

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REVIEWED REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2019**

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
Siam Steel International Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Siam Steel International Public Company Limited and its subsidiaries as at June 30, 2019 and the related consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2019, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the six-month period ended June 30, 2019, and selected explanatory notes, and I have also reviewed the statement of financial position of Siam Steel International Public Company Limited as at June 30, 2019 and the related statement of comprehensive income for the three-month and six-month periods ended June 30, 2019, statement of changes in shareholder’s equity and statement of cash flows for the six-month period ended June 30, 2019 and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards No. 34 “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

I conducted my review in accordance with auditing standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

CONCLUSION

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting standards No. 34 “Interim Financial Reporting”.

(Miss Wannisa Ngambuathong)
Certified Public Accountant
Registration No. 6838

Dharmniti Auditing Company Limited
Bangkok, Thailand
August 13, 2019

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2019

ASSETS

		In Thousand Baht			
		<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
		As at June	As at December	As at June	As at December
	Note	30, 2019	31, 2018	30, 2019	31, 2018
CURRENT ASSETS					
Cash and cash equivalents		875,698	1,126,632	313,169	581,389
Trade accounts receivable from sales and services					
- general customers	6	282,868	253,882	180,744	146,333
- related companies	5, 6	4,653	4,498	6,933	7,651
Unbilled accrued income - general customers		5,925	3,811	5,925	3,811
Inventories	7	498,918	384,111	424,708	309,551
Advance for purchase of inventories		148,083	103,140	148,083	102,430
Receivables from and advances to					
- general customers		4,915	56,855	-	-
- related companies	5	2,005	1,647	84,328	83,631
Short-term loan to related companies	5	-	-	221,000	185,000
Other current assets	5	77,038	196,499	72,290	72,356
Total current assets		<u>1,900,103</u>	<u>2,131,075</u>	<u>1,457,180</u>	<u>1,492,152</u>

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT JUNE 30, 2019

ASSETS (CONT.)

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at June	As at December	As at June	As at December
	Note	30, 2019	31, 2018	30, 2019	31, 2018
NON-CURRENT ASSETS					
Restricted deposit with bank	8	9,842	1,904	8,830	877
Retentions receivable		16,129	2,983	16,129	2,983
Investment					
- subsidiaries companies	9	-	-	186,207	186,207
- associated companies	9	770,814	783,804	162,627	162,627
- other companies	9	49,712	49,712	49,712	49,712
Goodwill		-	618	-	-
Advance for purchase of assets		1,799	15,079	1,799	15,079
Property, plant and equipment	10	2,474,009	2,430,353	705,635	578,162
Assets not used in operation		2,360	2,360	2,360	2,360
Income tax withheld at sources		30,312	28,170	17,494	15,867
Deferred tax assets	11	2,681	1,895	-	-
Other non-current assets		4,886	5,056	647	1,065
Total non-current assets		3,362,544	3,321,934	1,151,440	1,014,939
TOTAL ASSETS		5,262,647	5,453,009	2,608,620	2,507,091

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT JUNE 30, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at June	As at December	As at June	As at December
	Note	30, 2019	31, 2018	30, 2019	31, 2018
CURRENT LIABILITIES					
Short-term loans from related companies	5	58,000	54,500	-	-
Current portion of					
- Long-term loan from financial institutions	12	82,164	68,001	5,784	5,784
- Liabilities under employee benefits obligation		16,159	16,408	15,943	16,192
Trade accounts payable - general suppliers		127,918	131,648	101,677	103,327
Payables to and advances from					
- general customers		-	86,116	-	-
- related companies	5	21,551	34,735	62,921	63,102
Advances and deposits from customers					
- general customers		213,405	141,672	201,940	140,086
- related companies	5	5,640	3,847	5,640	6,409
Other current liabilities		217,984	347,426	49,095	65,346
Total current liabilities		742,821	884,353	443,000	400,246
NON-CURRENT LIABILITIES					
Long-term loans from financial institutions	12	1,607,424	1,722,367	199,587	207,076
Employee benefit obligations		34,304	33,307	29,879	28,379
Deferred tax liabilities	11	-	-	3,494	3,932
Other non-current liabilities		29,274	7,499	28,476	7,496
Total non-current liabilities		1,671,002	1,763,173	261,436	246,883
TOTAL LIABILITIES		2,413,823	2,647,526	704,436	647,129

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT JUNE 30, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

					In Thousand Baht			
					Consolidated Financial Statements		Separate Financial Statements	
					As at June	As at December	As at June	As at December
Note					30, 2019	31, 2018	30, 2019	31, 2018
SHAREHOLDERS' EQUITY								
Share capital - common share at Baht 1 par value								
- Registered 593,125,849 shares					593,126	593,126	593,126	593,126
- Issued and paid - up 593,125,849 shares					593,126	593,126	593,126	593,126
Premium on ordinary shares					72,404	72,404	72,404	72,404
Retained earnings								
- Appropriated legal reserve					59,313	59,313	59,313	59,313
- Unappropriated					1,770,924	1,747,084	1,179,341	1,135,119
Other components of equity					16,720	19,254	-	-
Total shareholder's equity of the parent company					2,512,487	2,491,181	1,904,184	1,859,962
Non-controlling interests					336,337	314,302	-	-
TOTAL SHAREHOLDERS' EQUITY					2,848,824	2,805,483	1,904,184	1,859,962
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					5,262,647	5,453,009	2,608,620	2,507,091

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2019	2018	2019	2018
REVENUES					
Sales and services income	5, 14	612,113	363,153	332,075	198,275
Construction income	14	172	-	172	-
Total revenues		612,285	363,153	332,247	198,275
Cost					
Cost of sales and services	5, 14	(445,249)	(302,815)	(258,803)	(179,717)
Costs of construction	14	(157)	-	(157)	-
Total Cost		(445,406)	(302,815)	(258,960)	(179,717)
Gross profit		166,879	60,338	73,287	18,558
Dividend income	5, 13	5,888	34,024	29,921	58,057
Other income		19,226	11,238	22,411	18,081
Profit on foreign exchange rates		-	1,633	-	730
Profit before expenses		191,993	107,233	125,619	95,426
Selling expenses		(57,402)	(38,844)	(45,575)	(30,084)
Administrative expenses	5	(104,076)	(64,652)	(44,496)	(43,076)
Loss on foreign exchange rates		(51)	-	(116)	-
Total expenses		(161,529)	(103,496)	(90,187)	(73,160)
Profit from operations		30,464	3,737	35,432	22,266
Equity in net income of associated companies	9	2,433	11,171	-	-
Profit before finance cost and income tax		32,897	14,908	35,432	22,266
Finance costs	5, 14	(9,991)	(1,432)	(4,178)	(4,609)
Profit before income tax expense		22,906	13,476	31,254	17,657
Income tax income (expense)		(2,152)	3,402	207	4,978
Profit for the period		20,754	16,878	31,461	22,635

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
THE STATEMENTS OF COMPREHENSIVE INCOME (CONT.)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
Note		2019	2018	2019	2018
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
	Actuarial gains (loss) on defined employee benefit plan, net of tax	1,355	-	-	-
Items subsequently reclassifiable to profit or loss					
	Exchange differences from foreign currency financial statement translation, net of tax	(1,075)	10,750	-	-
Other comprehensive income (expense) for the period		280	10,750	-	-
Total comprehensive income for the period		21,034	27,628	31,461	22,635
Profit attributable for the period					
	Owner of the parent company	5,399	17,586	31,461	22,635
	Non-controlling interests	15,355	(708)	-	-
Total		20,754	16,878	31,461	22,635
Attribution of comprehensive income for the period					
	Owner of the parent company	5,552	22,961	31,461	22,635
	Non-controlling interests	15,482	4,667	-	-
Total		21,034	27,628	31,461	22,635
Earnings per share					
	Profit (Baht per share)	0.009	0.030	0.053	0.038
	Weighted average number of common shares (Thousand shares)	593,126	593,126	593,126	593,126

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**THE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2019	2018	2019	2018
REVENUES					
Sales and services income	5, 14	1,080,152	781,591	566,434	398,416
Construction income	14	17,351	9,425	17,351	9,425
Total revenues		1,097,503	791,016	583,785	407,841
Cost					
Cost of sales and services	5, 14	(802,012)	(617,054)	(446,469)	(319,873)
Costs of construction	14	(13,788)	(8,444)	(13,788)	(8,444)
Total Cost		(815,800)	(625,498)	(460,257)	(328,317)
Gross profit		281,703	165,518	123,528	79,524
Dividend income	5, 13	17,339	34,024	45,044	60,429
Other income		40,566	128,520	48,913	142,266
Profit on foreign exchange rates		3,392	-	-	58
Profit before expenses		343,000	328,062	217,485	282,277
Selling expenses		(97,908)	(76,518)	(79,775)	(59,171)
Administrative expenses	5	(176,861)	(142,627)	(79,242)	(87,618)
Loss on foreign exchange rates		-	(7,161)	(385)	-
Total expenses		(274,769)	(226,306)	(159,402)	(146,789)
Profit from operations		68,231	101,756	58,083	135,488
Equity in net income of associated companies	9	11,042	22,213	-	-
Profit before finance cost and income tax		79,273	123,969	58,083	135,488
Finance costs	5, 14	(19,047)	(4,196)	(8,368)	(9,211)
Profit before income tax expense		60,226	119,773	49,715	126,277
Income tax income (expense)		(3,714)	(100,494)	438	(95,994)
Profit for the period		56,512	19,279	50,153	30,283

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF COMPREHENSIVE INCOME (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
Note		2019	2018	2019	2018
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss				
	Actuarial gains (loss) on defined employee benefit plan, net of tax	1,355	-	-	-
	Items subsequently reclassifiable to profit or loss				
	Exchange differences from foreign currency financial statement translation, net of tax	(5,067)	19,688	-	-
	Other comprehensive income (expense) for the period	(3,712)	19,688	-	-
	Total comprehensive income for the period	52,800	38,967	50,153	30,283
	Profit attributable for the period				
	Owner of the parent company	28,416	20,155	50,153	30,283
	Non-controlling interests	28,096	(876)	-	-
	Total	56,512	19,279	50,153	30,283
	Attribution of comprehensive income for the period				
	Owner of the parent company	26,573	29,999	50,153	30,283
	Non-controlling interests	26,227	8,968	-	-
	Total	52,800	38,967	50,153	30,283
	Earnings per share				
	Profit (Baht per share)	0.048	0.034	0.085	0.051
	Weighted average number of common shares (Thousand shares)	593,126	593,126	593,126	593,126

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

		In Thousand Baht									
		Consolidated Financial Statements									
		Shareholders' equity of the parent company						Non-controlling interests		Total	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity			Total		
				Appropriated - Legal reserve	Unappropriated	Other comprehensive income (expense)					
						Surplus from change in proportion of investment in subsidiary company	Exchange differences on translating financial statement	Total			
	Note										
Balance as at January 1, 2019		593,126	72,404	59,313	1,747,084	32,843	(13,589)	19,254	2,491,181	314,302	2,805,483
Transaction with shareholder											
Dividend	13	-	-	-	(5,931)	-	-	-	(5,931)	-	(5,931)
Dividend paid by subsidiary to non-controlling interest	13	-	-	-	-	-	-	-	-	(3,528)	(3,528)
Comprehensive income (expense) for the period											
Profit for the period		-	-	-	28,416	-	-	-	28,416	28,096	56,512
Other comprehensive income (expense) for the period		-	-	-	1,355	-	(2,534)	(2,534)	(1,179)	(2,533)	(3,712)
Balance as at June 30, 2019		593,126	72,404	59,313	1,770,924	32,843	(16,123)	16,720	2,512,487	336,337	2,848,824
Balance as at January 1, 2018		593,126	72,404	59,313	1,513,381	32,843	(20,980)	11,863	2,250,087	463,473	2,713,560
Transaction with shareholder											
Dividend		-	-	-	(5,931)	-	-	-	(5,931)	-	(5,931)
Dividend paid by subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	(588)	(588)
Equity non-undercontrolling (decrease)		-	-	-	-	-	-	-	-	(149,649)	(149,649)
Comprehensive income (expense) for the period											
Profit (loss) for the period		-	-	-	20,155	-	-	-	20,155	(876)	19,279
Other comprehensive income (expense) for the period		-	-	-	-	-	9,844	9,844	9,844	9,844	19,688
Balance as at June 30, 2018		593,126	72,404	59,313	1,527,605	32,843	(11,136)	21,707	2,274,155	322,204	2,596,359

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

In Thousand Baht					
Separate Financial Statements					
Shareholders' equity of the parent company					Total
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated - legal reserve	Unappropriated	
Balance as at January 1, 2019	593,126	72,404	59,313	1,135,119	1,859,962
Transaction with shareholder					
Dividend	13	-	-	(5,931)	(5,931)
Comprehensive income for the period					
Profit for the period		-	-	50,153	50,153
Other comprehensive income (expense) for the period		-	-	-	-
Balance as at June 30, 2019	<u>593,126</u>	<u>72,404</u>	<u>59,313</u>	<u>1,179,341</u>	<u>1,904,184</u>
Balance as at January 1, 2018	593,126	72,404	59,313	881,074	1,605,917
Transaction with shareholder					
Dividend	13	-	-	(5,931)	(5,931)
Comprehensive income for the period					
Profit for the period		-	-	30,283	30,283
Other comprehensive income (expense) for the period		-	-	-	-
Balance as at June 30, 2018	<u>593,126</u>	<u>72,404</u>	<u>59,313</u>	<u>905,426</u>	<u>1,630,269</u>

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax expense	60,226	119,773	49,715	126,277
Adjustments to reconcile income (loss) before income tax to net cash provided from (used in) operating activities:				
Depreciation	59,157	21,607	11,691	16,777
Allowance for doubtful debts and bad debt (reversal)	(1,207)	(463)	(31)	(120)
Allowance (reversal of allowance) for decline value of inventories	(8,982)	34,093	-	34,066
Allowance for impairment of investment	-	-	-	8,192
Goodwill amortization	618	-	-	-
Loss from write-off asset	1,160	-	-	-
Provisions (reversal)	(2,110)	-	(2,110)	-
Gain on sales of assets	(1,984)	(89,141)	(1,960)	(89,127)
Unrealized loss (gain) on foreign exchange	194	(7,566)	117	(167)
Dividend income	(17,339)	(34,024)	(45,044)	(60,429)
Interest income	(11,162)	(3,254)	(10,011)	(8,993)
Finance costs	19,047	4,196	8,368	9,211
Equity in net income of associated companies	(11,042)	(22,213)	-	-
Employee benefits obligation expenses	2,083	947	896	635
Cash provided from (used in) operations before changes in operating assets and liabilities	88,659	23,955	11,631	36,322
Decrease (increase) in operating assets				
Trade accounts receivable from sales and services				
- general customers	(28,001)	18,302	(34,497)	9,526
- related companies	(155)	(2,460)	718	(16,495)
Unbilled accrued income - general customers	(2,114)	(9,868)	(2,114)	(9,868)
Inventories	(106,415)	(15,060)	(115,746)	(4,340)
Advances for purchase of inventories	(44,943)	(33,026)	(45,653)	(33,026)

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CASH FLOWS (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Receivables from advances				
- general customers	51,940	-	-	-
- related companies	(358)	7,928	6,723	527
Other current assets	(5,668)	4,944	66	3,538
Retention receivable	(13,146)	3,917	(13,146)	3,917
Other non - current assets	170	10,722	418	8,404
Increase (decrease) in operating liabilities				
Trade accounts payable - general suppliers	(3,702)	4,320	(1,650)	2,242
Payables to and advances from general customers	(86,116)	30,037	61,854	(1,170)
Payables to and advances from related companies	(7,433)	-	(181)	-
Advances and deposits from customers				
- general customers	71,733	52,810	-	53,056
- related companies	1,793	188	(769)	1,042
Other current liabilities	(136,471)	(67,985)	(14,128)	(66,461)
Employee benefits obligation paid	(210)	(5,471)	(210)	(5,471)
Other non - current liabilities	20,726	148	20,980	149
Cash provided from operations	(199,711)	23,401	(125,704)	(18,108)
Cash paid for interest	(11,074)	(3,279)	(7,816)	(8,824)
Income tax payment	(5,828)	(6,869)	(1,627)	(2,976)
Cash received from refund tax	131,518	4,283	-	-
Net cash provided from (used in) operating activities	(85,095)	17,536	(135,147)	(29,908)
Cash flows from investing activities				
Decrease (increase) in restricted deposits with banks	(7,938)	(8,354)	(7,953)	(8,287)
Acquisition of assets	(138,133)	(420,092)	(131,786)	(70,114)
Proceeds from assets held for sale	-	79,145	-	79,145
Proceeds from sales of assets	2,057	849	1,975	834
Indirect subsidiary an return investment to non-controlling interests	-	(149,649)	-	-
Cash paid for advance for purchase of assets	6,476	-	6,476	-
Increase in short-term loans to related company	-	-	(36,000)	-
Cash received from interest income	3,611	1,484	2,591	4,352
Dividend income	17,339	25,793	45,044	60,429
Net cash provided from (used in) investing activities	(116,588)	(470,824)	(119,653)	66,359

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CASH FLOWS (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash flows from financing activities				
Decrease in short-term loans from other parties	-	(100,000)	-	-
Increase (decrease) in short-term loans from related parties	3,500	(26,500)	-	-
Increase in long-term loan from financial institution	54,675	746,413	-	-
Cash paid for long-term loans from financial institution	(132,056)	(6,277)	(7,489)	(6,277)
Dividend paid	(5,931)	(5,931)	(5,931)	(5,931)
Dividend paid from subsidiary company	(3,528)	(588)	-	-
Net cash provided from (used in) financing activities	(83,340)	607,117	(13,420)	(12,208)
Increase in exchange differences on translating foreign operations	34,089	19,688	-	-
Increase (decrease) in cash and cash equivalents-net	(250,934)	173,517	(268,220)	24,243
Cash and cash equivalents at the beginning of the period	1,126,632	425,071	581,389	213,593
Cash and cash equivalents at the end of the period	875,698	598,588	313,169	237,836
Supplemental cash flows information				
Non - cash transaction				
- Capitalized interest to cost of assets	-	10,713	-	-
- Advance for purchase assets	6,804	3,000	6,804	3,000
- Advance from customers	-	20,000	-	-
- Transfer Inventories be to property	589	-	589	-
- Increase in finance lease obligation from purchase of vehicles	1,050	-	-	-

Notes to interim financial statements form an integral part of these statement

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
JUNE 30, 2019

1. GENERAL INFORMATION

(a) Legal status and address

Siam Steel International (Public) Company Limited was registered as limited company on August 28, 1979 under Thai law and registered conversion to public company limited on December 27, 1993.

The address of its registered office is as follow :

51 Moo 2 Poochao Road, Bangyaparak, Phrapradaeng, Samuthprakarn.

(b) Nature of the Company’s business

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.

(c) Major shareholder

As at June 30, 2019 and December 31, 2018, the Company’s major shareholders are as follows :

	Percentage (%)	
	As at June 30, 2019	As at December 31, 2018
Family “Kunanantakul”	35.41	35.41
Family “Pongphundacha”	29.24	29.24
Family “Witchayawilat”	2.34	2.34

2. Basis for consolidated interim financial statements and operation

2.1 There interim financial statements were prepared by consolidating the financial statement of Siam Steel International (Public) Company Limited and subsidiaries which Siam Steel International (Public) Company Limited held direct and indirect shares as follows :

Company	Percentage of shareholding (%)		Type of business
	As at June 30, 2019	As at December 31, 2018	
<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 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

2.2 There interim financial statement were prepared by consolidating the financial statement of Siam Steel International (Public) Company Limited and subsidiaries and prepared by using the same basis with the financial statement for the year ended December 31, 2018 without change of structure related to the subsidiaries during the period.

- 2.3 The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- 2.4 The consolidated interim financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.
- 2.5 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investment balance in the Company’s books and share capital of the subsidiaries are eliminated from the consolidated financial statements.
- 2.6 Investments in subsidiaries (at cost) and fair value of the subsidiaries at the date of acquisition have been offset and the difference there of has been shown as asset under the heading of “Goodwill” and to consider impairment loss.
- 2.7 Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control.
- 2.8 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

3. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2018.

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

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

3.2 Thai Financial Reporting Standards that become effective in the current year

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements. However, the new standard involves changes to key principles, as summarized below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

3.3 Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard and accounting guidance for financial instruments, which is effective for fiscal years beginning on or after January 1, 2020. Key principles of these standards are summarized below.

The accounting guidance for financial instruments and Presentation for Insurance business

Accounting practice was adjusted to have close content with IFRS 9 by dividing into 4 parts as follows:

1. The recognition of transaction and valuation of financial instrument which is developed closely to the accounting standards No.105 (revised 2016) regarding accounting for investment in debt securities and equity securities and financial reporting standards No.9 financial instrument.
2. Impairment of financial asset which has content close to the financial reporting standard No.9 re: financial instruments.
3. Accounting to prevent risk with content close to the financial reporting standard No.9 regarding financial instrument.
4. Information disclosure of financial instrument with content similar to the financial reporting standard No.7 disclosure of financial instrument information.

TFRS 16 Leases

As the lease is significant transaction in many business in many industries. It's significant that user of financial statement should receive information on activity of the lease completely and able to compare which the former accounting method for lease agreement under accounting standard No.17 regarding lease agreement require the lessee and lessor to classify lease agreement as financial lease or operating lease and record the account for both lease agreement differently. Such accounting method can't respond to the needs of the financial statement users as the accounting method does not objectively represent for the lease transaction in every case. For the lessee to recognize assets and liabilities that arise from operating lease which affects the lease agreement to be recognized as asset and liabilities in the statement of financial position. The use of asset and commitment that arises from the lease agreement under the definition of asset and liabilities affect the significant financial ratio to be distorted. New accounting method under the financial reporting standards No.16 lease agreement requires the lessee to recognize the right to use asset as asset in the financial statements and recognize commitment that arises from lease agreement in the financial statements. Such accounting method affects the asset presentation and liabilities of the lessee as objective representation as well as increase the disclosure of information that reflects the financial risk and capital money of the lessee.

At present, the management of the Company and its subsidiaries are evaluating the impact of this standard to the financial statements in the year when it is adopted.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company and its subsidiaries prepared the interim financial statements with the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2018 except that the Company and its subsidiaries has adopted all the new and revised Thai Financial Reporting Standards (“TFRS”) that are effective for annual periods beginning on or after January 1, 2019.

5. RELATED PARTY TRANSACTIONS

During the period, the Company had significant business transactions with its subsidiaries (which have already been eliminated in the preparation of consolidated financial statements) and related companies (related by ways of common shareholders and/or common directors). These transactions follow the trade terms and rules agreed between the Company and those companies in the normal course of business.

Detail of relation between the Company and its related parties and companies are summarized as follows :

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

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As at June 30, 2019 and December 31, 2018, the account balances with related companies are as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June 30, 2019	As at December 31, 2018	As at June 30, 2019	As at December 31, 2018
Trade accounts receivable from sales and services				
Subsidiary companies	-	-	2,289	3,257
Associated companies	36	50	26	48
Related companies	4,617	4,448	4,618	4,346
Total trade accounts receivable from sales and services - related companies	<u>4,653</u>	<u>4,498</u>	<u>6,933</u>	<u>7,651</u>
Receivables from and advances				
Subsidiary companies	-	-	82,323	81,984
Associated companies	1,702	1,637	1,702	1,637
Related companies	303	10	303	10
Total receivables from and advances - related companies	<u>2,005</u>	<u>1,647</u>	<u>84,328</u>	<u>83,631</u>
There is no interest charge for the above receivables - and advances				
Other current asstes - investment in energy project				
Subsidiary companies	<u>-</u>	<u>-</u>	<u>53,705</u>	<u>51,855</u>
Short-term loans				
Subsidiary companies	<u>-</u>	<u>-</u>	<u>221,000</u>	<u>185,000</u>

Movements in short-term loans to subsidiary companies for the six-month period ended June 30, 2019 are as follows :

	In Thousand Baht			
	As at December 31, 2018	Increase	Decrease	As at June 30, 2019
Siam International Energy Co., Ltd.	185,000	-	-	185,000
Siam Biomass Product - South Pra Sang Co., Ltd.	-	36,000	-	36,000
Total Short - term loans	<u>185,000</u>	<u>36,000</u>	<u>-</u>	<u>221,000</u>

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As at June 30, 2019, the subsidiary and indirect subsidiary companies have issued promissory note to the Company of Baht 221.00 million. The repayment is due between April 25, 2020 to May 17, 2020 and has an interest at the rate of 2.50 - 7.80 % per annum.

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June 30, 2019	As at December 31, 2018	As at June 30, 2019	As at December 31, 2018
Short term loans - related companies	58,000	54,500	-	-

Movements in short-term loans of the indirect subsidiary companies for the six-month period ended June 30, 2019 are as follows :

	In Thousand Baht			
	Consolidated Financial Statements			
	As at December 31, 2018	Increase	Decrease	As at June 30, 2019
Short term loans - related companies	54,500	47,500	(44,000)	58,000

The indirect subsidiary companies have been granted short-term loans from related companies with interest between 1.48% - 2.50% per annum (2018 : 1.48% - 2.50% per annum). There loans are repayable between October 30, 2019 - June 26, 2020.

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June 30, 2019	As at December 31, 2018	As at June 30, 2019	As at December 31, 2018
Accounts payable				
Subsidiary companies	-	-	4	-
Associated companies	15,221	23,394	5,242	4,292
Related companies	4,787	8,407	3,516	2,397
Total account payable from - related companies	20,008	31,801	8,762	6,689

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June	As at December	As at June	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Advances from				
Subsidiary companies	-	-	53,452	55,545
Associated companies	-	60	-	60
Related companies	1,543	2,874	707	808
Total advances from related companies	1,543	2,934	54,159	56,413
Total account payable and advances				
from - related companies	21,551	34,735	62,921	63,102
Advances and deposits from customers				
Subsidiary companies	-	-	-	2,562
Associated companies	1,793	-	1,793	-
Related companies	3,847	3,847	3,847	3,847
Total advances and deposits from				
customers - related companies	5,640	3,847	5,640	6,409
Key management personnel compensation				
Accrued bonus	778	1,197	715	1,179
Post - employment benefits	13,172	12,782	13,087	12,706
Total key management personnel				
compensation	13,950	13,979	13,802	13,885

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The significant transactions with related companies for the three-month and six-month periods ended June 30, 2019 and 2018 pricing policy are as follows :

	<u>The Policy of Pricing</u>
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

	<u>In Thousand Baht</u>			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the three-month periods ended</u>		<u>For the three-month periods ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and services income				
Subsidiary companies	-	-	3,823	18,587
Associated companies	71	198	62	156
Related companies	5,757	12,632	5,757	12,632
Revenues from sales of raw materials, factory supplies and others				
Subsidiary companies	-	-	1,167	1,708
Associated companies	1,506	2,051	1,332	1,522
Related companies	3,054	2,339	3,054	2,284
Rental revenue				
Subsidiary companies	-	-	898	2,598
Associated companies	1,793	-	1,793	-
Related companies	3,877	3,877	3,877	3,877
Interest income				
Subsidiary companies	-	-	3,806	4,061

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the three-month periods ended		For the three-month periods ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Dividend income				
Associated companies	-	-	24,033	24,033
Related companies	5,888	34,024	5,888	34,024
Purchases of finished goods				
Subsidiary companies	-	-	28	120
Associated companies	41,821	58,923	5,629	4,979
Related companies	6,832	10,426	412	344
Purchases of raw materials				
Associated companies	303	106	303	105
Related companies	1,493	1,645	1,493	1,645
Purchases of assets				
Associated companies	800	-	800	-
Related companies	6	-	6	-
Administrative and other expenses				
Subsidiary companies	-	-	45	17
Associated companies	2,597	5,144	-	82
Related companies	4,346	5,788	4,169	2,351
Finance cost				
Related companies	388	221	-	-

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the six-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
2019	2018	2019	2018	
Sales and services income				
Subsidiary companies	-	-	9,290	27,604
Associated companies	71	626	62	262
Related companies	19,767	18,350	19,767	18,350
Revenues from sales of raw materials, factory supplies and others				
Subsidiary companies	-	-	2,541	2,979
Associated companies	3,505	4,024	2,801	2,967
Related companies	9,256	4,590	9,256	4,535
Rental revenue				
Subsidiary companies	-	-	3,497	5,197
Associated companies	1,793	-	1,793	-
Related companies	7,754	7,754	7,754	7,754
Interest income				
Subsidiary companies	-	-	7,420	7,938
Dividend income				
Subsidiary companies	-	-	3,672	612
Associated companies	-	-	24,033	25,793
Related companies	17,339	34,024	17,339	34,024
Purchases of finished goods				
Subsidiary companies	-	-	47	120
Associated companies	90,707	104,881	11,766	11,010
Related companies	12,279	51,941	1,270	5,391

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the six-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Purchases of raw materials				
Associated companies	861	355	861	355
Related companies	2,884	3,371	2,884	3,371
Purchases of assets				
Associated companies	800	-	800	-
Related companies	6	-	6	-
Administrative and other expenses				
Subsidiary companies	-	-	90	17
Associated companies	8,853	10,438	3	137
Related companies	6,254	8,257	6,504	4,755
Finance cost				
Related companies	832	911	-	-

Management benefit expenses

Management benefit expenses represent the benefits paid to the Company’s management such as salaries and related benefit including the benefit paid by other means. The Company’s management is the persons who are defined under the Securities and Exchange Act.

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Management benefit expenses for the three-month and six-month periods ended June 30, 2019 and 2018, are as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the three-month periods ended		For the three-month periods ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Management				
Management benefit expenses				
Short-term employee benefits	5,152	5,208	4,732	4,487
Post-employment benefits	195	231	190	221
Total	<u>5,347</u>	<u>5,439</u>	<u>4,922</u>	<u>4,708</u>

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the six-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Management				
Management benefit expenses				
Short-term employee benefits	10,605	11,767	9,463	10,325
Post-employment benefits	390	309	381	288
Total	<u>10,995</u>	<u>12,076</u>	<u>9,844</u>	<u>10,613</u>

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6. TRADE ACCOUNTS RECEIVABLE

As at June 30, 2019 and December 31, 2018, the aged analysis of trade accounts receivable are as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June 30, 2019	As at December 31, 2018	As at June 30, 2019	As at December 31, 2018
<u>Trade accounts receivable - General customers</u>				
Current	221,685	159,200	161,594	126,846
Overdue :				
Less than 3 months	50,316	85,518	15,409	16,334
3 months - 6 months	6,148	6,499	1,022	1,986
6 months - 12 months	5,096	2,241	2,375	979
Over 12 months	4,755	6,763	2,339	2,214
Total	288,000	260,221	182,739	148,359
<u>Less Allowance for doubtful debts</u>	<u>(5,132)</u>	<u>(6,339)</u>	<u>(1,995)</u>	<u>(2,026)</u>
Net	<u>282,868</u>	<u>253,882</u>	<u>180,744</u>	<u>146,333</u>
 <u>Trade accounts receivable - related companies</u>				
Current	3,741	4,385	5,574	6,900
Overdue :				
Less than 3 months	912	113	1,343	751
3 months - 6 months	-	-	6	-
6 months - 12 months	-	-	10	-
Net	<u>4,653</u>	<u>4,498</u>	<u>6,933</u>	<u>7,651</u>

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

	In Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2019	6,339	2,026
<u>Add Allowance for doubtful accounts</u>	<u>-</u>	<u>-</u>
<u>Less Bad debt reversal</u>	<u>(1,207)</u>	<u>(31)</u>
Balance as at June 30, 2019	<u>5,132</u>	<u>1,995</u>

7. INVENTORIES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June	As at December	As at June	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Finished goods	157,930	157,470	99,854	70,804
Work in process	287,311	194,679	287,311	194,679
Raw materials and supplies	76,806	64,073	54,786	61,311
Total	522,047	416,222	441,951	326,794
<u>Less</u> Allowance for decline in value, slow-moving and defective inventories	(23,129)	(32,111)	(17,243)	(17,243)
Net	498,918	384,111	424,708	309,551

Movement in allowance for decline value, slow-moving and defective inventories for the six-month period June 30, 2019 are as follows :

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2019	32,111	17,243
<u>Add</u> Increase	7	-
<u>Less</u> Decrease	(8,989)	-
Balance as at June 30, 2019	23,129	17,243

8. RESTRICTED DEPOSITS WITH BANK

As at June 30, 2019 and December 31, 2018, the Company has fixed deposits totaling Baht 8.83 million and Baht 0.88 million, respectively, which are restricted for usage as they have been placed as collaterals for long-term loan from financial institutions (Note 12)

As at June 30, 2019 and December 31, 2018, the subsidiary company has fixed deposits totaling Baht 1.01 million and Baht 1.03 million, respectively, which are restricted for usage as they have been placed as collaterals for bank guarantees in respect of certain agreements required in the normal course of business of the subsidiary company.

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9. INVESTMENTS IN SUBSIDIARY COMPANIES AND RELATED COMPANIES

As at June 30, 2019 and December 31, 2018, the balances of investments in subsidiaries, associated companies and related companies are as follows :

		In Thousand Baht									
		Consolidated Financial Statements									
		Paid-up Share capital		Percentage of shareholding (%)		Cost method		Equity method		Dividend income	
		As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
		June	December	June	December	June	December	June	December	June	December
		30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018
										(For the six-	(For the year)
										month)	
Type of business											
<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	109,539	108,575	-	1,760
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	656,332	670,347	24,033	24,033
						162,627	162,627	765,871	778,922	24,033	25,793
<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	4,942	4,882	-	-
Total investments in associated companies						167,427	167,427	770,813	783,804	24,033	25,793
<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			15,434	32,260
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660			1,905	1,764
Total investment in related companies						49,712	49,712			17,339	34,024

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		In Thousand Baht							
		Separate Financial Statements							
		Paid-up Share capital		Percentage of shareholding (%)		Cost method		Dividend income	
		As at June	As at December	As at June	As at December	As at June	As at December	As at June	As at December
		30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018
								(For the six-	(For the year)
								month)	
Type of business									
<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	3,672	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	3,672	612
<u>Less</u> Allowance for impairment of investment						(8,192)	(8,192)	-	-
Net						186,207	186,207	3,672	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
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	24,033
Total investment in associated companies						162,627	162,627	24,033	25,793
<u>Related companies</u>									
Formica (Thailand) Co., Ltd.	Manufacturing of melamine laminated products	199,150	199,150	5	5	38,052	38,052	15,434	32,260
Panasonic Eco Solutions Steel (Thailand) Co., Ltd.	Manufacturing of electrical conduit pipes	170,000	170,000	5	5	11,660	11,660	1,905	1,764
Total investments in related companies						49,712	49,712	17,339	34,024
Total dividend income from investments accounted for by cost method								45,044	60,429

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As at June 30, 2019 and December 31, 2018, the fair value of the investment in Siam Steel Service Center Public Company Limited, which is listed on the Stock Exchange of Thailand, amounted to Baht 398.85 million (closing price Baht 2.74 per share, 145,565,600 common shares) and Baht 395.94 million (closing price Baht 2.72 per share, 145,565,600 common shares), respectively. For other investments in associates are not publicly listed on the Stock Exchange of Thailand and consequently do not have published price.

Movements in investments in associated companies for the three-month period ended June 30, 2019 are as follows :

	In Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Net book value as at January 1, 2019	783,804	162,627
Share of profits of investment - equity method	11,042	-
Dividend income	(24,033)	-
Net book value as at June 30, 2019	<u>770,813</u>	<u>162,627</u>

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10. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the six-month period ended June 30, 2019 are as follow :

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
<u>At cost</u>		
December 31, 2018	3,911,221	1,993,999
Acquisitions	145,987	138,590
Disposals	(37,901)	(37,831)
Transfer in (out)	(2,868)	589
June 30, 2019	4,016,439	2,095,347
<u>Accumulated depreciation</u>		
December 31, 2018	(1,474,351)	(1,409,320)
Depreciation for the period	(59,158)	(11,691)
Depreciation for disposals	37,828	37,816
Transfer in (out)	-	-
June 30, 2019	(1,495,681)	(1,383,195)
<u>Exchange differences from translation of foreign operation</u>	(40,232)	-
<u>Allowance for declining value</u>		
December 31, 2018	(6,517)	(6,517)
Allowance for declining value for the period	-	-
Allowance for declining value (reversal)	-	-
June 30, 2019	(6,517)	(6,517)
<u>Net book value</u>		
December 31, 2018	2,430,353	578,162
June 30, 2019	2,474,009	705,635

As at June 30, 2019 and December 31, 2018, the indirect subsidiary has pledged land and machines (including present and future structure thereon) as collaterals for loan from banks (Note 12).

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11. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

11.1 Deferred tax assets and deferred tax liabilities are as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at June	As at December	As at June	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Deferred tax assets	21,631	21,039	15,456	15,212
Deferred tax liabilities	(18,950)	(19,144)	(18,950)	(19,144)
	<u>2,681</u>	<u>1,895</u>	<u>(3,494)</u>	<u>(3,932)</u>

11.2 Changes in deferred tax assets and deferred tax liabilities for the six-month period ended June 30, 2019 are summarized as follows :

	In Thousand Baht			
	Consolidated Financial Statements			
	Balance as at	Recognized as income (expense)		Balance as at
	December	Profit/ (Loss)	Other	June
	31, 2018		comprehensive	30, 2019
			income	
Deferred tax assets:				
Allowance for doubtful accounts of trade accounts				
receivable from sales and service	3,712	(241)	-	3,471
Allowance for decline value in inventories	5,191	(571)	-	4,620
Reserve for employee benefits obligation	9,822	477	(339)	9,960
Translation adjustment	2,314	-	1,266	3,580
Total	<u>21,039</u>	<u>(335)</u>	<u>927</u>	<u>21,631</u>
Deferred income tax liabilities				
The difference of depreciation of fixed assets				
between accounting base and tax base	(19,144)	194	-	(18,950)
Total	<u>(19,144)</u>	<u>194</u>	<u>-</u>	<u>(18,950)</u>
	<u>1,895</u>	<u>(141)</u>	<u>927</u>	<u>2,681</u>

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	In Thousand Baht				
	Separate Financial Statements				
	Balance as at	Recognized as income (expense)			Balance as at
	December	Profit/ (Loss)	Other		June
	31, 2018		comprehensive	30, 2019	
			income		
Deferred income tax assets					
Allowance for doubtful accounts of trade accounts					
receivable from sales and service	2,850	(6)	-	2,844	
Allowance for decline value in inventories	3,448	-	-	3,448	
Reserve for employee benefits obligation	8,914	250	-	9,164	
Total	15,212	244	-	15,456	
Deferred income tax liabilities					
The difference of depreciation of fixed assets					
between accounting base and tax base	(19,144)	194	-	(18,950)	
Total	(19,144)	194	-	(18,950)	
	(3,932)	438	-	(3,494)	

As at June 30, 2019 and December 31, 2018, the Company and its subsidiary companies have accumulated tax losses since 2015 unused in the amount of Baht 473.23 million and amount Bath 477.34 million, respectively (Separate financial statement Bath 306.45 million and Bath 320.56 million respectively) with the Company and subsidiary companies didn't record deferred tax asset from tax loss as it is still uncertain if the Company will have tax profit adequate for utilizing the deferred tax asset.

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12. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at June 30, 2019 and December 31, 2018, the Company and an indirect subsidiary Company has long-term loans from financial institutions as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	June	December	June	December
	30, 2019	31, 2018	30, 2019	31, 2018
Long-term loans from financial institutions	1,926,559	212,860	212,860	212,860
Additional long-term loan from financial institution	54,675	1,713,699	-	-
Repayment during the period	(132,056)	-	(7,489)	-
Deferred finance costs	(79,811)	(98,202)	-	-
Amortization of deferred finance costs	1,011	1,011	-	-
Exchange differences from translation of foreign operation	(80,790)	(39,000)	-	-
Total	1,689,588	1,790,368	205,371	212,860
<u>Less</u> Current portion of long-term loans from financial institutions	(82,164)	(68,001)	(5,784)	(5,784)
Long-term loans from financial Institutions	<u>1,607,424</u>	<u>1,722,367</u>	<u>199,587</u>	<u>207,076</u>

As at June 30, 2019 and December 31, 2018, the Company had long-term loans from financial institutions amount of Baht 205.37 million and amount Baht 212.86 million, respectively, 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 million as additional 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.

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As at June 30, 2019 and December 31, 2018, an indirect subsidiary company has entered into long-term loans from financial institutions which have details as below:

	<u>Maximum amount</u>	<u>Interest rate</u>	<u>Repayment</u>
Senior loan A	Yen 1,120 million	TIBOR + 0.425% per annum	First repayment date is June 30, 2019 and final repayment date is
Senior loan B	Yen 4,480 million	1.250% per annum	June 30, 2037. Repayment date is June 30 and December 31 each year.
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.

13. DIVIDEND

Details of the Company’s dividends declaration and payments for the six-month period ended June 30, 2019 is as follows :

	<u>Approved by</u>	<u>Qualified common share (Shares)</u>	<u>Dividend per share (Baht)</u>	<u>Dividend paid (Thousand Baht)</u>	<u>Paid date</u>
Annual dividend	Annual General Meeting of the shareholders held on April 29, 2019	593,125,849	0.01	<u>5,931</u>	May 27, 2019

Details of subsidiary’s dividends declaration and payments for the six-month period ended June 30, 2019 is as follows :

	<u>Approved by</u>	<u>Qualified common share (Shares)</u>	<u>Dividend per share (Baht)</u>	<u>Dividend paid (Thousand Baht)</u>			<u>Paid date</u>
				<u>Portion of the Company</u>	<u>Portion of non-controlling interest</u>	<u>Total</u>	
Annual dividend	Annual General Meeting of the shareholders held on March 22, 2019	200,000	36	<u>3,672</u>	<u>3,528</u>	<u>7,200</u>	April 19, 2019

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14. SEGMENTAL FINANCIAL INFORMATION

	In Thousand Baht									
	For the three-month periods ended June 30,									
	2019					2018				
	Furniture	Revenue of construction work	Energy	Eliminated	Total	Furniture	Revenue of construction work	Energy	Eliminated	Total
Revenues from sales and service	492,541	-	123,419	(3,847)	612,113	381,757	-	-	(18,604)	363,153
Revenues from construction work	-	172	-	-	172	-	-	-	-	-
Total revenues	<u>492,541</u>	<u>172</u>	<u>123,419</u>	<u>(3,847)</u>	<u>612,285</u>	<u>381,757</u>	<u>-</u>	<u>-</u>	<u>(18,604)</u>	<u>363,153</u>
Costs of sales and services	(380,942)	-	(68,343)	4,036	(445,249)	(321,585)	-	-	18,770	(302,815)
Costs of construction work	-	(157)	-	-	(157)	-	-	-	-	-
Total cost	<u>(380,942)</u>	<u>(157)</u>	<u>(68,343)</u>	<u>4,036</u>	<u>(445,406)</u>	<u>(321,585)</u>	<u>-</u>	<u>-</u>	<u>18,770</u>	<u>(302,815)</u>
Total gross profit	<u>111,599</u>	<u>15</u>	<u>55,076</u>	<u>189</u>	<u>166,879</u>	<u>60,172</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>60,338</u>
Depreciation					(29,711)					(10,435)
Finance cost					(9,991)					(1,432)
Profit before income tax					22,906					13,476

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	In Thousand Baht									
	For the six-month periods ended June 30,									
	2019					2018				
	Revenue of					Revenue of				
	Furniture	construction work	Energy	Eliminated	Total	Furniture	construction work	Energy	Eliminated	Total
Revenues from sales and service	919,012	-	170,469	(9,329)	1,080,152	809,212	-	-	(27,621)	781,591
Revenues from construction work	-	17,351	-	-	17,351	-	9,425	-	-	9,425
Total revenues	<u>919,012</u>	<u>17,351</u>	<u>170,469</u>	<u>(9,329)</u>	<u>1,097,503</u>	<u>809,212</u>	<u>9,425</u>	<u>-</u>	<u>(27,621)</u>	<u>791,016</u>
Costs of sales and services	(716,621)	-	(95,098)	9,707	(802,012)	(645,015)	-	-	27,961	(617,054)
Costs of construction work	-	(13,788)	-	-	(13,788)	-	(8,444)	-	-	(8,444)
Total cost	<u>(716,621)</u>	<u>(13,788)</u>	<u>(95,098)</u>	<u>9,707</u>	<u>(815,800)</u>	<u>(645,015)</u>	<u>(8,444)</u>	<u>-</u>	<u>27,961</u>	<u>(625,498)</u>
Total gross profit	<u>202,391</u>	<u>3,563</u>	<u>75,371</u>	<u>378</u>	<u>281,703</u>	<u>164,197</u>	<u>981</u>	<u>-</u>	<u>340</u>	<u>165,518</u>
Depreciation					(59,157)					(21,067)
Finance cost					(19,047)					(4,196)
Loss before income tax					60,226					119,773
Property, plant and equipment					2,474,009					1,625,455
Assets not used in operation					2,360					165,400
Other assets					<u>2,786,278</u>					<u>2,115,387</u>
Total assets as at June 30,					<u>5,262,647</u>					<u>3,906,242</u>
Total liabilities as at June 30,					<u>2,413,823</u>					<u>1,309,883</u>

15. SIGNIFICANT AGREEMENT

The indirect subsidiary company has 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. As at June 30, 2019 and December 31, 2018, each amount of Baht 53.70 million and amount Bath 51.86 million, respectively. 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” as at June 30, 2019 and December 31, 2018, amount of Baht 108.67 million and amount Bath 106.70 million, respectively.

16. BANK GUARANTEE AND CONTINGENT LIABILITIES

As at June 30, 2019, the Company has outstanding guarantees of approximately Baht 174.55 million which were issued by certain local banks as required in the normal course of business of the Company.

As at June 30, 2019, the subsidiary companies have outstanding guarantees of approximately Baht 2.34 million which were issued by certain local banks as required in the normal course of business of the subsidiary company.

As at June 30, 2019, the Company has letter of credit amounting USD 234,000 in respect of certain performance obligations required in the normal course of business of the Company.

17. COMMITMENT

17.1 As at June 30, 2019, the Company and its subsidiary companies have various operating lease agreement covering its office premises, warehouse and related utility service, vehicles and land for periods of 1-30 years. Under the terms of these agreements, the Company and its subsidiary companies are committed to pay the rental as follows :

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Within 1 year	4,348	255
Within 2 years - 5 years	3,071	860
Over 5 years	7,450	7,450

17.2 As at June 30, 2019, the Company and an indirect subsidiary company have obligation under a loan agreement amount of Baht 180 million with a bank for construction of factory and payment of machines.

18. DISCLOSURE OF FINANCIAL INSTRUMENTS

Foreign Exchange Risk

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

As at June 30, 2019, 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 June 30, 2019 (Baht per 1 foreign currency unit)
USD	398	-	30.57330
JPY	873	-	0.281849

19. 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 August 1, 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, therefore recorded such provision and interest totaling Baht 12.54 million by presented as other current liabilities in the statement of financial position as at December 31, 2018. On March 26, 2019, the Company has already paid for the damage with interest to the counter party.

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.

20. RECLASSIFICATION

Certain amounts in 2018 financial statements have been reclassified to conform to the current period’s classification. Which has no effect to the previously reported profit for the period or shareholders’ equity.

	In Thousands Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	Before reclassification	Increase of reclassification (decrease)	After reclassification	Before reclassification	Increase of reclassification (decrease)	After reclassification
The statement of comprehensive income						
For the three-month period ended June 30, 2018						
Cost of sales and services	301,248	1,567	302,815	178,150	1,567	179,717
Selling expenses	29,331	9,513	38,844	31,651	(1,567)	30,084
Administrative expenses	75,732	(11,080)	64,652	43,076	-	43,076
The statement of comprehensive income						
For the six-month period ended June 30, 2018						
Cost of sales and services	615,082	1,972	617,054	317,901	1,972	319,873
Selling expenses	56,515	20,003	76,518	61,143	(1,972)	59,171
Administrative expenses	164,602	(21,975)	142,627	87,618	-	87,618

21. AUTHORIZATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company’s Board of Directors on August 13, 2019.