

**SIAM STEEL SERVICE CENTER PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019**

**1. NATURE OF OPERATIONS**

Siam Steel Service Center Public Company Limited, (“the Company”), is a company registered in Thailand and listed on the Stock Exchange of Thailand. The Company is engaged in the manufacturing of accessories made from steel, installing metal roofing and wall panels, and providing steel cutting services. The registered offices of the Company are at the following addresses:

- a) Factory 1 : 51/3 Poochao - Samingprai Road, Tumbon Bangyaprak, Amphur Phrapradeang, Samutprakarn
- b) Factory 2 : 51/11 Poochao - Samingprai Road, Tumbon Bangyaprak, Amphur Phrapradeang, Samutprakarn
- c) Factory 3 : 60/6 Moo 3, Tumbon Mabyangporn, Amphur Pluakdeang, Rayong

The major shareholders of the Company are Okaya & Co., Ltd. (29.75% shareholding) and Siam Steel International Public Company Limited (22.76% shareholding).

The Company has a 90% owned subsidiary in Vietnam which is engaged in the same businesses as the Company.

**2. BASIS OF FINANCIAL STATEMENT PREPARATION**

**2.1 Statement of compliance**

The accompanying financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must conform to the official report in Thai.

The consolidated and separate financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to use certain critical accounting estimates and to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## 2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Siam Steel Service Center Public Company Limited and subsidiaries which the Company can exercise control or holding the voting shares more than 50 percentage of total voting shares as follows:

Subsidiary Company	Country of incorporation	Percentage of share held by the Company (%)		Type of Business
		2020	2019	
Siam Steel Vietnam Co., Ltd.	Vietnam	90	90	Manufacturing and sale of roof-formed steel products for automobile, construction, furniture and electronics industries

The percentage of subsidiary's total assets as at 31 December 2020 and 2019 and total revenues for the years ended 31 December 2020 and 2019 as included in the consolidated financial statements are as follows:

Subsidiary company	Percentage of subsidiary's total assets to consolidated total assets		Percentage of subsidiary's total revenues to consolidated total revenues	
	2020	2019	2020	2019
Siam Steel Vietnam Co., Ltd.	2.26	1.61	3.31	2.50

Significant intercompany balances and transactions and investment in subsidiary have been eliminated in the preparation of consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policy for the same accounting transactions or accounting events as used for the preparation of separate financial statements.

## 2.3 Effect from the pandemic of Coronavirus Disease 2019

In March 2020, the World Health Organization declared the outbreak of corona virus 2019 (COVID -19) to be a serious pandemic for the globe. This causes significant decrease in demand for the Company's primary products and its operating results for this year. The Company's management however, used different measurements to enable the Company to continue as a going concern entity with minimal negative effects. Whereby some significant uncertainty related to duration of business disruptions because of COVID-19, for which the outcome cannot be predicted at this time.

## 2.4 Financial Reporting Standards, Interpretations and guidance which effective from 1 January 2020

### 2.4.1 Thai Financial Reporting Standards related to “Financial Instruments”

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

These financial reporting standards define new requirements on the classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments that have been effective.

The Company and subsidiary’s management has assessed the potential impact on the financial statement of Thai Financial Reporting Standards related to “Financial instruments” as follow:

#### *Classification and measurement of financial assets and financial liabilities*

##### Financial assets

Financial assets for debt instruments are classified and measured values by three principal classification categories: measured at (1) amortized cost, (2) fair value through profit or loss, and (3) fair value through other comprehensive income based on the business. model of the Company and subsidiary company in which they are managed and based on the cash flow characteristics of the financial assets.

Financial assets measured at amortized cost interest shall be calculated using effective interest rate and recognized as revenues in statement of profit or loss.

Financial assets for equity instrument are measured at fair value through profit or loss. The Company and subsidiary company considered to recognize financial assets at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss.

##### Financial liabilities

Financial liabilities classified and measured at amortized cost. Interest expense is calculated by using effective interest rate and recognized as expense in statement of profit or loss.

Derivative liabilities are classified and measured at fair value through profit or loss except for derivatives contracts which applied hedge accounting are measured at fair value through other comprehensive income.

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

(Unit: Thousand Baht)

Consolidate F/S			
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020	
Description	Carrying amounts	Amortized cost - net	Fair Value Through Other Comprehensive Income
<b>Financial assets</b>			
Cash and cash equivalent	396,616	396,616	-
Trade account receivable			
- general customer - net	827,775	827,775	-
- related companies	41,213	41,213	-
Amount due from			
Related companies	108	108	-
Investment in			
other companies	2,628	-	2,628
Total	1,268,340	1,265,712	2,628
<b>Financial liabilities</b>			
Bank overdrafts			
and short - term loans			
from financial institutions	21,588	21,588	-
Trade accounts			
and notes payable			
- general suppliers	92,024	92,024	-
- related companies	63,951	63,951	-
Total	177,563	177,563	-

(Unit: Thousand Baht)

## Separate F/S

Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020	
Description	Carrying amounts	Amortized cost - net	Fair Value Through Other Comprehensive Income
<b>Financial assets</b>			
Cash and cash equivalent	383,824	383,824	-
Trade account receivable			-
- general customer - net	798,539	798,539	-
- related companies	44,604	44,604	-
Amount due from related companies	258	258	-
Investment in other companies	2,628	-	2,628
Total	1,229,853	1,227,225	2,628
<b>Financial liabilities</b>			
Bank overdrafts and short - term loans from financial institutions	723	723	-
Trade accounts and notes payable			
- general suppliers	87,922	87,922	-
- related companies	61,890	61,890	-
Total	150,535	150,535	-

The values of financial assets and financial liabilities measured at amortize cost are closed to fair values.

Impairment – Financial assets and contract assets

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

The Company and subsidiary have determined that the application of TFRS 9 are as follows:

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

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

#### 2.4.2 Thai Financial Reporting Standards No. 16 “Lease”

TFRS 16, describes the new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 “Leases”, and several leases-related Interpretations. The new standard defines the requirements for leases to be recorded in the statement of financial position in the form of right-of-use asset with corresponding lease liability, except for short-term lease agreement which period is less than 12 months or with low value of asset, and provides additional guidance in many areas.

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

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

### 2.5 Financial Reporting Standards, Interpretations and guidance which adoption is effective from 1 January 2021.

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

This standard amends the definition of “Materiality” to conform with the Financial Reporting Standards and frameworks, including the explanation that clarifies the determination of materiality for application. The amendment of this standard also makes consequential amendments to other TFRS including TAS 8, TAS 10, TAS 34 and TAS 37.

### 2.5.2 Thai Financial Reporting Standard No.3 “Business combinations”

This financial reporting standard requires consideration for certain respects as;

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

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

This TFRS changes requirement for consideration of hedge accounting requirements to relief the uncertainty arising from impact of observable interest rate benchmark reform such as Interbank offer rates – IBORs. In addition, the amendment also requires the entity to provide information of all hedging relationship directly affected by such uncertainty.

### 2.5.4 Conceptual Framework for Financial Reporting

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

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

In addition, this framework describes responsibilities, conservatism, and measurement uncertainty in preparation of financial reporting. This revision in conceptual framework causes the revision in other 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. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenue recognition

Revenue is recognized when customers obtain control of the goods or services for amounts that reflect the consideration to which the Company and subsidiary expect to be entitled, excluding those amounts collected on behalf of third parties, and value added tax, and after deduction of trade discounts and volume rebates.

##### *Sales of goods and steel cutting services*

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

##### *Installation income*

Installation income is recognized overtime based on survey of the percentage of completion of work. The survey of physical completion of work is determined by the Company's engineers coupled with the computation of the percentage of actual costs to total estimated costs. The related costs are recognized in profit or loss as incurred.

Other income is recognized on an accrual basis.

#### 3.2 Cash and cash equivalents

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

#### 3.3 Trade and other accounts receivable and contract assets and liabilities

Receivable is recognized when the Company and subsidiary have an unconditional right to receive consideration. If revenue has been recognized before the Company and subsidiary have an unconditional right to receive consideration, the amount is presented as a contract asset.

The Company and subsidiary recognize contract assets when the revenues have been recognized before the Company and subsidiary have an unconditional right to receive consideration are presented as "Unbilled accrued income" in the statement of financial position. A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognized when the Company and subsidiary receive or have an unconditional right to receive non-refundable consideration from the customer before the Company and subsidiary recognize the related revenue. It is presented as "Advances from customers" in the statement of financial position.

Trade accounts receivable and contract assets are presented at the net realizable value.



#### *Accounting policies applicable from 1 January 2020*

The Company and subsidiary apply the TFRS 9 to measuring expected credit losses by the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables are grouped by the number of 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 adjusted by reference to the historical loss rates based on expected changes. Moreover, the Company and subsidiary company determined the collection of specific accounts receivable. The impairment losses are recognized in profit or loss within administrative expenses.

#### *Accounting Policy applicable before 1 January 2020*

The Company and subsidiary record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for based on collection experience and payment ability of customers at the end of year.

### 3.4 Inventories

Inventories are stated at the lower of costs or net realizable values. Costs are calculated by the following methods:

Finished goods and work in process	- at the aggregate costs of raw materials plus the systematic estimated direct labour and overhead, which approximate actual costs.
Raw materials	- at cost (specific identification method).
Spare parts and supplies	- at cost (first-in, first-out method).

Net realizable value is the estimated selling price in the ordinary course of business less the expected selling costs.

Allowance is made for all deteriorated, damaged, and slow-moving inventories.

The obligation to receive returned products is recognized when the products are expected to be returned by customers and measured by reference to the former carrying amount of the products sold, less any expected costs to receive returns of those products.

### 3.5 Investment in subsidiary

Investment in subsidiary is stated at cost in the separate financial statements. The Company recognizes gain or loss on sale of investment in the statement of profit or loss, in the period which sale occurs. In the case of impairment, the Company will recognize loss from impairment of investment as expense in the statement of profit or loss. The Company recognises dividend income when the subsidiary declares the payment of its dividends.

### 3.6 Investment properties

The Company's land not used in operations and building thereon are considered as investment properties which is measured initially at cost, including transaction costs. Moreover, after recognition, it is measured at cost net of allowance for impairment (if any).

The Company recognizes the difference between the net disposal proceeds and the carrying amount of the asset in the statement of profit or loss in the year when the asset is derecognized.

### 3.7 Property, plant and equipment

Property, plant and equipment are stated at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset to bring it to the location and condition necessary for its intended use. Plant and equipment in the statement of financial position are stated at costs less accumulated depreciation and allowance for loss on impairment of assets (if any).

The Company and subsidiary depreciate their buildings and equipment by the straight - line method over the estimated useful lives of the assets based on the segregation of components of assets, if each part is significant with different useful lives. Estimate useful lives of the assets are as follows:

Buildings and improvements	20 years
Machinery and equipment	5 – 10 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incur.

#### *Borrowing costs*

The Company and subsidiary capitalize borrowing costs on credit acquired for the construction of factories and machinery under installation. The capitalization of borrowing costs is discontinued when the factory construction and machine installation are completed and ready for their intended use. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

### 3.8 Impairment of assets

The Company and subsidiary assess whether there is an indication that any asset may be impaired. If any such indication exists, the Company and subsidiary make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less costs to sell and value in use.

### 3.9 Foreign currency transactions

The Company translated foreign currency transactions into Thai Baht for bookkeeping purpose at the exchange rates prevailing at the dates of transactions. Balances of monetary assets and liabilities, denominated in foreign currency, at the end of year are translated into Baht at the exchange rates at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognized as gain or loss in the statement of profit or loss.

#### *Financial Statements of Foreign Subsidiary*

The financial statements of a subsidiary in foreign currency are translated into Baht for consolidation as follows:

Assets and liabilities	- At the fiscal year closing rate
Share capital	- At the historical rate when the transaction was executed
Income and expenses	- At average rate of exchange during the year
Cumulative translation adjustments	- Shown under shareholders' equity in the consolidated financial statements

The above rates should not be construed that all assets, liabilities, income and expenses can be realized at those rates.

### 3.10 Income tax

The income tax expense recognized in profit or loss for the year comprises deferred income taxes and current income tax not recognized in other comprehensive income or directly in equity.

#### *Current income tax*

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

#### *Deferred income tax*

Deferred income taxes are calculated using the liability method on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred income taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the Revenue Department on a net basis or when tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.11 Related parties

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

#### *Subsidiary*

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control cease.

### 3.12 Employee benefits

#### *Short-term employment benefits*

Salaries, wages, bonuses, contribution to the social security and provident fund, are recognized as expenses when incurred on the accrual basis.

#### *Post-employment benefits (Defined contribution plan)*

The Company and participated employees have jointly established a provident fund plan whereby monthly contribution are made by employees and by the Company. The fund's assets are held in a separate trustee fund from the Company's and subsidiary's assets. The Company's and subsidiary's contribution to the fund is recognized as expenses when incurred.

#### *Post-employment benefits (Defined benefit plan)*

The Company has obligation in respect of the severance payment to employees upon retirement under the labour law. The Company and subsidiary set up provision for the obligation under the defined benefits plan based on actuarial techniques, using the discount method on each projected unit.

The defined benefits liability comprises the present value of the defined benefit obligation and actuarial gains (losses).

Actuarial gains or losses arising from post-employment benefits are recognized immediately as other comprehensive income.

### 3.13 Financial instruments

#### *Accounting policies applicable from 1 January 2020*

##### *Recognition and derecognition*

Financial assets and financial liabilities are recognized when the Company and subsidiary becomes a party to the contractual provision of the financial instrument.

The Company and subsidiary shall derecognize 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 Company and subsidiary classify financial assets measurement by amortized cost method, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) with both considerations as follow:

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

The Company and subsidiary classified revenue and expenses relating to financial assets that are recognized in profit or loss as finance costs, finance income or other financial items, except for impairment of trade receivables which is presented as 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 which 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 payable for principal and interest on the principal amount outstanding (SPPI).

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

Financial assets that are being held by the Company not for purpose to receive contractual cash flows or to receive contractual cash flows and for sale, are to be measured at fair value through profit or loss (FVTPL). Further, irrespective of business model, financial assets which contractual agreement not to generate cash flows but for payments of principal and interest from the balance of principal on due date, are to be measured at fair value through profit or loss including all derivative financial instruments.

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

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

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

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

*Impairment of financial assets*

Effective 1 January 2020, the Company and subsidiary consider impairment for financial assets at amortized cost and measure fair value through other comprehensive income (FVOCI).

The Company and subsidiary use the simplified approach to recognize impairment of assets that do not have significant financing elements and contractual assets based on the estimated credit losses over the life of such assets from the date of recognition.

In determining the expected credit losses, management groups receivables by types of customers and consider credit risks based on common nature. The expected credit loss rate is determined by reference to 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 Company and subsidiary assess credit risk on financial assets at the end of every year whether there has been a significant change.

The Company and subsidiary consider and recognize the expected credit loss by taking into account the past experience coupled with the future situation. The recognized credit losses arose from the weighted average credit loss probability determined from expected non-collection discounted with the effective interest rate at the commencement date of the contract.

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

*Classification and measurement of financial liabilities*

The Company and subsidiary classify the financial instruments issued by the Company and subsidiary as financial liabilities or equity instruments based on contractual obligations to deliver the financial assets to other persons or entities.

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

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

*Subsequent measurement of financial liabilities*

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

*Accounting Policy applicable before 1 January 2020*

*Long-term investments (other investment)*

Long-term investments in other companies are stated at cost. The Company recognizes gain or loss on sale in the statement of profit or loss in the period which sale of long - term investment occur. In the case of impairment on investment, the Company recognized loss from impairment of investment as expense in statement of profit or loss.

3.14 Basic earnings per share

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

3.15 Dividends

Dividends are recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors of the Company.

3.16 Segment information

Segmental results that are reported to the executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 3.17 Use of accounting estimates

The preparation of financial statements require management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent asset and liabilities. Actual results may differ from those estimates.

### 3.18 Provisions for liabilities and expenses, and contingent assets

The Company and subsidiary recognize provision for liabilities and expenses in the financial statements when the Company and its subsidiary have legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent asset will be recognized as separate asset only when the realization is virtually certain.

## **4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT AND CAPITAL RISK MANAGEMENT**

### 4.1 Critical accounting estimates, assumption and judgments

#### 4.1.1 Recognition of installation income

Recognition of installation income requires significant judgment in determining the percentage of work performed and the estimated costs to complete the work (see Note 3.1).

#### 4.1.2 Impairment of trade accounts receivable

The Company and subsidiary set an allowance for expected credit loss to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance for expected credit loss is based on a review of the expected credit loss. Management groups receivables by types of customers and consider credit risks that are of a common nature. The expected credit loss rate is determined based on the nature of the payments in the past, information of credit losses experience, external factors, and future factors that may affect customer's payments. The Company and subsidiary assess credit risk on financial assets at the end of every fiscal year to determine whether there has been a significant change.

#### 4.1.3 Impairment of investments

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected discounted future cash flows. Uncertainty in the estimation relates to assumptions about future operating results and the determination of a suitable discount rate.



#### 4.1.4 Allowance for decline value of inventories

The Company and subsidiary provide allowances for decline value of inventories to reflect impairment of inventories. The allowances are based on consideration of inventory turnovers and deterioration of each category.

#### 4.1.5 Plant and equipment

Management determines the estimated depreciation and amortization method, useful lives and residual values for the Company's and subsidiary's plant and equipment at the end of the year, and revises the depreciation and amortization charges where the depreciation and amortization method, useful lives and residual values previously estimated have changed or subject to be written down for their obsolescence or if they are no longer in use.

#### 4.1.6 Impairment of assets

The Company and subsidiary treat asset as impaired when there have been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

#### 4.1.7 Post - employment benefits

The employee benefits obligation for employee retirement is determined based on actuarial valuation. Inherent within this calculation is assumption as to discount rate, future salary adjustment, mortality rate and demographic factor. Actual post-retirement cost may ultimately differ from this estimate.

#### 4.1.8 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's and subsidiary's future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

#### 4.1.9 Estimated construction project costs

The Company and subsidiary estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to complete the service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

## 4.2 Capital risk management

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

## 5. CASH AND CASH EQUIVALENTS

	Consolidated Statements		(Unit : Thousand Baht) Separate Statements	
	2020	2019	2020	2019
Cash on hand	1,165	1,126	1,000	1,000
Cash at bank - Current account	25,949	39,625	19,307	25,912
- Savings account	367,152	86,552	361,167	86,549
Cheques in transit	2,350	5,772	2,350	5,772
Total	396,616	133,075	383,824	119,233

## 6. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2020 and 2019, the aged trade accounts receivable are as follows:

	Consolidated Statements		(Unit : Thousand Baht) Separate Statements	
	2020	2019	2020	2019
<u>Trade accounts receivable - general customers - net</u>				
Not yet due	782,881	821,273	782,881	821,273
Overdue :				
Less than 3 months	20,890	22,143	5,818	9,074
3 - 6 months	13,750	1,866	2,280	489
6 - 12 months	3,681	2,827	2,822	2,827
Over 12 months	21,163	20,234	19,328	19,964
Total	842,365	868,343	813,129	853,627
<u>Less</u> Allowance for expected credit loss	(14,590)	(17,271)	(14,590)	(17,271)
Net	827,775	851,072	798,539	836,356

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
<u>Trade accounts receivable - related companies</u>				
Not yet due	41,213	53,838	42,019	53,838
Overdue :				
Less than 3 months	-	-	1,944	1,754
3 - 6 months	-	-	641	2,213
6 - 12 months	-	-	-	-
Total	41,213	53,838	44,604	57,805

The Company and subsidiary do not set up allowance for expected credit loss in full amount for trade accounts receivable overdue over 12 months because most of those are under installment payments and/or covered by collateralized assets to guarantee the payments. If the Company cannot collect the payments from customers, it can confiscate such assets. Based on the Company management's assessment, the value of collateralized assets is worth more than the outstanding receivables.

During the year, the movement in allowance for expected credit loss are as follow:

	(Unit : Thousand Baht)
	Consolidated/Separate Statements
Balance as at 1 January 2020	(17,271)
<u>Less Reversal of allowance for expected credit loss</u>	2,681
Balance as at 31 December 2020	(14,590)

## 7. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties involving assets, liabilities, sales, other income, cost of sales and selling and administrative expenses. Those transactions as included in the financial statements are determined at the prices in line with those occurred in the normal course of business based on the market prices in general or the price as stipulated in the agreement, if there is no comparable market price.

Name	Country of incorporation	Type of Business	Relationship
Siam Steel Vietnam Co., Ltd.	Vietnam	Manufacturing and sale of iron roof-formed, steel products for automobile, construction, furniture and electronics industries	Subsidiary
Vina Okaya International Co., Ltd.	Vietnam	Trading of iron and steel, non-ferrous metal	Same shareholder

Name	Country of incorporation	Type of Business	Relationship
Vina Steel Center Co., Ltd.	Vietnam	Trading of iron and steel, non-ferrous metal and warehousing	Same shareholder
Okaya & Co., Ltd.	Japan	Steel brokerage, metallic machine, steel pipe, chemical and etc.	Company's major shareholder
Siam Steel International Public Co., Ltd.	Thailand	Manufacturing and distribution of steel furniture	Co-Directorship and Company's major shareholder
Nippon Steel Pipe (Thailand) Co., Ltd.	Thailand	Manufacturing and distribution of steel pipe for automobile and semi manufacturing industry	Directorship and same shareholder
Union Auto Parts Manufacturing Co., Ltd.	Thailand	Manufacturing and distribution of auto parts	Directorship and same shareholder
Siam Goshi Manufacturing Co., Ltd.	Thailand	Manufacturing and distribution parts and equipment of motorcycle and engines	Directorship and same shareholder
Siam Suriya Co., Ltd.	Thailand	Trading of iron and steel	Directorship and same shareholder
Okaya (Thailand) Co., Ltd.	Thailand	Steel brokerage, metallic machine, steel pipe, chemical and etc.	Directorship and same shareholder
Siam MTK Co., Ltd.	Thailand	Steel brokerage, metallic machine, steel pipe, chemical and etc.	Same shareholder
Siam Environmental Technology Co., Ltd.	Thailand	Providing of utilities	Same shareholder
Nippon Steel Logistics (Thailand) Co., Ltd.	Thailand	Transportation, storage and distribution of paper storage	Subsidiary of Siam Nippon Steel Logistics Co., Ltd.
Unity Service Co., Ltd.	Thailand	Providing of utilities and nursing facilities	Directorship

## Pricing policies

Transactions	Pricing policies
Sales and installation income	Market price
Steel cutting services income and other income	Market price
Rental income	Market price
Purchase of raw materials	Market price
Expenses and other purchases	Market price
Purchase of assets	Market price
Interest income	Agreed rate

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

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
Transaction with Related company	For the years ended 31 December			
	2020	2019	2020	2019
<b>Sales and installation income</b>				
Subsidiary	-	-	7,457	6,186
Related company	114,861	150,825	114,861	150,825
Total	114,861	150,825	122,318	157,011
<b>Steel cutting services income and other income</b>				
Related companies	11,017	18,212	11,017	18,212
<b>Rental income</b>				
Related companies	4,788	3,719	4,788	3,719
<b>Purchase of raw materials</b>				
Related companies	1,748,986	2,737,916	1,748,986	2,737,916
<b>Expenses and other purchases</b>				
Related companies	21,418	32,433	21,418	32,433
<b>Purchase of assets</b>				
Related companies	63	8	63	8
<b>Interest income</b>				
Subsidiary	-	-	323	243
<b>Directors and key management personnel compensation</b>				
Current directors and management benefits	29,972	31,483	29,972	31,483
Post - employment benefits	1,755	1,782	1,755	1,782
Total	31,727	33,265	31,727	33,265

As at 31 December 2020 and 2019, the outstanding balances with related companies are as follows:

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
<b>Trade accounts receivable</b>				
Subsidiary	-	-	3,391	3,967
Related companies	41,213	53,838	41,213	53,838
Total	41,213	53,838	44,604	57,805

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
<u>Amounts due from</u>				
Subsidiary	-	-	150	82
Related companies	108	53	108	53
Total	108	53	258	135
<u>Short-term loan to</u>				
Subsidiary	-	-	11,947	5,995

During the years ended 31 December 2020 and 2019 the movements in short-term loan to subsidiary are as follow:

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
Balance as at 1 January	-	-	5,995	8,071
<u>Add:</u> Additional loan granted	-	-	12,319	9,310
<u>Less:</u> Received of repayment	-	-	(6,143)	(10,888)
Unrealized loss from foreign exchange rate	-	-	(224)	(498)
Balance as at 31 December	-	-	11,947	5,995

Short - term loan to Siam Steel Vietnam Co., Ltd. is without any collateral and bears interest at the rate of 4.50% per annum. This loan is due at call.

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
<u>Trade accounts payable</u>				
Related companies	63,951	72,036	61,890	70,668
<u>Key management personnel compensation</u>				
Post – employee benefit	22,973	23,950	22,973	23,950

## 8. CONTRACTS ASSETS AND CONTRACT LIABILITIES

The Company and subsidiary have outstanding balances of contracts assets and contract liabilities with customers as follow:

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
<b>Contracts assets</b>				
Unbilled accrued income	112,601	158,828	112,601	158,828
Retention receivable as per contracts	21,487	28,520	21,487	28,520
<b>Total contracts assets</b>	<b>134,088</b>	<b>187,348</b>	<b>134,088</b>	<b>187,348</b>
<b>Contracts liabilities</b>				
Advances from customers	58,274	73,783	56,420	72,397
<b>Total contracts liabilities</b>	<b>58,274</b>	<b>73,783</b>	<b>56,420</b>	<b>72,397</b>

### 8.1 Unbilled accrued income and advances from customers

	(Unit : Thousand Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
<b>Unbilled accrued income</b>				
Contract sales value	293,721	395,777	293,721	395,777
Accumulated amount recognized as revenue on percentage of completion basis	210,718	325,713	210,718	325,713
<u>Less</u> Amounts billed per contract	(98,117)	(166,885)	(98,117)	(166,885)
<b>Unbilled accrued income</b>	<b>112,601</b>	<b>158,828</b>	<b>112,601</b>	<b>158,828</b>
<b>Retentions receivable</b>	<b>21,487</b>	<b>28,520</b>	<b>21,487</b>	<b>28,520</b>
<b>Advances from customers</b>				
Amounts received per contracts	106,339	145,317	100,160	145,317
Total amounts billed	86,212	159,644	86,211	159,643
<u>Less</u> Accumulated amount recognized as revenue by percentage of completion basis	(27,938)	(85,861)	(29,791)	(87,246)
<b>Advances from customers</b>	<b>58,274</b>	<b>73,783</b>	<b>56,420</b>	<b>72,397</b>

## 8.2 Revenue expected to be recognized from existing contracts

As at 31 December 2020, the Company and subsidiary expected to recognize revenue from performance obligations of existing contracts that are uncompleted (or partially completed) under contracts with customers totalling baht 219.72 million (Separate Statement totalling 153.36 Baht million)

## 9. INVENTORIES

	Consolidated Statements		(Unit : Thousand Baht) Separate Statements	
	2020	2019	2020	2019
Raw materials	464,556	826,530	451,715	815,058
Finished goods	107,291	137,724	107,291	137,724
Work in process	59,833	80,022	53,851	76,204
Spare parts and supplies	54,457	57,321	54,457	57,321
Raw materials in transit	29,363	31,159	29,363	31,159
Total	715,500	1,132,756	696,677	1,117,466
<u>Less</u> Allowance for decline value of inventories	(559)	(68)	(559)	(68)
Net	714,941	1,132,688	696,118	1,117,398

The Company has movements in allowance for decline value of inventories for the years ended 31 December 2020 and 2019 as follow:

	(Unit : Thousand Baht) Consolidated/Separate Statements	
	2020	2019
Balance as at 1 January	68	787
Increase	491	-
Decrease	-	(719)
Balance as at 31 December	559	68



Costs of inventories which were recognized as expenses for the years ended 31 December 2020 and 2019 are as follows:

			(Unit : Thousand Baht)	
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
Costs of goods sold	3,078,773	3,881,692	2,985,639	3,793,112
Provision (reversal of allowance) for decline value of inventories	491	(719)	491	(719)
Net	3,079,264	3,880,973	2,986,130	3,792,393

#### 10. INVESTMENTS IN SUBSIDIARY COMPANY

(Unit : Thousand Baht)						
Company	Type of business	Paid - up share capital	Percentage of holding		Separate Statements	
			2020	2019	2020	2019
<u>Investment in subsidiary company</u>						
Siam Steel Vietnam Co., Ltd.	Manufacturing and sale of iron roof-formed, steel products for automobile, construction, furniture and electronics industries	26,698	90.00	90.00	24,029	24,029
Total					24,029	24,029

#### 11. NON – CONTROLLING INTEREST

The subsidiary which portions of interest is not under control of the Company is detailed below:

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive income allocated to NCI		Accumulated NCI	
	2020	2019	2020	2019	2020	2019
Siam Steel Vietnam Co., Ltd.	10%	10%	16	-	2,802	2,786

Summarized financial information of Siam Steel Vietnam Co., Ltd. before elimination are as follow:

	(Unit: Thousand Baht)	
	2020	2019
Current assets	63,094	45,823
Non – current assets	12,261	12,120
Total assets	75,355	57,943
Current liabilities	47,347	30,093
Non - current liabilities	65	65
Total liabilities	47,412	30,158
Exchange rate differences on conversion of subsidiary's Financial statements	(11,823)	(12,097)
Shareholders' equity	39,766	39,882
Equity attributable to non – controlling interests	2,802	2,786
	(Unit: Thousand Baht)	
	2020	2019
Revenue	114,632	109,783
Loss for the year attributable to the Company's shareholders	(104)	(492)
Loss for the year attributable to non-controlling interests	(12)	(55)
Loss for the year	(116)	(547)
Total comprehensive income attributable to the Company's shareholders	142	(1)
Total comprehensive income attributable to non-controlling interests	16	-
Total comprehensive income for the year	158	(1)
Net cash provided from (used in) operating activities	(15,828)	16,102
Net cash provided from (used in) financing activities	14,778	(12,380)
Net cash in (out) flows	(1,050)	3,722

## 12. INVESTMENT PROPERTY

	(Unit : Thousand Baht)	
	Consolidated/Separate Statements	
	2020	2019
Land	24,621	24,621
Land and buildings	6,734	6,734
Total	31,355	31,355

As at 31 December 2020, the fair value of above investment properties, based on the market price of other properties in the nearby area, is approximately Baht 60.36 million (2019 : Baht 60.36 million).

### 13. PROPERTY, PLANT AND EQUIPMENT

(Unit : Thousand Baht)

	Consolidated Statements							
	Land	Building and building improvement	Machinery And equipment	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Machinery under installation	Total
<b>Cost</b>								
1 January 2019	412,087	829,112	1,152,425	93,063	62,851	6,354	2,483	2,558,375
Acquisition	-	345	18,245	3,023	9,759	12,730	1,288	45,390
Disposal	-	-	(3,381)	(746)	(10,885)	-	-	(15,012)
Transfer in (out)	-	19,084	3,771	-	-	(19,084)	(3,771)	-
31 December 2019	412,087	848,541	1,171,060	95,340	61,725	-	-	2,588,753
Acquisition	-	1,925	10,026	2,744	90	3,809	11,101	29,695
Disposal	-	-	(7,030)	(24,966)	(74)	-	-	(32,070)
Transfer in (out)	-	1,663	7,492	-	-	(1,663)	(7,492)	-
31 December 2020	412,087	852,129	1,181,548	73,118	61,741	2,146	3,609	2,586,378
<b>Accumulated depreciation</b>								
1 January 2019	-	489,893	719,393	83,951	60,860	-	-	1,354,097
Depreciation for the year	-	18,711	54,246	3,856	1,551	-	-	78,364
Accumulated depreciation for disposal items	-	-	(3,244)	(712)	(10,820)	-	-	(14,776)
31 December 2019	-	508,604	770,395	87,095	51,591	-	-	1,417,685
Depreciation for the year	-	18,469	54,448	3,455	2,603	-	-	78,975
Accumulated depreciation for disposal items	-	-	(7,030)	(24,922)	(31)	-	-	(31,983)
31 December 2020	-	527,073	817,813	65,628	54,163	-	-	1,464,677
<b>Net book value</b>								
31 December 2019	412,087	339,937	400,665	8,245	10,134	-	-	1,171,068
31 December 2020	412,087	325,056	363,735	7,490	7,578	2,146	3,609	1,121,701

(Unit : Thousand Baht)

Consolidated Statements								
	Land	Building and building improvement	Machinery And equipment	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Machinery under installation	Total
<b>Depreciation for the year 2019</b>								
Cost of sale and service								72,746
Selling and administrative expenses								4,773
Translation adjustment								845
Total								<u>78,364</u>
<b>Depreciation for the year 2020</b>								
Cost of sale and service								72,746
Selling and administrative expenses								6,229
Total								<u>78,975</u>

(Unit : Thousand Baht)

	Separate Statements							
	Land	Building and building improvement	Machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Machinery under installation	Total
<b>Cost</b>								
1 January 2019	412,087	811,391	1,139,650	93,063	62,851	6,354	2,483	2,527,879
Acquisition	-	345	18,245	3,023	9,759	12,730	1,288	45,390
Disposal	-	-	(3,381)	(746)	(10,885)	-	-	(15,012)
Transfer in (out)	-	19,084	3,771	-	-	(19,084)	(3,771)	-
31 December 2019	412,087	830,820	1,158,285	95,340	61,725	-	-	2,558,257
Acquisition	-	1,925	10,026	2,744	90	3,809	11,101	29,695
Disposal	-	-	(7,030)	(24,966)	(74)	-	-	(32,070)
Transfer in (out)	-	1,663	7,492	-	-	(1,663)	(7,492)	-
31 December 2020	412,087	834,408	1,168,773	73,118	61,741	2,146	3,609	2,555,882
<b>Accumulated depreciation</b>								
1 January 2019	-	482,055	707,919	83,951	60,860	-	-	1,334,785
Depreciation for the year	-	17,746	53,575	3,856	1,551	-	-	76,728
Accumulated depreciation for disposal items	-	-	(3,244)	(712)	(10,820)	-	-	(14,776)
31 December 2019	-	499,801	758,250	87,095	51,591	-	-	1,396,737
Depreciation for the year	-	18,199	53,950	3,455	2,603	-	-	78,207
Accumulated depreciation for disposal items	-	-	(7,030)	(24,922)	(31)	-	-	(31,983)
31 December 2020	-	518,000	805,170	65,628	54,163	-	-	1,442,961
<b>Net book value</b>								
31 December 2019	412,087	331,019	400,035	8,245	10,134	-	-	1,161,520
31 December 2020	412,087	316,408	363,603	7,490	7,578	2,146	3,609	1,112,921

(Unit : Thousand Baht)

Separate Statements								
	Land	Building and building improvement	Machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Machinery under installation	Total
<b>Depreciation for the year 2019</b>								
Cost of sale and service								71,956
Selling and administrative expenses								4,772
Total								<u>76,728</u>
<b>Depreciation for the year 2020</b>								
Cost of sale and service								72,247
Selling and administrative expenses								5,960
Total								<u>78,207</u>

As of 31 December 2020 and 2019, the consolidated and separate financial statements include fully depreciated assets but still in use with total cost of Baht 1,345.17 million and Baht 1,295.52 million, respectively.

#### 14. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Interest rate per annum	Consolidated Statements	
		31 December 2020	31 December 2019
Bank overdraft	5.82 - 5.95	723	3,265
Liabilities under trust receipts	1.75 - 1.95	-	127,045
Short - term loans	1.60 - 5.00	20,865	113,893
Total		21,588	244,203

(Unit : Thousand Baht)

	Interest rate per annum	Separate Statements	
		31 December 2020	31 December 2019
Bank overdraft	5.82 - 5.95	723	3,265
Liabilities under trust receipts	1.75 - 1.95	-	127,045
Short - term loans	1.60 - 2.01	-	101,799
Total		723	232,109

As at 31 December 2020 and 2019, the Company and subsidiary have credit facilities in the form of bank overdraft, promissory note, liabilities under trust receipt agreements and others as follow:

(Unit : Million Baht)

		Consolidated/Separate Statements					
		2020			2019		
		Total	Utilized	Remained	Total	Utilized	Remained
Letters of guarantee	Baht	130	6	124	130	5	125
Bank overdraft	Baht	280	1	279	275	3	272
Liabilities under trust receipts	Baht	3,050	-	3,050	3,350	127	3,223
Short-term loans	Baht	2,680	-	2,680	2,692	114	2,578



## 15. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

Movements in employee benefits obligation for the years ended 31 December 2020 and 2019 are as follows:

	(Unit : Thousand Baht)	
	Consolidated/Separate Statements	
	2020	2019
Employee benefit obligation at 1 January	101,786	73,451
Current service cost	8,761	7,468
Past service cost	-	24,914
Interest expense	2,539	2,183
Loss from actuarial estimates changed to statement of other comprehensive income	-	535
Employee benefit paid during the year	(7,287)	(6,765)
Employee benefit obligation at 31 December	105,799	101,786
Reclassified to current portion	(5,608)	(3,994)
Net	100,191	97,792
Total unfunded	105,799	101,786

- Principal actuarial assumptions at the reporting date for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
Discount rate	2.63 percent per annum	2.63 percent per annum
Future salary average increment rate	4.00 - 7.50 percent per annum	4.00 - 7.50 percent per annum
Normal retirement age	60 years	60 years
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017
Total employee	801 persons	880 persons

The present value of the defined benefits obligation was measured using the projected unit credit method.

- Employee benefits obligation expenses

Amounts recognised in profit or loss relating to the employee benefits obligation are as follows:

	(Unit : Thousand Baht)	
	Consolidated/Separate Statements	
	2020	2019
Current service cost	8,761	7,468
Past service cost	-	24,914
Net interest expense	2,539	2,183
Total expenses recognized in profit or loss	11,300	34,565

The current service cost and past service cost are included in employee benefits expense. The net interest expense is included in finance costs.

- 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)	
	Consolidated/Separate Statements	
	2020	
	Increase 1%	Decrease 1%
<b>Discount rate</b>		
Increase (decrease) in the defined benefit liability	(7,936)	9,126
<b>Salary growth rate</b>		
Increase (decrease) in the defined benefit liability	11,789	(10,360)
	Increase 10%	Decrease 10%
<b>Staff turnover rate</b>		
Increase (decrease) in the defined benefit liability	(2,422)	2,609

As at 31 December 2020, expected maturity of employee benefits obligation before discount are as follow:

	(Unit : Thousand Baht) Consolidated/Separate Statements
Within one year	5,608
Between 2 - 5 years	50,287
Between 5 - 10 years	50,597
More than 10 years	118,569
Total	225,061

## 16. LEGAL RESERVE

Under the provisions of the Public Limited Companies Act, B.E. 2535, the Company is required to appropriate at least 5% of its annual net income, after deduction of the deficit (if any), as a legal reserve until the reserve reaches 10% of authorized share capital. This legal reserve is not available for dividend distribution.

## 17. REVENUES

The Company and subsidiary classified revenues information by geographic areas as follows:

	(Unit : Thousand Baht)							
	Consolidated Statements							
	Sales and revenue from installation - net		Steel cutting service income		Transport income		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Thailand	3,044,348	3,867,013	237,998	325,995	49,361	68,218	3,331,707	4,261,226
Vietnam	107,175	109,783	-	-	-	-	107,175	109,783
Cambodia	19,404	-	-	-	-	-	19,404	-
Myanmar	548	720	-	-	-	-	548	720
Malaysia	-	98	-	-	-	-	-	98
Total	3,171,475	3,997,614	237,998	325,995	49,361	68,218	3,458,834	4,371,827

(Unit : Thousand Baht)

	Separate Statements							
	Sales and revenue from installation – net		Steel cutting service income		Transport income		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Thailand	3,036,891	3,867,013	237,998	325,995	49,361	68,218	3,324,250	4,261,226
Vietnam	7,457	6,186	-	-	-	-	7,457	6,186
Cambodia	19,404	-	-	-	-	-	19,404	-
Myanmar	548	720	-	-	-	-	548	720
Malaysia	-	98	-	-	-	-	-	98
Total	3,064,300	3,874,017	237,998	325,995	49,361	68,218	3,351,659	4,268,230

The Company and subsidiary have disclosed the revenue classification information using income recording methods as follows:

(Unit : Thousand Baht)

	Consolidated Statements							
	Sales and revenue from installation - net		Steel cutting service income		Transportation income		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
At point in time	2,391,006	3,136,018	237,998	325,995	49,075	67,948	2,678,079	3,529,961
Over time	780,469	841,596	-	-	286	270	780,755	841,866
Total	3,171,475	3,977,614	237,998	325,995	49,361	68,218	3,458,834	4,371,827

(Unit : Thousand Baht)

	Separate Statements							
	Sales and revenue from installation - net		Steel cutting service income		Transportation income		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
At point in time	2,391,006	3,136,018	237,998	325,995	49,075	67,948	2,678,079	3,529,961
Over time	673,294	737,999	-	-	286	270	673,580	738,269
Total	3,064,300	3,874,017	237,998	325,995	49,361	68,218	3,351,659	4,268,230

## 18. OTHER INCOME

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
Rental income	12,831	9,229	12,831	9,229
Other services income	3,259	3,968	3,259	3,968
Claim for damaged steel	2,408	1,379	2,408	1,379
Gain on disposal of assets	39	1,091	39	1,091
Others	2,223	3,288	2,576	3,284
Total	20,760	18,955	21,113	18,951

## 19. PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Acts B.E. 2530 and 2542. Under the plan, the Company and employees contribute to the Fund at a percentage of the employees' basic salaries. The employees are entitled to receive the Company's contribution upon resignation from the Company after completion of one year service according to the specified contribution rates. The Company's contribution for the years 2020 and 2019, which was charged to operations, amounted to Baht 10.31 million and Baht 10.55 million, respectively.

## 20. EXPENSES BY NATURE

	(Unit : Thousand Baht)			
	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
Raw materials and supplies used	2,382,595	3,127,202	2,326,182	3,080,322
Changes in inventories of finished goods and work in progress	50,623	30,121	52,787	24,492
Salaries, wages, and other employee benefits	436,764	494,642	415,566	473,397
Transportation expense	118,872	159,058	117,016	156,836
Subcontractor fees	107,852	117,590	91,051	104,747
Depreciation	78,975	77,519	78,207	76,728
Packaging expense	39,911	55,774	39,911	55,774
Hire of work	23,870	30,230	23,870	30,230
Repair and maintenance expenses	24,149	30,305	23,891	30,231
Utility expense	23,039	26,750	22,715	26,351
Provision (reversal of allowance) for decline in value of inventories	491	(719)	491	(719)

## 21. DEFERRED TAX AND INCOME TAX

### 21.1 Deferred tax

Deferred income tax assets and liabilities are as follows:

	(Unit : Thousand Baht)	
	Consolidated/Separate Statements	
	2020	2019
Deferred income tax assets	24,189	23,825
Deferred income tax liabilities	(17,717)	(18,395)
Net	6,472	5,430

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

	(Unit : Thousand Baht)			
	Consolidated and Separate Statements			
	Recognised as income (expense)			
	1 January 2020	Statement of income	Shareholders' equity	31 December 2020
<u>Deferred income tax assets</u>				
From allowance for expected credit loss	3,454	(536)	-	2,918
From allowance for decline value of inventories	14	98	-	112
From allowance for employee benefits obligation	20,357	802	-	21,159
Total	23,825	364	-	24,189
<u>Deferred income tax liability</u>				
From excess depreciation for tax computation purpose	(18,395)	678	-	(17,717)
Net	5,430	1,024	-	6,472

(Unit : Thousand Baht)

## Consolidated and Separate Statements

	Recognised as income (expense)			
	1 January 2019	Statement of income	Shareholders' equity	31 December 2019
<u>Deferred income tax assets</u>				
From allowance for expected credit loss	3,545	(91)	-	3,454
From allowance for decline value of Inventories	157	(143)	-	14
From allowance for employee benefits Obligation	14,690	5,560	107	20,357
Total	18,392	5,326	107	23,825
<u>Deferred income tax liability</u>				
From excess depreciation for tax computation purpose	(18,328)	(67)	-	(18,395)
Net	64	5,259	107	5,430

## 21.2 Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows :

	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
Current income tax expenses	19,296	34,205	19,296	34,205
Deferred tax	(1,042)	(5,259)	(1,042)	(5,259)
Total	18,254	28,946	18,254	28,946

Income tax recognized in other comprehensive income as follows:

	Consolidated and Separate Financial Statements					
	2020			2019		
	Before Tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Actuarial loss	-	-	-	535	(107)	428

Applicable tax rates for the Company and subsidiary are as follows:

	Tax rates (%)
Income tax rate under the Revenue Code for the Company	20.00
Income tax rate for subsidiary in Vietnam	7.50

Income tax for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated Statements		Separate Statements	
	2020	2019	2020	2019
Profit before income tax	93,675	147,613	93,477	147,815
Income tax rate	20	20	20	20
Income tax calculated from tax rate	18,735	29,523	18,695	29,563
Reconciling item :				
Tax on non - deductible expense	3,900	7,725	3,900	7,719
Tax on income tax exempted revenue	(3,776)	(7,717)	(3,776)	(7,717)
Tax on additional deduction of expenses	(565)	(619)	(565)	(619)
Tax on loss of subsidiary	(40)	34	-	-
Income tax expense	18,254	28,946	18,254	28,946

## 22. SEGMENT REPORTING

The Company and subsidiary are engaged in manufacturing business of accessories made from steel, installing metal roofing and wall panels, and steel cutting services. Details of core revenues for the years ended 31 December 2020 and 2019 are as follows:

	CONSOLIDATED STATEMENTS									
	For the years ended 31 December									
	2020					2019				
	Sales and installation income - net	Steel cutting services income	Transportation income	Eliminated	Total	Sales and installation income - net	Steel cutting services income	Transportation income	Eliminated	Total
Revenues from sales and service	3,178,932	237,998	49,361	(7,457)	3,458,834	3,983,800	325,995	68,218	(6,186)	4,371,827
Costs of sales and services	(2,840,307)	(223,033)	(23,729)	7,805	(3,079,264)	(3,580,650)	(275,397)	(31,570)	6,644	(3,880,973)
<b>Gross profit</b>	<b>338,625</b>	<b>14,965</b>	<b>25,632</b>	<b>348</b>	<b>379,570</b>	<b>403,150</b>	<b>50,598</b>	<b>36,648</b>	<b>458</b>	<b>490,854</b>
Gain (loss) on exchange rate					(296)					6,735
Financial cost					(6,259)					(16,235)
Depreciation					(78,975)					(77,520)
Transportation expense					(118,872)					(159,058)
Profit before income tax					93,675					147,613
Total assets					3,298,132					3,591,924



SEPARATE STATEMENTS								
For the years ended 31 December								
	2020				2019			
	Sales and installation income – net	Steel cutting services income	Transportation income	Total	Sales and installation income - net	Steel cutting services income	Transportation income	Total
Revenues from sales and service	3,064,300	237,998	49,361	3,351,659	3,874,017	325,995	68,218	4,268,230
Costs of sales and services	(2,741,225)	(223,033)	(21,872)	(2,986,130)	(3,487,648)	(275,397)	(29,348)	(3,792,393)
<b>Gross profit</b>	<b>323,075</b>	<b>14,965</b>	<b>27,489</b>	<b>365,529</b>	<b>386,369</b>	<b>50,598</b>	<b>38,870</b>	<b>475,837</b>
Gain (loss)								
on exchange rate				(371)				6,834
Financial cost				(5,404)				(15,163)
Depreciation				(78,207)				(76,728)
Transportation expense				(117,016)				(156,836)
Profit before income tax				93,477				147,815
Total assets				3,263,557				3,596,631

### Major Customers

The Company does not have any major customers who can have significant impact on the Company's business during the years 2020 and 2019.

## **23. DIVIDEND PAYMENT**

On 23 April 2020, the Board of Directors' meeting passed a resolution to approve the payment of interim dividend to common shareholders from the operating results for the year ended 31 December 2019 at Baht 0.165 per share totaling Baht 105,599,650. The payment of dividend was made on 22 May 2020.

On 30 April 2019, the Company's shareholders at the Annual Shareholders' meeting passed a resolution to approve the payment of cash dividend to common shareholders from the Company's separate operating results for the year 2018 at Baht 0.165 per share for 639,997,880 common shares, totaling Baht 105,599,650. The payment of dividend was made on 29 May 2019.

## 24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company and subsidiary's liabilities arising from financing activities are classified as follows;

	(Unit : Thousand Baht)	
	Bank overdrafts and Short – term loans	
	Consolidated Statements	Separate Statements
<b>Balance at 1 January 2020</b>	244,203	232,109
<b>Cash – flows:</b>		
Repayment	(4,529,206)	(4,496,653)
Proceeds	4,306,749	4,265,267
<b>Non – cash:</b>		
Gain/loss on exchange rate	(158)	-
<b>Balance at 31 December 2020</b>	<u>21,588</u>	<u>723</u>
<b>Balance at 1 January 2019</b>	504,933	482,564
<b>Cash – flows:</b>		
Repayment	(6,453,195)	(6,421,821)
Proceeds	6,193,830	6,171,366
<b>Non-cash:</b>		
Gain/loss on exchange rate	(1,365)	-
<b>Balance at 31 December 2019</b>	<u>244,203</u>	<u>232,109</u>

## 25. 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 3 to the financial statements.

### 25.1 Interest rate risk

The interest rate risk arose from the changes in market interest rates in the future that will affect the results of the Company and subsidiary's operations and its cash flows. As at 31 December 2019 and 2018, the Company and subsidiary have financial assets and financial liabilities with exposure to interest rate risk as follows:

(Unit : Thousand Baht)

2020

Consolidated Statements					
	Floating Interest Rate	Fixed Interest Rate	No Interest	Total	Interest rate (%)
<b><u>Financial assets</u></b>					
Cash and cash equivalents	393,100	-	3,516	396,616	0.05-0.45
Trade accounts receivable			827,775	827,775	-
- general customers - net	-	-			
- related companies	-	-	41,213	41,213	-
Amounts due from related companies	-	-	108	108	-
Unbilled accrued income	-	-	112,601	112,601	-
Total	393,100	-	985,213	1,378,313	

**Financial liabilities**

Bank overdrafts and short - term loans from financial institutions	21,588	-	-	21,588	5.82-5.00
Trade accounts and notes payable					
- general suppliers	-	-	92,024	92,024	-
- related companies	38,406	-	25,545	63,951	2.59-3.04
Advances from customers	-	-	58,274	58,274	-
Total	59,994	-	175,843	235,837	

(Unit : Thousand Baht)

2019

Consolidated Statements					
	Floating Interest Rate	Fixed Interest Rate	No Interest	Total	Interest rate (%)
<b><u>Financial assets</u></b>					
Cash and cash equivalents	126,177	-	6,898	133,075	0.10 - 0.375
Trade accounts receivable					
- general customers - net	-	-	851,072	851,072	-
- related companies	-	-	53,838	53,838	-
Amounts due from related companies	-	-	53	53	-
Unbilled accrued income	-	-	158,828	158,828	-
Total	126,177	-	1,070,689	1,196,866	

(Unit : Thousand Baht)

2019

Consolidated Statements					
	Floating Interest Rate	Fixed Interest Rate	No Interest	Total	Interest rate (%)
<b><u>Financial liabilities</u></b>					
Bank overdrafts and short – term loans from financial institutions	15,359	228,844	-	244,203	1.60 - 6.95
Trade accounts and notes payable					
- general suppliers	-	-	109,613	109,613	-
- related companies	55,577	-	16,459	72,036	4.44 - 4.63
Advances from customers	-	-	73,783	73,783	
Total	70,936	228,844	199,855	499,635	

(Unit : Thousand Baht)

2020

Separate Statements					
	Floating Interest Rate	Fixed Interest Rate	No Interest	Total	Interest rate (%)
<b><u>Financial assets</u></b>					
Cash and cash equivalents	380,474	-	3,350	383,824	0.05-0.45
Trade accounts receivable					
- general customers - net	-	-	798,539	798,539	-
- related companies	-	-	44,604	44,604	-
Amounts due from related companies	-	-	258	258	-
Short - term loan to subsidiary company	-	11,947	-	11,947	4.50
Unbilled accrued income	-	-	112,601	112,601	-
Total	380,474	11,947	959,352	1,351,773	
<b><u>Financial liabilities</u></b>					
Bank overdrafts and short - term loans from financial institutions	723	-	-	723	5.82-5.95
Trade accounts and notes payable					
- general suppliers	-	-	87,922	87,922	-
- related companies	38,406	-	23,484	61,890	2.59-3.04
Advances from customers	-	-	56,420	56,420	
Total	39,129	-	167,826	206,955	

(Unit : Thousand Baht)

	2019				
	Separate Statements				
	Floating Interest Rate	Fixed Interest Rate	No Interest	Total	Interest rate (%)
<b><u>Financial assets</u></b>					
Cash and cash equivalents	112,461	-	6,772	119,233	0.10 - 0.375
Trade accounts receivable					
- general customers - net	-	-	836,356	836,356	-
- related companies	-	-	57,805	57,805	-
Amounts due from related companies	-	-	135	135	-
Short - term loan to subsidiary company	-	5,995	-	5,995	4.50
Unbilled accrued income	-	-	158,828	158,828	-
Total	112,461	5,995	1,059,896	1,178,352	
<b><u>Financial liabilities</u></b>					
Bank overdrafts and short - term loans from financial institutions	3,265	228,844	-	232,109	1.60 - 6.95
Trade accounts and notes payable					
- general suppliers	-	-	107,272	107,272	-
- related companies	55,577	-	15,091	70,668	4.44 - 4.63
Advances from customers	-	-	72,397	72,397	
Total	58,842	228,844	194,760	482,446	

## 25.2 Foreign exchange risk

The Company and subsidiary have exposure to foreign currency risk relating to the export sales and the importation of production materials, short - term loans to subsidiary and bank overdrafts and short - term loans from financial institutions denominated in foreign currencies. As at 31 December 2020 and 2019, the Company and subsidiary have assets and liabilities in foreign currencies which are considered natural hedging as follows:

	In Thousand Foreign Currencies	
	2020	2019
<b><u>Assets in foreign currency</u></b>		
USD	519	337
<b><u>Liabilities in foreign currency</u></b>		
USD	1,235	1,814
JPY	3,696	2,025

### 25.3 Credit risk

The Company and subsidiary sell its products to customers with normal credit terms. The Company and subsidiary manage its exposure to credit risk by closely monitoring collection of accounts receivable and focuses on overdue accounts. In the case of doubt about the collectability on accounts receivable, the Company and subsidiary set up allowance for expected credit loss in the accounts as deemed necessary.

### 25.4 Liquidity risk

The Company and subsidiary monitor liquidity risk and maintain a level of cash and cash equivalents at the adequate level to finance the Company and subsidiary operations and to prevent the effects from fluctuations in cash flows.

### 25.5 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of each class of the Company's financial instruments.

- The fair values Level 1 for financial assets and financial liabilities composes of cash and cash equivalents, bank overdrafts, trade accounts receivable, trade accounts payable, amounts due from related companies, short - term loan to subsidiary company, unbilled accrued income, and advances from customers which the carrying values approximate their fair values due to the relative short - term maturity of these financial instruments.
- The fair values Level 2 for financial liabilities composes of notes payable and short - term loans from financial institutions which the carrying values are not materially different from the fair value since its carry interest at the rates close to market rates.

## 26. FAIR VALUE MEASUREMENT

Financial assets and financial liabilities measured at fair value in the statement of financial position 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.

The Company has investment property at the fair value as at 31 December 2020 of Baht 60.36 million. The fair value was calculated based on the comparison of the market price of other properties in the nearby location (Level 2).

## **27. LEASE AGREEMENT**

The subsidiary has existing lease agreement covering the land and premises in Vietnam for a period of 46 years commencing from 2 August 2006 to 15 September 2052 with annual rental of USD 2,826 and annual maintenance and industrial service cost totaling USD Dollars 1,000.

## **28. EVENTS AFTER REPORTING PERIOD**

At the meeting on 25 February 2021, the Company's Board of Directors passed a resolution to propose the payment of dividend of Baht 0.106 per share to the common shareholders, from operating results for the year ended 31 December 2020. The dividend payment must be approved at the Annual General Meeting of the Company's shareholders.

## **29. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements are authorized by the Board of Directors on 25 February 2021.