

# **INDEPENDENT AUDITOR'S REPORT**

## **To the Shareholders of Siam Steel International Public Company Limited**

### *Opinion*

I have audited the consolidated financial statements of Siam Steel International Public Company Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Siam Steel International Public Company Limited (the "Company"), which comprise the separate statement of financial position as at 31 December 2018, the separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2018, and its separate 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 Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Key Audit Matters*

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

<b>Key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p><i>Deferred tax assets</i></p> <p>As at 31 December 2018, the Group have deferred tax assets of Baht 5.83 million and deferred tax liabilities of Baht 3.93 million and the Company have deferred tax liabilities of Baht 3.93 million. The Group and the Company have not recognized a portion of deferred tax assets of Baht 95.14 million and Baht 64.11 million, respectively. The Group and the Company will recognise deferred tax assets on tax losses carried forwards only when it is that it can generate taxable profits to utilize tax losses carried forward.</p> <p>In calculating deferred tax assets recognised from tax losses carried forward, management is required to exercise judgment in relation to the future forecast on taxable income to be reliable which factors may be changed according to the economic and market conditions in the future.</p> <p>I have focused on this matter because the audit of such balances requires significant judgment since the outcome of management's forecasts is subject to uncertainties of future economic and market conditions.</p> <p>Refer to the note 15 to financial statements and significant accounting policies.</p>	<p>I determined the sufficiency and appropriateness of audit evidence by assessing the methodology that management used to estimate revenue, expenses and operating results in the future.</p> <p>I discussed with management to understand the business plans and the assumption used and evaluated the reasonableness of underlying assumptions that management applied in forecasting by comparing to the historical performance and current business operations.</p> <p>I verified the mathematical accuracy of the business forecasts and tested the appropriateness of deferred tax calculation by comparing future tax benefit that the Group and the Company can utilise from the forecasted profits.</p> <p>I also considered the adequacy and appropriateness of disclosures in the notes to financial statements.</p>

### *Other Information*

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

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

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

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

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

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

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

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

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

**Miss Kanyanat Sriratchatchaval**

Certified Public Accountant

Registration No. 6549

Grant Thornton Limited

Bangkok

28 February 2019

## SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	1,126,631,863	425,070,778	581,388,761	213,592,578
Trade accounts receivable from sales and services					
- general customers - net	7	253,882,264	300,819,709	146,333,401	150,814,846
- related companies	5	4,497,869	8,299,292	7,651,005	9,393,199
Unbilled accrued income - general customers		3,810,785	-	3,810,785	-
Inventories - net	8	384,111,334	287,419,819	309,551,066	204,620,926
Advance for purchase of inventories		103,139,336	-	102,429,817	-
Receivables from and advances to					
- general customers - net		56,855,245	-	-	-
- related companies	5	1,646,716	4,773,958	83,631,288	69,274,307
Short - term loan to related companies	5	-	-	185,000,000	185,000,000
Assets for sale		-	10,811,715	-	10,811,715
Other current assets	9	196,499,229	48,593,450	72,356,086	27,660,194
<b>Total current assets</b>		<b>2,131,074,641</b>	<b>1,085,788,721</b>	<b>1,492,152,209</b>	<b>871,167,765</b>
<b>NON - CURRENT ASSETS</b>					
Restricted deposit with bank	10	1,903,481	487,895	876,551	404,299
Retentions receivable		2,982,899	6,382,056	2,982,899	6,382,056
Investments					
- Subsidiary companies - net	11	-	-	186,206,833	194,399,200
- Associated companies	11	783,804,276	774,439,728	162,627,400	162,627,400
- Other companies	11	49,712,400	49,712,400	49,712,400	49,712,400
Goodwill		618,265	618,265	-	-
Advance for purchase of assets		15,078,867	8,745,870	15,078,867	8,745,870
Property, plant and equipment - net	13, 24	2,430,353,455	1,203,998,043	578,162,338	527,199,714
Assets not used in operation - net	14, 24	2,360,042	165,399,730	2,360,042	165,399,730
Income tax withheld at sources		28,169,855	25,860,250	15,866,527	9,819,275
Deferred income tax asset - net	15	5,827,010	97,990,140	-	89,648,971
Other non - current assets		5,055,929	17,159,095	1,064,565	9,549,390
<b>Total non - current assets</b>		<b>3,325,866,479</b>	<b>2,350,793,472</b>	<b>1,014,938,422</b>	<b>1,223,888,305</b>
<b>TOTAL ASSETS</b>		<b>5,456,941,120</b>	<b>3,436,582,193</b>	<b>2,507,090,631</b>	<b>2,095,056,070</b>

## SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short - term loans from other person		-	100,000,000	-	-
Short - term loans from related companies	5	54,500,000	57,000,000	-	-
Current portion of					
- Long - term loan from financial institutions	16	68,001,225	5,784,000	5,784,000	5,784,000
- Liabilities under employee benefits obligation	18	16,408,315	13,132,578	16,192,082	12,916,345
Trade accounts payable - general suppliers		131,647,559	102,303,672	103,327,174	75,042,109
Payables to and advances from					
- general suppliers		86,116,078	-	-	-
- related companies	5	34,735,180	30,891,525	63,101,599	10,196,797
Advances and deposits from customers					
- general customers		141,671,423	34,134,329	140,086,029	33,865,849
- related companies	5	3,847,140	3,659,205	6,408,765	5,366,955
Other current liabilities	17	347,426,275	116,788,104	65,346,661	101,139,662
<b>Total current liabilities</b>		<b>884,353,195</b>	<b>463,693,413</b>	<b>400,246,310</b>	<b>244,311,717</b>
<b>NON - CURRENT LIABILITIES</b>					
Long - term loans from financial institutions - net	16	1,722,367,169	216,245,502	207,076,293	216,245,502
Liabilities under employee benefits obligation - net	18	33,306,591	22,447,221	28,378,440	18,265,999
Deferred income tax liability - net	15	3,931,595	-	3,931,595	-
Other non - current liabilities		7,499,285	20,635,765	7,496,320	10,316,305
<b>Total non - current liabilities</b>		<b>1,767,104,640</b>	<b>259,328,488</b>	<b>246,882,648</b>	<b>244,827,806</b>
<b>TOTAL LIABILITIES</b>		<b>2,651,457,835</b>	<b>723,021,901</b>	<b>647,128,958</b>	<b>489,139,523</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common share at Baht 1 par value					
- Registered 593,125,849 shares		593,125,849	593,125,849	593,125,849	593,125,849
- Issued and paid - up 593,125,849 shares		593,125,849	593,125,849	593,125,849	593,125,849
Share premium		72,403,683	72,403,683	72,403,683	72,403,683
Retained earnings					
- Appropriated for legal reserve	20	59,312,585	59,312,585	59,312,585	59,312,585
- Unappropriated		1,747,084,352	1,513,381,435	1,135,119,556	881,074,430
Other components of equity		19,254,592	11,863,382	-	-
<b>Shareholders' equity attributable</b>					
<b>to the Company's shareholders</b>		<b>2,491,181,061</b>	<b>2,250,086,934</b>	<b>1,859,961,673</b>	<b>1,605,916,547</b>
Non - controlling interests		314,302,224	463,473,358	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,805,483,285</b>	<b>2,713,560,292</b>	<b>1,859,961,673</b>	<b>1,605,916,547</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,456,941,120</b>	<b>3,436,582,193</b>	<b>2,507,090,631</b>	<b>2,095,056,070</b>

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

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2018	2017	2018	2017
<b>REVENUES</b>					
Sales and services - net	5, 25	1,704,347,745	1,555,138,202	895,202,575	949,484,665
Construction income	5, 25	52,283,710	29,911,824	52,283,710	29,911,824
<b>Total revenues</b>		<b>1,756,631,455</b>	<b>1,585,050,026</b>	<b>947,486,285</b>	<b>979,396,489</b>
<b>COSTS</b>					
Costs of sales and services	5, 24, 25	(1,363,411,208)	(1,219,160,430)	(712,376,141)	(714,674,085)
Costs of construction	24, 25	(45,930,275)	(25,903,524)	(45,930,275)	(25,903,524)
<b>Total costs</b>		<b>(1,409,341,483)</b>	<b>(1,245,063,954)</b>	<b>(758,306,416)</b>	<b>(740,577,609)</b>
<b>Gross profit</b>		<b>347,289,972</b>	<b>339,986,072</b>	<b>189,179,869</b>	<b>238,818,880</b>
Dividend income		34,023,651	3,820,570	60,428,819	38,588,812
Gain on sales of assets		350,340,082	1,564,294	350,325,348	108,349
Other income	5, 23	68,103,733	51,877,421	95,828,847	95,515,826
<b>Profit before expenses</b>		<b>799,757,438</b>	<b>397,248,357</b>	<b>695,762,883</b>	<b>373,031,867</b>
Selling expenses	24, 25	(126,744,626)	(149,709,122)	(136,042,722)	(159,866,635)
Administrative expenses	5, 24, 25	(350,088,231)	(339,948,308)	(181,222,433)	(167,962,959)
Loss on foreign exchange rates		(7,133,941)	(1,970,277)	(223,888)	(2,571,337)
<b>Total expenses</b>		<b>(483,966,798)</b>	<b>(491,627,707)</b>	<b>(317,489,043)</b>	<b>(330,400,931)</b>
<b>Profit (loss) from operations</b>		<b>315,790,640</b>	<b>(94,379,350)</b>	<b>378,273,840</b>	<b>42,630,936</b>
Equity in net income of associated companies and joint venture - net		35,157,845	49,611,774	-	-
<b>Profit (loss) before finance cost and income tax</b>		<b>350,948,485</b>	<b>(44,767,576)</b>	<b>378,273,840</b>	<b>42,630,936</b>
Finance cost	5, 25	(11,504,865)	(731,876)	(18,152,631)	(30,752,051)
<b>Profit (loss) before income tax</b>	25	<b>339,443,620</b>	<b>(45,499,452)</b>	<b>360,121,209</b>	<b>11,878,885</b>
Income tax	15	(100,813,280)	(8,188,329)	(94,893,422)	(4,605,560)
<b>Profit (loss) for the year</b>		<b>238,630,340</b>	<b>(53,687,781)</b>	<b>265,227,787</b>	<b>7,273,325</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Actuarial gain (loss) - net of tax	15	(5,321,770)	5,001,726	(5,251,424)	5,001,726
<b>Items subsequently reclassifiable to profit or loss</b>					
Exchange differences from foreign currency					
financial statement translation - net of tax		14,782,420	(26,528,911)	-	-
<b>Total comprehensive income (loss) for the year</b>		<b>9,460,650</b>	<b>(21,527,185)</b>	<b>(5,251,424)</b>	<b>5,001,726</b>
<b>Comprehensive income (loss) for the year</b>		<b>248,090,990</b>	<b>(75,214,966)</b>	<b>259,976,363</b>	<b>12,275,051</b>
<b>Attribution of profit (loss) for the year</b>					
The Company's shareholders		244,955,924	(47,401,008)	265,227,787	7,273,325
Non - controlling interests		(6,325,584)	(6,286,773)	-	-
<b>Total</b>		<b>238,630,340</b>	<b>(53,687,781)</b>	<b>265,227,787</b>	<b>7,273,325</b>
<b>Attribution of comprehensive income (loss) for the year</b>					
The Company's shareholders		247,025,364	(65,871,368)	259,976,363	12,275,051
Non - controlling interests		1,065,626	(9,343,598)	-	-
<b>Total</b>		<b>248,090,990</b>	<b>(75,214,966)</b>	<b>259,976,363</b>	<b>12,275,051</b>
<b>Basic earnings per share</b>					
Profit (loss) (Baht per share)		0.41	(0.08)	0.45	0.01
Weighted average number of common shares (share)		593,125,849	593,125,849	593,125,849	593,125,849

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



## SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unit : Baht)

Shareholders' equity of the Company											
Notes	Retained earnings				Other components of equity			Total	Total	Non-controlling interests	Total
	Paid - up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Other comprehensive income						
					Surplus from change in proportion of investment in subsidiary company	Exchange differences on translating financial statement					
<b>Consolidated F/S</b>											
<b>Balance as at 1 January 2017</b>	593,125,849	72,403,683	59,312,585	1,561,711,975	-	2,492,117	2,492,117	2,289,046,209	190,174,609	2,479,220,818	
Dividend payment	21	-	-	(5,931,258)	-	-	-	(5,931,258)	-	(5,931,258)	
Dividend paid by subsidiary to non - controlling interest	21	-	-	-	-	-	-	-	(588,043)	(588,043)	
Surplus from change in proportion of investment	2.3	-	-	-	32,843,351	-	32,843,351	32,843,351	254,960,566	287,803,917	
Non-controlling interests increase		-	-	-	-	-	-	-	28,269,824	28,269,824	
<b>Transactions with owners</b>		-	-	(5,931,258)	32,843,351	-	32,843,351	26,912,093	282,642,347	309,554,440	
Loss for the year		-	-	(47,401,008)	-	-	-	(47,401,008)	(6,286,773)	(53,687,781)	
Comprehensive income (loss) for the year		-	-	5,001,726	-	(23,472,086)	(23,472,086)	(18,470,360)	(3,056,825)	(21,527,185)	
<b>Comprehensive income (loss) for the year</b>		-	-	(42,399,282)	-	(23,472,086)	(23,472,086)	(65,871,368)	(9,343,598)	(75,214,966)	
<b>Balance as at 31 December 2017</b>	593,125,849	72,403,683	59,312,585	1,513,381,435	32,843,351	(20,979,969)	11,863,382	2,250,086,934	463,473,358	2,713,560,292	
<b>Balance as at 1 January 2018</b>	593,125,849	72,403,683	59,312,585	1,513,381,435	32,843,351	(20,979,969)	11,863,382	2,250,086,934	463,473,358	2,713,560,292	
Dividend payment	21	-	-	(5,931,237)	-	-	-	(5,931,237)	-	(5,931,237)	
Dividend paid by subsidiary to non - controlling interest	21	-	-	-	-	-	-	-	(588,043)	(588,043)	
Non-controlling interests decrease		-	-	-	-	-	-	-	(149,648,717)	(149,648,717)	
<b>Transactions with owners</b>		-	-	(5,931,237)	-	-	-	(5,931,237)	(150,236,760)	(156,167,997)	
Profit (loss) for the year		-	-	244,955,924	-	-	-	244,955,924	(6,325,584)	238,630,340	
Comprehensive income (loss) for the year		-	-	(5,321,770)	-	7,391,210	7,391,210	2,069,440	7,391,210	9,460,650	
<b>Comprehensive income for the year</b>		-	-	239,634,154	-	7,391,210	7,391,210	247,025,364	1,065,626	248,090,990	
<b>Balance as at 31 December 2018</b>	593,125,849	72,403,683	59,312,585	1,747,084,352	32,843,351	(13,588,759)	19,254,592	2,491,181,061	314,302,224	2,805,483,285	

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

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unit : Baht)

	Note	Paid - up share capital	Premium on share capital	Retained earnings		Total
				Appropriated for legal reserve	Unappropriated	
<b>Separate F/S</b>						
<b>Balance as at 1 January 2017</b>		593,125,849	72,403,683	59,312,585	874,730,090	1,599,572,207
Dividend paid	21	-	-	-	(5,930,711)	(5,930,711)
<b>Transactions with owners</b>		-	-	-	(5,930,711)	(5,930,711)
Profit for the year		-	-	-	7,273,325	7,273,325
Comprehensive income for the year		-	-	-	5,001,726	5,001,726
<b>Comprehensive income for the year</b>		-	-	-	12,275,051	12,275,051
<b>Balance as at 31 December 2017</b>		593,125,849	72,403,683	59,312,585	881,074,430	1,605,916,547
<b>Balance as at 1 January 2018</b>		593,125,849	72,403,683	59,312,585	881,074,430	1,605,916,547
Dividend paid	21	-	-	-	(5,931,237)	(5,931,237)
<b>Transactions with owners</b>		-	-	-	(5,931,237)	(5,931,237)
Profit for the year		-	-	-	265,227,787	265,227,787
Comprehensive loss for the year		-	-	-	(5,251,424)	(5,251,424)
<b>Comprehensive income for the year</b>		-	-	-	259,976,363	259,976,363
<b>Balance as at 31 December 2018</b>		593,125,849	72,403,683	59,312,585	1,135,119,556	1,859,961,673

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

## SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Income (loss) before income tax	339,443,620	(45,499,452)	360,121,209	11,878,885
<b>Adjustments to reconcile income (loss) before income tax to net cash provided from (used in) operating activities:</b>				
Depreciation	53,011,443	44,705,876	28,819,949	37,743,752
Allowance for doubtful debts and bad debt	1,209,077	6,859,896	1,754,675	2,001,773
Allowance for doubtful debts and bad debt advance	12,223,768	-	12,223,768	-
Allowance (reversal of allowance) for decline value of inventories and write - off inventories	(10,427,592)	8,925,046	(25,295,439)	188,756
Allowance for impairment of investment	-	-	8,192,367	-
Gain on sales investment	-	(2,563,388)	-	-
Gain on sales of assets	(91,731,578)	(1,557,591)	(91,716,804)	(101,647)
Gain on sales of assets not used	(258,608,544)	-	(258,608,544)	-
Write off advance for purchase of land	-	1,000,000	-	-
Unrealized loss (gain) on foreign exchange	(767,653)	(772,008)	81,952	(15,043)
Dividend income	(34,023,651)	(3,820,570)	(60,428,819)	(38,588,812)
Finance costs	11,504,865	731,876	18,152,631	30,752,051
Equity in net income of associated companies and joint venture - net	(35,157,845)	(49,611,774)	-	-
Employee benefits obligation expenses	12,906,279	2,084,972	12,230,015	1,272,976
<b>Cash provided from (used in) operations before changes in operating assets and liabilities</b>	(417,811)	(39,517,117)	5,526,960	45,132,691
<b>Decrease (increase) in operating assets;</b>				
Trade accounts receivable from sales and services				
- general customers	45,645,315	117,270,620	(9,580,051)	91,452,647
- related companies	3,801,423	(2,290,476)	1,742,194	(2,206,713)
Trade accounts receivable from construction work				
- general customers	-	30,157,994	-	30,157,994
Unbilled accrued income - general customers	(3,810,785)	5,767,890	(3,810,785)	5,767,890
Inventories	(86,282,056)	104,738,794	(79,652,834)	72,778,973
Advances for purchase of inventories	(103,139,336)	-	(102,429,818)	-
Receivables from and advances				
- general customers	(56,855,245)	-	-	-
- related companies	8,873,112	(3,790,326)	(8,611,111)	(66,462,722)
Other current assets	(160,128,444)	(286,341)	(44,694,789)	3,978,937
Retention receivable	3,399,157	10,758,808	3,399,157	10,758,808
Other non - current assets	12,103,166	3,522,393	8,484,825	105,435
<b>Increase (decrease) in operating liabilities;</b>				
Trade accounts payable - general suppliers	29,343,887	(28,564,525)	28,285,065	(19,493,561)
Payables to and advances from general customers	86,116,078	-	-	-
Payables to and advances from related companies	(5,833,810)	(12,383,396)	52,904,802	67,734
Advances and deposits from customers				
- general customers	127,537,094	(9,689,207)	126,220,180	(6,832,858)
- related companies	187,935	(4,623,977)	1,041,810	(4,757,417)
Other current liabilities	231,422,240	(7,791,050)	(35,691,084)	(1,728,466)
Employee benefits obligation	(6,215,981)	(936,764)	(6,209,039)	(936,764)
Other non - current liabilities	(13,136,480)	(5,482,166)	(2,819,985)	(5,482,166)
<b>Cash provided from operations</b>	112,609,459	156,861,154	(65,894,503)	152,300,442
Cash paid for interest	(2,074,370)	(33,932,536)	(17,451,626)	(25,384,313)
Income tax payment	(11,036,130)	(3,343,614)	(6,047,251)	-
Cash received from refund tax	4,281,052	-	-	2,178,443
<b>Net cash provided from operating activities</b>	103,780,011	119,585,004	(89,393,380)	129,094,572

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

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER**

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted deposits with banks	(1,415,586)	37,221	(472,252)	(143,201)
Acquisition of assets	(1,283,934,103)	(63,116,220)	(81,535,695)	(3,516,697)
Acquisition of assets for sale	-	(7,396,702)	-	(7,396,702)
Proceeds from sale of assets held for sale	79,145,203	-	79,145,203	-
Proceeds from sales assets	5,169,493	1,960,768	5,154,569	109,786
Proceeds from sales assets not used	421,648,232	-	421,648,232	-
Cash paid for advance for purchase of assets	(12,078,867)	(8,745,870)	(12,078,867)	(8,745,870)
Decrease in short - term loans to related company	-	-	-	280,000,000
Cash paid for investment in subsidiary company	-	(26,269,824)	-	-
Cash received from sale investment	-	292,803,917	-	-
Cash received from non-controlling interest of subsidiary company	(149,648,717)	28,269,824	-	-
Dividend income	25,793,297	37,976,767	60,428,819	38,588,812
<b>Net cash provided for (used in) investing activities</b>	<b>(915,321,048)</b>	<b>255,519,881</b>	<b>472,290,009</b>	<b>298,896,128</b>
<b>Cash flows from financing activities</b>				
Decrease in short - term loan from financial institution	-	(390,000,000)	-	(390,000,000)
Decrease in short - term loan from other person	(100,000,000)	(3,000,000)	-	-
Increase (decrease) in short - term loan from related companies	(2,500,000)	57,000,000	-	-
Decrease in long - term loan from financial institution	(9,169,209)	-	(9,169,209)	-
Increase (decrease) in long - term loan from financial institution	1,616,508,191	(14,073,777)	-	(14,073,777)
Dividend paid	(5,931,237)	(5,931,258)	(5,931,237)	(5,930,711)
Dividend paid from subsidiary company	(588,043)	(588,043)	-	-
<b>Net cash provided for (used in) financing activities</b>	<b>1,498,319,702</b>	<b>(356,593,078)</b>	<b>(15,100,446)</b>	<b>(410,004,488)</b>
Exchange differences on translating foreign operations	14,782,420	26,528,911	-	-
<b>Increase in cash and cash equivalents - net</b>	<b>701,561,085</b>	<b>45,040,718</b>	<b>367,796,183</b>	<b>17,986,212</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>425,070,778</b>	<b>380,030,060</b>	<b>213,592,578</b>	<b>195,606,366</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,126,631,863</b>	<b>425,070,778</b>	<b>581,388,761</b>	<b>213,592,578</b>
<b>Supplemental cash flows information:</b>				
<b>Non - cash transaction:</b>				
- Capitalized interest to cost of assets	20,555,050	40,292,904	-	-
- Transfer from property, plant , and equipment to asset foreclose	-	3,415,013	-	3,415,013
- Advance from sale assets not used	20,000,000	-	20,000,000	-
- Transfer from inventories to property, plant , and equipment	18,133	-	17,344	-

**SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY COMPANIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 DECEMBER 2018 AND 2017**

1. GENERAL INFORMATION

The Company was incorporated as a juristic company on 28 August 1979 under the Civil and Commercial code of Thailand and become a public company on 27 December 1993. The principal activities of the Company and its subsidiary companies is the manufacturing and sales of steel office equipment and furniture and furniture parts, construction services and alternative energy sector. The Company's registered office is located at 51 Moo 2 Poochao Road, Bangyaparak, Phrapradaeng, Samuthprakarn.

As at 31 December 2018 and 2017, the Company major shareholders are as follows:

	Percentage of Shareholding	
	2018	2017
Family "Kunanantakul"	35.41	35.41
Family "Pongphundacha"	29.24	29.24
Family "Witchayawilat"	2.34	2.39

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Statement of compliance

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

The Federation of Accounting Professions has revised TFRS, interpretations and guidance, which are effective for the fiscal accounting periods beginning on or after 1 January 2018. The changes are to align with the corresponding International Financial Reporting Standards where most of the changes are relating to the wording and terminology, the interpretations and accounting guidance.

## 2.2 New and revised financial reporting standards, interpretations and guidance

### 2.2.1 Amendments and interpretations to existing Standards that are effective from 1 January 2018

The Federation of Accounting Professions has issued revised Thai Financial Reporting Standards (TFRS), interpretations and guidance, that are effective for annual accounting periods beginning on or after 1 January 2018. The changes were to align with the corresponding International Financial Reporting Standards where most of the changes are relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards.

The adoption of these revised TRFS has not had a material impact on the consolidated and separate financial statements except for the addition disclosures required under TAS 7 (see Note 19).

### 2.2.2 New Standards that are effective from 1 January 2019

During the year, the Federation of Accounting Professions issued Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” (TFRS 15). TFRS 15 is effective for annual accounting periods beginning on or after 1 January 2019, and presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue”, Thai Accounting Standard No.11 “Construction Contracts”, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

The Group’s management has assessed that the impact on the financial statements is immaterial on revenue and others related accounts when new standard is initial applied.

### 2.2.3 New Standards that are effective from 1 January 2020

During the year, the Federation of Accounting Professions issued Thai Financial issue several TFRSs for financial instruments, which consists of TFRS 9 “Financial instruments”, TAS 32 “Financial instruments: Presentation”, TFRS 7 “Financial instruments: Disclosure”, TFRIC 16 “Hedges of a Net Investment in a Foreign Operation” and TFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, which are effective for annual accounting periods beginning on or after 1 January 2020. The new TFRS establish new requirements relating to the definition, recognition, classification, measurement, impairment of financial assets and liabilities, as well as providing guidance on hedge accounting.

The Group will adopt these new standards when they become effective, and management is in the process to assess the impact on the financial statements in the period of initial application.

## 2.3 Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary companies for which the Company owns shares more than 50% of voting right as follows:

Company	Percentage of shareholding		Type of business
	2018	2017	
<u>Subsidiary companies</u>			
Siam Okamura International Co., Ltd.	51	51	Distribution of office furniture and furniture used for public
Sri Chareon International Co., Ltd.	99.99	99.99	Distribution of office furniture and furniture parts
Siam Steel OC Co., Ltd.	51	51	Distribution of equipment, office furniture and industrial parts.
Siam International Energy Co., Ltd.	99.99	99.99	Investment in alternative Energy
<u>Indirect subsidiary companies- held by</u>			
<u>Siam International Energy Co., Ltd.</u>			
Bangphra Green Energy Co., Ltd.	99.99	99.99	Manufacturing and distribution of solar equipment
Siam New Power Co., Ltd.	-	99.99	Investment in alternative energy
Siam Green Energy Plus Co., Ltd.	-	99.99	Investment in alternative energy
Siam Wealth Energy Co., Ltd.	-	99.99	Investment in alternative energy
Siam International Biomass Co., Ltd.	99.99	99.99	Investment in alternative energy
Siam Biomass Product Co., Ltd.	99.99	99.99	Investment in alternative energy
Siam Forest Management Co., Ltd.	60.00	60.00	Investment in alternative energy
<u>Indirect subsidiary companies - held by</u>			
<u>Siam Biomass Product Co., Ltd.</u>			
Siam Biomass Product – South Pra Saeng Co., Ltd.	99.99	99.99	Investment in alternative energy
<u>Indirect subsidiary companies - held by</u>			
<u>Bangphra Green Energy Co., Ltd.</u>			
Rich Solar Energy Godo Kaisha Co., Ltd.	50.00	50.00	Investment in alternative energy

### Movements of investments in subsidiary companies during year 2018

Rich Solar Energy Godo Kaisha Co., Ltd, an indirect subsidiary company returned capital of Baht 152.77 million, as described in note 11.

On 2 July 2018, at the Extraordinary General Shareholder Meetings No. 1/2018 of indirect subsidiary companies, Siam Wealth Energy Co., Ltd., Siam New Power Co., Ltd. and Siam Green Energy Plus Co., Ltd., the Shareholders approved to dissolve companies because the indirect subsidiary companies stopped their business plan in accordance with the registration purpose. The dissolutions were registered with the Department of Business Development on 2 July 2018 and the liquidation was subsequently registered with the Department of Business Development on 23 July 2018.

Siam Biomass Product Co., Ltd., an indirect subsidiary, increased their paid up share capital from Baht 91,089,970 to Baht 92,079,970 (9,207,997 shares at par value of Baht 10 each). The holding percentage did not change.

Movements of investments in subsidiary companies during year 2017

Siam Forest Management Co., Ltd., an indirect subsidiary company, increased their paid-up share capital from Baht 15,000,000 to Baht 20,000,000 (2,000,000 shares at par value of Baht 10 each). The holding percentage did not change.

At the Board of Director meeting no.1/2017 of Bangphra Green Energy Co., Ltd. held on 14 November 2017, the directors pass a resolution to sold 47% of investment in Rich Solar Energy Godo Kaisha Co., Ltd to Mitsui Bussan Kaisha Ltd. As at 31 December 2017, the remaining of Bangphra Green Energy's investment is 50%. There are detail as below:

Descriptions	Consolidated F/S			
	Shareholding Percentage (%)	Net assets (Million Baht)	Selling price (Million Baht)	Surplus (deficit) from change in proportion of investment in subsidiary company (Million Baht)
Rich Solar Energy Godo Kaisha Company Limited				
As at 14 November 2017	97	568.61	-	-
Disposal	(47)	(254.96)	287.80	32.84
As at 31 December 2017	50	313.65	-	-

Goodwill in the consolidated financial statement is the amount paid to the indirect subsidiary company above the fair value of the indirect subsidiary company's asset and liabilities at acquisition date.



The Company has prepared the consolidated financial statements to combine Rich Solar Energy Godo Kaisha's financial position. Rich Solar Energy Godo Kaisha will be one of the indirect subsidiary companies. The Company will invest in Miyagi Solar Project (owned by Rich Solar Energy Godo Kaisha) through Bangphra Green Energy Limited, a subsidiary in which the Company invested 50% and Bangphra Green Energy Limited will be a TK investor of Miyagi Solar Project located and operated in Japan, Rich Solar Energy Godo Kaisha will be preparing its financial statement dominated in Japanese Yen (JPY). In order for the Company to consolidate its financial statements, the Company needs to translate JPY to Thai Baht (THB). There will be exchange rate differences on the translation of financial statements from foreign currency to local functional currency. This transaction will be recorded in other comprehensive income, a part of comprehensive income in the same period.

Significant intercompany transactions with subsidiary companies included in the consolidated financial statements have been eliminated.

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

As of 31 December 2018 and 2017, the total assets of subsidiary companies represent 52% and 34%, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiary companies for the year ended 31 December 2018 and 2017, represent 49% and 43%, respectively, of the total revenues in the consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all fiscal periods presented in these financial statements.

#### Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

#### *Sales of goods and services rendered*

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognized as services are provided.

Revenues from construction services are recognized on the basis of percentage of completion. The recognized revenues, which are not due for billing as per contracts, are shown under the caption of "Unbilled accrued income" in the statement of financial position. Provision for foreseeable loss on project will be made in the accounts as soon as the possibility of loss is ascertained.

#### *Sale of electricity*

Revenue from sale of electricity is recognised in the statement of comprehensive income based on the units of sales delivered at the applicable tariff rates and excludes value added taxes.

#### *Interest income*

Interest income is recognized in profit or loss as it accrues.

#### *Other income*

Other income is recognized on an accrual basis.

#### 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.

Restricted deposit with bank is presented under non - current assets in the statement of financial position.

#### 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 and officers with authority in the planning and directing the Company's operations.

#### Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realizable value. The Company provides allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection process. The estimated losses are based on historical collection experiences coupled with a review of the current status of receivables.

#### Inventories

Cost of goods sold comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of own manufactured inventories and work-in-progress, moving average cost method is used which includes an appropriate share of production overheads based on normal operating capacity.

The Company and its subsidiary companies value their inventories as follows:

	Valuation Method
Merchandises - The Company	Lower of cost (moving average method) or net realizable value
- The Subsidiary	Lower of cost (moving average method and first-in first-out method) or net realizable value
Own manufactured finished goods	Lower of cost (moving average method) or net realizable value
Work in process	Lower of cost (moving average method)
Raw materials	Cost (specific identification method)
Supplies	Cost (moving average method)

Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is taken up in the books, where necessary, for obsolete, slow - moving and defective inventories, based on the physical status of inventories.

#### Investments in related companies

Investments in subsidiary companies and associated companies in separate financial statements are presented by the cost method. The Company recognizes gain or loss on sale in the statement of profit or loss and other comprehensive income in the period which investments are sold. When there is an indication of impairment on investment, the Company will recognize loss from impairment as expense out rightly in the statement of comprehensive income. The Company recognizes dividends income when the subsidiary companies declare the payments of their dividends.

Investments in securities of related and other companies that are not subsidiary companies, not associated companies and/or not joint ventures, held as "General investment", are valued at costs.

The Company makes the adjustments to devalue those investments when there is an indication of impairment.

#### *Subsidiary companies*

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

#### *Loss of control*

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Interests in equity-accounted investees*

The Company's interests in equity-accounted investees comprise interests in associates and a joint venture.

#### *Associated*

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

#### *Transactions eliminated on consolidation*

Intra-company balances and transactions, and any unrealized income or expenses arising from intra-company transactions, are eliminated. Unrealized gains arising from transactions with associate companies and jointly control entity are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### Property, plant and equipment

##### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. (If any)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

Expenditures for expansion, renewal and betterment, which result in a substantial increase in an asset current replacement value, are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

#### *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

	<u>Year</u>
Buildings and improvements	3 - 20
Leasehold right and improvements	10
Improvements of leased factory	5
Machinery and equipment	5 - 10
Furniture, fixtures and office equipment	5
Transportation equipment	5

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### *Impairment*

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

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

### Assets for sale

Disposed assets or asset groups held-for-sale are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets. Management must commit to the sale of the assets and they must be actively marketed at a price that is reasonable compared to their current fair value, with the expectation that sale should be recorded as completed within one year from the date of classification. These disposed assets or asset groups are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in the statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

The Company ceases to depreciate plant and equipment from the date the assets meet the criteria for classification as assets held-for-sale.

### Assets not used in operation

Assets not used in operations are presented at carrying amount at the date when the assets are retired from active use, less allowance for impairment.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period when the asset is derecognized.

### Operating leases

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

#### Interest-bearing liabilities

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

#### Trade and other accounts payable

Trade and other accounts payable are stated at cost.

#### 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 and other comprehensive income.

#### *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 closing rate
Share capital	- At the rate 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 actually realized at those rates.

#### Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

#### Income tax

The income tax expense for the year comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or other comprehensive income.

#### *Current income tax*

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

#### *Deferred income tax*

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts of corresponding items used for income tax computation purpose. Deferred income tax is measured by applying the tax rate to the temporary differences which are expected to be reversed, using tax rate enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets are 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 period and reduced to the extent that the related tax benefit will be realized.

#### Employee benefits

##### *Short-term employment benefits*

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

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

The Company, subsidiary companies and its 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 trusteed fund from the Company's assets. The Company's contribution to the fund is recognized as expenses when incurred.

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

The Company has obligations in respect of the severance payments they must make to employees upon retirement under the labour law.

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

Actuarial gains or losses for the computation of post-employee benefits is recognized in other comprehensive income.

#### Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.



The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs from the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Basic earnings per share

The Company presents basic earnings (loss) per share for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### Use of accounting estimates

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

#### Provisions for liabilities and charges and contingent assets

The Company and subsidiary companies account for estimated liabilities and accrued expenses in the books of accounts when legal or constructive obligations occurred as the results of past events with probable outflows of resources to settle the obligations, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

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

##### 4.1 Critical accounting estimates, assumption and judgments

###### 4.1.1 Construction revenues

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process, management carries out significant judgement about milestone, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcome, in terms of actual costs or revenues, may be higher or lower than estimates at the reporting date, which would affect the revenues and profit to be recognized in future years will be accounted for as an adjustment to the amounts recorded to date.

###### 4.1.2 Allowance for project losses

The Company reviews its construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified possible losses are recognized immediately in the statement of comprehensive income when it is probable that total contract costs will exceed total contract revenues as determined by the management.

###### 4.1.3 Impairment of receivables

The Company and subsidiary companies account for allowance for doubtful accounts equal to the estimated collection losses that may incur should the customers be unable to pay for their accounts. The estimated losses are based on historical collection experiences couple with a review of outstanding receivables at the reporting date.

###### 4.1.4 Allowance for decline value, slow-moving and defective inventories

The Company and subsidiary companies estimates allowances for decline value, slow-moving and defective inventories to reflect impairment of inventories. The allowances are based on the consideration of inventory turnovers and deterioration of each category.

###### 4.1.5 Impairment of investments

The Company and subsidiary companies treats investments as impaired when there has been a significant or prolonged decline in their fair value. The determination of what is "significant" or "prolonged" requires management judgment.

#### 4.1.6 Plant equipment and computer software

Management regularly determines the estimated useful lives and residual values of plant equipment and computer software and will revise the depreciation and amortization charge where useful lives and residual values previously estimated have changed or subject to be written down or if asset is no longer in used.

#### 4.1.7 Impairment of assets

The Company and subsidiary companies treat asset as impaired when there has 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.

#### 4.1.8 Post-employment benefits under defined benefit plans

The obligation under defined benefit plan is determined based on actuarial valuation. Inherent within this calculation is assumption as to discount rate, future salary adjustment, mortality rate and other demographic factor. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality table for the country. Actual post-retirement cost may ultimately differ from this estimate.

#### 4.1.9 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company 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.

### 4.2 Capital risk management

Objectives of the Company in the management of capital are 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 optimal capital structures to reduce the cost of capital.

In order to maintain or adjust the capital structures, the Company may adjust the amount of dividends payment for shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

## 5. TRANSACTIONS WITH RELATED COMPANIES

A portion of the Company's assets, liabilities, revenues, costs and expenses arose from transactions with related companies which are related through common shareholding and/or directorship. These financial statements reflected the effects of significant transactions with related companies based on market prices in the normal course of business, or based on the basis mutually agreed to for transactions with non-comparative market prices.

Name	Country of incorporation	Type of Business	Relationship
Sri Chareon International Co., Ltd.	Thailand	Distribution of office furniture	Subsidiary company
Siam Okamura International Co., Ltd.	Thailand	Distribution of office furniture and furniture used for public	Subsidiary company
Siam Steel OC Co., Ltd.	Thailand	Distribution of equipment, office furniture and industrial parts.	Subsidiary company
Siam International Energy Co., Ltd.	Thailand	Investment in alternative energy	Subsidiary company
Bangphra Green Energy Co., Ltd.	Thailand	Manufacturing and distribution of solar equipment and investment in solar plant	Indirect subsidiary company
Siam International Biomass Co., Ltd.	Thailand	Investment in alternative energy	Indirect subsidiary company
Siam Biomass Product Co., Ltd.	Thailand	Investment in alternative energy	Indirect subsidiary company
Siam Forest Management Co., Ltd.	Thailand	Investment in alternative energy	Indirect subsidiary company
Siam Biomass Product – South Pra Sang Co., Ltd.	Thailand	Investment in alternative energy	Indirect subsidiary company
Rich Solar Energy Godo Kaisha Co., Ltd.	Japan	Investment in alternative energy	Indirect subsidiary company
Siam Okamura Steel Co., Ltd.	Thailand	Manufacturing and distribution of office automation furniture for export	Associated company
Siam Steel Service Center Plc.	Thailand	Manufacturing and distribution of primary steel parts for various industries.	Associated company
Unity Service Co., Ltd.	Thailand	Providing of utilities and nursing facilities	Co-director
Formica (Thailand) Ltd.	Thailand	Manufacturing and distribution of plastic laminate products	Co-director
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Thailand	Manufacturing and distribution of electrical appliance and supplies for construction such as electric wire, pipe and downstream equipment	Co-director
Siam Chitose Co., Ltd.	Thailand	Manufacturing and distribution of furniture and furniture parts.	Co-director
Lucky-Kingdom Center (Nakornratchasima) Co., Ltd.	Thailand	Distribution of office furniture	Co-director
Lucky-Kingdom Center (Chiangmai) Co., Ltd.	Thailand	Distribution of office furniture	Co-director
Union Autoparts Manufacturing Co., Ltd.	Thailand	Manufacturing and distribution of motorcycles and motorcycle parts.	Co-director
Hirokoh (Thailand) Co., Ltd.	Thailand	Distribution and rental of movable instant office, movable instant restroom	Co-shareholder

As at 31 December 2018 and 2017, the account balances with related companies are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Trade accounts receivable from sales and services</b>				
Subsidiary companies	-	-	3,257	1,192
Associated companies	50	41	48	32
Related companies	4,448	8,258	4,346	8,169
Total trade accounts receivable from sales and services – related companies	4,498	8,299	7,651	9,393
<b>Receivables from and advances</b>				
Subsidiary companies	-	-	81,984	64,500
Associated companies	1,637	488	1,637	488
Related companies	10	4,286	10	4,286
Total receivables from and advances – related companies	1,647	4,774	83,631	69,274

There is no interest charge for the above receivables and advances.

**Short-term loans to**

Subsidiary company	-	-	185,000	185,000
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Movements in short - term loans to subsidiary companies and long - term loans to related company for the year ended 31 December 2018 are as follows:

	In Thousand Baht			
	Separate F/S			31 December 2018
	31 December 2017	Increase	Decrease	
Short - term loans	185,000	185,000	(185,000)	185,000

As at 31 December 2018, a subsidiary company has issued promissory note to the Company of Baht 185.00 million. The loan is repayable on demand and has an interest at the rate of 7.80% per annum.

As at 31 December 2017, the Company has entered into a memorandum with Bangphra Green Energy Co., Ltd. for loan amount of Baht 185.00 million and has an interest at the rate of 8.50% per annum. As at 30 September 2018, Bangphra Green Energy Co., Ltd. has repaid loan in all amount.

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Short – term loans from</b>				
Related companies	54,500	57,000	-	-

Movements in short - term loans of the indirect subsidiary companies for the year ended 31 December 2018 are as follows:

	In Thousand Baht			
	Consolidated F/S			
	31 December 2017	Increase	Decrease	31 December 2018
Short – term loans from related companies	57,000	67,500	(70,000)	54,500

The indirect subsidiary companies have been granted short – term loans from related companies with interest between 1.48% - 2.50% per annum (2017 : 1.48% - 6.00% per annum). There loans are repayable between 31 December 2018 - 27 September 2019.

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Accounts payable</b>				
Associated companies	23,394	22,849	4,292	5,756
Related companies	8,407	6,657	2,397	3,540
Total account payable from related companies	31,801	29,506	6,689	9,296
<b>Advances from</b>				
Subsidiary companies	-	-	55,545	60
Associated companies	60	60	60	60
Related companies	2,874	1,325	808	781
Total advances from related companies	2,934	1,385	56,413	901
Total account payable and advances from related companies	34,735	30,891	63,102	10,197

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Advances and deposits from customers</b>				
Subsidiary companies	-	-	2,562	1,708
Related companies	3,847	3,659	3,847	3,659
Total advances and deposits from customers				
- related companies	3,847	3,659	6,409	5,367
<b>Key management personnel compensation</b>				
Accrued bonus	1,196	1,115	1,196	1,104
Post employee benefits	4,867	4,867	3,761	4,503
Total key management personnel compensation	6,063	5,982	4,957	5,607

The significant transactions with related companies for the years ended 31 December 2018 and 2017 and pricing policy are as follows:

	The Policy of Pricing
Sales and services	Cost plus margin or agreed price
Income from sales of raw materials, factory supplies and others	Cost plus margin
Rental revenue	Agreed price
Interest income	Agreed rate
Purchases of raw materials	Cost plus margin or agreed price
Purchases of finished goods	Agreed price
Administrative and other expenses	Cost plus margin or agreed price
Financial cost	Agreed rate

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Sales and services income</b>				
Subsidiary companies	-	-	46,425	73,728
Associated companies	939	1,058	533	873
Related companies	62,904	68,980	62,896	68,936

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Revenues from sales of raw materials, factory supplies and others</b>				
Subsidiary companies	-	-	5,828	8,345
Associated companies	8,023	9,068	5,856	6,029
Related companies	10,351	13,935	10,189	13,858
<b>Rental revenue</b>				
Subsidiary companies	-	-	10,395	10,395
Related companies	15,509	16,307	15,509	16,307
<b>Interest income</b>				
Subsidiary companies	-	-	15,680	30,537
<b>Dividend income</b>				
Subsidiary companies	-	-	612	612
Associated companies	-	-	25,793	34,156
Related companies	34,024	3,821	34,024	3,821
<b>Purchases of finished goods</b>				
Subsidiary companies	-	-	120	287
Associated companies	202,160	253,546	20,538	22,742
Related companies	69,628	25,102	5,638	2,976
<b>Purchases of raw materials</b>				
Associated companies	816	507	816	507
Related companies	5,668	4,801	5,668	4,801
<b>Administrative and other expenses</b>				
Subsidiary companies	-	-	242	60
Associated companies	20,393	30,913	652	168
Related companies	17,655	11,581	13,594	10,943
<b>Finance cost</b>				
Related companies	1,539	-	-	-



	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b><u>Key management personnel compensation</u></b>				
Current employment benefits	22,246	25,459	19,472	22,692
Post-employment benefits	589	331	546	267
Total	<u>22,835</u>	<u>25,790</u>	<u>20,018</u>	<u>22,959</u>

#### 6. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Cash	356	283	176	173
Deposits with financial institutions				
- Current accounts	61	131	49	101
- Savings accounts	1,026,215	424,657	481,164	213,319
- Fixed accounts	100,000	-	100,000	-
Total	<u>1,126,632</u>	<u>425,071</u>	<u>581,389</u>	<u>213,593</u>

Savings deposits with banks bear interest at the floating rates determined by banks.

The currencies denomination of cash and cash equivalents as at 31 December 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
THB	1,108,321	419,946	563,078	208,468
USD	18,129	4,945	18,129	4,945
JPY	182	180	182	180
Total	<u>1,126,632</u>	<u>425,071</u>	<u>581,389</u>	<u>213,593</u>

## 7. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2018 and 2017, the aged analysis of accounts receivable are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<u>Trade accounts receivable - General customers – net</u>				
Current	159,200	151,111	126,846	96,829
Overdue:				
Less than 3 months	85,518	119,982	16,334	33,631
3 months – 6 months	6,499	21,624	1,986	13,096
6 months – 12 months	2,241	9,337	979	5,253
Over 12 months	6,763	3,895	2,214	2,277
Total	260,221	305,949	148,359	151,086
<u>Less</u> Allowance for doubtful accounts	(6,339)	(5,129)	(2,026)	(271)
Net	253,882	300,820	146,333	150,815
<u>Trade accounts receivable – related companies</u>				
Current	4,385	4,687	6,900	5,394
Overdue:				
Less than 3 months	113	3,541	751	3,897
3 months – 6 months	-	-	-	102
6 months – 12 months	-	71	-	-
Total	4,498	8,299	7,651	9,393

The currencies denomination of trade accounts receivable as at 31 December 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
THB	253,665	305,322	144,956	151,553
USD	9,510	8,926	9,510	8,926
JPY	1,544	-	1,544	-
Total	264,719	314,248	156,010	160,479
<u>Less</u> Allowance for doubtful accounts	(6,339)	(5,129)	(2,026)	(271)
Net	258,380	309,119	153,984	160,208

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

	In Thousand Baht	
	Consolidate F/S	Separate F/S
Balance as at 1 January 2018	5,129	271
<u>Add</u> Allowance for doubtful accounts	2,032	1,995
<u>Less</u> Bad debt return	(822)	(240)
Balance as at 31 December 2018	<u>6,339</u>	<u>2,026</u>

8. INVENTORIES - NET

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Finished goods	157,470	143,552	70,804	60,753
Work in process	194,679	49,094	194,679	49,094
Raw materials and supplies	64,073	137,313	61,311	137,313
Total	<u>416,222</u>	<u>329,959</u>	<u>326,794</u>	<u>247,160</u>
<u>Less</u> Allowance for decline value, slow-moving and defective inventories	(32,111)	(42,539)	(17,243)	(42,539)
Net	<u>384,111</u>	<u>287,420</u>	<u>309,551</u>	<u>204,621</u>

Movement in allowance for decline value, slow-moving and defective inventories for the years ended 31 December 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Beginning as at 1 January	42,539	48,027	42,539	42,350
Increase	53,942	834	39,043	834
Decrease	(64,370)	(6,322)	(64,339)	(645)
Ending as at 31 December	<u>32,111</u>	<u>42,539</u>	<u>17,243</u>	<u>42,539</u>

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Inventories recognized as an expense and income in cost of sales of goods:				
- Cost of goods sold	1,373,839	1,224,648	737,672	714,485
- Additional allowance	53,942	834	39,043	834
- Reversal of allowance	(64,370)	(6,322)	(64,339)	(645)
Net	<u>1,363,411</u>	<u>1,219,160</u>	<u>712,376</u>	<u>714,674</u>

9. OTHER CURRENT ASSETS

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Prepaid expenses	31,165	25,457	12,475	10,307
Prepaid insurance	997	1,027	634	843
Undue input VAT	11,935	1,312	5,417	633
Refundable value added tax	6,270	2,497	403	-
Advance payment	15,057	12,143	13,074	10,507
Investment in Energy Project	-	-	51,855	-
Refundable consumption tax	131,518	-	-	-
Others	11,780	6,157	721	5,370
Total	<u>208,722</u>	<u>48,593</u>	<u>84,579</u>	<u>27,660</u>
<u>Less</u> Allowance for doubtful advance payment	(12,223)	-	(12,223)	-
Net	<u>196,499</u>	<u>48,593</u>	<u>72,356</u>	<u>27,660</u>

The indirect subsidiary company have entered into the Technical Service Agreement for Torrefaction Biomass Pellet with 2 third - party and the Company. This agreement has the objective for research and development of Torrefaction biomass pellet with FSC certificate. It is operated by the indirect subsidiary company. The monthly fee for service shall be calculated according to the actual cost, which the indirect subsidiary company took to provide service in the month. The Company and the third - party make payment for one third of the actual cost for each company. Moreover, the indirect subsidiary company called for investment from 3 companies equally. Baht 51.86 million each. The Company has recognized the billing amount in "Investment in Energy Project" and the indirect subsidiary company has recognized it in Cash received for using in "Energy Project" (Refer to Note 17).

10. RESTRICTED DEPOSITS WITH BANK

As at 31 December 2018 and 2017, The company has time deposits totaling Baht 0.88 million and Baht 0.40 million, respectively, are restricted for usage as they have been placed as collaterals for long-term loan from financial institutions as mentioned in Note 16.

As at 31 December 2018 and 2017, The subsidiary company have fixed deposits totaling Baht 1.03 million and Baht 0.08 million, respectively, are restricted for usage as they have been placed as collaterals for bank guarantees in respect of certain agreements required in normal course of business of the subsidiary company.

## 11. INVESTMENTS IN SUBSIDIARY COMPANIES AND RELATED COMPANIES

As at 31 December 2018 and 2017, the balances of investments in subsidiary companies, associated companies and related companies are shown on the following pages:

		In Thousand Baht									
		Consolidated F/S									
Type of business		Paid-up Share capital		Percentage of shareholding		Cost method		Equity method		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<u>Investments</u>											
<u>Associated companies - equity method</u>											
Siam Okamura Steel Co., Ltd.	Manufacturing of steel furniture	88,000	88,000	40	40	35,199	35,199	108,575	113,246	1,760	2,112
Siam Steel Service Center Public Company Limited	Steel cutting services and manufacturing of element steel parts	639,998	639,998	22.76	22.76	127,428	127,428	670,347	656,221	24,033	32,044
						<u>162,627</u>	<u>162,627</u>	<u>778,922</u>	<u>769,467</u>	<u>25,793</u>	<u>34,156</u>
<u>Indirect associated company – equity method</u>											
Lucky-Kingdom Center Co., Ltd.	Investment in shares	12,000	12,000	40	40	4,800	4,800	4,882	4,973	-	-
Total investments in associated companies						<u>167,427</u>	<u>167,427</u>	<u>783,804</u>	<u>774,440</u>	<u>25,793</u>	<u>34,156</u>
<u>Related companies - cost method</u>											
Formica (Thailand) Co., Ltd.	Manufacturing of melamine laminated product	199,150	199,150	5	5	38,052	38,052			32,260	-
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660			1,764	3,821
Total investment in related companies						<u>49,712</u>	<u>49,712</u>			<u>34,024</u>	<u>3,821</u>

During the year, Rich Solar Energy Godo Kaisha Co., Ltd, an indirect subsidiary, reduced its capital from Baht 603.59 million to Baht 301.17 million, and obtained financing to complete the construction of the power plant through a long – term loan from a financial institution of Baht 1,171.45 million (refer to note 16). The amount of capital returned to the Group was Baht 152.77 million and a further amount was paid to non – controlling interest of Baht 149.65 million. There was no change in the Company's, indirect holding of 50%.

In Thousand Baht

Separate F/S

Type of business	Paid-up Share capital		Percentage of shareholding		Cost method		Dividend income		
	2018	2017	2018	2017	2018	2017	2018	2017	
	<u>Investments accounted for by cost method</u>								
<u>Subsidiary companies</u>									
Sri Chareon International Co., Ltd.	Distribution of steel furniture	14,000	14,000	99.99	99.99	14,000	14,000	-	-
Siam Okamura International Co., Ltd.	Distribution of steel furniture	20,000	20,000	51	51	10,199	10,199	612	612
Siam Steel OC Co., Ltd.	Distribution of finished buildings, wall and relating products	20,000	20,000	51	51	10,200	10,200	-	-
Siam International Energy Co., Ltd.	Investment in alternative energy	160,000	160,000	99.99	99.99	160,000	160,000	-	-
Total investment in subsidiary companies						194,399	194,399	612	612
<u>Less</u> Allowance for impairment of investment						(8,192)	-	-	-
Net						186,207	194,399	612	612
<u>Associated companies</u>									
Siam Okamura Steel Co., Ltd.	Manufacturing of steel furniture	88,000	88,000	40	40	35,199	35,199	1,760	2,112
Siam Steel Service Center Public Company Limited	Steel cutting services and manufacturing of element steel parts	639,998	639,998	22.76	22.76	127,428	127,428	24,033	32,044
Total investment in associated companies						162,627	162,627	25,793	34,156
<u>Related companies</u>									
Formica (Thailand) Co., Ltd.	Manufacturing of melamine laminated products	199,150	199,150	5	5	38,052	38,052	32,260	-
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660	1,764	3,821
Total investments in related companies						49,712	49,712	34,024	3,821
Total dividend income from investments accounted for by cost method								60,429	38,589

Associates companies

The following table summaries the financial information of the significant associated companies as included in their own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in these associates.

	In Thousand Baht			
	Siam Okamura Steel Co., Ltd.		Siam Steel Service Center Public Company Limited	
	2018	2017	2018	2017
Revenue	586,262	633,819	4,501,993	4,386,855
Profit (loss) for the year	(7,114)	9,521	166,842	199,581
Other comprehensive loss	-	-	(958)	(807)
Total comprehensive income (loss)	(7,114)	9,521	165,884	198,774
Attributable to non – controlling interest	(2,846)	3,808	37,755	45,241
Attributable to investee's shareholders	(4,268)	5,713	128,129	153,533
Current assets	217,462	231,452	2,680,272	2,596,270
Non-current assets	189,933	184,941	1,247,149	1,243,963
Current liabilities	(91,910)	(89,050)	(996,633)	(973,292)
Non-current liabilities	(9,422)	(9,766)	(69,932)	(66,368)
Net assets	<u>306,063</u>	<u>317,577</u>	<u>2,860,857</u>	<u>2,800,573</u>
Attributable to non – controlling interest	122,425	127,031	651,131	637,410
Attributable to investee's shareholders	183,638	190,546	2,209,726	2,163,163

As at 31 December 2018 and 2017, the fair value of investment in Siam Steel Service Center Public Company Limited, which listed on the Stock Exchange of Thailand, amount of Baht 395.94 million (closing price Baht 2.72 per share, 145,565,600 common shares) and Baht 556.06 million (closing price Baht 3.82 per share, 14,565,600 common shares), respectively. For other investments in associates and joint venture are not publicly listed on the Stock Exchange of Thailand and consequently do not have published price.



Movements in investments in associated companies and joint venture for the years ended 31 December 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2018	2017	2018	2017
<u>Investment in associated companies</u>				
Book value – beginning	774,440	758,984	162,627	162,627
Share of income of investment – equity method	35,157	49,612	-	-
Dividend income	(25,793)	(34,156)	-	-
Book value – net	<u>783,804</u>	<u>774,440</u>	<u>162,627</u>	<u>162,627</u>

## 12. NON - CONTROLLING INTERESTS

The following table summaries the information relating to each of the Group's subsidiary companies that has a material non-controlling interest, before any intra-group eliminations:

	In Thousand Baht			
	Consolidated F/S			
	Siam Okamura International Co., Ltd.	Siam Steel OC Co., Ltd.	Siam Forest Management Co., Ltd.	Rich Solar Energy Godo Kaisha Co., Ltd.
Non-controlling interest				
percentage	49%	49%	40%	50%
Current assets	408,715	23,890	2,198	390,916
Non-current assets	35,875	53	11,587	1,576,277
Current liabilities	63,978	18,597	7,336	215,587
Non-current liabilities	4,542	282	-	1,515,294
Net assets	<u>376,070</u>	<u>5,064</u>	<u>6,449</u>	<u>236,312</u>
Carrying amount of non- controlling interest	<u>184,274</u>	<u>2,481</u>	<u>2,580</u>	<u>118,156</u>

In Thousand Baht

	Consolidated F/S			
	Siam Okamura		Siam Forest	
	International Co., Ltd.	Siam Steel OC Co., Ltd.	Management Co., Ltd.	Rich Solar Energy Godo Kaisha Co., Ltd.
Revenue	720,066	31,601	-	19,852
Profit (loss) for the year	19,397	656	(3,805)	(29,259)
Comprehensive loss for the year	-	-	-	(14,782)
Profit (loss) allocated to non- controlling interest	9,505	321	(1,522)	(14,630)
Comprehensive loss allocated to non-controlling interest	-	-	-	(7,391)
Cash flows provided from (used in) operating activities	92,495	2,403	(3,976)	10,209
Cash flows provided from (used in) investing activities	(2,953)	-	(4,000)	(1,408,731)
Cash flows provided from (used in) financing activities	(1,200)	-	7,000	1,577,274
Exchange differences from translation of subsidiary	-	-	-	18,478
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>88,342</b>	<b>2,403</b>	<b>(976)</b>	<b>197,230</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

In Thousand Baht

Consolidated F/S

	Land	Buildings and improvements	Leasehold right and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Transportation equipment	Work in progress	Bearer plant	Machinery and building under installation	Total
<b><u>At Cost</u></b>										
1 January 2017	222,667	948,163	1,746	625,682	270,677	24,631	540,087	3,150	831	2,637,634
Increase	7,445	-	-	37,974	10,293	-	761,2	4,000	643	63,116
Financing costs capitalized	-	-	-	-	-	-	293,40	-	-	40,293
Disposal	-	-	-	-	(5,265)	(2,390)	-	-	(501)	(8,156)
Transfer in (out)	-	600	-	330	-	-	-	-	(930)	-
Exchange differences from translation of subsidiary	-	-	-	-	-	-	(32,207)	-	-	(32,207)
31 December 2017	230,112	948,763	1,746	663,986	276,705	22,241	550,934	7,150	43	2,700,680
Increase	11,429	20,769	-	4,882	5,521	7,345	1,103,335	4,000	126,653	1,283,934
Financing costs capitalized	-	-	-	-	-	-	20,555	-	-	20,555
Disposal	-	(31,291)	(1,746)	(17,345)	(19,705)	-	-	-	-	(70,087)
Transfer in (out)	-	274,892	-	1,403,609	17	-	(1,674,824)	-	(3,677)	17
Exchange differences from translation of subsidiary	-	(3,865)	-	(20,013)	-	-	-	-	-	(23,878)
31 December 2018	241,541	1,209,268	-	2,035,119	261,538	29,586	-	11,150	123,019	3,911,221
<b><u>Accumulated depreciation</u></b>										
1 January 2017	-	611,686	1,746	559,914	252,378	23,253	-	-	-	1,448,977
Increase	-	29,506	-	10,759	6,060	901	-	-	-	47,226
Disposal	-	-	-	-	(5,047)	(2,249)	-	-	-	(7,296)
31 December 2017	-	641,192	1,746	570,673	253,391	21,905	-	-	-	1,488,907
Increase	-	26,448	-	21,520	5,788	517	-	-	-	54,271
Disposal	-	(30,032)	(746.1)	(17,344)	(19,705)	-	-	-	-	(68,827)
31 December 2018	-	637,606	-	574,849	239,474	22,422	-	-	-	1,474,351

In Thousand Baht

Consolidated F/S

	Land	Buildings and improvements	Leasehold right and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Transportation equipment	Work in progress	Bearer plant	Machinery and building under installation	Total
<b><u>Allowance for impairments</u></b>										
1 January 2017	6,517	3,781	-	-	-	-	-	-	-	10,298
Decrease	-	(2,521)	-	-	-	-	-	-	-	(2,521)
31 December 2017	6,517	1,260	-	-	-	-	-	-	-	7,777
Decrease	-	(1,260)	-	-	-	-	-	-	-	(1,260)
31 December 2018	6,517	-	-	-	-	-	-	-	-	6,517
<b><u>Net book value</u></b>										
31 December 2017	223,595	306,311	-	93,313	22,314	336	550,934	7,150	43	1,203,996
31 December 2018	235,024	571,662	-	1,460,270	22,064	7,164	-	11,150	123,019	2,430,353
<b><u>Depreciation for the year 2017</u></b>										
Cost of goods sold										23,798
Administrative expenses										23,428
<u>Less</u> Allowance for impairments amortization										(2,521)
Total										44,705
<b><u>Depreciation for the year 2018</u></b>										
Cost of goods sold										30,690
Administrative expenses										23,581
<u>Less</u> Allowance for impairments amortization										(1,260)
Total										53,011

The indirect subsidiary has pledged land and machines (including present and future structure there on) as collaterals for loan from banks (Note 27).

In Thousand Baht

Separate F/S

	Land	Buildings and improvements	Leasehold right and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Transportation equipment	Machinery and building under installation	Total
<b><u>At Cost</u></b>								
1 January 2017	209,152	921,429	1,746	603,427	209,086	20,550	831	1,966,221
Increase	-	-	-	600	2,818	-	99	3,517
Disposal	-	-	-	-	(428)	-	-	(428)
Transfer in (out)	-	600	-	330	-	-	(930)	-
31 December 2017	209,152	922,029	1,746	604,357	211,476	20,550	-	1,969,310
Increase	11,429	20,735	-	874	1,095	7,000	40,403	81,536
Disposal	-	(31,291)	(1,746)	(17,345)	(6,482)	-	-	(56,864)
Transfer in (out)	-	3,677	-	-	17	-	(3,677)	17
31 December 2018	220,581	915,150	-	587,886	206,106	27,550	36,726	1,993,999
<b><u>Accumulated depreciation</u></b>								
1 January 2017	-	611,616	1,746	559,421	201,710	19,995	-	1,394,488
Increase	-	28,126	-	8,438	3,147	554	-	40,265
Disposal	-	-	-	-	(420)	-	-	(420)
31 December 2017	-	639,742	1,746	567,859	204,437	20,549	-	1,434,333
Increase	-	22,651	-	4,688	2,409	332	-	30,080
Disposal	-	(30,032)	(1,746)	(16,834)	(6,481)	-	-	(55,093)
31 December 2018	-	632,361	-	555,713	200,365	20,881	-	1,409,320
<b><u>Allowance for impairments</u></b>								
1 January 2017	6,517	3,781	-	-	-	-	-	10,298
Decrease	-	(2,521)	-	-	-	-	-	(2,521)
31 December 2017	6,517	1,260	-	-	-	-	-	7,777
Decrease	-	(1,260)	-	-	-	-	-	(1,260)
31 December 2018	6,517	-	-	-	-	-	-	6,517

In Thousand Baht

Separate F/S

	Land	Buildings and improvements	Leasehold right and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Transportation equipment	Machinery and building under installation	Total
<b>Net book value</b>								
31 December 2017	202,635	281,027	-	36,498	7,039	1	-	527,200
31 December 2018	214,064	282,789	-	32,173	5,741	6,669	36,726	578,162
<b>Depreciation for the year 2017</b>								
Cost of goods sold								23,798
Administrative expenses								16,467
<u>Less</u> Allowance for impairments amortization								(2,521)
Total								37,744
<b>Depreciation for the year 2018</b>								
Cost of goods sold								13,538
Administrative expenses								16,542
<u>Less</u> Allowance for impairments amortization								(1,260)
Total								28,820

As at 31 December 2018 and 2017, the gross carrying amount of fully depreciated building and equipment which are still in use amounted to Baht 1,443.33 million and Baht 1,105.50 million, respectively, for the consolidated financial statements, and amounted to Baht 1,413.16 million and Baht 1,062.90 million, respectively, for the separate financial statements.

#### 14. ASSETS NOT USED IN OPERATION - NET

	In Thousand Baht				
	Consolidated and Separate F/S				
	Land	Building and Improvements	Machinery and equipment	Furniture, fixtures and office equipment	Total
<b>Cost</b>					
As at 1 January 2017	41,091	157,023	41,864	3,968	243,946
Increase	-	-	-	-	-
Transfer to assets for sale	(3,415)	(4,862)	-	-	(8,277)
Decrease	-	-	-	-	-
As at 31 December 2017	37,676	152,161	41,864	3,968	235,669
Increase	-	-	-	-	-
Decrease	(37,676)	(152,161)	(22,223)	(3,968)	(216,028)
As at 31 December 2018	-	-	19,641	-	19,641
<b>Accumulated depreciation</b>					
As at 1 January 2017	-	35,979	36,122	3,030	75,131
Increase	-	-	-	-	-
Transfer to assets for sale	-	(4,862)	-	-	(4,862)
Decrease	-	-	-	-	-
As at 31 December 2017	-	31,117	36,122	3,030	70,269
Increase	-	-	-	-	-
Decrease	-	(31,117)	(18,841)	(3,030)	(52,988)
As at 31 December 2018	-	-	17,281	-	17,281
<b>Net book value</b>					
31 December 2017	37,676	121,044	5,742	938	165,400
31 December 2018	-	-	2,360	-	2,360

## 15. DEFERRED INCOME TAX - NET

Deferred income tax asset and liability are as follows:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Deferred income tax assets	18,725	116,900	15,212	114,568
Deferred income tax liabilities	(16,830)	(18,910)	(19,143)	(24,919)
<b>Deferred income tax - net</b>	<b>1,895</b>	<b>97,990</b>	<b>(3,931)</b>	<b>89,649</b>

Deferred income tax assets and liabilities as at 31 December 2018 and 2017 are as follows:

	In Thousand Baht			
	Consolidated F/S			
	1 January 2018	Recognized as income (expense)		31 December 2018
Profit/ (Loss)		Other comprehensive income		
<b>Deferred income tax assets</b>				
From allowance for doubtful accounts of trade accounts receivable from sales and service	1,025	2,687	-	3,712
From allowance for decline value in inventories	8,508	(3,317)	-	5,191
From reserve for employee benefits obligation	7,596	913	1,313	9,822
From loss carried forward not exceed 5 years	99,771	(99,771)	-	-
<b>Total</b>	<b>116,900</b>	<b>(99,488)</b>	<b>1,313</b>	<b>18,725</b>
<b>Deferred income tax liabilities</b>				
From the difference of depreciation of fixed assets between accounting base and tax base	24,920	(5,776)	-	19,144
From translation adjustment	(6,010)	-	3,696	(2,314)
<b>Total</b>	<b>18,910</b>	<b>(5,776)</b>	<b>3,696</b>	<b>16,830</b>
<b>Deferred income tax assets - net</b>	<b>97,990</b>	<b>(93,712)</b>	<b>(2,383)</b>	<b>1,895</b>



	In Thousand Baht			
	Consolidated F/S			
	1 January 2017	Recognized as income (expense)		31 December 2017
		Profit/ (Loss)	Other comprehensive income	
<b>Deferred income tax assets</b>				
From allowance for doubtful accounts of trade accounts receivable from sales and service	237	788	-	1,025
From allowance for decline value in inventories	9,605	(1,097)	-	8,508
From allowance for impairment of investments in related companies	520	(520)	-	-
From reserve for employee benefits obligation	7,979	867	(1,250)	7,596
From loss carried forward not exceed 5 years	103,311	(3,540)	-	99,771
<b>Total</b>	<b>121,652</b>	<b>(3,502)</b>	<b>(1,250)</b>	<b>116,900</b>
<b>Deferred income tax liabilities</b>				
From equity in net income of associated companies and joint venture	37	(37)	-	-
From the difference of depreciation of fixed assets between accounting base and tax base	20,253	4,667	-	24,920
From translation adjustment	623	-	(6,633)	(6,010)
<b>Total</b>	<b>20,913</b>	<b>4,630</b>	<b>(6,633)</b>	<b>18,910</b>
<b>Deferred income tax assets - net</b>	<b>100,739</b>	<b>(8,132)</b>	<b>5,383</b>	<b>97,990</b>

	In Thousand Baht			
	Separate F/S			
	1 January 2018	Recognized as income (expense)		31 December 2018
		Profit/ (Loss)	Other comprehensive income	
<b>Deferred income tax assets</b>				
From allowance for doubtful accounts of trade accounts receivable from sales and service	54	2,796	-	2,850
From allowance for decline value in inventories	8,507	(5,059)	-	3,448
From reserve for employee benefits obligation	6,236	1,365	1,313	8,914
From loss carried forward not exceed 5 years	99,771	(99,771)	-	-
<b>Total</b>	<b>114,568</b>	<b>(100,669)</b>	<b>1,313</b>	<b>15,212</b>
<b>Deferred income tax liabilities</b>				
From the difference of depreciation of fixed assets between accounting base and tax base	24,919	(5,776)	-	19,143
<b>Deferred income tax assets - net</b>	<b>89,649</b>	<b>(94,893)</b>	<b>1,313</b>	<b>(3,931)</b>

	In Thousand Baht			
	Separate F/S			
	1 January 2017	Recognized as income (expense)		31 December 2017
		Profit/ (Loss)	Other comprehensive income	
<b><u>Deferred income tax assets</u></b>				
From allowance for doubtful accounts of trade accounts receivable from sales and service	237	(183)	-	54
From allowance for decline value in inventories	8,469	38	-	8,507
From allowance for impairment of investments in subsidiary and related companies	7	(7)	-	-
From reserve for employee benefits obligation	7,273	213	(1,250)	6,236
From loss carried forward not exceed 5 years	99,771	-	-	99,771
<b>Total</b>	<b>115,757</b>	<b>61</b>	<b>(1,250)</b>	<b>114,568</b>
<b><u>Deferred income tax liabilities</u></b>				
From the difference of depreciation of fixed assets between accounting base and tax base	20,252	4,667	-	24,919
<b>Deferred income tax assets - net</b>	<b>95,505</b>	<b>(4,606)</b>	<b>(1,250)</b>	<b>89,649</b>

Deferred tax assets have not been recognized in respect of the following items:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Deductible temporary differences				
Tax losses carried forward not exceeding 5 years	95,140	75,635	64,112	75,635
<b>Total</b>	<b>95,140</b>	<b>75,635</b>	<b>64,112</b>	<b>75,635</b>

*Income tax recognised in profit or loss*

Reconciliation of income tax expenses are as follows:

	(Unit : Baht)			
	Consolidate F/S		Separate F/S	
	2018	2017	2018	2017
Profit (loss) before income tax				
expense	339,444	(45,499)	360,121	11,879
Tax rate percent	20	20	20	20
Expected tax expense	67,889	(9,100)	72,024	2,376
Adjustment for				
- Non-taxable income	(6,804)	(764)	(12,086)	(7,718)
- Addition taxable expenses	(13)	(25)	(13)	(25)
- Non-deductible expenses	3,990	246	3,352	2,234
Reduce deferred tax	35,751	-	31,616	7
Unrecognised deferred income				
tax assets	-	17,831	-	7,732
Actual tax expenses	100,813	8,188	94,893	4,606
<b>Tax expense comprises:</b>				
Current tax expense	7,101	57	-	-
Deferred income tax expense:				
Temporary differences	93,712	8,131	94,893	4,606
<b>Net tax expenses</b>	<b>100,813</b>	<b>8,188</b>	<b>94,893</b>	<b>4,606</b>

*Income tax recognized in other comprehensive income*

	In Thousand Baht					
	Consolidate F/S					
	2018			2017		
	Tax		Tax			
	benefit	Net of	benefit	benefit	Net of	
	(expense)	tax	(expense)	(expense)	tax	
	Before	Before	Before	Before	Before	
	tax	tax	tax	tax	tax	
Foreign currency translation						
differences for foreign						
operations	18,479	(3,696)	14,783	(33,162)	6,633	
Defined benefit plan actuarial						
income (losses)	(6,635)	1,313	(5,322)	6,252	(1,250)	
Other comprehensive income						
(loss) for the year	11,844	(2,383)	9,461	(26,910)	5,383	

	In Thousand Baht					
	Separate F/S					
	2018			2017		
	Before Tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) Benefit	Net of tax
Defined benefit plan-actuarial income (loss)	(6,564)	1,313	(5,251)	6,252	(1,250)	5,002

#### 16. LONG -TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

As at 31 December 2018 and 2017, the Company has long-term loans from financial institutions as follow :

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Long-term loans from financial institutions	212,860	222,030	212,860	222,030
Additional long - term loan from financial institution	1,713,699	-	-	-
Deferred finance costs	(98,202)	-	-	-
Amortization of deferred finance costs	1,011	-	-	-
Exchange differences from translation of foreign operation	(39,000)	-	-	-
Total	1,790,368	222,030	212,860	222,030
<u>Less</u> Current portion of long - term loans from financial institutions	(68,001)	(5,784)	(5,784)	(5,784)
Long-term loans from financial Institutions - net	1,722,367	216,246	207,076	216,246

As at 31 December 2018 and 2017, the Company had long-term loans from financial institutions of Baht 212.86 million with interest at a rate of MLR – 0.5% per annum which are collateralized by the pledge of 88,842,800 shares of an associated company. In addition, the Company has to deposit dividends received from such shares into a bank account accumulatively until it reaches Baht 10.00 million as addition collateral. The Company also has to pledge shares belonging to the Company's directors of 25,000,000 shares as collateral for this loan. This loan is repayable within December 2020.

As at 31 December 2018, an indirect subsidiary company has entered into long-term loans from financial institutions which have details as below:

	Maximum amount	Interest rate	Repayment
Senior loan A	Yen 1,120 million	TIBOR + 0.425% per annum	First repayment date is 30 June 2019 and final repayment date is 30 June 2037. Repayment date is 30 June and 31 December each year.
Senior loan B	Yen 4,480 million	1.250% per annum	
Consumption tax loan	Yen 340 million	TIBOR + 0.400% per annum	Refund of consumption tax

In addition, the indirect subsidiary company has to maintain financial ratios as determined in the loan agreement. These loans are to finance the construction of a power plant project and repay capital to the investors as disclosed in note 11.

#### 17. OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Account Payable for construction factory	152,875	-	-	-
Cash received for using in Energy project (Note 9)	106,695	-	-	-
Accrued employee expenses	29,703	26,828	19,913	19,702
Accrued construction costs	10,124	51,441	10,124	51,441
Accrued incentive expenses	4,802	5,291	4,802	5,291
Accrued rental and utilities expenses	2,305	1,974	1,800	1,865
Accrued transportation	1,958	1,927	1,958	1,927
Accrued consulting service	2,109	285	2,110	285
Others	36,855	29,042	24,640	20,629
<b>Total</b>	<b>347,426</b>	<b>116,788</b>	<b>65,347</b>	<b>101,140</b>

18. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION - NET

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Statement of financial position</b>				
Liabilities under employment benefits obligation	49,715	35,580	44,570	31,182
<b>Statement of comprehensive income:</b>				
<i>Recognized in profit or loss:</i>				
Post-employment benefits	13,716	2,817	13,033	2,005
<b>Statement of other comprehensive income:</b>				
<i>Recognized in other comprehensive income:</i>				
Actuarial gain (losses) recognized in the year	6,635	(6,252)	6,564	(6,252)

The Company had established a defined benefit pension plan under the Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movements in employee benefits obligation for the year ended 31 December 2018 and 2017 are as follows :

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2018	2017	2018	2017
Balance as at 1 January	35,580	39,952	31,182	36,366
<i>Recognized in profit or loss</i>				
- Current service cost	1,919	2,085	1,270	1,273
- Financial cost	810	732	803	732
- Past services cost	10,987	-	10,960	-
<i>Recognized in other comprehensive income</i>				
- Actuarial gain (loss)	6,635	(6,252)	6,564	(6,252)
<i>Paid during the year</i>	(6,216)	(937)	(6,209)	(937)
Balance as at 31 December	49,715	35,580	44,570	31,182
Reclassified to current portion	(16,408)	(13,133)	(16,192)	(12,916)
Net	33,307	22,447	28,378	18,266
Wholly unfunded	49,715	35,580	44,570	31,182

*Significant assumptions based on actuarial techniques*

Significant assumptions based on actuarial techniques as at report date are as follows;

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Discount rate : Monthly staff	2.40% - 3.27%	1.46% - 3.06%	2.40%	2.43%
: Daily staff	2.66%	2.77%	2.66%	2.77%
Average future salary increment rate	2.86% - 5.66%	4.48% - 5.95%	4.57% - 5.66%	4.55% - 5.95%
Mortality rate	TMO 2017	TMO 2017	TMO 2017	TMO 2017
Normal retirement age	60 years	60 years	60 years	60 years

*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.

	In Thousand Baht	
	31 December 2018	
	Consolidated F/S	Separate F/S
Discount rate (0.5% increment)	(1,511)	(1,228)
Discount rate (0.5% decrement)	1,598	1,295
Future salary growth (0.5% increment)	1,550	1,295
Future salary growth (0.5% decrement)	(1,478)	(1,207)
Employee turnover (1.0% increment)	(3,303)	(2,677)
Employee turnover (1.0% decrement)	3,258	2,977

As at 31 December 2018, expected maturity of employee benefits obligation before discount are as follow :

	In Thousand Baht	
	31 December 2018	
	Consolidated F/S	Separate F/S
Within one year	16,424	16,192
Between 2 - 5 years	9,185	8,993
Between 6 - 10 years	26,014	22,481
Between 11 - 15 years	18,501	13,680
More than 16 years	15,746	7,890
Total	85,870	69,236

On 13 December 2018, the National Legislative Assembly approved change to the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette that determined that an employer to pay compensation, if an employee work consecutively period of 20 years or more, employees have the right to receives severance payment of 300 - 400 days of wages at the most recent rate. When the labor law come into force, the Group will recognize an increase in the provision for employee benefits including past services cost of Baht 10.99 million in the consolidated financial statements and Baht 10.96 million in the separate financial statement. The Group selected to recognise such effect in year 2018.

#### 19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

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

	<b>Thousand Baht</b>		
	<b>Short-term loans</b>	<b>Long-term loans</b>	<b>Total</b>
<b>1 January 2018</b>	157,000	222,030	379,030
<b>Cash-flows:</b>			
Repayment	(170,000)	(9,170)	(179,170)
Proceeds	67,500	1,616,508	1,674,008
<b>Non-cash:</b>			
Gain/loss on exchange rate	-	(39,000)	(39,000)
<b>31 December 2018</b>	54,500	1,790,368	1,844,868
	<b>Thousand Baht</b>		
	<b>Short-term loans</b>	<b>Long-term loans</b>	<b>Total</b>
<b>1 January 2017</b>	488,334	236,103	724,437
<b>Cash-flows:</b>			
Repayment	(403,000)	(14,073)	(417,073)
Proceeds	67,000	-	67,000
<b>Non-cash:</b>			
Deferred interest	4,666	-	4,666
<b>31 December 2017</b>	157,000	222,030	379,030



## 20. LEGAL RESERVE

Under the provision of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as legal reserve until the reserve reaches not less than 10% of the authorized capital.

## 21. DIVIDEND

Details of the Company's dividends declaration and payments for the years ended 31 December 2018 and 2017 are as follows:

2561	Approved by	Qualified common share (Shares)	Dividend per share (Baht)	Dividend paid (Thousand Baht)	Paid date
Annual dividend	Annual General Meeting of the shareholders held on 27 April 2018	593,125,849	0.01	5,931	25 May 2018

  

2560	Approved by	Qualified common share (Shares)	Dividend per share (Baht)	Dividend paid (Thousand Baht)	Paid date
Annual dividend	Annual General Meeting of the shareholders held on 28 April 2017	593,125,849	0.01	5,931	26 May 2017

Details of subsidiary's dividends declaration and payments for for the year ended 31 December 2018 and 2017 are as follows:

2561	Approved by	Qualified common share (Shares)	Dividend per hare (Baht)	Dividend paid (Thousand Baht)			Paid date
				Portion of the Company	Portion of non-controlling interest	Total	
Annual dividend	Annual General Meeting of the shareholders held on 23 March 2018	200,000	6.00	612	588	1,200	20 April 2018

  

2560	Approved by	Qualified common share (Shares)	Dividend per hare (Baht)	Dividend paid (Thousand Baht)			Paid date
				Portion of the Company	Portion of non-controlling interest	Total	
Annual dividend	Annual General Meeting of the shareholders held on 21 April 2017	200,000	6.00	612	588	1,200	19 April 2017

## 22. PROVIDENT FUND

The Company established a provident fund under the Provident Fund Act (B.E. 2530). The fund is contributed to by the employees and the Company and is managed by Kasikorn Asset Management. The fund will be paid to the employees upon termination in accordance with the rules of the fund. The Company has contributed to provident fund for the year ended 31 December 2018 and 2017 as follow:

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Provident fund	4,461	5,141	3,409	4,113

## 23. OTHER INCOME

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Rental revenue	21,430	16,307	31,660	26,702
Reveral of provision in litigation	18,621	-	18,261	-
Other service income	15,339	24,507	12,798	23,800
Utilities income	6,148	4,617	6,421	4,907
Interest income	6,105	2,081	20,419	31,381
Tax compensation income	461	1,802	461	1,802
Gain on sale investment	-	2,563	-	-
Commission income	-	-	5,449	6,924
Total	68,104	51,877	95,829	95,516

During the year, a litigation against the Company was ruled by the Court in favor of the Company and the provision of Baht 18.62 million was reversed and recorded in other income in the statement of profit or loss for year ended 31 December 2018.

## 24. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Raw materials and supplies used	441,813	351,411	441,813	351,411
Changes in inventories of finished goods and work in process	(159,891)	101,234	(155,636)	57,048
Cost of sales in finished goods	605,284	501,998	-	-
Salaries, wages and other employee benefits	337,935	377,179	252,670	297,334
Subcontractor expenses	57,723	75,407	57,723	75,407
Allowance (reversal of allowance) for doubtful debts	13,433	2,002	13,978	2,002
Depreciation	53,011	44,706	28,820	37,744
Costs of construction	45,930	25,903	45,930	25,903
Transportation fee	26,393	25,021	26,393	25,021
Rental expenses	22,325	22,241	5,089	6,106
Utilities expenses	19,579	23,025	17,903	21,404
Consulting fees	14,244	8,818	14,244	8,818
Allowance (reversal of allowance) for decline value of inventories	(10,397)	8,925	(25,295)	189
Allowance for decline value of investments	-	-	8,192	-
Others	418,792	166,851	343,747	160,020
Total	<u>1,886,174</u>	<u>1,734,721</u>	<u>1,075,572</u>	<u>1,068,407</u>

## 25. SEGMENTAL FINANCIAL INFORMATION

	In Thousand Baht									
	For the years ended 31 December									
	2018					2017				
<b>Consolidated</b>	Revenue of construction work				Total	Revenue of construction work				Total
	Furniture	work	Energy	Eliminated		Furniture	work	Energy	Eliminated	
Revenues from sales and service	1,694,281	-	56,673	(46,606)	1,704,348	1,629,153	-	-	(74,015)	1,555,138
Revenues from construction work	-	52,284	-	-	52,284	-	29,912	-	-	29,912
<b>Total revenues</b>	<b>1,694,281</b>	<b>52,284</b>	<b>56,673</b>	<b>(46,606)</b>	<b>1,756,632</b>	<b>1,629,153</b>	<b>29,912</b>	<b>-</b>	<b>(74,015)</b>	<b>1,585,050</b>
Costs of sales and services	(1,323,628)	-	(56,412)	47,162	(1,332,878)	(1,269,153)	-	-	50,692	(1,219,160)
Costs of construction work	-	(45,931)	-	-	(45,931)	-	(25,904)	-	-	(25,904)
Loss on sale from Deteriorated inventory	(24,405)	-	(6,128)	-	(30,533)	-	-	-	-	-
<b>Total Cost</b>	<b>(1,348,033)</b>	<b>(45,931)</b>	<b>(62,540)</b>	<b>47,162</b>	<b>(1,409,342)</b>	<b>(1,269,852)</b>	<b>(25,904)</b>	<b>-</b>	<b>50,692</b>	<b>(1,245,064)</b>
<b>Total gross profit</b>	<b>346,248</b>	<b>6,353</b>	<b>(5,867)</b>	<b>556</b>	<b>347,290</b>	<b>359,301</b>	<b>4,008</b>	<b>-</b>	<b>(23,323)</b>	<b>339,986</b>
Depreciation					(53,011)					(44,705)
Finance cost					(11,505)					(731)
Loss before income tax					339,444					(45,499)
Property, plant and equipment - net					2,430,353					1,203,998
Assets not use in operation - net					2,360					165,400
Other assets					3,024,228					2,067,184
Total assets as at 31 December					5,456,941					3,436,582
Total liabilities as at 31 December					2,651,458					723,022

In Thousand Baht  
For the years ended 31 December

Separate F/S	2018			2017		
	Furniture	Revenue of construction work	Total	Furniture	Revenue of construction work	Total
Revenues from sales and service	895,203	-	895,203	949,485	-	949,485
Revenues from construction work	-	52,284	52,284	-	29,912	29,912
<b>Total revenues</b>	<b>895,203</b>	<b>52,284</b>	<b>947,487</b>	<b>949,485</b>	<b>29,912</b>	<b>979,397</b>
Costs of sales and services	(687,971)	-	(687,971)	(714,674)	-	(714,674)
Costs of construction work	-	(45,931)	(45,931)	-	(25,904)	(25,904)
Loss on sale from Deteriorated inventory	(24,405)	-	(24,405)	-	-	-
<b>Total Cost</b>	<b>(712,376)</b>	<b>(45,931)</b>	<b>(758,307)</b>	<b>(714,674)</b>	<b>(25,904)</b>	<b>(740,578)</b>
<b>Total gross profit</b>	<b>182,827</b>	<b>6,353</b>	<b>189,180</b>	<b>234,811</b>	<b>4,008</b>	<b>238,817</b>
Depreciation			(28,820)			(37,744)
Finance cost			(18,153)			(30,752)
Loss before income tax			360,121			11,879
Property, plant and equipment - net			578,162			527,200
Assets not use in operation - net			2,360			165,400
Other assets			1,926,569			1,402,456
Total assets as at 31 December			2,507,091			2,095,056
Total liabilities as at 31 December			647,129			489,140

26. GUARANTEE

As at 31 December 2018, the Company has outstanding guarantees of approximately Baht 163.45 million which were issued by certain local banks, required in the normal course of business of the Company.

As at 31 December 2018, the subsidiary company has outstanding guarantees of approximately Baht 0.52 million which were issued by certain local banks in required in the normal course of business of the Subsidiary company.

27. COMMITMENT

27.1 As at 31 December 2018, subsidiary companies have various operating lease agreement covering its office premises, showroom, warehouse and related utility service and vehicles for periods of 1-3 years. Under the terms of these agreements, the subsidiary companies are committed to pay the rental as follow:

	<u>In Thousand Baht</u>
Within 1 year	9,142

27.2 As at 31 December 2018, an indirect subsidiary company has obligation under a loan agreement amount of Baht 180.00 million with a bank for construction of factory and payment of machines.

27.3 As at 31 December 2018, the Company has obligation under a promissory note discount agreement due on 30 January 2019 amount of Baht 2.36 with a bank allowing the bank to discount at the rate of 2.30% per annum. If bank does not collect debt within due, the Company consents to bring money immediately or deduct from its current account.

## 28. DISCLOSURE OF FINANCIAL INSTRUMENTS

### 28.1 Interest Rate Risk

As at 31 December 2018 and 2017, the Company and subsidiary companies have financial assets and financial liabilities with exposure to interest rate risk as follows:

	In Thousand Baht			
	Consolidated F/S			
	2018			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	1,126,276	-	356	1,126,632
Restricted deposit with bank	1,903	-	-	1,903
Short - term loan from related company	-	54,500	-	54,500
Loans from financial institutions	1,790,368	-	-	1,790,368

  

	In Thousand Baht			
	Consolidated F/S			
	2017			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	424,788	-	283	425,071
Restricted deposit with bank	488	-	-	488
Short - term loan from other person	-	100,000	-	100,000
Short - term loan from related company	-	57,000	-	57,000
Loans from financial institutions	222,030	-	-	222,030

  

	In Thousand Baht			
	Separate F/S			
	2018			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	580,750	-	172	580,922
Short - term loan to indirect subsidiary company	-	185,000	-	185,000
Restricted deposit with bank	876	-	-	876
Loans from financial institutions	212,860	-	-	212,860

	In Thousand Baht			
	Separate F/S			
	2017			
	Floating rate	Fixed rate	None - interest	Total
<u>Financial assets / liabilities</u>				
Cash and cash equivalents	213,420	-	172	213,592
Short - term loan to indirect subsidiary company	-	185,000	-	185,000
Restricted deposit with bank	404	-	-	404
Loans from financial institutions	222,030	-	-	222,030

As of 31 December 2018 and 2017, the financial instruments classified by the periods of time from the statement of financial position date to their maturity dates are as follows:

	In Thousand Baht					Interest rate
	Consolidated F/S					
	2018					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	
<u>Financial assets / liabilities</u>						
Cash and cash equivalents	1,126,632	-	-	-	1,126,632	0.125% - 1.20%
Restricted deposit with bank	-	-	-	1,903	1,903	0.75%
Short - term loans from other person	54,500	-	-	-	54,500	2.50%
Loans from financial institutions	-	34,000	34,001	1,722,367	1,790,368	5.25%, MLR- 0.50%

	In Thousand Baht					Interest rate
	Consolidated F/S					
	2017					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	
<u>Financial assets / liabilities</u>						
Cash and cash equivalents	425,071	-	-	-	425,071	0.125% - 1.20%
Restricted deposit with bank	-	-	-	488	488	1.00%
Short - term loans from other person	100,000	-	-	-	100,000	6.00%
Short - term loans from related company	57,000	-	-	-	57,000	1.475% - 6.00%
Loans from financial institutions	-	2,892	2,892	216,246	222,030	5.25%, MLR-0.50%



	In Thousand Baht					Interest rate
	Separate F/S					
	2018					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	
<u>Financial assets / liabilities</u>						
Cash and cash equivalents	581,389	-	-	-	581,389	0.125% - 1.20%
Short - term loan to indirect subsidiary company	185,000	-	-	-	185,000	7.80%
Restricted deposit with bank	-	-	-	876	876	0.75%
Loans from financial institutions	-	2,892	2,892	207,076	212,860	5.25%, MLR-0.50%

	In Thousand Baht					Interest rate
	Separate F/S					
	2017					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	
<u>Financial assets / liabilities</u>						
Cash and cash equivalents	213,592	-	-	-	213,592	0.125% - 1.20%
Short - term loan to indirect subsidiary company	-	-	185,000	-	185,000	8.50%
Restricted deposit with bank	-	-	-	404	404	1.00%
Loans from financial institutions	-	2,892	2,892	216,246	222,030	5.25%, MLR-0.50%

## 28.2 Foreign Exchange Risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

As at 31 December 2018, the balances of financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Average exchange rate as at 31 December 2018 (Baht per 1 foreign currency unit)
USD	856	-	32.44980
JPY	5,967	-	0.293089

As at 31 December 2018, the Company's foreign currencies denominated assets and liabilities which were not covered by hedging agreement are as follows:

	(Thousand) USD	(Thousand) JPY
<u>Financial assets</u>	<u>USD</u>	<u>JPY</u>
Cash and cash equivalents	562	628
Trade accounts receivable – net	294	5,339

### 28.3 Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company within the normal terms of trade. To manage this risk, the Company and its subsidiary companies periodically assess the financial viability of customers.

### 28.4 Credit Risk

Credit risk is the risk that a counter party is unable or unwilling to meet a commitment that it entered into with the Company and its subsidiary companies. To manage this risk, the Company and its subsidiary companies periodically assess the financial viability of customers.

The carrying amount of accounts receivable recorded in the statement of financial positions, net of allowance for doubtful accounts, is the maximum exposure to credit risk.

### 28.5 Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length basis. Fair values are obtained from quoted market prices.

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

- The Company presents Level 1 fair values for financial assets such as cash and cash equivalents, trade and non-trade receivables - net - the carrying values approximate their fair values due to the relative short-term maturity of these financial instruments.
- The Company presents Level 1 fair values for financial liabilities such as short - term loan from financial institution and trade and non-trade payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short - term maturity of these financial instruments.

- The Company presents Level 2 fair values for long- term investments in shares of subsidiary and associated companies, and general investments the carrying amounts of these financial assets approximate their fair values.

## 29. LITIGATION

In 2017, the 2 overseas subcontractors sued the Company as defendant by claim for damage including interest at the rate of 7.50% per annum from 1 August 2017. The Company submitted a counterclaim because they believed the plaintiff was at fault for not completing the job. During year 2018, the Civil Court determined that the Company to pay damage cost plus interest to litigant. The Company, therefor recorded such provision and interest totaling Baht 12.54 million by presented as other current liabilities in the statement of financial position as at 31 December 2018. However, the Company is in the process to request for appealing.

In 2018, the Company sued a receivable because it was unable to pay follow the agreement for the damage including interest at the rate of 7.50% per annum from 1 April 2018 to the payment date, totaling Baht 12.22 million. The Civil Court determined that the receivable has to pay such damage and interest. However, the receivable was unable to pay, so the Company set up allowance for doubtful debt in full amount. The company is in process of execution.

In 2012, a contractor sued the Company as joint defendant with another party for repayment totaling approximately Baht 41.53 million, plus interest at the rate of 7.50% per annum from 24 March 2011 to the payment date. The Company submitted a counterclaim because they believed the plaintiff was at fault for the delay and delivery of defective products. In 2018, the Supreme Court determined that the contractor has to pay compensation after deducting fines totaling an amount of Baht 5.70 million, plus interest at the rate of 7.50% per annum from 27 March 2012 to the payment date. Consequently, the Company reversed the provision and recorded in other income in the statement of profit or loss for the year ended 31 December 2018 in amount of Baht 18.62 million (Note 23).

## 30. EVENT AFTER THE REPORTING PERIOD

On 28 February 2019, the Company's Board of Directors passed a resolution to propose the payment of a dividend from operating result for the year ended 31 December 2018 of Baht 0.01 per share, total amount of Baht 5.93 million on 27 May 2019 to the common shareholders. The dividend payments must be approved at the Annual General Meeting of the Company's shareholders.

## 31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 28 February 2019.