

SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REVIEWED REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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 September 30, 2019 and the related consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the nine-month period ended September 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 September 30, 2019 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019, statement of changes in shareholder’s equity and statement of cash flows for the nine-month period ended September 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
November 11, 2019

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SIAM STEEL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

ASSETS

		In Thousand Baht			
		<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
		<u>As at September</u>	<u>As at December</u>	<u>As at September</u>	<u>As at December</u>
	Note	<u>30, 2019</u>	<u>31, 2018</u>	<u>30, 2019</u>	<u>31, 2018</u>
CURRENT ASSETS					
Cash and cash equivalents		871,804	1,126,632	294,355	581,389
Trade accounts receivable from sales and services					
- general customers	6	340,713	253,882	215,668	146,333
- related companies	5, 6	5,463	4,498	7,410	7,651
Unbilled accrued income - general customers		10,539	3,811	10,539	3,811
Inventories	7	234,417	240,202	193,420	165,642
Advance for purchase of inventories		113,895	103,140	113,895	102,430
Receivables from and advances to					
- general customers		29,822	56,855	-	-
- related companies	5	1,675	1,647	271,221	83,631
Short-term loan to related companies	5	-	-	208,000	185,000
Other current assets	5	93,896	196,499	85,514	72,356
Total current assets		<u>1,702,224</u>	<u>1,987,166</u>	<u>1,400,022</u>	<u>1,348,243</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 SEPTEMBER 30, 2019

ASSETS (CONT.)

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at September	As at December	As at September	As at December
	Note	30, 2019	31, 2018	30, 2019	31, 2018
NON-CURRENT ASSETS					
Restricted deposit with bank	8	6,174	1,904	5,252	877
Retentions receivable		21,976	2,983	21,976	2,983
Investment					
- subsidiaries companies	9	-	-	186,207	186,207
- associated companies	9	778,758	783,804	162,627	162,627
- other companies	9	49,712	49,712	49,712	49,712
Goodwill		-	618	-	-
Advance for purchase of assets		-	15,079	-	15,079
Property, plant and equipment	10	2,768,764	2,574,262	848,837	722,071
Assets not used in operation		-	2,360	-	2,360
Income tax withheld at sources		24,619	28,170	18,643	15,867
Deferred tax assets	11	3,366	1,895	-	-
Other non-current assets		4,918	5,056	683	1,065
Total non-current assets		3,658,287	3,465,843	1,293,937	1,158,848
TOTAL ASSETS		5,360,511	5,453,009	2,693,959	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 SEPTEMBER 30, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at September	As at December	As at September	As at December
	Note	30, 2019	31, 2018	30, 2019	31, 2018
CURRENT LIABILITIES					
Short-term loans from related companies	5	75,000	54,500	-	-
Current portion of					
- Long-term loan from financial institutions	12	39,117	68,001	5,784	5,784
- Liabilities under employee benefits obligation		16,159	16,408	15,943	16,192
Trade accounts payable - general suppliers		146,597	131,648	120,794	103,327
Payables to and advances from					
- general customers		-	86,116	-	-
- related companies	5	29,778	34,735	77,946	63,102
Advances and deposits from customers					
- general customers		188,038	141,672	185,149	140,086
- related companies	5	5,640	3,847	5,788	6,409
Other current liabilities		270,432	347,426	88,344	65,346
Total current liabilities		770,761	884,353	499,748	400,246
NON-CURRENT LIABILITIES					
Long-term loans from financial institutions	12	1,640,907	1,722,367	198,140	207,076
Employee benefit obligations		35,174	33,307	30,609	28,379
Deferred tax liabilities	11	-	-	3,245	3,932
Other non-current liabilities		30,173	7,499	29,510	7,496
Total non-current liabilities		1,706,254	1,763,173	261,504	246,883
TOTAL LIABILITIES		2,477,015	2,647,526	761,252	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 SEPTEMBER 30, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

					In Thousand Baht			
					Consolidated Financial Statements		Separate Financial Statements	
					As at September	As at December	As at September	As at December
					30, 2019	31, 2018	30, 2019	31, 2018
					Note			
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					1,793,121	1,747,084	1,207,864	1,135,119
Other components of equity					15,807	19,254	-	-
Total shareholder's equity of the parent company					2,533,771	2,491,181	1,932,707	1,859,962
Non-controlling interests					349,725	314,302	-	-
TOTAL SHAREHOLDERS' EQUITY					2,883,496	2,805,483	1,932,707	1,859,962
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					5,360,511	5,453,009	2,693,959	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 SEPTEMBER 30, 2019

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2019	2018	2019	2018
REVENUES					
Sales and services income	5, 14	652,114	454,523	390,384	268,317
Construction income	14	20,779	20,216	20,779	20,216
Total revenues		672,893	474,739	411,163	288,533
Cost					
Cost of sales and services	5, 14	(496,771)	(342,944)	(305,542)	(190,973)
Costs of construction	14	(18,642)	(17,630)	(18,642)	(17,630)
Total Cost		(515,413)	(360,574)	(324,184)	(208,603)
Gross profit		157,480	114,165	86,979	79,930
Other income		22,651	12,180	31,287	19,103
Profit on foreign exchange rates		247	-	10	-
Profit before expenses		180,378	126,345	118,276	99,033
Selling expenses		(70,029)	(49,085)	(46,597)	(39,872)
Administrative expenses	5	(68,151)	(54,372)	(38,584)	(29,525)
Loss on foreign exchange rates		-	(370)	-	(395)
Total expenses		(138,180)	(103,827)	(85,181)	(69,792)
Profit from operations		42,198	22,518	33,095	29,241
Equity in net income of associated companies	9	7,945	9,213	-	-
Profit before finance cost and income tax		50,143	31,731	33,095	29,241
Finance costs	5, 14	(11,138)	(975)	(4,821)	(4,605)
Profit before income tax expense		39,005	30,756	28,274	24,636
Income tax income (expense)		(2,505)	(2,109)	249	50
Profit for the period		36,500	28,647	28,523	24,686

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 SEPTEMBER 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	-	-	-	-
	Items subsequently reclassifiable to profit or loss				
	Exchange differences from foreign currency				
	financial statement translation, net of tax	(1,828)	(9,933)	-	-
	Other comprehensive income (expense) for the period	(1,828)	(9,933)	-	-
	Total comprehensive income for the period	<u>34,672</u>	<u>18,714</u>	<u>28,523</u>	<u>24,686</u>
Profit attributable for the period					
	Owner of the parent company	22,197	27,717	28,523	24,686
	Non-controlling interests	14,303	930	-	-
	Total	<u>36,500</u>	<u>28,647</u>	<u>28,523</u>	<u>24,686</u>
Attribution of comprehensive income for the period					
	Owner of the parent company	21,948	24,503	28,523	24,686
	Non-controlling interests	12,724	(5,789)	-	-
	Total	<u>34,672</u>	<u>18,714</u>	<u>28,523</u>	<u>24,686</u>
Earnings per share					
	Profit (Baht per share)	0.037	0.047	0.048	0.042
	Weighted average number of common shares (Thousand shares)	<u>593,126</u>	<u>593,126</u>	<u>593,126</u>	<u>593,126</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 COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

In Thousand Baht					
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2019	2018	2019	2018
REVENUES					
Sales and services income	5, 14	1,732,266	1,236,113	956,818	666,733
Construction income	14	38,130	29,641	38,130	29,641
Total revenues		1,770,396	1,265,754	994,948	696,374
Cost					
Cost of sales and services	5, 14	(1,298,783)	(959,998)	(752,011)	(510,847)
Costs of construction	14	(32,430)	(26,075)	(32,430)	(26,075)
Total Cost		(1,331,213)	(986,073)	(784,441)	(536,922)
Gross profit		439,183	279,681	210,507	159,452
Dividend income	5, 9	17,339	34,024	45,044	60,429
Other income		63,217	140,700	80,200	161,369
Profit on foreign exchange rates		3,639	-	-	-
Profit before expenses		523,378	454,405	335,751	381,250
Selling expenses		(167,937)	(123,788)	(126,372)	(99,043)
Administrative expenses	5	(245,012)	(198,813)	(117,826)	(117,142)
Loss on foreign exchange rates		-	(7,531)	(375)	(337)
Total expenses		(412,949)	(330,132)	(244,573)	(216,522)
Profit from operations		110,429	124,273	91,178	164,728
Equity in net income of associated companies	9	18,987	31,426	-	-
Profit before finance cost and income tax		129,416	155,699	91,178	164,728
Finance costs	5, 14	(30,185)	(5,171)	(13,189)	(13,815)
Profit before income tax expense		99,231	150,528	77,989	150,913
Income tax income (expense)		(6,219)	(102,602)	687	(95,943)
Profit for the period		93,012	47,926	78,676	54,970

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 NINE-MONTH PERIOD ENDED SEPTEMBER 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	(6,895)	9,756	-	-
	Other comprehensive income (expense) for the period	(5,540)	9,756	-	-
	Total comprehensive income for the period	87,472	57,682	78,676	54,970
	Profit attributable for the period				
	Owner of the parent company	50,613	47,872	78,676	54,970
	Non-controlling interests	42,399	54	-	-
	Total	93,012	47,926	78,676	54,970
	Attribution of comprehensive income for the period				
	Owner of the parent company	48,521	52,750	78,676	54,970
	Non-controlling interests	38,951	4,932	-	-
	Total	87,472	57,682	78,676	54,970
	Earnings per share				
	Profit (Baht per share)	0.085	0.081	0.133	0.093
	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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		In Thousand Baht									
		Consolidated Financial Statements									
		Shareholders' equity of the parent company						Non-controlling	Total		
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity			Total	interests	Total
				Appropriated	Unappropriated	Other comprehensive income (expense)					
				- Legal reserve		Surplus from change in proportion of investment in subsidiary company	Exchange differences on translating financial statement				
	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		-	-	-	50,613	-	-	-	50,613	42,399	93,012
Other comprehensive income (expense) for the period		-	-	-	1,355	-	(3,447)	(3,447)	(2,092)	(3,448)	(5,540)
Balance as at September 30, 2019		<u>593,126</u>	<u>72,404</u>	<u>59,313</u>	<u>1,793,121</u>	<u>32,843</u>	<u>(17,036)</u>	<u>15,807</u>	<u>2,533,771</u>	<u>349,725</u>	<u>2,883,496</u>
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		-	-	-	47,872	-	-	-	47,872	54	47,926
Other comprehensive income (expense) for the period		-	-	-	-	-	4,878	4,878	4,878	4,878	9,756
Balance as at September 30, 2018		<u>593,126</u>	<u>72,404</u>	<u>59,313</u>	<u>1,555,322</u>	<u>32,843</u>	<u>(16,102)</u>	<u>16,741</u>	<u>2,296,906</u>	<u>318,168</u>	<u>2,615,074</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 CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 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	-	-	-	78,676	78,676
Other comprehensive income (expense) for the period	-	-	-	-	-
Balance as at September 30, 2019	<u>593,126</u>	<u>72,404</u>	<u>59,313</u>	<u>1,207,864</u>	<u>1,932,707</u>
Balance as at January 1, 2018	593,126	72,404	59,313	881,074	1,605,917
Transaction with shareholder					
Dividend	-	-	-	(5,931)	(5,931)
Comprehensive income for the period					
Profit for the period	-	-	-	54,970	54,970
Other comprehensive income (expense) for the period	-	-	-	-	-
Balance as at September 30, 2018	<u>593,126</u>	<u>72,404</u>	<u>59,313</u>	<u>930,113</u>	<u>1,654,956</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 NINE-MONTH PERIOD ENDED SEPTEMBER 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	99,231	150,528	77,989	150,913
Adjustments to reconcile income (loss) before income tax to net cash provided from (used in) operating activities:				
Depreciation	89,352	30,245	17,713	22,930
Allowance for doubtful debts and bad debt (reversal)	(1,317)	1,815	(31)	1,815
Allowance (reversal of allowance) for decline value of inventories	(8,982)	34,623	-	34,066
Allowance for impairment of investment	-	-	-	8,192
Goodwill amortization	618	-	-	-
Loss from write-off asset	2,265	-	1,416	-
Provisions (reversal)	(2,210)	-	(2,110)	-
Gain on sales of assets	(2,143)	(89,274)	(10,556)	(89,258)
Deferred expenses	3,456	-	-	-
Loss from sales of assets not used	-	656	-	656
Unrealized loss (gain) on foreign exchange	26	(5,201)	26	30
Dividend income	(17,339)	(34,024)	(45,044)	(60,429)
Interest income	(4,945)	(2,257)	(14,602)	(13,661)
Finance costs	30,185	5,171	13,189	13,815
Equity in net income of associated companies	(18,987)	(31,426)	-	-
Employee benefits obligation expenses	2,667	1,414	1,344	952
Cash provided from (used in) operations before changes in operating assets and liabilities	171,877	62,270	39,334	70,021
Decrease (increase) in operating assets				
Trade accounts receivable from sales and services				
- general customers	(85,539)	30,074	(69,330)	22,886
- related companies	(965)	(31,919)	241	(37,092)
Trade accounts receivable from construction work				
- general customers	-	(7,366)	-	(7,366)

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Unbilled accrued income - general customers	(6,728)	(4,980)	(6,728)	(4,980)
Inventories	8,471	(47,153)	(28,367)	(13,709)
Advances for purchase of inventories	(10,755)	(68,565)	(11,465)	(66,546)
Receivables from advances				
- general customers	27,033	-	-	-
- related companies	(28)	5,135	6,781	(2,184)
Other current assets	(16,825)	4,456	(13,158)	3,164
Retention receivable	(18,993)	2,163	(18,993)	2,164
Other non - current assets	138	8,945	382	8,402
Increase (decrease) in operating liabilities				
Trade accounts payable - general suppliers	14,950	45,450	17,467	36,808
Payables to and advances from general customers	(86,116)	-	45,063	-
Payables to and advances from related companies	794	(8,693)	14,844	1,674
Advances and deposits from customers				
- general customers	46,366	158,579	-	157,542
- related companies	1,793	188	(621)	1,042
Other current liabilities	(104,607)	(50,447)	13,143	(49,559)
Employee benefits obligation paid	(210)	(6,209)	(210)	(6,209)
Other non - current liabilities	21,624	(8,497)	22,014	1,820
Cash provided from operations	(37,720)	83,431	10,397	117,878
Cash paid for interest	(24,432)	3,443	(12,355)	(13,236)
Income tax payment	(8,301)	(9,443)	(2,776)	(4,146)
Cash received from refund tax	137,628	4,283	-	-
Net cash provided from (used in) operating activities	67,175	81,714	(4,734)	100,496
Cash flows from investing activities				
Decrease (increase) in restricted deposits with banks	(4,270)	(4,421)	(4,375)	(4,265)
Acquisition of assets	(316,196)	(904,559)	(290,400)	(141,870)
Proceeds from assets held for sale	-	79,145	-	79,145
Proceeds from sales of assets	2,216	981	1,975	1,041
Cash paid for advance for purchase of assets	-	(7,432)	-	(7,432)

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Indirect subsidiary an return investment to non-controlling interests	-	(149,649)	-	-
Increase in short-term loans to related company	-	-	(23,000)	-
Cash received from interest income	4,545	2,155	3,323	7,576
Dividend income	17,339	25,793	45,044	60,429
Net cash provided from (used in) investing activities	(296,366)	(957,987)	(267,433)	(5,376)
Cash flows from financing activities				
Increase (decrease) in short-term loans from other parties	-	(100,000)	-	-
Increase in short-term loans from related parties	20,500	20,500	-	-
Increase in long-term loan from financial institution	54,675	1,171,451	-	-
Cash paid for long-term loans from financial institution	(133,503)	(7,723)	(8,936)	(7,723)
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	(67,787)	1,077,709	(14,867)	(13,654)
Increase in exchange differences on translating				
foreign operations	42,150	9,756	-	-
Increase (decrease) in cash and cash equivalents-net	(254,828)	211,192	(287,034)	81,466
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	871,804	636,263	294,355	295,059
Supplemental cash flows information				
Non - cash transaction				
- Capitalized interest to cost of assets	-	17,859	-	-
- Advance for purchase assets	14,942	-	14,942	-
- Advance from customers	-	20,000	-	-
- Transfer Inventories be to property	589	-	589	-
- Increase in finance lease obligation from purchase of vehicles	1,121	-	-	-
- Transfer non-operating asset to property, plant and equipment	2,360	-	2,360	-
- Sale asset as credit to the related company	-	-	162,533	-
- Purchase asset by non-cash payment	7,210	-	-	-

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
SEPTEMBER 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 September 30, 2019 and December 31, 2018, the Company’s major shareholders are as follows :

	Percentage (%)	
	As at September 30, 2019	As at December 31, 2018
Family “Kunanantakul”	35.41	35.41
Family “Pongphundacha”	29.24	29.24
Family “Witchayawilat”	2.41	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 September 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 Manufacturing Ltd. (Formerly Siam Biomass Product - South Pra Sang 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 Manufacturing Ltd. (Formerly 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 September 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 September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Trade accounts receivable from sales and services				
Subsidiary companies	-	-	1,968	3,257
Associated companies	50	50	29	48
Related companies	5,413	4,448	5,413	4,346
Total trade accounts receivable from sales and services - related companies	<u>5,463</u>	<u>4,498</u>	<u>7,410</u>	<u>7,651</u>
Receivables from and advances				
Subsidiary companies	-	-	269,546	81,984
Associated companies	1,675	1,637	1,675	1,637
Related companies	-	10	-	10
Total receivables from and advances - related companies	<u>1,675</u>	<u>1,647</u>	<u>271,221</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>66,382</u>	<u>51,855</u>
Short-term loans				
Subsidiary companies	<u>-</u>	<u>-</u>	<u>208,000</u>	<u>185,000</u>

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

	In Thousand Baht			
	As at December 31, 2018	Increase	Decrease	As at September 30, 2019
Siam International Energy Co., Ltd.	185,000	-	-	185,000
Siam Biomass Manufacturing Ltd.	-	51,000	(28,000)	23,000
Total Short-term loans	<u>185,000</u>	<u>51,000</u>	<u>(28,000)</u>	<u>208,000</u>

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Short term loans from related companies as at September 30, 2019, the subsidiary and indirect subsidiary companies have issued promissory note to the Company of Baht 208.00 million. The repayment is due between April 25, 2020 to August 20, 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 September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Short term loans - related companies	75,000	54,500	-	-

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

	In Thousand Baht			
	Consolidated Financial Statements			
	As at December 31, 2018	Increase	Decrease	As at September 30, 2019
Short term loans - related companies	54,500	74,500	(54,000)	75,000

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 - September 11, 2020.

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Accounts payable				
Subsidiary companies	-	-	131	-
Associated companies	18,373	23,394	5,951	4,292
Related companies	8,756	8,407	4,073	2,397
Total account payable from				
- related companies	27,129	31,801	10,155	6,689

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Advances from				
Subsidiary companies (Note 15)	-	-	66,385	55,545
Associated companies	32	60	-	60
Related companies	2,617	2,874	1,406	808
Total advances from related companies	2,649	2,934	67,791	56,413
Total account payable and advances				
from - related companies	29,778	34,735	77,946	63,102
Advances and deposits from customers				
Subsidiary companies	-	-	148	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	5,788	6,409
Key management personnel compensation				
Accrued bonus	1,201	1,197	1,106	1,179
Post - employment benefits	13,367	12,782	13,278	12,706
Total key management personnel				
compensation	14,568	13,979	14,384	13,885

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The significant transactions with related companies for the three-month and nine-month periods ended September 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>September 30,</u>		<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and services income				
Subsidiary companies	-	-	3,606	11,022
Associated companies	551	148	8	138
Related companies	6,881	39,474	6,881	39,474
	<u>7,432</u>	<u>39,622</u>	<u>10,495</u>	<u>50,634</u>
Revenues from sales of raw materials, factory supplies and others				
Subsidiary companies	-	-	9,997	1,301
Associated companies	1,378	2,113	1,377	1,532
Related companies	3,278	2,548	3,242	2,548
	<u>4,656</u>	<u>4,661</u>	<u>14,616</u>	<u>5,381</u>
Rental revenue				
Subsidiary companies	-	-	93	2,599
Associated companies	2,690	-	2,689	-
Related companies	3,877	3,877	3,877	3,877
	<u>6,567</u>	<u>3,877</u>	<u>6,659</u>	<u>6,476</u>

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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	
	September 30,		September 30,	
	2019	2018	2019	2018
Interest income				
Subsidiary companies	-	-	3,858	3,987
	-	-	3,858	3,987
Purchases of finished goods				
Subsidiary companies	-	-	123	-
Associated companies	35,740	44,892	4,500	4,816
Related companies	12,355	6,571	1,537	211
	48,095	51,463	6,160	5,027
Purchases of raw materials				
Associated companies	2,850	230	2,850	230
Related companies	1,477	1,123	1,477	1,123
	4,327	1,353	4,327	1,353
Purchases of assets				
Related companies	2,500	-	2,500	236
	2,500	-	2,500	236
Administrative and other expenses				
Subsidiary companies	-	-	45	120
Associated companies	6,454	3,814	15	45
Related companies	2,572	6,538	2,398	6,432
	9,026	10,352	2,458	6,597
Finance cost				
Related companies	754	297	-	-
	754	297	-	-

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the nine-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Sales and services income				
Subsidiary companies	-	-	12,896	38,626
Associated companies	622	774	70	400
Related companies	26,648	57,824	26,648	57,824
	<u>27,270</u>	<u>58,598</u>	<u>39,614</u>	<u>96,850</u>
Revenues from sales of raw materials, factory supplies and others				
Subsidiary companies	-	-	12,538	4,280
Associated companies	4,883	6,137	4,178	4,499
Related companies	12,534	7,138	12,498	7,083
	<u>17,417</u>	<u>13,275</u>	<u>29,214</u>	<u>15,862</u>
Rental revenue				
Subsidiary companies	-	-	3,590	7,796
Associated companies	4,483	-	4,482	-
Related companies	11,631	11,631	11,631	11,631
	<u>16,114</u>	<u>11,631</u>	<u>19,703</u>	<u>19,427</u>
Interest income				
Subsidiary companies	-	-	11,278	11,925
	<u>-</u>	<u>-</u>	<u>11,278</u>	<u>11,925</u>
Dividend income				
Subsidiary companies	-	-	3,672	612
Associated companies	-	-	24,033	25,793
Related companies	17,339	34,024	17,339	34,024
	<u>17,339</u>	<u>34,024</u>	<u>45,044</u>	<u>60,429</u>

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the nine-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Purchases of finished goods				
Subsidiary companies	-	-	170	120
Associated companies	126,447	149,773	16,266	15,826
Related companies	24,634	58,512	2,807	5,602
	<u>151,081</u>	<u>208,285</u>	<u>19,243</u>	<u>21,548</u>
Purchases of raw materials				
Associated companies	3,711	585	3,711	585
Related companies	4,361	4,495	4,361	4,495
	<u>8,072</u>	<u>5,080</u>	<u>8,072</u>	<u>5,080</u>
Purchases of assets				
Associated companies	800	-	800	-
Related companies	2,506	-	2,506	236
	<u>3,306</u>	<u>-</u>	<u>3,306</u>	<u>236</u>
Administrative and other expenses				
Subsidiary companies	-	-	135	137
Associated companies	15,307	14,252	18	182
Related companies	8,826	14,795	8,902	11,187
	<u>24,133</u>	<u>29,047</u>	<u>9,055</u>	<u>11,506</u>
Finance cost				
Related companies	1,586	1,208	-	-
	<u>1,586</u>	<u>1,208</u>	<u>-</u>	<u>-</u>
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 nine-month periods ended September 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	
	September 30,		September 30,	
	2019	2018	2019	2018
Management				
Management benefit expenses				
Short-term employee benefits	5,599	5,452	5,178	4,732
Post-employment benefits	194	140	190	129
Total	<u>5,793</u>	<u>5,592</u>	<u>5,368</u>	<u>4,861</u>

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the nine-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Management				
Management benefit expenses				
Short-term employee benefits	16,104	17,219	14,641	15,057
Post-employment benefits	584	449	571	417
Total	<u>16,688</u>	<u>17,668</u>	<u>15,212</u>	<u>15,474</u>

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6. TRADE ACCOUNTS RECEIVABLE

As at September 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 September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
<u>Trade accounts receivable - General customers</u>				
Current	256,110	159,200	188,982	126,846
Overdue :				
Less than 3 months	71,950	85,518	18,096	16,334
3 months - 6 months	8,956	6,499	6,155	1,986
6 months - 12 months	4,414	2,241	1,861	979
Over 12 months	4,193	6,763	2,569	2,214
Total	345,623	260,221	217,663	148,359
<u>Less</u> Allowance for doubtful debts	(4,910)	(6,339)	(1,995)	(2,026)
Net	<u>340,713</u>	<u>253,882</u>	<u>215,668</u>	<u>146,333</u>
<u>Trade accounts receivable - related companies</u>				
Current	5,463	4,385	7,221	6,900
Overdue :				
Less than 3 months	-	113	179	751
3 months - 6 months	-	-	10	-
Net	<u>5,463</u>	<u>4,498</u>	<u>7,410</u>	<u>7,651</u>

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

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2019	6,339	2,026
<u>Add</u> Additions during the period	-	-
<u>Less</u> Reversed during the period	(1,429)	(31)
Balance as at September 30, 2019	<u>4,910</u>	<u>1,995</u>

During 2019, the company and its subsidiaries had a reversal of allowance for doubtful accounts caused by receiving a refund from customer amounted Baht 1,317,172.34 and written-off amounted Baht 110,957.80 (Company only caused by receiving a refund from customer amounted Baht 31,192.16).

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7. INVENTORIES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Finished goods	132,985	157,470	88,113	70,804
Work in process	68,093	50,770	68,093	50,770
Raw materials and supplies	56,468	64,073	54,457	61,311
Total	257,546	272,313	210,663	182,885
<u>Less</u> Allowance for decline in value, slow-moving and defective inventories	(23,129)	(32,111)	(17,243)	(17,243)
Net	234,417	240,202	193,420	165,642

Movement in allowance for decline value, slow-moving and defective inventories for the nine-month period September 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 September 30, 2019	23,129	17,243

8. RESTRICTED DEPOSITS WITH BANK

As at September 30, 2019 and December 31, 2018, the Company has fixed deposits totaling Baht 5.25 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 September 30, 2019 and December 31, 2018, the subsidiary company has fixed deposits totaling Baht 0.92 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 September 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
		September	December	September	December	September	December	September	December	September	December
		30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018
										(For the nine-	(For the year)
										month)	
<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	108,429	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	665,336	670,347	24,033	24,033
						162,627	162,627	773,765	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	4,993	4,882	-	-
Total investments in associated companies						167,427	167,427	778,758	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									
Type of business	Paid-up Share capital		Percentage of shareholding (%)		Cost method		Dividend income		
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)	
<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 September 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 331.89 million (closing price Baht 2.28 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 nine-month period ended September 30, 2019 are as follows :

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Net book value as at January 1, 2019	783,804	162,627
Share of profits of investment - equity method	18,987	-
Dividend income	(24,033)	-
Net book value as at September 30, 2019	<u>778,758</u>	<u>162,627</u>

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10. PROPERTY, PLANT AND EQUIPMENT

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

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
<u>At cost</u>		
December 31, 2018	4,055,130	2,137,908
Acquisitions	337,175	305,342
Disposals	(38,149)	(200,349)
Transfer in (out)	15,492	18,950
September 30, 2019	4,369,648	2,261,851
<u>Accumulated depreciation</u>		
December 31, 2018	(1,474,351)	(1,409,320)
Depreciation for the period	(88,140)	(17,713)
Depreciation for disposals	38,076	37,816
Transfer in (out)	(17,280)	(17,280)
September 30, 2019	(1,541,695)	(1,406,497)
<u>Exchange differences from translation of foreign operation</u>	(52,672)	-
<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)	-	-
September 30, 2019	(6,517)	(6,517)
<u>Net book value</u>		
December 31, 2018	2,574,262	722,071
September 30, 2019	2,768,764	848,837

As at September 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 September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Deferred tax assets	22,213	21,039	15,602	15,212
Deferred tax liabilities	(18,847)	(19,144)	(18,847)	(19,144)
	<u>3,366</u>	<u>1,895</u>	<u>(3,245)</u>	<u>(3,932)</u>

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

	In Thousand Baht			
	Consolidated Financial Statements			Balance as at September 30, 2019
	Balance as at	Recognized as income (expense)		
	December	Profit/ (Loss)	Other	
31, 2018		comprehensive income		
Deferred tax assets:				
Allowance for doubtful accounts of trade accounts receivable from sales and service	3,712	(285)	-	3,427
Allowance for decline value in inventories	5,191	(571)	-	4,620
Reserve for employee benefits obligation	9,822	646	(339)	10,129
Translation adjustment	2,314	-	1,723	4,037
Total	<u>21,039</u>	<u>(210)</u>	<u>1,384</u>	<u>22,213</u>
Deferred income tax liabilities				
The difference of depreciation of fixed assets between accounting base and tax base	(19,144)	297	-	(18,847)
Total	<u>(19,144)</u>	<u>297</u>	<u>-</u>	<u>(18,847)</u>
	<u>1,895</u>	<u>87</u>	<u>1,384</u>	<u>3,366</u>

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	In Thousand Baht			Balance as at September 30, 2019
	Separate Financial Statements			
	Balance as at	Recognized as income (expense)		
	December 31, 2018	Profit/ (Loss)	Other comprehensive 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	396	-	9,310
Total	15,212	390	-	15,602
Deferred income tax liabilities				
The difference of depreciation of fixed assets between accounting base and tax base	(19,144)	297	-	(18,847)
Total	(19,144)	297	-	(18,847)
	(3,932)	687	-	(3,245)

As at September 30, 2019 and December 31, 2018, the Company and its subsidiary companies have accumulated tax losses since 2015 unused in the amount of Baht 448.47 million and amount Bath 477.34 million, respectively (Separate financial statement Bath 270.50 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 September 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
	September	December	September	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	(133,503)	-	(8,936)	-
Deferred finance costs	(76,026)	(98,202)	-	-
Amortization of deferred finance costs	1,011	1,011	-	-
Exchange differences from translation of foreign operation	(92,692)	(39,000)	-	-
Total	1,680,024	1,790,368	203,924	212,860
<u>Less</u> Current portion of long-term loans from financial institutions	<u>(39,117)</u>	<u>(68,001)</u>	<u>(5,784)</u>	<u>(5,784)</u>
Long-term loans from financial Institutions	<u>1,640,907</u>	<u>1,722,367</u>	<u>198,140</u>	<u>207,076</u>

As at September 30, 2019 and December 31, 2018, the Company had long-term loans from financial institutions amount of Baht 203.92 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 September 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 nine-month period ended September 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 nine-month period ended September 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>		
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 September 30,									
	2019					2018				
	Furniture	Revenue of construction work	Energy	Eliminated	Total	Furniture	Revenue of construction work	Energy	Eliminated	Total
Revenues from sales and service	555,042	-	100,678	(3,606)	652,114	465,545	-	-	(11,022)	454,523
Revenues from construction work	-	20,779	-	-	20,779	-	20,216	-	-	20,216
Total revenues	<u>555,042</u>	<u>20,779</u>	<u>100,678</u>	<u>(3,606)</u>	<u>672,893</u>	<u>465,545</u>	<u>20,216</u>	<u>-</u>	<u>(11,022)</u>	<u>474,739</u>
Costs of sales and services	(430,562)	-	(70,119)	3,910	(496,771)	(344,774)	-	(9,381)	11,211	(342,944)
Costs of construction work	-	(18,642)	-	-	(18,642)	-	(17,630)	-	-	(17,630)
Total cost	<u>(430,562)</u>	<u>(18,642)</u>	<u>(70,119)</u>	<u>3,910</u>	<u>(515,413)</u>	<u>(344,774)</u>	<u>(17,630)</u>	<u>(9,381)</u>	<u>11,211</u>	<u>(360,574)</u>
Total gross profit	<u>124,480</u>	<u>2,137</u>	<u>30,559</u>	<u>304</u>	<u>157,480</u>	<u>120,771</u>	<u>2,586</u>	<u>(9,381)</u>	<u>189</u>	<u>114,165</u>
Depreciation					(30,195)					(8,638)
Finance cost					(11,138)					(975)
Profit before income tax					39,005					30,756

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	In Thousand Baht									
	For the nine-month periods ended September 30,									
	2019					2018				
	Revenue of					Revenue of				
	Furniture	construction work	Energy	Eliminated	Total	Furniture	construction work	Energy	Eliminated	Total
Revenues from sales and service	1,474,054	-	271,147	(12,935)	1,732,266	1,274,756	-	-	(38,643)	1,236,113
Revenues from construction work	-	38,130	-	-	38,130	-	29,641	-	-	29,641
Total revenues	<u>1,474,054</u>	<u>38,130</u>	<u>271,147</u>	<u>(12,935)</u>	<u>1,770,396</u>	<u>1,274,756</u>	<u>29,641</u>	<u>-</u>	<u>(38,643)</u>	<u>1,265,754</u>
Costs of sales and services	(1,147,183)	-	(165,217)	13,617	(1,298,783)	(989,789)	-	(9,381)	39,172	(959,998)
Costs of construction work	-	(32,430)	-	-	(32,430)	-	(26,075)	-	-	(26,075)
Total cost	<u>(1,147,183)</u>	<u>(32,430)</u>	<u>(165,217)</u>	<u>13,617</u>	<u>(1,331,213)</u>	<u>(989,789)</u>	<u>(26,075)</u>	<u>(9,381)</u>	<u>39,172</u>	<u>(986,073)</u>
Total gross profit	<u>326,871</u>	<u>5,700</u>	<u>105,930</u>	<u>682</u>	<u>439,183</u>	<u>284,967</u>	<u>3,566</u>	<u>(9,381)</u>	<u>529</u>	<u>279,681</u>
Depreciation					(89,352)					(30,245)
Finance cost					(30,185)					(5,171)
Loss before income tax					99,231					150,528
Property, plant and equipment					2,768,764					2,030,467
Assets not used in operation					-					2,360
Other assets					<u>2,591,747</u>					<u>2,423,919</u>
Total assets as at September 30,					<u>5,360,511</u>					<u>4,456,746</u>
Total liabilities as at September 30,					<u>2,477,015</u>					<u>1,841,672</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 September 30, 2019 and December 31, 2018, each amount of Baht 66.38 million and amount Bath 51.86 million, respectively. The Company has recognized the billing amount in “Investment in Energy Project” and the consolidated financial statements of indirect subsidiary company has recognized it in Cash received for using in “Energy Project” as at September 30, 2019 and December 31, 2018, amount of Baht 134.03 million and amount Bath 106.70 million, respectively.

16. BANK GUARANTEE AND CONTINGENT LIABILITIES

As at September 30, 2019, the Company has outstanding guarantees of approximately Baht 154.54 million which were issued by certain local banks as required in the normal course of business of the Company.

As at September 30, 2019, the subsidiary companies have outstanding guarantees of approximately Baht 2.11 million which were issued by certain local banks as required in the normal course of business of the subsidiary company.

17. COMMITMENT

17.1 As at September 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	4,070	300
Within 2 years - 5 years	6,698	884
Over 5 years	7,336	7,336

17.2 As at September 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 September 30, 2019, the balances of financial assets and liabilities denominated in foreign currencies are as follows :

Foreign currency	Financial assets (Thousand)	Average exchange rate as at September 30, 2019 (Baht per 1 foreign currency unit)
USD	448	30.41760
JPY	1,941	0.02796

19. LITIGATION

Case No. 1

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.

Case No. 2

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.

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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
<u>The statement of financial position</u>						
Inventories	384,111	(143,909)	240,202	309,551	(143,909)	165,642
Property, plant and equipment	2,430,353	143,909	2,574,262	578,162	143,909	722,071
<u>The statement of comprehensive income</u>						
For the three-month period ended September 30, 2018						
Cost of sales and services	339,472	3,472	342,944	187,501	3,472	190,973
Selling expenses	41,003	8,082	49,085	43,344	(3,472)	39,872
Administrative expenses	65,926	(11,554)	54,372	29,525	-	29,525
<u>The statement of comprehensive income</u>						
For the nine-month period ended September 30, 2018						
Cost of sales and services	954,554	5,444	959,998	505,403	5,444	510,847
Selling expenses	95,703	28,085	123,788	104,487	(5,444)	99,043
Administrative expenses	232,342	(33,529)	198,813	117,142	-	117,142

21. AUTHORIZATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company’s Board of Directors on November 11, 2019.