

Bangsaphan Barmill Public Company Limited  
Report and financial statements  
31 December 2022



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**EY Office Limited**  
33rd Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road  
Klongtoey, Bangkok 10110  
Tel: +66 2264 9090  
Fax: +66 2264 0789-90  
ey.com

บริษัท สำนักงาน อีวาย จำกัด  
ชั้น 33 อาคารเลควัฒนา  
193/136-137 ถนนรัชดาภิเษก  
คลองเตย กรุงเทพฯ 10110  
โทรศัพท์: +66 2264 9090  
โทรสาร: +66 2264 0789-90  
ey.com

## Independent Auditor's Report

To the Shareholders of Bangsaphan Barmill Public Company Limited

### Opinion

I have audited the accompanying financial statements of Bangsaphan Barmill Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2022, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangsaphan Barmill Public Company Limited as at 31 December 2022, its financial performance and 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 Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



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I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are describe below.

### **Revenue recognition**

Revenue from sales is one of the Company's significant accounts because it directly impacts on the Company's annual profit or loss. Moreover, the sales volumes and selling prices of the Company correlate with the global market price of steel billet. I therefore focused on the Company's revenue recognition.

I have examined the revenue recognition of the Company by assessing and testing the Company's internal controls with respect to the revenue cycle. This involved making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also examined supporting documents for actual sales transactions, on a sampling basis, occurring during the year and near the end of the accounting period, reviewed credit notes that the Company issued to its customers after the period-end, and performed analytical procedures to detect possible irregularities in sales transactions throughout the period.

### **Allowance for diminution in value of inventory**

Estimating the net realisable value of inventories, as disclosed in Note 9 to the financial statements, is an area of management judgement. This is because the inventories of the Company are commodity products and prices fluctuate in accordance with the global market price, and also based on domestic supply and demand. In addition, estimation of the net realisable value of inventories requires the use of estimates of the costs of completed production, relating selling expenses and selling price. There is a risk with respect to the amount of allowance set aside for diminution in value of inventory.



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I assessed the method and the assumptions applied by the Company's management in determining the allowance for diminution in value of inventory by making enquiry of responsible executives and gaining an understanding of the basis applied by management in determining the allowance for diminution in value of inventory. I also reviewed the consistency of the application of that basis, and compared proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

### **Other Information**

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

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

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

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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



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## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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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 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.

I am responsible for the audit resulting in this independent auditor's report.

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 20 February 2023

**Bangsaphan Barmill Public Company Limited****Statement of financial position****As at 31 December 2022**

|  |             | (Unit: Baht)         |                      |
|--|-------------|----------------------|----------------------|
|  | <u>Note</u> | <u>2022</u>          | <u>2021</u>          |
| <b>Assets</b>  |             |                      |                      |
| <b>Current assets</b>  |             |                      |                      |
| Cash and cash equivalents  | 7           | 597,159,697          | 678,163,621          |
| Trade receivables  | 8           | 173,035,257          | 162,865,549          |
| Inventories  | 9           | 354,141,221          | 352,194,153          |
| Advance payment for purchase of raw materials,<br>supplies and spare parts |             | 2,293,078            | 43,019               |
| Input tax refundable   |             | 6,153,769            | 10,458,521           |
| Other current assets   |             | 8,479,442            | 1,783,633            |
| <b>Total current assets</b>  |             | <u>1,141,262,464</u> | <u>1,205,508,496</u> |
| <b>Non-current assets</b>  |             |                      |                      |
| Property, plant and equipment  | 10          | 744,281,662          | 756,721,437          |
| Right-of-use assets  | 11          | 3,163,060            | 4,744,599            |
| Non-operating asset  | 12          | -                    | -                    |
| Deferred tax assets  | 18          | 2,464,101            | 2,062,184            |
| Other non-current assets   |             | 725,250              | 705,000              |
| <b>Total non-current assets</b>  |             | <u>750,634,073</u>   | <u>764,233,220</u>   |
| <b>Total assets</b>  |             | <u>1,891,896,537</u> | <u>1,969,741,716</u> |

The accompanying notes are an integral part of the financial statements.

**Bangsaphan Barmill Public Company Limited****Statement of financial position (continued)**

As at 31 December 2022

|   |             |                   | (Unit: Baht)      |
|---|-------------|-------------------|-------------------|
|   | <u>Note</u> | <u>2022</u>       | <u>2021</u>       |
| <b>Liabilities and shareholders' equity</b> |             |                   |                   |
| <b>Current liabilities</b>                  |             |                   |                   |
| Trade and other payables                    | 6, 14       | 5,317,627         | 66,976,874        |
| Advance received from customer              |             | 5,262,945         | -                 |
| Current portion of lease liabilities        | 11          | 1,627,395         | 1,581,328         |
| Income tax payable                          |             | -                 | 683,587           |
| Other current liabilities                   |             | 2,648,842         | 730,776           |
| <b>Total current liabilities</b>            |             | <u>14,856,809</u> | <u>69,972,565</u> |
| <b>Non-current liabilities</b>              |             |                   |                   |
| Lease liabilities, net of current portion   | 11          | 1,674,804         | 3,302,199         |
| Provision for long-term employee benefits   | 15          | 8,740,466         | 10,171,993        |
| <b>Total non-current liabilities</b>        |             | <u>10,415,270</u> | <u>13,474,192</u> |
| <b>Total liabilities</b>                    |             | <u>25,272,079</u> | <u>83,446,757</u> |

The accompanying notes are an integral part of the financial statements.



**Bangsaphan Barmill Public Company Limited****Statement of financial position (continued)**

As at 31 December 2022

|   |             |                      | (Unit: Baht)         |
|---|-------------|----------------------|----------------------|
|   | <u>Note</u> | <u>2022</u>          | <u>2021</u>          |
| <b>Shareholders' equity</b>                       |             |                      |                      |
| Share capital                                     |             |                      |                      |
| Registered  |             |                      |                      |
| 1,121,175,000 ordinary shares of Baht 1 each      |             | 1,121,175,000        | 1,121,175,000        |
| Issued and fully paid-up                          |             |                      |                      |
| 1,121,175,000 ordinary shares of Baht 1 each      |             | 1,121,175,000        | 1,121,175,000        |
| Ordinary share premium                            |             | 621,846,700          | 621,846,700          |
| Premium on treasury shares                        |             | 1,369,255            | 1,369,255            |
| Retained earnings                                 |             |                      |                      |
| Appropriated - statutory reserve                  | 16          | 113,250,000          | 113,250,000          |
| Unappropriated                                    |             | 8,983,503            | 28,654,004           |
| <b>Total shareholders' equity</b>                 |             | <b>1,866,624,458</b> | <b>1,886,294,959</b> |
| <b>Total liabilities and shareholders' equity</b> |             | <b>1,891,896,537</b> | <b>1,969,741,716</b> |

The accompanying notes are an integral part of the financial statements.

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Directors

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**Bangsaphan Barmill Public Company Limited**

**Statement of comprehensive income**

**For the year ended 31 December 2022**

|  |             | (Unit: Baht)         |                      |
|--|-------------|----------------------|----------------------|
|  | <u>Note</u> | <u>2022</u>          | <u>2021</u>          |
| <b>Profit or loss:</b>   |             |                      |                      |
| <b>Revenues</b>  |             |                      |                      |
| Sales  |             | 1,081,300,107        | 1,383,312,371        |
| Other income   |             |                      |                      |
| Revenue from sale of scrap   |             | 6,622,560            | 10,743,031           |
| Others   |             | 1,737,329            | 2,674,475            |
| <b>Total revenues</b>  |             | <u>1,089,659,996</u> | <u>1,396,729,877</u> |
| <b>Expenses</b>  |             |                      |                      |
| Cost of sales  |             | 1,020,053,878        | 1,241,649,033        |
| Cost of sales of scrap   |             | 3,454,287            | 4,563,316            |
| Selling and distribution expenses  |             | 13,550,620           | 15,384,668           |
| Administrative expenses  |             | 26,043,330           | 24,510,899           |
| Other expenses   |             |                      |                      |
| Factory overheads during production halt   | 17          | 25,033,107           | 20,733,565           |
| <b>Total expenses</b>  |             | <u>1,088,135,222</u> | <u>1,306,841,481</u> |
| <b>Operating profit</b>  |             | 1,524,774            | 89,888,396           |
| Finance income   |             | 678,821              | 742,511              |
| Finance cost   |             | (223,218)            | (318,227)            |
| <b>Profit before income tax expenses</b>   |             | <u>1,980,377</u>     | <u>90,312,680</u>    |
| Income tax expenses  | 18          | (719,138)            | (18,192,670)         |
| <b>Profit for the year</b>   |             | <u>1,261,239</u>     | <u>72,120,010</u>    |
| <b>Other comprehensive income:</b>   |             |                      |                      |
| Other comprehensive income not to be reclassified to profit or loss<br>in subsequent periods |             |                      |                      |
| Actuarial gain - net of income tax   | 15, 18      | 1,491,760            | -                    |
| <b>Other comprehensive income for the year</b>   |             | <u>1,491,760</u>     | <u>-</u>             |
| <b>Total comprehensive income for the year</b>   |             | <u>2,752,999</u>     | <u>72,120,010</u>    |
| <b>Earnings per share</b>  |             |                      |                      |
| Basic earnings per share   | 19          | 0.001                | 0.06                 |

The accompanying notes are an integral part of the financial statements.

**Bangsaphan Barmill Public Company Limited**

**Statement of changes in shareholders' equity**

**For the year ended 31 December 2022**

|   | Note | Issued and fully paid-up |               |                            |                   |                | Retained earnings    |                      |  | Total shareholders' equity |
|---|------|--------------------------|---------------|----------------------------|-------------------|----------------|----------------------|----------------------|--|----------------------------|
|   |      | share capital            | Share premium | Premium on treasury shares | Statutory reserve | Unappropriated | Total                |                      |  |                            |
|   |      |                          |               |                            |                   |                | shareholders' equity | shareholders' equity |  |                            |
| <b>Balance as at 1 January 2021</b>     |      | 1,121,175,000            | 621,846,700   | 1,369,255                  | 113,250,000       | 57,439,744     |                      | 1,915,080,699        |  |                            |
| Profit for the year                     |      | -                        | -             | -                          | -                 | 72,120,010     |                      | 72,120,010           |  |                            |
| Other comprehensive income for the year |      | -                        | -             | -                          | -                 | -              | -                    | -                    |  |                            |
| Total comprehensive income for the year |      | -                        | -             | -                          | -                 | 72,120,010     |                      | 72,120,010           |  |                            |
| Dividend paid                           | 22   | -                        | -             | -                          | -                 | (100,905,750)  |                      | (100,905,750)        |  |                            |
| <b>Balance as at 31 December 2021</b>   |      | 1,121,175,000            | 621,846,700   | 1,369,255                  | 113,250,000       | 28,654,004     |                      | 1,886,294,959        |  |                            |
| <b>Balance as at 1 January 2022</b>     |      | 1,121,175,000            | 621,846,700   | 1,369,255                  | 113,250,000       | 28,654,004     |                      | 1,886,294,959        |  |                            |
| Profit for the year                     |      | -                        | -             | -                          | -                 | 1,261,239      |                      | 1,261,239            |  |                            |
| Other comprehensive income for the year |      | -                        | -             | -                          | -                 | 1,491,760      |                      | 1,491,760            |  |                            |
| Total comprehensive income for the year |      | -                        | -             | -                          | -                 | 2,752,999      |                      | 2,752,999            |  |                            |
| Dividend paid                           | 22   | -                        | -             | -                          | -                 | (22,423,500)   |                      | (22,423,500)         |  |                            |
| <b>Balance as at 31 December 2022</b>   |      | 1,121,175,000            | 621,846,700   | 1,369,255                  | 113,250,000       | 8,983,503      |                      | 1,866,624,458        |  |                            |

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

**Bangsaphan Barmill Public Company Limited****Cash flow statement****For the year ended 31 December 2022**

|  | (Unit: Baht)        |                    |
|--|---------------------|--------------------|
|  | <u>2022</u>         | <u>2021</u>        |
| <b>Cash flows from operating activities</b>  |                     |                    |
| Profit before income tax expense   | 1,980,377           | 90,312,680         |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: |                     |                    |
| Depreciation   | 24,131,669          | 27,934,195         |
| Reduction of inventory to net realisable value   | 3,440,899           | -                  |
| Realised loss (gain) on exchange   | (15,364)            | 46                 |
| Unrealised loss (gain) on exchange   | (280,233)           | (524,198)          |
| Long-term employee benefits expenses   | 1,466,040           | 1,401,807          |
| Finance income   | (678,821)           | (742,511)          |
| Finance cost   | 119,672             | 170,455            |
| Profit from operating activities before changes in operating assets and liabilities                  | 30,164,239          | 118,552,474        |
| Operating assets (increase) decrease   |                     |                    |
| Trade receivables  | (10,169,708)        | 113,281,566        |
| Inventories  | (12,258,567)        | 2,744,976          |
| Advance payment for purchase of raw materials, supplies and spare parts                              | (2,250,059)         | 3,570,292          |
| Other current assets   | 4,514,166           | (10,904,003)       |
| Other non-current assets   | (20,250)            | -                  |
| Operating liabilities increase (decrease)  |                     |                    |
| Trade and other payables   | (61,643,883)        | 52,365,086         |
| Advance received from customers  | 5,262,945           | -                  |
| Other current liabilities  | 1,918,066           | (3,380,164)        |
| Cash paid for long-term employee benefits  | (1,032,867)         | (1,654,800)        |
| <b>Cash flows from (used in) operating activities</b>  | <u>(45,515,918)</u> | <u>274,575,427</u> |
| Interest received  | 678,821             | 742,511            |
| Corporate income tax paid  | (9,082,805)         | (25,927,214)       |
| <b>Net cash flows from (used in) operating activities</b>  | <u>(53,919,902)</u> | <u>249,390,724</u> |

The accompanying notes are an integral part of the financial statements.

**Bangsaphan Barmill Public Company Limited****Cash flow statement (continued)****For the year ended 31 December 2022**

|   | (Unit: Baht)              |                           |
|---|---------------------------|---------------------------|
|   | <u>2022</u>               | <u>2021</u>               |
| <b>Cash flows from investing activities</b>                 |                           |                           |
| Acquisition of equipment                                    | (3,239,755)               | (59,048)                  |
| <b>Net cash flows used in investing activities</b>          | <u>(3,239,755)</u>        | <u>(59,048)</u>           |
| <b>Cash flows from financing activities</b>                 |                           |                           |
| Payment of principal portion of lease liabilities           | (1,701,000)               | (1,620,000)               |
| Dividend paid   | (22,423,500)              | (100,905,750)             |
| <b>Net cash flows used in financing activities</b>          | <u>(24,124,500)</u>       | <u>(102,525,750)</u>      |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <u>(81,284,157)</u>       | <u>146,805,926</u>        |
| Effect of exchange rate on cash and cash equivalents        | 280,233                   | 524,198                   |
| Cash and cash equivalents at beginning of year              | <u>678,163,621</u>        | <u>530,833,497</u>        |
| <b>Cash and cash equivalents at end of year (Note 7)</b>    | <u><u>597,159,697</u></u> | <u><u>678,163,621</u></u> |
| <br>  |                           |                           |
| <b>Supplemental cash flows information</b>                  |                           |                           |
| Non-cash transaction  |                           |                           |
| Transfer inventories to equipment                           | 6,870,600                 | 4,282,497                 |
| Addition to right-of-use assets and lease liabilities       | -                         | 507,314                   |

The accompanying notes are an integral part of the financial statements.

**Bangsaphan Barmill Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2022**

**1. General information of the Company**

Bangsaphan Barmill Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of deformed and round steel bars. The registered office of the Company is at 28/1 Prapawit building, 8th Floor, Surasak Road, Kwang Silom, Khet Bangrak, Bangkok. Its plant is located at 8 Moo 7, Ban Klang Na-Yai Ploy Road, Tambon Mae Rumphueng, Amphur Bangsaphan, Prachuabkirkhan.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. New financial reporting standards**

**3.1 Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

## **4. Significant accounting policies**

### **4.1 Revenue and expense recognition**

#### **Sales of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts to customers.

#### **Interest income**

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### **Finance cost**

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.3 Inventories

Finished goods are valued at the lower of cost (under the average method) and net realisable value. Cost includes cost of raw material, wages and attributable factory overheads.

Raw material and manufacturing supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Spare parts are valued at the lower of cost (the first-in, first-out method) and net realisable value.

### 4.4 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings, equipment and bearer plant (rubber trees) stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings, equipment and bearer plant is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

|   |             |
|---|-------------|
| Office buildings                              | 20 years    |
| Plant building and plant building improvement | 30 years    |
| Equipment                                     | 5, 10 years |
| Furniture, fixtures and office equipment      | 5 years     |
| Motor vehicles                                | 5 years     |
| Bearer plant                                  | 20 years    |

Depreciation for machinery and equipment in production line which is depreciated using the units-of-production method as follows:

|  |                                  |
|--|----------------------------------|
| Machinery and equipment in production line | production units estimated       |
| - Normal line                              | at a total 7.2 million tons      |
| - Special line                             | at a total of 0.864 million tons |

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

### 4.5 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.



They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, and directors and officers with authority in the planning and direction of the Company's operations.

#### **4.6 Leases as a lessee**

At inception of contract, the Company assesses whether a 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.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

##### ***Right-of-use assets***

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

|                                    |   |       |
|------------------------------------|---|-------|
| Buildings and building improvement | 3 | years |
|------------------------------------|---|-------|

##### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### **4.7 Foreign currencies**

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

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

### **4.8 Impairment of non-financial assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and right-of-use asset whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the profit or loss.

### **4.9 Employee benefits**

#### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### ***Post-employment benefits***

##### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **4.10 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.11 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.12 Financial instruments**

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

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

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### ***Financial assets at amortised cost***

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

#### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### **Impairment of financial assets**

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from estimates. Significant judgements and estimates are as follows:

#### **Allowance for diminution in value of inventory**

In determining allowance for diminution in value of inventory, the management exercises judgment in estimating the net realisable value of inventory. These estimates are based on estimates of selling prices, which take into account events occurring after the end of the period and estimates of related costs and expenses.

#### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives, units-of-production and residual values of the plant and equipment and to review estimate useful lives, units-of-production and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

## 6. Related party transactions

During the years, the Company had significant business transactions with its related parties. Such transactions, which are summarised below, arose the ordinary course of business and were conclude on commercial terms and based agreed upon by the Company and those related parties.

(Unit: Million Baht)

|  | <u>2022</u> | <u>2021</u> | <u>Transfer Pricing Policy</u>   |
|--|-------------|-------------|--|
| <u>Transactions with related companies</u> |             |             |  |
| Sales                                      | 0.2         | 1.3         | At prices and on trading terms similar to those of sales to normal customers |
| Utilities expenses                         | 30.0        | 33.0        | At agreed price with reference of cost and related expenses of provision     |
| Transportation expenses                    | 5.2         | 2.4         | Based on distance which is priced in the normal course of business           |
| Manufacturing expenses                     | -           | 0.5         | At prices and on trading terms similar to those of sales to normal customers |
| Service expenses                           | 2.4         | 2.4         | Contract price   |
| Rental expenses                            | 2.2         | 2.2         | Contract price   |
| Management fee                             | 0.6         | 0.6         | Contract price   |

As at 31 December 2022 and 2021, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

|   | <u>2022</u> | <u>2021</u>  |
|---|-------------|--------------|
| <b>Trade payables - related parties (Note 14)</b> |             |              |
| Related companies                                 |             |              |
| Sahaviriya Steel Industries Plc.                  | 624         | 3,876        |
| SVL Corporation Co., Ltd.                         | 11          | 9            |
| C.A.R. Service Co., Ltd.                          | -           | 24           |
| Western Security Guard Co., Ltd.                  | 211         | 204          |
| Total trade payables - related parties            | <u>846</u>  | <u>4,113</u> |

### Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses of its directors and management as below.

|                              | (Unit: Thousand Baht) |               |
|------------------------------|-----------------------|---------------|
|                              | <u>2022</u>           | <u>2021</u>   |
| Short-term employee benefits | 10,134                | 10,490        |
| Post-employment benefits     | 178                   | 211           |
| Total                        | <u>10,312</u>         | <u>10,701</u> |

### 7. Cash and cash equivalents

|               | (Unit: Thousand Baht) |                |
|---------------|-----------------------|----------------|
|               | <u>2022</u>           | <u>2021</u>    |
| Cash          | 80                    | 1,280          |
| Bank deposits | 597,080               | 676,884        |
| Total         | <u>597,160</u>        | <u>678,164</u> |

As at 31 December 2022, bank deposits in saving accounts carried interests between 0.125 and 0.325 percent per annum (2021: between 0.050 and 0.125 percent per annum).

### 8. Trade receivables

|  | (Unit: Thousand Baht) |                |
|--|-----------------------|----------------|
|  | <u>2022</u>           | <u>2021</u>    |
| <b>Trade receivables - unrelated parties</b> |                       |                |
| Aged on the basis of due dates               |                       |                |
| Not yet due                                  | 161,080               | 156,306        |
| Past due                                     |                       |                |
| Up to 3 months                               | 11,955                | 6,560          |
| Total trade receivables                      | <u>173,035</u>        | <u>162,866</u> |

As at 31 December 2022, the outstanding balances included in post-dated cheques and notes receivable amounting to Baht 149 million (2021: Baht 142 million).

The normal credit term is 30 to 120 days.

## 9. Inventories

(Unit: Thousand Baht)

|                          | Cost           |                | Reduce cost to<br>net realisable value |             | Inventories - net |                |
|--------------------------|----------------|----------------|--|-------------|-------------------|----------------|
|                          | <u>2022</u>    | <u>2021</u>    | <u>2022</u>                            | <u>2021</u> | <u>2022</u>       | <u>2021</u>    |
| Finished goods           | 219,529        | 195,560        | (3,441)                                | -           | 216,088           | 195,560        |
| Raw materials            | 42,471         | 57,389         | -                                      | -           | 42,471            | 57,389         |
| Supplies and spare parts | 95,582         | 99,245         | -                                      | -           | 95,582            | 99,245         |
| Total                    | <u>357,582</u> | <u>352,194</u> | <u>(3,441)</u>                         | <u>-</u>    | <u>354,141</u>    | <u>352,194</u> |

During the current year, the Company reduced cost of inventories by Baht 21.6 million (2021: Baht 5.4 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 18.2 million (2021: Baht 5.4 million), and reduced the amount of inventories recognised as expenses during the year.



## 10. Property, plant and equipment

(Unit: Thousand Baht)

|   | Land   | Building and building improvement | Machinery and equipment in production line | Furniture, fixtures and office equipment | Equipment | Motor vehicles | Assets under installation | Bearer plant | Total     |
|---|--------|-----------------------------------|--|--|-----------|----------------|---------------------------|--------------|-----------|
| <b>Cost:</b>  |        |                                   |  |  |           |                |                           |              |           |
| As at 1 January 2021  | 96,293 | 363,907                           | 1,019,522                                  | 23,100                                   | 40,307    | 8,505          | -                         | 7,714        | 1,559,348 |
| Additions   | -      | -                                 | -  | 59                                       | -         | -              | -                         | -            | 59        |
| Transfers   | -      | -                                 | 3,981                                      | -  | -         | -              | 301                       | -            | 4,282     |
| As at 31 December 2021  | 96,293 | 363,907                           | 1,023,503                                  | 23,159                                   | 40,307    | 8,505          | 301                       | 7,714        | 1,563,689 |
| Additions   | -      | -                                 | 2,522                                      | 718                                      | -         | -              | -                         | -            | 3,240     |
| Transfers   | -      | -                                 | 7,135                                      | 37                                       | -         | -              | (301)                     | -            | 6,871     |
| As at 31 December 2022  | 96,293 | 363,907                           | 1,033,160                                  | 23,914                                   | 40,307    | 8,505          | -                         | 7,714        | 1,573,800 |
| <b>Accumulated depreciation:</b>  |        |                                   |  |  |           |                |                           |              |           |
| As at 1 January 2021  | -      | 252,529                           | 458,643                                    | 22,163                                   | 40,275    | 5,921          | -                         | 998          | 780,529   |
| Depreciation for the year   | -      | 12,125                            | 12,290                                     | 393                                      | 28        | 1,218          | -                         | 385          | 26,439    |
| As at 31 December 2021  | -      | 264,654                           | 470,933                                    | 22,556                                   | 40,303    | 7,139          | -                         | 1,383        | 806,968   |
| Depreciation for the year   | -      | 12,125                            | 8,865                                      | 379                                      | 3         | 793            | -                         | 385          | 22,550    |
| As at 31 December 2022  | -      | 276,779                           | 479,798                                    | 22,935                                   | 40,306    | 7,932          | -                         | 1,768        | 829,518   |
| <b>Net book value:</b>  |        |                                   |  |  |           |                |                           |              |           |
| 31 December 2021  | 96,293 | 99,253                            | 552,570                                    | 603                                      | 4         | 1,366          | 301                       | 6,331        | 756,721   |
| 31 December 2022  | 96,293 | 87,128                            | 553,362                                    | 979                                      | 1         | 573            | -                         | 5,946        | 744,282   |
| <b>Depreciation for the year:</b>   |        |                                   |  |  |           |                |                           |              |           |
| 2021 (Baht 22 million included in manufacturing cost, and the balance in administrative expenses) |        |                                   |  |  |           |                |                           |              | 26,439    |
| 2022 (Baht 17 million included in manufacturing cost, and the balance in administrative expenses) |        |                                   |  |  |           |                |                           |              | 22,550    |

As at 31 December 2022, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 69 million (2021: Baht 66 million).

All land, buildings and machinery are mortgaged/pledged as collateral for credit facilities obtained from a bank. The beneficiary rights under the insurance policies for these mortgaged/pledged assets have also been transferred to the bank.

## 11. Leases

The Company has lease contracts for building and building improvement used in its operations. Leases generally have lease terms of 3 years.

### a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2022 and 2021 are summarised below:

|                           | (Unit: Thousand Baht)                |
|---------------------------|--------------------------------------|
|                           | Building and building<br>improvement |
| 1 January 2021            | 5,733                                |
| Additions                 | 507                                  |
| Depreciation for the year | (1,495)                              |
| 31 December 2021          | 4,745                                |
| Depreciation for the year | (1,582)                              |
| 31 December 2022          | 3,163                                |

### b) Lease liabilities

|  | (Unit: Thousand Baht) |             |
|--|-----------------------|-------------|
|  | <u>2022</u>           | <u>2021</u> |
| Lease payments                             | 3,402                 | 5,103       |
| Less: Deferred interest expenses           | (100)                 | (220)       |
| Total                                      | 3,302                 | 4,883       |
| Less: Portion due within one year          | (1,627)               | (1,581)     |
| Lease liabilities - net of current portion | 1,675                 | 3,302       |

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

|                                 | (Unit: Thousand Baht) |              |
|---------------------------------|-----------------------|--------------|
|                                 | <u>2022</u>           | <u>2021</u>  |
| Balance at beginning of year    | 4,883                 | 5,826        |
| Accretion of interest           | 120                   | 170          |
| Repayments                      | (1,701)               | (1,620)      |
| Adjustment from re-new contract | -                     | 507          |
| Balance at end of year          | <u>3,302</u>          | <u>4,883</u> |

A maturity analysis of lease payments is disclosed in Note 24.1 under the liquidity risk.

**c) Expenses relating to leases that are recognised in profit or loss**

|  | (Unit: Thousand Baht) |             |
|--|-----------------------|-------------|
|  | <u>2022</u>           | <u>2021</u> |
| Depreciation expense of right-of-use assets    | 1,582                 | 1,495       |
| Interest expense on lease liabilities          | 120                   | 170         |
| Expense relating to leases of low-value assets | 72                    | 72          |

**d) Others**

The Company had total cash outflows for leases for the year ended 31 December 2022 of Baht 1.8 million (2021: Baht 1.7 million), including the cash outflow related to leases of low-value assets.

**12. Non-operating asset**

|                                | (Unit: Thousand Baht) |             |
|--------------------------------|-----------------------|-------------|
|                                | <u>2022</u>           | <u>2021</u> |
| Non-operating asset - land     | 4,154                 | 4,154       |
| Less: Allowance for impairment | (4,154)               | (4,154)     |
| Non-operating asset - net      | <u>-</u>              | <u>-</u>    |

- a) In January 2010, the Company received a letter dated 5 January 2010 from the Department of Lands, relating to the revocation of the Certificate of Utilisation (Nor Sor 3 Kor), ordering that the Nor Sor 3 Kor certificate be revoked in accordance with the order of the Director General of the Department of Lands No. 15/2553 dated 5 January 2010. For prudent reasons, the Company has set aside allowance for impairment of this non-operating asset in full in the 2009 financial statements.

In August 2010, the Company filed a lawsuit against the officers of Prachuapkhirikhan Provincial Lands Office, Bangsaphan Branch with the Central Administrative Court, petitioning the Central Administrative Court to order the cancellation of the announcement of revocation for such Nor. Sor.3. Kor. In addition, the Company also petitioned the Court to identify measures to provide temporary relief to the plaintiff. In September 2010, the Company petitioned the Central Administrative Court to withdraw the order of the Director General of the Department of Lands No. 15/2553 dated 5 January 2010. The Court ordered to combine two cases into one case. Later in 2017, the Central Administrative Court has dismissed the plaintiff's complaint. The Company filed an appeal against the judgement of the Central Administrative Court with the Supreme Administrative Court. Currently, this case is being considered by the Supreme Administrative Court.

- b) In December 2010, the Company received a letter from Bangsaphan Sheriff, as the official responsible for protection the conserved forest area of Klong Mae Rumphueng, Prachuabkirkhan. This referred to Section 25(1) of the Conserved Forest Act B.E. 2507 and ordered the Company to leave and discontinue any activities on the conserved forest area.

In March 2011, the Company petitioned the Central Administrative Court to reverse the Sheriff's order that the Company leave and discontinue any activities on the conserved forest area.

Later in 2017, the Central Administrative Court dismissed the case. As a result, the Sheriff's order has continued. The Company filed an appeal against the judgment of the Central Administrative Court with the Supreme Administrative Court. Currently, this case is being considered by the Supreme Administrative Court.

However, the management of the Company believes that this order will not have any significant impact on the Company's operations and financial statements.

### **13. Short-term credit facilities from bank**

The Company has been granted credit facilities amounting to Baht 675 million from a bank, consisting of bank overdraft facilities amounting to Baht 10 million and short-term loan facilities amounting to Baht 665 million. As at 31 December 2022, the Baht 675 million credit facilities (2021: Baht 675 million) have yet been drawn down.

The credit facilities are secured by the mortgage/pledge of all land, buildings and machinery of the Company as described in Note 10 to the financial statements. In addition, under the credit facilities agreement, the Company has to comply with certain covenants regarding the operations, financial ratios and other conditions.

#### 14. Trade and other payables

(Unit: Thousand Baht)

|   | <u>2022</u>  | <u>2021</u>   |
|---|--------------|---------------|
| Trade payables - related parties (Note 6) | 846          | 4,113         |
| Trade payables - unrelated parties        | 3,327        | 61,400        |
| Accrued expenses                          | 1,145        | 1,464         |
| Total                                     | <u>5,318</u> | <u>66,977</u> |

#### 15. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

|  | <u>2022</u>    | <u>2021</u>    |
|--|----------------|----------------|
| <b>Provision for long-term employee benefits</b> |                |                |
| <b>at beginning of year</b>                      | 10,172         | 10,425         |
| Included in profit or loss:                      |                |                |
| Current service cost                             | 1,242          | 1,180          |
| Interest cost                                    | 224            | 222            |
| Included in other comprehensive income:          |                |                |
| Actuarial (gain) loss arising from               |                |                |
| Demographic assumptions changes                  | 9              | -              |
| Financial assumptions changes                    | (697)          | -              |
| Experience adjustments                           | (1,177)        | -              |
| Benefits paid during the year                    | <u>(1,033)</u> | <u>(1,655)</u> |
| <b>Provision for long-term employee benefits</b> |                |                |
| <b>at end of year</b>                            | <u>8,740</u>   | <u>10,172</u>  |

The Company expects to pay Baht 0.8 million of long-term employee benefits during the next year (2021: Baht 1.1 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2021: 10 years).

Significant actuarial assumptions at the valuation date are summarised belows:

|                      | (Unit: Percent per annum) |                |
|----------------------|---------------------------|----------------|
|                      | <u>2022</u>               | <u>2021</u>    |
| Discount rate        | 3.40%                     | 2.29%          |
| Salary increase rate | 4.00%                     | 4.00%          |
| Turnover rate        | 5.00%-15.00%              | 5.00% - 17.00% |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

|                      |    | 2022     |          | 2021     |          |
|----------------------|----|----------|----------|----------|----------|
|                      | %  | Increase | Decrease | Increase | Decrease |
| Discount rate        | 1  | (555)    | 624      | (669)    | 757      |
| Salary increase rate | 1  | 657      | (595)    | 1,109    | (982)    |
| Turnover rate        | 10 | (313)    | 331      | (373)    | 395      |

#### 16. Statutory reserve

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

## 17. Expenses by nature

Significant expenses classified by nature are as follows:

|  | (Unit: Thousand Baht) |             |
|--|-----------------------|-------------|
|  | <u>2022</u>           | <u>2021</u> |
| Salaries and wages and other employee benefits | 49,980                | 51,993      |
| Depreciation                                   | 24,132                | 27,934      |
| Transportation expenses                        | 10,973                | 12,167      |
| Raw materials and consumables used             | 969,397               | 1,094,993   |
| Changes in inventories of finished goods       | (23,969)              | 63,753      |
| Factory overheads during production halt       | 25,033                | 20,734      |

In 2022, the Company halted production in June, July, November and December due to the fluctuate market price of steel billet (2021: halted production in July, September and November since the Company was in the process of procuring raw materials).

## 18. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

|   | (Unit: Thousand Baht) |               |
|---|-----------------------|---------------|
|   | <u>2022</u>           | <u>2021</u>   |
| <b>Current income tax:</b>                                    |                       |               |
| Current income tax charge                                     | 1,494                 | 18,151        |
| <b>Deferred tax:</b>  |                       |               |
| Relating to origination and reversal of temporary differences | (775)                 | 42            |
| <b>Income tax expenses reported in profit or loss</b>         | <u>719</u>            | <u>18,193</u> |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

|                                 | (Unit: Thousand Baht) |             |
|---------------------------------|-----------------------|-------------|
|                                 | <u>2022</u>           | <u>2021</u> |
| Deferred tax on actuarial gains | <u>373</u>            | <u>-</u>    |

The reconciliation between accounting profit and income tax expenses is shown below.

|   | (Unit: Thousand Baht) |             |
|---|-----------------------|-------------|
|   | <u>2022</u>           | <u>2021</u> |
| Accounting profit before tax                                  | 1,980                 | 90,313      |
| Applicable tax rate   | 20%                   | 20%         |
| Accounting profit before tax multiplied by<br>income tax rate | 396                   | 18,063      |
| Effects of:   |                       |             |
| Non-deductible expenses                                       | 404                   | 158         |
| Additional expense deductions allowed                         | (81)                  | (28)        |
| Total   | 323                   | 130         |
| Income tax expenses reported in profit or loss                | 719                   | 18,193      |

The components of deferred tax assets and deferred tax liability are as follows:

|  | (Unit: Thousand Baht)                   |             |
|--|---|-------------|
|  | <u>Statements of financial position</u> |             |
|  | <u>2022</u>                             | <u>2021</u> |
| <b>Deferred tax assets</b>                       |   |             |
| Provision for long-term employee benefits        | 1,748                                   | 2,034       |
| Allowance for diminution in value of inventories | 688                                     | -           |
| Lease  | 680                                     | 1,021       |
| Total  | 3,116                                   | 3,055       |
| <b>Deferred tax liability</b>                    |   |             |
| Lease  | 652                                     | 993         |
| Total  | 652                                     | 993         |
| <b>Deferred tax assets - net</b>                 | 2,464                                   | 2,062       |

#### 19. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.



## 20. Segment information

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 is principally engaged in the manufacture and distribution of deformed and round steel bars. Its operation is carried on exclusively in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographic area.

For the year 2022, the Company has revenue from three major customers in amount of Baht 665 million (2021: Baht 947 million derived from three major customers).

## 21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2022 amounting to Baht 0.5 million (2021: Baht 0.6 million) were recognised as expenses.

## 22. Dividends

| Dividends                 | Approved by                                    | Total dividends<br>(Million Baht) | Dividend per share<br>(Baht) |
|---------------------------|--|-----------------------------------|------------------------------|
| Interim dividend for 2022 | The Board of Director Meeting on 8 August 2022 | 22.4                              | 0.02                         |
| Total for 2022            |  | <u>22.4</u>                       |                              |
| Interim dividend for 2020 | The Board of Director Meeting on 26 April 2021 | 44.8                              | 0.04                         |
| Interim dividend for 2021 | The Board of Director Meeting on 9 August 2021 | 56.1                              | 0.05                         |
| Total for 2021            |  | <u>100.9</u>                      |                              |

## 23. Commitments

The Company has entered into the lease agreement of low-value assets of equipment and services agreements. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2022, future minimum lease payments required under these leases and service contracts were as follows:

|                             | (Unit: Million Baht) |             |
|-----------------------------|----------------------|-------------|
|                             | <u>2022</u>          | <u>2021</u> |
| Payable:                    |                      |             |
| In up to 1 year             | 3.4                  | 3.3         |
| In over 1 and up to 4 years | 0.7                  | 1.5         |

## 24. Financial instruments

### 24.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade receivables, trade and other payables, and lease liabilities. The financial risks associated with these financial instruments and how they are managed are described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade receivables and deposits at banks. The Company's maximum exposure to credit risk is limited to the carrying amounts as stated in the statements of financial position.

#### ***Trade receivables***

The Company manages the risk by adopting appropriate credit control policies and procedures. Although the Company are exposed to credit risk with respect to trade receivables since the majority of sales are made to a limited number of customers. However, due to those customer's creditworthiness, the Company does not anticipate material losses from debt collection.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### ***Deposits at banks***

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### ***Market risk***

There are three types of market risk comprising interest rate risk, currency risk and commodity price risk.

#### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its cash at banks. However, this Company's financial assets bear floating interest rates, the interest rate risk is expected to be minimal. The detail of interest rates of cash at banks is set out in Note 7 to the financial statements.

#### ***Foreign currency risk***

The Company's exposure to the foreign currency risk relates primarily to purchasing raw materials for production that are denominated in foreign currencies. The Company considered that there may be an effect from changes in exchange rates at low level since mostly, the Company will make the payment for purchase of goods in advance.

#### ***Commodity price risk***

The Company is affected by the price volatility of certain commodities, billets. Its operating activities require the ongoing purchase of billet for continuous supply of billet, therefore the Company is exposed to changes in the price of its forecast billet purchases.

The Company has developed and enacted a risk management strategy for commodity price risk and its mitigation. The Company mainly hedges the purchase price by sourcing the billet from domestic sources and ordering the small quantities in accordance with the production plan and sales forecast of each month. However, the Company will purchase the big lots of billet from abroad when the price is reasonable.

## Liquidity risk

The Company monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. The Company has assessed the concentration of risk with respect to financing and settlement of its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

|                              | As at 31 December 2022 |                  |              |           | Total        |
|------------------------------|------------------------|------------------|--------------|-----------|--------------|
|                              | On demand              | Less than 1 year | 1 to 5 years | > 5 years |              |
| <b>Non-derivatives</b>       |                        |                  |              |           |              |
| Trade and other payables     | -                      | 5,318            | -            | -         | 5,318        |
| Lease liabilities            | -                      | 1,701            | 1,701        | -         | 3,402        |
| <b>Total non-derivatives</b> | <b>-</b>               | <b>7,019</b>     | <b>1,701</b> | <b>-</b>  | <b>8,720</b> |

(Unit: Thousand Baht)

|                              | As at 31 December 2021 |                  |              |           | Total         |
|------------------------------|------------------------|------------------|--------------|-----------|---------------|
|                              | On demand              | Less than 1 year | 1 to 5 years | > 5 years |               |
| <b>Non-derivatives</b>       |                        |                  |              |           |               |
| Trade and other payables     | -                      | 66,977           | -            | -         | 66,977        |
| Lease liabilities            | -                      | 1,701            | 3,402        | -         | 5,103         |
| <b>Total non-derivatives</b> | <b>-</b>               | <b>68,678</b>    | <b>3,402</b> | <b>-</b>  | <b>72,080</b> |

## 24.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at a rate closed to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

## 25. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2022, the Company's debt-to-equity ratio was 0.01:1 (2021: 0.04:1).

## 26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2023.