assets since the Group recognize accounts receivable and other receivable and loan to other entity and related party.

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 subsequently 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).

#### 4.22 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.

#### 4.23 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.



#### 4.24 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

#### 4.25 Equity

Share capital represents the 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.

#### 4.26 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

#### 4.27 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 set up a registered provident fund that is contributed to by employees and by the Group for which assets are held in a separate trusteed 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.

### 4.28 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.

#### 4.29 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.

#### 4.30 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.

#### 4.31 Critical accounting estimates and judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

##### Reduction of inventory cost to net realizable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates the net realizable value of inventory based on the amount of the inventories are expected to realize. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring at the year ended.

### 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*

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Group considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

#### *Determination of the discount rate on lease liabilities*

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

### 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.

#### 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.

#### 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. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Classification of financial assets and financial liabilities

The balance of financial assets and financial liabilities as at December 31, 2021 are as follows:

(Unit : Thousand Baht)

	Consolidated F/S			Total
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive profit or loss	
<b><u>Financial assets</u></b>				
Cash at banks	352,530	-	-	352,530
Trade and other accounts receivable - net	363,547	-	-	363,547
Restricted deposit with banks	1,052	-	-	1,052
Total	<u>717,129</u>	<u>-</u>	<u>-</u>	<u>717,129</u>
<b><u>Financial liabilities</u></b>				
Trade and other accounts payable	30,229	-	-	30,229
Lease liabilities	5,702	-	-	5,702
Total	<u>35,931</u>	<u>-</u>	<u>-</u>	<u>35,931</u>

(Unit : Thousand Baht)

	Separate F/S			Total
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive profit or loss	
<b>Financial assets</b>				
Cash at banks	330,354	-	-	330,354
Trade accounts receivable and other - net	409,367	-	-	409,367
Loan to subsidiary company	30,101	-	-	30,101
Restricted deposit with banks	1,052	-	-	1,052
Total	770,874	-	-	770,874
<b>Financial liabilities</b>				
Trade and other accounts payable	34,968	-	-	34,968
Lease liabilities	82,891	-	-	82,891
Total	117,859	-	-	117,859

## 6. 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
		2021	2020	
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.

## 7. 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
Management compensation	According to the shareholders' meeting

Significant balances with related parties as at 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Trade and other accounts receivable</b>				
Subsidiary companies	-	-	56,077	51,331
Related company	37,385	-	37,385	-
Total	37,385	-	93,462	51,331

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Short-term loans and interest receivable</b>				
Subsidiary company	-	-	17,415	32,802
<b>Long-term loans receivable</b>				
Subsidiary company	-	-	12,686	-
<b>Total loans and interest receivable</b>	-	-	30,101	32,802

Significant movements in loans to subsidiary and accrued interest income for the year ended 31 December 2021 are as follows:

	(Unit: Thousand Baht)			
	1 January	During the year		31 December
	2021	Increase	Decrease	2021
Subsidiary companies	32,802	1,000	3,701	30,101

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 2026.

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Trade and other accounts payable</b>				
Subsidiary companies	-	-	7,995	9,541
Related parties	6,268	18,914	6,268	18,914
Total	6,268	18,914	14,263	28,455
<b>Lease Liabilities</b>				
Subsidiary companies	-	-	77,188	80,863
Related parties	4,384	5,362	4,384	5,362
Total	4,384	5,362	81,572	86,225



	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Employee benefits obligation</b>				
Key management personnel				
- Post-employment benefits	14,372	13,647	11,381	10,781

Significant transactions with the related parties for the years ended 31 December 2021 and 2020 are as follows:

Transaction	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2021	2020	2021	2020
<b>Revenue from sales</b>				
Related parties	356,086	526,412	356,086	526,412
Subsidiary company	-	-	232,895	202,992
Total	356,086	526,412	588,981	729,404
<b>Rental assets and other service income</b>				
Subsidiary company	-	-	266	325
<b>Interest income</b>				
Subsidiary companies	-	-	1,077	1,323
<b>Purchase of goods and service</b>				
Related parties	839,887	702,445	839,887	702,445
Subsidiary company	-	-	1	-
Total	839,887	702,445	839,888	702,445
<b>Manufacturing cost</b>				
Subsidiary company	-	-	83,511	98,685
<b>Transportation service</b>				
Subsidiary company	-	-	66,364	66,395
<b>Rental assets and other service expenses</b>				
Related parties	1,200	1,200	1,200	1,200
Subsidiary company	-	-	9,663	-
Total	1,200	1,200	10,863	1,200
<b>Interest expense</b>				
Subsidiary company	-	-	-	26

(Unit: Thousand Baht)

Transaction	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2021	2020	2021	2020
<b>Key management</b>				
<b>personnel compensation</b>				
Short-term employee benefits	37,483	31,348	28,295	24,133
Post-employment benefits	6,358	991	4,497	808
Total	43,841	32,339	32,792	24,941

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.

## 8. CASH AND CASH EQUIVALENTS

(Unit: Thousand Baht)

	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
	Cash on hand	63	156	29
Cash at banks				
- Current account	28,742	47,288	25,130	40,951
- Saving account	323,788	84,667	305,224	78,264
Total	352,593	132,111	330,383	119,255

As at 31 December 31 2021 and 2020, most of cash and cash equivalents were cash at banks in savings accounts with interest rates of 0.05% – 0.25% per year (2020 interest rates were 0.05% – 0.25% per year).

## 9. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

(Unit: Thousand Baht)

	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
	Trade accounts receivable			
- general customers - net	326,163	275,382	315,905	262,537
Trade accounts receivable - Subsidiary companies	-	-	56,069	-
Trade accounts receivable - related companies	37,385	-	37,385	51,331
Total	363,548	275,382	409,359	313,868
Other accounts receivable - general customers	9	9	-	1
Other accounts receivable - subsidiary company	-	-	8	-
Total	9	9	8	1
Total trade and other accounts receivable - net	363,557	275,391	409,367	313,869

Aging analysis of the trade accounts receivable - general customers and related companies as at 31 December 2021 and 2020 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<u>Trade accounts receivable - general customers and related companies</u>				
Not yet due	290,678	236,537	309,524	272,091
Past due				
Less than 3 months	68,011	37,584	94,980	34,565
3 - 6 months	1,331	1,142	1,331	7,097
6 - 12 months	3,893	3,784	3,893	3,780
Over 12 months	15,479	15,017	15,387	14,888
Total	<u>379,392</u>	<u>294,064</u>	<u>425,115</u>	<u>332,421</u>
<u>Less</u> Allowance for doubtful accounts	(15,844)	(18,682)	(15,756)	(18,553)
Trade accounts receivable - general customers and related companies - net	<u>363,548</u>	<u>275,382</u>	<u>409,359</u>	<u>313,868</u>

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Balance as at 1 January	(18,682)	(8,623)	(18,553)	(8,487)
<u>Add</u> Allowance for doubtful accounts during the year	(1,031)	(11,193)	(1,026)	(11,193)
<u>Less</u> Reversal of allowance for doubtful accounts	3,869	1,134	3,823	1,127
Balance as at 31 December	<u>(15,844)</u>	<u>(18,682)</u>	<u>(15,756)</u>	<u>(18,553)</u>

## 10. INVENTORIES – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Raw materials	440,222	394,486	435,651	383,705
Work in process	85,926	53,683	71,485	51,682
Finished goods	590,344	410,325	540,430	384,250
Materials and goods in transit	8	190,883	8	190,883
Factory supplies	6,607	6,969	2,874	3,449
Total	<u>1,123,107</u>	<u>1,056,346</u>	<u>1,050,448</u>	<u>1,013,969</u>
<u>Less</u> Allowance for decline values	(17,964)	(286)	(17,964)	(286)
Net	<u>1,105,143</u>	<u>1,056,060</u>	<u>1,032,484</u>	<u>1,013,683</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	
	2021	2020
Balance as at 1 January	(286)	(3,316)
<u>Add</u> Additional allowance during the year	(25,656)	(5,061)
<u>Less</u> Reversal of allowance during the year	7,978	8,091
Balance as at 31 December	<u>(17,964)</u>	<u>(286)</u>

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Costs of goods sold	5,354,035	4,868,690	5,386,039	4,872,600
<u>Add</u> Allowance for cost of goods anticipated to be higher than net realizable value	25,656	5,061	25,656	5,061
<u>Less</u> Reverse of allowance for cost of goods anticipated to be higher than net realizable value	(7,978)	(8,091)	(7,978)	(8,091)
Total costs of sales	<u>5,371,713</u>	<u>4,865,660</u>	<u>5,403,717</u>	<u>4,869,570</u>

## 11. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2021 and 2020, the Company's saving and fixed deposits with term of maturity of 12 months with interest at 0.65 – 1.05 % per annum, have been pledged as collateral for the use of electricity and short-term credit line from financial institutions.

## 12. INVESTMENTS IN SUBSIDIARIES - NET

(Unit : Thousand Baht)

	Paid-up capital		Percentage of shareholding		Separate F/S			
					2021		2020	
					Investments		Investments	
	2021	2020	2021	2020	At cost	Dividend income	At cost	Dividend income
Neastern Steel Co., Ltd.	90,000	90,000	99.99	99.99	99,000	-	99,000	-
Mega Trans and Logis Co., Ltd.	30,000	30,000	99.99	99.99	30,000	-	30,000	-
Grand Steel Pipe Industry Co., Ltd.	121,970	121,970	97.11	97.11	87,770	-	87,770	-
Total					216,770	-	216,770	-

## 13. 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	
<b>Cost</b>							
1 January 2021	183,855	321,347	552,146	26,154	136,772	243	1,220,517
Acquisitions	4,700	24	2,360	2,095	965	23,814	33,958
Disposals	-	-	-	(2,468)	-	-	(2,468)
Transfer in / (out)	2,481	1,792	4,414	14	11,802	(20,503)	-
31 December 2021	191,036	323,163	558,920	25,795	149,539	3,554	1,252,007
<b>Accumulated depreciation</b>							
1 January 2021	(14,899)	(152,131)	(362,419)	(22,831)	(63,049)	-	(615,329)
Depreciation for the year	(1,619)	(12,386)	(21,926)	(1,474)	(8,493)	-	(45,898)
Depreciation for disposals	-	-	-	2,353	-	-	2,353
31 December 2021	(16,518)	(164,517)	(384,345)	(21,952)	(71,542)	-	(658,874)
<b>Net book value</b>							
31 December 2021	174,518	158,646	174,575	3,843	77,997	3,554	593,133
<b>Depreciation for the year 2021</b>							
Cost of goods sold							34,071
Administrative expenses							11,827
Total							45,898

(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
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
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)
<b>Net book value</b>							
31 December 2020	168,956	169,216	189,727	3,323	73,723	243	605,188
<b>Depreciation for the year 2020</b>							
Cost of goods sold							27,375
Administrative expenses							16,490
Total							43,865

(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
<b>Cost</b>							
1 January 2021	112,174	143,256	248,017	14,672	9,587	243	527,949
Acquisitions	4,700	24	625	1,815	879	7,910	15,953
Disposals	-	-	-	(1,761)	-	-	(1,761)
Transfer in / (out)	-	1,547	3,651	14	-	(5,212)	-
31 December 2021	116,874	144,827	252,293	14,740	10,466	2,941	542,141
<b>Accumulated depreciation</b>							
1 January 2021	(4,827)	(57,339)	(165,466)	(12,456)	(7,372)	-	(247,460)
Depreciation for the year	(546)	(5,963)	(9,711)	(1,013)	(460)	-	(17,693)
Depreciation for disposals	-	-	-	1,647	-	-	1,647
31 December 2021	(5,373)	(63,302)	(175,177)	(11,822)	(7,832)	-	(263,506)
<b>Net book value</b>							
31 December 2021	111,501	81,525	77,116	2,918	2,634	2,941	278,635

(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
<b>Depreciation for the year 2021</b>							
Cost of goods sold							12,093
Administrative expenses							5,600
Total							<u>17,693</u>

(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
<b>Cost</b>							
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>
<b>Accumulated depreciation</b>							
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>
<b>Net book value</b>							
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							<u>15,655</u>

As at 31 December 2021 and 2020, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing with book values of Baht 103.96 million and Baht 106.47 million, respectively, in the consolidated financial statements, and Baht 94.25 million and Baht 96.06 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 18 and 28.2.

As at 31 December 2021 and 2020, the cost of fully depreciated assets that are still in use are Baht 359.60 million and Baht 354.47 million, respectively, in the consolidated financial statements and of Baht 167.64 million and Baht 167.09 million, respectively, in the separate financial statements.

## 14. LEASE

### 14.1 Rights-of-use- assets

During the year ended 31 December 2021 and 2020, the Company and subsidiaries have the following condensed movements in rights-of-use assets:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
<b>Cost</b>		
1 January 2020	16,026	43,423
Addition	-	49,226
31 December 2020	16,026	92,649
31 December 2021	16,026	92,649
<b>Accumulated depreciation</b>		
1 January 2020	-	-
Depreciation for the year	(2,479)	(5,379)
31 December 2020	(2,479)	(5,379)
Depreciation for the year	(2,292)	(6,997)
31 December 2021	(4,771)	(12,376)
<b>Net book value</b>		
31 December 2020	13,547	87,270
31 December 2021	11,255	80,273
<b>Depreciation</b>		
Administrative expenses for the year 2020	(2,479)	(5,379)
Administrative expenses for the year 2021	(2,292)	(6,997)

As at 31 December 2020, 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 2020, 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.



## 14.2 Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
	2021	2021
Lease liabilities		
Not over 1 year	1,700	9,205
Over 1 year but not over 5 years	4,500	34,520
Over 5 years	-	71,973
Total	6,200	115,698
<u>Less</u> Deferred interest	(498)	(32,807)
<u>Less</u> Current portion	(1,483)	(5,340)
Net	4,219	77,551

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

## 15. INVESTMENT PROPERTY – NET

	(Unit : Thousand Baht)
	Consolidated F/S
<b>Cost</b>	
1 January 2020	5,060
31 December 2020	5,060
31 December 2021	5,060
<b>Accumulated depreciation</b>	
1 January 2020	(3,114)
Depreciation for the year	(337)
31 December 2020	(3,451)
Depreciation for the year	(338)
31 December 2021	(3,789)
<b>Net book value</b>	
31 December 2020	1,609
31 December 2021	1,271

## 16. INTANGIBLE ASSETS – NET

The movements in computer software for the years ended 31 December 2021 and 2020 are as follow:

	(Unit :Thousand Baht)	
	Consolidated F/S	Separate F/S
<b>Cost</b>		
1 January 2020	7,896	7,009
Addition	249	27
31 December 2020	8,145	7,036
Addition	1,263	1,245
31 December 2021	9,408	8,281
<b>Accumulated amortization</b>		
1 January 2020	(6,249)	(5,555)
Amortization for the year	(593)	(426)
31 December 2020	(6,842)	(5,981)
Amortization for the year	(483)	(385)
31 December 2021	(7,325)	(6,366)
<b>Net book value</b>		
31 December 2020	1,303	1,055
31 December 2021	2,083	1,915

## 17. GOODWILL

Goodwill of Baht 15 million arose from the business acquisition of Grand Steel Pipe Industry Co., Ltd. in 2015.

### Impairment testing

The Group tests impairment of goodwill annually by comparing the net book value of goodwill with the recoverable amount of a CGU, which is determined based on value-in-use calculations. These calculations use cash flow projections from financial budgets that are approved by the management. Cash flows beyond the projected period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the average long-term growth rate for the business in which the CGU operates.

As at 31 December 2021, the key assumptions used for value-in-use calculations are as follows:

	Consolidated F/S	
	2021	2020
Growth rate (%)	1.00	1.00
Discount rate (%)	12.56	12.00

If the discount rate used in the calculation increases by 1.0% per annum, there is no impairment of goodwill recorded in the consolidated financial statements for the year ended 31 December 2021.

## 18. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)	
	Consolidated and Separate F/S	
	2021	2020
Promissory notes	-	150,000
Liabilities under trust receipt agreements	-	26,240
Total	-	176,240

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 13, the transfer of the right to receive insurance claims, and cross guarantees among the Group totaling Baht 840 million.

## 19. TRADE AND OTHER ACCOUNTS PAYABLE

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Trade accounts payable – general suppliers	19,769	124,884	19,769	124,884
Trade accounts payable – related companies	6,266	18,900	14,207	28,398
Other accounts payable – general suppliers	4,192	5,292	936	2,243
Other accounts payable – related companies	2	14	56	57
Total	<u>30,229</u>	<u>149,090</u>	<u>34,968</u>	<u>155,582</u>

## 20. ACCRUED EXPENSES

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Accrued bonuses	25,390	15,240	19,962	11,955
Accrued transportation	7,250	5,828	7,250	5,828
Accrued salary and other employee benefits	2,699	2,180	2,090	1,584
Accrued utilities	2,098	2,776	822	1,274
Accrued other expenses	1,471	1,085	1,035	789
Accrued interest	-	165	-	165
Total	<u>38,908</u>	<u>27,274</u>	<u>31,159</u>	<u>21,595</u>

## 21. POST - EMPLOYMENT BENEFIT PLANS

### 21.1 Defined benefit plans

During the years ended 31 December 2021 and 2020, movements in employee benefits obligation are as follow:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Beginning Balance	22,303	20,625	18,455	16,925
Provision expense recorded in the statement of profit or loss				
- Current service costs	1,202	1,407	1,045	1,207
- Financial costs	431	527	373	448
Employee benefits paid	(6,142)	(256)	(4,311)	(125)
Ending Balance	<u>17,794</u>	<u>22,303</u>	<u>15,562</u>	<u>18,455</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)	(757)	(691)
Discount rate (0.5% decrement)	810	741
Future salary growth (0.5% increment)	911	823
Future salary growth (0.5% decrement)	(855)	(771)
Employee turnover (1.0% increment)	(1,253)	(1,055)
Employee turnover (1.0% decrement)	1,408	1,187

#### 21.2 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 2021 and 2020, the Group contribution amounted to Baht 1.35 million and Baht 1.35 million, respectively, in the consolidated financial statements and Baht 1.00 million and Baht 1.00 million, respectively, in the separate financial statements.

## 22. INCOME TAX

Reconciliation of income tax expenses are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Profit before tax	924,688	484,014	890,249	455,019
Applicable tax rate (Percentage)	20	20	20	20
Tax multiplied by applicable tax rate	184,938	96,803	178,050	91,004
Adjustment for:				
Non-deductible expenses	6,026	2,151	4,308	2,099
Tax-exempted income and additional expendable expense	(4,896)	(5,659)	(4,179)	(3,684)
Profit from promoted operation	-	(13,705)	-	(13,300)
Tax from taxable losses of previous year	-	(702)	-	-
Related transaction	568	(614)	-	-
Change in tax rate	-	(2,410)	-	-
Tax benefit previously unrecognized as deferred tax assets	-	(2,047)	-	-
Income tax	<u>186,636</u>	<u>73,817</u>	<u>178,179</u>	<u>76,119</u>
<b>Income tax consisted of:</b>				
Current income tax	184,738	80,623	177,041	78,438
Deferred tax from temporary differences	1,898	(6,806)	1,138	(2,319)
Total income tax	<u>186,636</u>	<u>73,817</u>	<u>178,179</u>	<u>76,119</u>

## 23. 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			31 December 2021
	Recognised as income (expense)		Other comprehensive income	
	1 January 2021	Profit or loss		
<b>Deferred tax assets from:</b>				
Provision for allowance doubtful of accounts receivable	3,710	(560)	-	3,150
Provision for employee benefits obligation	4,461	(901)	-	3,560
Taxable loss carried forward	2,047	(1,035)	-	1,012
<b>Deferred tax liabilities from:</b>				
Surplus from fair value of land, buildings and equipment	(21,248)	598	-	(20,650)
<b>Deferred tax liabilities, net</b>	<b>(11,030)</b>	<b>(1,898)</b>	<b>-</b>	<b>(12,928)</b>

(Unit : Thousand Baht)

	Consolidated F/S			31 December 2020
	Recognised as income (expense)		Other comprehensive income	
	1 January 2020	Profit or loss		
<b>Deferred tax assets from:</b>				
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
<b>Deferred tax liabilities from:</b>				
Surplus from fair value of land, buildings and equipment	(23,658)	2,410	-	(21,248)
<b>Deferred tax liabilities, net</b>	<b>(17,836)</b>	<b>6,806</b>	<b>-</b>	<b>(11,030)</b>

(Unit : Thousand Baht)

	Separate F/S			31 December 2021
	Recognised as income (expense)		Other comprehensive income	
	1 January 2021	Profit or loss		
<b>Deferred tax assets from:</b>				
Provision for allowance doubtful of accounts receivable	3,710	(559)	-	3,151
Provision for employee benefits obligation	3,691	(579)	-	3,112
<b>Deferred tax liabilities from:</b>				
Surplus from fair value land	(11,095)	-	-	(11,095)
<b>Deferred tax liabilities, net</b>	<b>(3,694)</b>	<b>(1,138)</b>	<b>-</b>	<b>(4,832)</b>

(Unit : Thousand Baht)

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

As at 31 December 2021, 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 17.96 million (2020: Baht 0.29 million). This does not have significant effect to the financial statements.

## 24. EQUITY

### 24.1 Authorized share capital

Movements in authorized share capital, and fully paid-up share capital are as follow:

Authorized share capital	Number of Shares	Par value (Baht)	Baht
Balance as of 1 January 2021	549,999,244	1.00	549,999,244
Increased share capital	49,999,900	1.00	49,999,900
Decreased share capital	(100,000,149)	1.00	(100,000,149)
Balance as of 31 December 2021	499,998,995	1.00	499,998,995

  

Issued and fully paid-up share capital	Number of Shares	Par value (Baht)	Baht
Balance as of 1 January 2021	449,999,095	1.00	449,999,095
Increased share capital	49,998,851	1.00	49,998,851
Balance as of 31 December 2021	499,997,946	1.00	499,997,946

At the Annual General Meeting for the year 2021 on 21 April 2021, the shareholders passed a resolution to decreased the registered common share of the Company from Baht 549,999,244 to Baht 499,999,095 by reducing the non-allotment of 100,000,149 shares at par value of 1 Baht per share, consisting of 454 ordinary shares remaining for the stock dividend payment as approve at the Annual General Meeting of Shareholder for the year 2018 and 99,999,695 ordinary shares reserved for the exercise of 2S-W1 which period for exercising expired and delisted since 30 May 2019. The Company registered the share capital decrement with the Department of Business Development on 27 April 2021.



At the Annual General Meeting for the year 2021 on 21 April 2021, the shareholders passed a resolution to increase the registered common share of the Company from Baht 449,999,095 to Baht 499,998,995 by issuing new 49,999,900 ordinary share at par value of 1 Baht, totalling Baht 50.00 million to support stock dividends. The shareholders exercised the right to receive the stock dividend of 49,998,851 shares. The Company registered the share capital increment with the Department of Business Development on 28 April 2021.

#### 24.2 Legal reserve

According with 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.

#### 24.3 Dividend payment

At the Board of Director Meeting No. 2/2020 held on 25 March 2020, the board passed a resolution approving the payment of interim dividend from non-promoted profit and retained earnings as of 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 2021 on 21 April 2021, the shareholders passed a resolution to pay dividend from income from operation for the year 2020 from non-promoted business for 450 million common shares at Baht 0.3611 per share totalling Baht 162.50 million. The dividend was paid on 20 May 2021 as follows:

Dividend	Baht per share	Numbers of shares (Million shares)	Amount (Million Baht)
Stock dividend (at the ratio of 9 existing shares per 1 stock dividend)	0.1111	450	50.00
Cash dividend	0.2500	450	112.50
<b>Total</b>	<b>0.3611</b>	<b>450</b>	<b>162.50</b>

At the Board of Director Meeting No. 3/2021 on 9 August 2021, the directors passed a resolution to approve the payment of interim dividends from non-promoted income for the six-month period end 30 June 2021 of Baht 0.20 per share for 500 million common shares totalling Baht 100 million. The dividend was paid on 6 September 2021.

## 25. 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			
	2021	2020	2021	2020
Salaries, wages and other employee benefits	124,654	121,947	76,489	74,096
Executives' remuneration	43,842	32,339	32,792	24,941
Depreciation and amortization	49,427	47,275	25,074	21,460
Transportation expenses	74,135	85,346	101,421	117,060
Manufacturing service costs	154	5	83,665	98,690
Reversal of allowance excess of cost of goods over net realizable value	(17,678)	(3,030)	(17,678)	(3,030)
Loss from exchange rate	21,703	20,783	-	-
Raw material and supplies used	3,362,214	2,977,397	3,330,647	2,959,844
Purchase of finished goods	2,098,969	1,865,239	2,095,597	1,865,239
Change in finished goods and work in process	(219,390)	(74,697)	(175,984)	(102,292)

## 26. 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 2021 and 2020.

(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	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	2,043.19	1,717.52	4,477.62	3,885.50	-	-	6,520.81	5,603.02
Revenues from inter-segments	223.88	198.39	85.77	98.68	(309.65)	(297.07)	-	-
<b>Total revenue</b>	<b>2,267.07</b>	<b>1,915.91</b>	<b>4,563.39</b>	<b>3,984.18</b>	<b>(309.65)</b>	<b>(297.07)</b>	<b>6,520.81</b>	<b>5,603.02</b>
Interest income	0.96	1.05	1.92	2.36	(1.08)	(1.35)	1.80	2.06
Interest expense	2.19	3.63	4.40	8.21	(4.87)	(3.88)	1.72	7.96
Depreciation and amortization expenses	-	-	54.44	50.95	(5.43)	(3.68)	49.01	47.27
<b>Segment profits</b>	<b>260.28</b>	<b>84.99</b>	<b>478.88</b>	<b>320.82</b>	<b>(1.11)</b>	<b>4.38</b>	<b>738.05</b>	<b>410.19</b>
Segment assets	815.66	716.00	1,641.84	1,488.94	-	-	2,457.50	2,204.94
Increased (decreased) of segment non-current assets	-	-	(86.25)	133.72	-	-	(86.25)	133.72
Segment liabilities	-	-	179.68	449.33	-	-	179.68	449.33

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

Consolidated F/S								
	Trading (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Local	2,264.84	1,915.03	4,289.61	3,726.93	(309.65)	(296.56)	6,244.80	5,345.40
Lao People's Democratic Republic	2.23	0.88	273.78	257.25	-	(0.51)	276.01	257.62
<b>Total</b>	<b>2,267.07</b>	<b>1,915.91</b>	<b>4,563.39</b>	<b>3,984.18</b>	<b>(309.65)</b>	<b>(297.07)</b>	<b>6,520.81</b>	<b>5,603.02</b>

### 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.

## 27. 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 2021 and 2020 are follows:

	Thousand Baht			
	Consolidated F/S			
	Promoted business	Non-promoted business	Eliminated	Total
<b>2021</b>				
Revenue from sales	13,920	6,816,546	(309,653)	6,520,813
<b>2020</b>				
Revenue from sales	1,053,379	4,846,718	(297,072)	5,603,025

	Thousand Baht		
	Separate F/S		
	Promoted business	Non-promoted business	Total
<b>2021</b>			
Revenue from sales	-	6,470,948	6,470,948
<b>2020</b>			
Revenue from sales	1,038,723	4,504,558	5,543,281

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2021, the Company has commitments and contingent liabilities as follows:

28.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 171.65 million and Baht 65.52 million, respectively, in the consolidated and separate financial statements.

28.2 As at 31 December 2021 and 2020, the credit facilities of the Company and subsidiary are as follows:

(Unit : Million)

	Currency	Consolidated F/S					
		31 December 2021			31 December 2010		
		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	9.86	2.62	7.24	9.86	2.62	7.24
Bank overdraft	Baht	10.00	-	10.00	10.00	-	10.00
Promissory notes and trust receipt agreement	Baht	990.00	136.48	853.52	990.00	176.24	813.76

(Unit : Million)

	Currency	Separate F/S					
		31 December 2021			31 December 2020		
		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	136.48	853.52	990.00	176.24	813.76

The above obligations are collateralized by the same assets as for the credit facilities received from the financial institution as mentioned in Note 18.

## 29. 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.

### Financial risk

The Company exposes to a variety of financial risk: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Company's management. The Company's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for financial risks.

### 29.1 Market risk

#### Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is exposed to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings, long-term borrowings and debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Usually, the loan tenors was longer than aging of the Company's accounts receivables.

The Company does not apply hedge accounting.

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

(Unit : Thousand Baht)

	Consolidated F/S						
	2021						
	Fixed interest rate			Floating	Non	Interest	
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate	Total	Rate (% per annum)
<b>Financial assets</b>							
Cash at banks	-	-	-	323,788	28,742	352,530	0.05 - 0.25
Trade and other accounts receivable - net	-	-	-	-	363,547	363,547	-
Restricted deposit with banks	1,052	-	-	-	-	1,052	1.05
<b>Total</b>	<b>1,052</b>	<b>-</b>	<b>-</b>	<b>323,788</b>	<b>392,289</b>	<b>717,129</b>	

(Unit : Thousand Baht)

	Consolidated F/S						
	2021						
	Fixed interest rate			Floating	Non	Total	Interest
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate		Rate (% per annum)
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	-	-	-	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	30,229	30,229	-
Lease liabilities	1,483	4,219	-	-	-	5,702	4.51 – 4.84
Total	1,483	4,219	-	-	30,229	35,931	

(Unit : Thousand Baht)

	Consolidated F/S						
	2020						
	Fixed interest rate			Floating	Non	Total	Interest
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate		Rate (% per annum)
<b>Financial assets</b>							
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	
<b>Financial liabilities</b>							
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)

	Separate F/S						
	2021						
	Fixed interest rate			Floating	Non	Interest	
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate	Total	Rate (% per annum)
<b>Financial assets</b>							
Cash at banks	-	-	-	305,224	25,130	330,354	0.05 – 0.25
Trade accounts receivable and other - net	-	-	-	-	409,367	409,367	-
Loan to subsidiary company	17,415	12,686	-	-	-	30,101	2.80 - 4.00
Restricted deposit with banks	1,052	-	-	-	-	1,052	1.05
Total	18,467	12,686	-	305,224	434,497	770,874	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	-	-	-	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	34,968	34,968	-
Lease liabilities	5,340	26,555	50,996	-	-	82,891	4.51 – 4.84
Total	5,340	26,555	50,996	-	34,968	117,859	

(Unit : Thousand Baht)

	Separate F/S						
	2020						
	Fixed interest rate			Floating	Non	Interest	
	Within 1 year	More than 1 – 5 years	More than 5 years	Interest rate	Interest rate	Total	Rate (% per annum)
<b>Financial assets</b>							
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	
<b>Financial liabilities</b>							
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	

**Foreign exchange risk**

The Company purchases part of goods and machineries from overseas and is exposed to foreign exchange risk arising primarily from US Dollar. The Company uses forward contracts to hedge their exposure to protect foreign currency risk. However, the proportion of purchases in foreign currencies were not material compared to total purchase balance.



As at 31 December 2021, the Company and subsidiaries have assets and liabilities in the foreign currencies are as follows:

(Unit : Thousand Baht)

	Consolidated F/S	
	2021	
	Foreign currency	Average exchange rate
<u>Cash at banks</u>		
USD	548,112.08	33.15

(Unit : Thousand Baht)

	Separate F/S	
	2021	
	Foreign currency	Average exchange rate
<u>Cash at banks</u>		
USD	545,705.03	33.15
<u>Trade and account receivable</u>		
USD	1,691,077.94	33.15

## 29.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), derivative financial instruments as well as credit exposures to customers, including outstanding receivables.

### Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on tips assessments in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.

#### Impairment of financial assets

The Company has trade and other receivables as financial assets that are subject to the expected credit loss model:

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

#### Account receivables

The Company applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Including the consideration of liquidity for certain customers specifically according to the conservatism.

The Company write-off trade receivables when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments even if the Company already contacted.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 29.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 352.59 million (2020: Baht 132.11 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

### 30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital based on gearing ratio which is determined by dividing net debt with equity.

### 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 2021	176,240	-	8,478	184,718
<b>Cash-flows:</b>				
Repayment	(1,951,667)	-	(2,776)	(1,954,443)
Proceeds	1,775,427	-	-	1,775,427
31 December 2021	-	-	5,702	5,702

(Unit : Thousand Baht)

## Consolidated F/S

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

(Unit : Thousand Baht)

## Separate F/S

	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
<b>1 January 2021</b>	<b>176,240</b>	-	<b>87,982</b>	<b>264,222</b>
<b>Cash-flows:</b>				
Repayment	(1,951,667)	-	(5,091)	(1,956,758)
Proceeds	1,775,427	-	-	1,775,427
<b>31 December 2021</b>	-	-	<b>82,891</b>	<b>82,891</b>

(Unit : Thousand Baht)

## Separate F/S

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

## 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 2021 is as following;

	(Unit : Thousand Baht)			
	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
<b>Non - financial assets</b>				
Revaluation of land	-	156,621	-	156,621

	(Unit : Thousand Baht)			
	Separate F/S			
	Level 1	Level 2	Level 3	Total
<b>Non - financial assets</b>				
Revaluation of land	-	108,857	-	108,857

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 2021, the Group has not re-measured land.

As at 31 December 2021 and 2020, 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	
2021	2020	2021	2020
-	0.50	-	15.67

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	
	2021	2020
Fair value of forward foreign currency contract	-	0.05

### 33. EVENTS AFTER THE REPORTING PERIOD

At the Board of director's meeting No. 1/2022, held on 24 February 2022, the meeting passed the resolution to propose to the Annual General Meeting of Shareholders 2022 for approval to pay dividend from its net profit after tax year 2021 for 499,997,946 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)	0.10	500.00	50.00
Cash dividend	0.27	500.00	135.00
Total	0.37		185.00

However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2022 in April 2022.

#### **34. AUTHORISATION OF FINANCIAL STATEMENTS**

The consolidated and separate financial statements for the year ended 31 December 2021 (including comparative financial statements) were approved by the Board of Directors on 24 February 2022.