

S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
 S.A.F. Special Steel Public Company Limited

I have reviewed the accompanying statement of financial position of S.A.F. Special Steel Public Company Limited as at March 31, 2024 and the related statement of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and the condensed notes to the financial statement. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 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 Thai 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 Thai Accounting Standard No. 34 "Interim Financial Reporting".

(Miss Techinee Pornpenpob)
Certified Public Accountant
Registration No. 10769

Dharmniti Auditing Company Limited
Bangkok, Thailand
May 8, 2024

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2024

		<u>ASSETS</u>	
		Baht	
		As at March	As at December
	Notes	31, 2024	31, 2023
Current assets			
Cash and cash equivalents		4,883,725.83	6,776,214.97
Trade and other current receivables	5	42,508,695.59	42,914,463.80
Inventories	6	150,331,389.46	151,207,044.15
Other current financial asset	7	506,336.29	506,336.29
Derivative assets	21	42,724.56	-
Other current assets		170,544.15	223,597.77
Total current assets		198,443,415.88	201,627,656.98
Non-current assets			
Restricted deposits with financial institution	8	30,000,000.00	30,027,205.77
Property, plant and equipment	9	170,524,650.05	166,040,430.53
Right-of-use assets	10	-	1,052,025.28
Intangible assets	11	3,332,531.37	3,664,913.16
Deferred tax assets	12	1,704,037.64	1,662,477.59
Other non-current assets		71,984.10	71,984.10
Total non-current assets		205,633,203.16	202,519,036.43
TOTAL ASSETS		404,076,619.04	404,146,693.41

Notes to the interim financial statements form an integral part of these interim financial statements.

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2024

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		As at March	As at December
		31, 2024	31, 2023
Current liabilities			
Bank overdrafts and short-term loans from			
financial institutions	13	91,943,432.02	97,640,918.62
Trade and other current payables	14	11,223,622.84	3,316,705.44
Current portion of long-terms loans from			
financial institutions	15	7,333,333.32	7,333,333.32
Current portion of lease liabilities	16	-	92,260.65
Derivative liabilities	21	13,681.46	320,575.88
Other current liabilities		183,652.59	166,426.79
Total current liabilities		110,697,722.23	108,870,220.70
Non-current liabilities			
Long-term loans from financial institutions	15	8,111,111.22	9,944,444.55
Provisions for employee benefit		7,287,425.63	7,083,095.74
Total non-current liabilities		15,398,536.85	17,027,540.29
TOTAL LIABILITIES		126,096,259.08	125,897,760.99

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2024

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht	
		As at March	As at December
		31, 2024	31, 2023
Shareholders' equity			
Share capital			
Authorized share capital			
300,000,000 ordinary shares, Baht 0.50 each		150,000,000.00	150,000,000.00
Issued and paid-up share capital			
300,000,000 ordinary shares, Baht 0.50 each		150,000,000.00	150,000,000.00
Share premium on ordinary shares		113,113,152.00	113,113,152.00
Retained earnings			
Appropriated			
Legal reserve	17	4,443,500.00	4,443,500.00
Unappropriated		10,423,707.96	10,692,280.42
TOTAL SHAREHOLDERS' EQUITY		277,980,359.96	278,248,932.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		404,076,619.04	404,146,693.41

Notes to the interim financial statements form an integral part of these interim financial statements.

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

	Notes	Baht	
		2024	2023
Revenues			
Revenue from sales and services	18	41,402,785.47	46,190,769.21
Gain on exchange rates		268,839.37	385,915.64
Other income		293,618.85	53,773.64
Total revenues		41,965,243.69	46,630,458.49
Expenses			
Cost of sales and services		32,818,951.73	34,874,295.80
Distribution costs		1,481,287.25	1,671,902.39
Administrative expenses	4.4	6,725,158.18	7,934,992.53
Total expenses		41,025,397.16	44,481,190.72
Profit from operationg activities		939,846.53	2,149,267.77
Finance costs		1,249,979.04	1,208,584.17
Profit (loss) before income tax expense		(310,132.51)	940,683.60
Tax expense (income)	19	(41,560.05)	156,727.48
Profit (loss) for the period		(268,572.46)	783,956.12
Other comprehensive income for the period		-	-
Total comprehensive income (expenses) for the period		(268,572.46)	783,956.12
Earnings (loss) per share (Baht)			
Basic earnings (loss) per share	20	(0.001)	0.003

Notes to the interim financial statements form an integral part of these interim financial statements.

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

	Baht				
	Issued and paid-up shares capital	Share premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated Legal reserve	Unappropriated	
Beginning balance as at January 1, 2023	110,000,000.00	-	4,375,500.00	20,528,547.16	134,904,047.16
Called up ordinary shares	40,000,000.00	114,400,000.00	-	-	154,400,000.00
Attributable expenses of public offering the initial - net of tax	-	(1,286,848.00)	-	-	(1,286,848.00)
Total comprehensive income for the period					
Profit for the period	-	-	-	783,956.12	783,956.12
Ending balance as at March 31, 2023	<u>150,000,000.00</u>	<u>113,113,152.00</u>	<u>4,375,500.00</u>	<u>21,312,503.28</u>	<u>288,801,155.28</u>
Beginning balance as at January 1, 2024	150,000,000.00	113,113,152.00	4,443,500.00	10,692,280.42	278,248,932.42
Total comprehensive expense for the period					
Loss for the period	-	-	-	(268,572.46)	(268,572.46)
Ending balance as at March 31, 2024	<u>150,000,000.00</u>	<u>113,113,152.00</u>	<u>4,443,500.00</u>	<u>10,423,707.96</u>	<u>277,980,359.96</u>

Notes to the interim financial statements form an integral part of these interim financial statements.

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

	Baht	
	2024	2023
Cash flows from operating activities		
Profit (loss) for the period	(268,572.46)	783,956.12
Reconciliations of profit for the period to cash provided by (used in) operating activities:		
Depreciation	1,230,989.31	1,234,806.74
Amortization	332,381.79	182,516.73
Expected credit losses (reversal)	(81,265.58)	(19,341.25)
Loss on declining in value of inventories	39,091.85	72,519.77
Gain on disposal of equipment	(78,000.00)	-
Unrealized (gain) loss on exchange rate	(216,672.43)	(100,487.32)
Employee benefit expense	204,329.89	181,289.40
Interest income	(63,553.98)	(26,249.62)
Write-off withholding tax at source	179,512.68	-
Interest expense	1,249,979.04	1,208,584.17
Tax expense (income)	(41,560.05)	156,727.48
Profit provided by operating activities before changes in operating assets and liabilities	2,486,660.06	3,674,322.22
(Increase) decrease in operating assets		
Trade and other current receivables	500,587.77	(935,992.56)
Inventories	836,562.84	(5,754,954.90)
Other current assets	(90,132.46)	(276,194.44)
Increase (decrease) in operating liabilities		
Trade and other current payables	7,624,187.75	950,461.35
Other current liabilities	17,225.80	(769,944.51)
Cash received (paid) from operations	11,375,091.76	(3,112,302.84)
Income tax paid	(36,326.60)	(56,195.74)
Net cash provided by (used in) operating activities	11,338,765.16	(3,168,498.58)

Notes to the interim financial statements form an integral part of these interim financial statements.

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

	Baht	
	2024	2023
Cash flows from investing activities		
Decrease in restricted deposit with financial institution	27,205.77	10,558.07
Cash payments for purchase of property, plant and equipment	(6,213,342.16)	(369,258.80)
Cash receipts from disposal of equipment	2,127,000.00	-
Cash payments for purchase of intangible asset	(338,494.50)	(159,600.00)
Interest income received	50,000.00	15,000.00
Net cash provided by (used in) investing activities	(4,347,630.89)	(503,300.73)
Cash flows from financing activities		
Decrease in bank overdrafts and short-term loans from financial institutions	(5,697,486.60)	(19,825,559.69)
Cash payments for repayment of long-term loans from financial institution	(1,833,333.33)	(1,333,333.32)
Cash payments for repayment of lease liabilities	(92,260.65)	(233,202.21)
Cash receipts from share subscription	-	154,400,000.00
Cash payments on directly attributable expenses of public offering the initial	-	(1,608,560.00)
Interest expense paid	(1,260,542.83)	(1,215,727.83)
Net cash provided by (used in) financing activities	(8,883,623.41)	130,183,616.95
Net increase (decrease) in cash and cash equivalents	(1,892,489.14)	126,511,817.64
Cash and cash equivalents - beginning of the period	6,776,214.97	1,576,441.30
Cash and cash equivalents - ending of the period	4,883,725.83	128,088,258.94

Notes to the interim financial statements form an integral part of these interim financial statements.

S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

	Baht	
	2024	2023
Supplement disclosure for cash flows information:		
1. Reconciliation of interest income received from investing activities		
Interest received during the period	63,553.98	26,249.62
(Increase) decrease accrued interest income	<u>(13,553.98)</u>	<u>(11,249.62)</u>
Cash received for interest	<u><u>50,000.00</u></u>	<u><u>15,000.00</u></u>
2. Reconciliation of interest expense paid from financing activities		
Interest paid during the period	(1,249,979.04)	(1,208,584.17)
Increase (decrease) accrued interest expense	<u>(10,563.79)</u>	<u>(7,143.66)</u>
Cash paid for interest	<u><u>(1,260,542.83)</u></u>	<u><u>(1,215,727.83)</u></u>
3. Reconciliation of cash paid for acquisition of property, plant and equipment		
Acquisition of property, plant and equipment the period	(6,712,183.55)	(395,110.00)
Increase in payable from acquisition of assets	<u>498,841.39</u>	<u>25,851.20</u>
Cash paid for acquisition of property, plant and equipment	<u><u>(6,213,342.16)</u></u>	<u><u>(369,258.80)</u></u>
4. Reconciliation of cash paid for acquisition of intangible assets		
Acquisition of intangible assets the period	-	(159,600.00)
Increase (decrease) in payable from acquisition of assets	<u>(338,494.50)</u>	<u>-</u>
Cash paid for acquisition of intangible assets	<u><u>(338,494.50)</u></u>	<u><u>(159,600.00)</u></u>

Notes to the interim financial statements form an integral part of these interim financial statements.

S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
MARCH 31, 2024

1. GENERAL INFORMATION

1.1 Legal status and address of the Company

The Company had registered to be a limited company with the Ministry of Commerce on November 30, 1992 and according to the Extraordinary Shareholders' Meeting 2022 held on March 15, 2022, the shareholders had a resolution to change the Company's status to a public limited company. The change of Company's status to be the public company limited was registered with the Ministry of Commerce on March 23, 2022.

The addresses of its registered offices are as follows:

Head office is located at 110 Thientalay 24 Bangkhunthien-Chytalay rd., Ta-kam, Bankhunthien, Bangkok 10150.

Branch office is located at 112/2, 112/3 Thientalay 24 Bangkhunthien-Chytalay rd., Ta-kam, Banghunthien, Bangkok 10150.

1.2 Nature of the Company's operations

The principal activities of the Company are import and distribution including steel products for industrial and distribution tooling, equipment parts and band saw machines and manufacture of molds & dies and hardening services.

1.3 Major shareholders

The Company's major shareholders are Mr. Pisit Ariyadejwanich, Ms. Leena Ariyadejwanich and Mr. Pisan Ariyadejwanich which owns the common shares at 60.03% of the total common shares of the Company.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 "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, 2023.

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.

2.2 Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised financial reporting standards 2023, This adjustment is an adjustment for the financial reporting standards to be clearer and more appropriate. This is effective for the financial statements for the accounting period beginning on or after January 1, 2024.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current period.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the interim financial statements are the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2023.

4. RELATED PARTIES

The Company has business transactions with related persons or companies. Such business transaction follows the trade terms and agreed upon criteria between the Company and related persons or companies in the ordinary course of business.

4.1 The nature of relationship with related parties were summarized as follows:

Related parties	Relationship
<u>Related company</u>	
Thai Tool and Die Industry Association	Shareholders and director of the company are directors
<u>Related persons</u>	
Director and key management personnel	Persons having authority and responsibility for management

4.2 The Company has pricing policy for transactions with related parties as follows:

Transactions	Pricing policies
Purchase of fixed assets	Agreed price
Other expenses	Market price
Compensation to director and management	According to approvals from the Board of Directors and shareholders

- 4.3 Significant transactions with related parties for the three-month periods ended March 31, 2024 and 2023 were as follows:

	Baht	
	2024	2023
Related company		
Other service expenses	3,000.00	3,000.00
Total	3,000.00	3,000.00
Key management personnel		
Compensation to director and key management personnel		
Short-term benefit	2,528,030.00	2,323,580.00
Post-employment benefits	97,272.54	89,013.97
	2,625,302.54	2,412,593.97

According to the Annual General Shareholders’ Meeting 2022 held on March 15, 2022, the shareholders had a resolution to purchase land from a Company’s director (related person) at Baht 27.50 million at the agreed upon price to use as a warehouse and factory. On April 4, 2022, the Company had prepared the land sale and purchase agreement which was co-signed by the director of the Company, and the Company placed a deposit at the amount of Baht 1.00 million to guarantee the unpaid balance. The Company shall pay the total land purchase price to the seller on the day of registration of ownership transfer within 1 year from the agreement date. The ownership transfer expense shall be responsible by both parties.

On August 17, 2022 the Company entered into an addendum relating to the transfer of land ownership along with construction permit or any other permits of the warehouse and factory. According to the addendum, the Company will be responsible for all the expenses regarding any requests and/or transfers of the permits. In case the permit(s) cannot be obtained within 1 year from the date of the land sale and purchase agreement, the Company has an option to extend the agreement and the seller agreed to extend the date of registration of ownership transfer for not less than 6 months from April 3, 2023. The extended date is to be mutually agreed until the construction permit(s) of the warehouse and factory on the land can be obtained. However, in case the related public authority does not approve the construction of the warehouse and factory on the land, the Company has an option to terminate this land sale and purchase agreement and the seller must refund the land deposit to the Company.

Later, on April 21, 2023 the Company received the Permit for building construction, modification or demolition (Form Aor.1) and the ownership transfer was registered with the Land Department on May 11, 2023.

5. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables consisted of:

	Baht	
	As at March 31, 2024	As at December 31, 2023
Trade receivables (Note 5.1)	36,504,649.85	37,730,804.82
Other current receivables (Note 5.2)	6,004,045.74	5,183,658.98
Total	42,508,695.59	42,914,463.80

5.1 Trade receivables consisted of:

	Baht	
	As at March 31, 2024	As at December 31, 2023
Trade receivables	35,944,001.72	37,176,535.17
Post date cheque	635,500.59	710,387.69
Total	36,579,502.31	37,886,922.86
<u>Less</u> Allowance for expected credit losses	(74,852.46)	(156,118.04)
Net	36,504,649.85	37,730,804.82

Classified by ages of accounts consisted of:

	Baht	
	As at March 31, 2024	As at December 31, 2023
Not yet due	27,022,243.83	29,454,011.03
Overdue:		
Less than 1 months	9,461,660.33	7,905,244.51
1 - 2 months	95,598.15	414,072.91
2 - 3 months	-	113,594.41
Over 3 months	-	-
Total	36,579,502.31	37,886,922.86

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5.2 Other current receivables consisted of:

	Baht	
	As at March	As at December
	31, 2024	31, 2023
Prepaid expense	2,346,557.67	756,826.77
Advance payments	1,446,780.28	1,446,780.28
Revenue department receivable	2,098,900.83	2,881,798.95
Accrued interest income	111,806.96	98,252.98
Total	6,004,045.74	5,183,658.98

6. INVENTORIES

Inventories consisted of:

	Baht	
	As at March	As at December
	31, 2024	31, 2023
Finished goods	1,672,683.68	1,233,882.92
Work in process	464,784.28	40,913.69
Raw materials	143,626,635.28	150,032,645.24
Goods in transit	4,729,248.93	-
Supplies	262,740.79	285,213.95
Total	150,756,092.96	151,592,655.80
<u>Less</u> Allowance for declining in value of inventories	(424,703.50)	(385,611.65)
Net	150,331,389.46	151,207,044.15

7. OTHER CURRENT FINANCIAL ASSET

Other current financial asset consisted of:

	Baht	
	As at March	As at December
	31, 2024	31, 2023
Fixed deposits measured at amortized cost	506,336.29	506,336.29
Total	506,336.29	506,336.29

As at March 31, 2024 and December 31, 2023, the Company has 12-month fixed deposits with a financial institution with interest rates of 1.225 percent per annum, and due in October 2024.

8. RESTRICTED DEPOSIT WITH FINANCIAL INSTITUTION

Restricted deposit with financial institution consisted of:

	As at March 31, 2024		As at December 31, 2023	
	Interest at the rate	Amount	Interest at the rate	Amount
	(% per annum)	(Baht)	(% per annum)	(Baht)
Deposit at bank-saving account	0.60	10,000,000.00	0.60	10,027,205.77
Fixed deposits	0.85 - 1.10	20,000,000.00	0.50 - 0.85	20,000,000.00
Total		<u>30,000,000.00</u>		<u>30,027,205.77</u>

As at March 31, 2024 and December 31, 2023, the Company had bank deposits with two financial institutions in the amount of Baht 30.00 million, which were pledged as collaterals for overdraft lines of credit, trust receipt, letter of credit, forward foreign exchange contracts and letter of guarantee (Note 13).

9. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the three-month period ended March 31, 2024 were summarized as follows:

	Baht
At cost	
Balance as at December 31, 2023	226,400,512.81
Acquisitions during the period	6,712,183.55
Disposals and write-off during the period	(6,830,000.00)
Transfer in (out) during the period	3,260,000.00
Balance as at March 31, 2024	<u>229,542,696.36</u>
Accumulated depreciation	
Balance as at December 31, 2023	(60,360,082.28)
Depreciation for the period	(1,156,964.03)
Accumulated depreciation on disposals and write-off	4,781,000.00
Transfer (in) out during the period	(2,282,000.00)
Balance as at March 31, 2024	<u>(59,018,046.31)</u>
Net book value	
Balance as at December 31, 2023	<u>166,040,430.53</u>
Balance as at March 31, 2024	<u>170,524,650.05</u>

As at March 31, 2024 and December 31, 2023, the Company had fully depreciated assets but still in use with a total cost of Baht 33.45 million and Baht 36.43 million, respectively.

As at March 31, 2024 and December 31, 2023, land and buildings and machinery at a total cost of Baht 95.94 million had been used by the Company as collaterals for short-term borrowings from financial institutions (Note 13).

As at March 31, 2024 and December 31, 2023, the Company had insurance against property risks for buildings and structures and machinery by ceding most of the benefits to financial institutions as collaterals for borrowing.

10. RIGHT-OF-USE ASSETS

Movements of the right-of-use assets for the three-month period ended March 31, 2024 were summarized as follows:

	<u>Baht</u>
At cost	
Balance as at December 31, 2023	3,260,000.00
Transfer in (out) during the period	<u>(3,260,000.00)</u>
Balance as at March 31, 2024	<u>-</u>
Accumulated depreciation	
Balance as at December 31, 2023	(2,207,974.72)
Depreciation for the period	(74,025.28)
Transfer (in) out during the period	<u>2,282,000.00</u>
Balance as at March 31, 2024	<u>-</u>
Net book value	
Balance as at December 31, 2023	<u>1,052,025.28</u>
Balance as at March 31, 2024	<u><u>-</u></u>

11. INTANGIBLE ASSETS

Movements of the intangible assets for the three-month period ended March 31, 2024 were summarized as follows:

	Baht
At cost	
Balance as at December 31, 2023	7,496,471.00
Balance as at March 31, 2024	7,496,471.00
Accumulated amortization	
Balance as at December 31, 2023	(3,831,557.84)
Amortization for the period	(332,381.79)
Balance as at March 31, 2024	(4,163,939.63)
Net book value	
Balance as at December 31, 2023	3,664,913.16
Balance as at March 31, 2024	3,332,531.37

As at March 31, 2024 and December 31, 2023, the Company had intangible assets which were fully amortized but still in use with gross carrying amount of Baht 2.92 million and Baht 0.79 million, respectively.

12. DEFERRED TAX ASSETS

Movements in deferred tax assets (liability) for the three-month period ended March 31, 2024 were summarized as follows:

	Baht		
	As at December 31, 2023	Income (expenses) during the period In profit or loss In other comprehensive income	As at March 31, 2024
Deferred tax assets:			
Allowance for expected credit losses	31,223.61	(16,253.12)	14,970.49
Allowance for declining in value of inventories	77,122.33	7,818.37	84,940.70
Forward foreign exchange contracts	64,115.18	(64,115.18)	-
Provision for employee benefit	1,416,619.14	40,865.99	1,457,485.13
Tax loss carried forward	73,397.33	79,052.61	152,449.94
Total	1,662,477.59	47,368.67	1,709,846.26
Deferred tax liability:			
Forward foreign exchange contracts	-	(5,808.62)	(5,808.62)
Total	-	(5,808.62)	(5,808.62)
Deferred tax assets (liability), net	1,662,477.59		1,704,037.64

13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consisted of:

	Baht	
	As at March 31, 2024	As at December 31, 2023
Bank overdrafts	17,774,309.35	9,551,116.42
Trust receipts	47,004,306.47	57,221,799.83
Promissory notes	27,164,816.20	30,868,002.37
Total	91,943,432.02	97,640,918.62

The Company had credit facilities with three local financial institutions as follows:

Types of credit limit	Interest rate (% per annum)	Million Baht	
		As at March 31, 2024	As at December 31, 2023
(1) Bank overdrafts	F/D Rate + 1.50	60.00	60.00
(2) Letter of credit/trust receipt and forward foreign exchange contracts	3.035 - 5.350	240.00	240.00
(3) Promissory notes	MLR- 1.50, 1.75, 2.00	50.00	50.00
(4) Long-term loan (Note 15)	2.00 - 5.00	28.00	28.00
(5) Letter of Guarantee	-	0.78	0.78
Total		378.78	378.78

As at March 31, 2024 and December 31, 2023, such credit lines were guaranteed by savings and fixed deposits with local financial institutions (Note 8) and guaranteed by the mortgage of land and buildings owned by the Company and machinery owned by the Company (Note 9) and guaranteed by the Small Industry Credit Guarantee Corporation (TCG) in the loan amount of Baht 28.00 million.

14. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Baht	
	As at March 31, 2024	As at December 31, 2023
Trade account payables	8,508,169.00	1,379,624.24
Other current payables	2,715,453.84	1,937,081.20
Total	11,223,622.84	3,316,705.44

Other current payables consisted of:

	Baht	
	As at March	As at December
	31, 2024	31, 2023
Accrued expenses	1,011,850.87	435,480.50
Dividend accrued expenses	1,628.55	1,628.55
Interest accrued expenses	41,995.99	52,559.78
Payable from acquisition of assets	1,659,978.43	1,447,412.37
Total	2,715,453.84	1,937,081.20

15. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions consisted of:

	Baht	
	As at March	As at December
	31, 2024	31, 2023
Long-term loans from financial institutions	15,444,444.54	17,277,777.87
<u>Less</u> current portion	(7,333,333.32)	(7,333,333.32)
Long-term loans from financial institutions, net	8,111,111.22	9,944,444.55

Year	Credit limit (Million Baht)		Withdrawn (Million Baht)		Interest rate (% per annum)	Monthly repayment schedule of principal and interest	Outstanding principal (Baht)	
	2024	2023	2024	2023			As at March 31, 2024	As at December 31, 2023
2021	24.00	24.00	24.00	24.00	Year 1-2 =2 Year 3-5 =5	Monthly rate Baht 444,444.44 within 60 months by paying the first installment principal with interest on month 7 after the first loan drawdown	12,444,444.56	13,777,777.88
2023	4.00	4.00	4.00	4.00	Year 1-2 =2	Monthly rate Baht 166,666.67 within 24 months by paying the first installment principal upon 1-month due date and starts paying interest on month 7 after the first loan drawdown	2,999,999.98	3,499,999.99
Total	28.00	28.00	28.00	28.00			15,444,444.54	17,277,777.87

As at March 31, 2024 and December 31, 2023, the Company had long-term credit facilities with a financial institution. The credit facilities are guaranteed by the Small Industry Credit Guarantee Corporation (TCG) in the loan amount of Baht 28.00 million, whose guarantee fee was as specified in the contract. The Company shall with the condition of the financial institution that Mr. Pisit Ariyadejwanich, Ms. Leena Ariyadejwanich and Mr. Pisan Ariyadejwanich must maintain shareholding in the Company altogether not less than 51% of the total registered capital of the Company.

16. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the three-month period ended March 31, 2024 are presented below:

	Baht
Balance as at December 31, 2023	92,260.65
Accretion of interest	1,049.35
Payments	(93,310.00)
Balance as at March 31, 2024	-

The following are the amounts recognized in profit or loss:

	Baht
Depreciation of right-of-use assets	74,025.28
Interest expense on lease liabilities	1,049.35
Leases of low - value assets	15,510.00
	90,584.63

The Company had total cash outflows for leases of Baht 0.11 million.

17. APPROPRIATION OF RETAINED EARNING

Legal reserve

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

18. OPERATING SEGMENTS AND INCOME CLASSIFICATION

The Company operates in a single line of business, namely the steel distribution and the products related steel and vacuum hardening services, which are related to the main product therefore, the management considers that the Company operates in one major business segment.

The operating segment’s performance is regularly reviewed by the head of operation which is the Chife Executive Officer, in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

The details of the Company’s revenue separated by types and timing of revenue from sales and services for the three-month periods ended March 31, 2024 and 2023, were summarized as follows:

	Baht	
	2024	2023
Types of revenue from sales and services		
Revenue from sales	39,846,370.22	44,447,950.09
Revenue from services	1,556,415.25	1,742,819.12
Total	<u>41,402,785.47</u>	<u>46,190,769.21</u>
Timing for revenue recognition		
Point in time	41,402,785.47	46,190,769.21
Point over time	-	-
Total	<u>41,402,785.47</u>	<u>46,190,769.21</u>

Information related to geographical area

The Company operates in a single geographic area in Thailand. Therefore, the income and assets shown in the financial statements were considered geographically reported.

19. TAX EXPENSE (INCOME)

Major components of tax expense (income) for the three-month period ended March 31, 2024 and 2023 consisted of:

	Baht	
	2024	2023
Tax expense (income) shown in profit or loss:		
Current tax expense:		
Income tax expense for the period	-	-
Deferred tax expense (income):		
Changes in temporary differences relating		
to the original recognition and reversal	(41,560.05)	156,727.48
Total	<u>(41,560.05)</u>	<u>156,727.48</u>

Tax expense (income) recognized is based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective tax rate of the Company in respect of continuing operations three-month periods ended March 31, 2024 were 13.40% (March 31, 2023: 16.66%) These changes in effective tax rate were caused by the different treatment for accounting and taxation purposes of certain items of expense and the carry forward of unused tax losses in the financial statements.

20. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share was calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares issued and paid-up during the period.

For the three-month periods ended March 31, 2024 and 2023

		2024	2023
Profit (loss) for the period	(Baht)	(268,572.46)	783,956.12
Weighted average number of ordinary shares	(Shares)	300,000,000	289,333,333
Basic earnings (loss) per share	(Baht per share)	(0.001)	0.003

21. FINANCIAL INSTRUMENTS

The Company uses the market approach to measure their assets and liabilities at fair value which the relevant financial reporting standards require the measurement to be measured by fair value. If there is no active market or a quoted market price is not available, the cost approach or income approach is used.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As at March 31, 2024, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	Carrying	Fair Value (Baht)			
	amount	Level 1	Level 2	Level 3	Total
Assets					
Forward foreign exchange contracts	-	-	42,724.56	-	42,724.56
Liabilities					
Forward foreign exchange contracts	-	-	13,681.46	-	13,681.46

As at December 31, 2023, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	Carrying	Fair Value (Baht)			
	amount	Level 1	Level 2	Level 3	Total
Liabilities					
Forward foreign exchange contracts	-	-	320,575.88	-	320,575.88

22. COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Commitments relating to lease and service agreements

As at March 31, 2024 and December 31, 2023, the Company had commitments regarding the lease agreements, leases of low-value assets and service agreements with the future minimum payments as follows:

	Baht	
	As at March 31, 2024	As at December 31, 2023
Payable within:		
Not later than one year	1,941,759.62	121,417.57
Later than one year but not later than five years	89,070.00	98,880.00
Total	<u>2,030,829.62</u>	<u>220,297.57</u>

22.2 Commitments relating to forward foreign exchange contracts

As at March 31, 2024 the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 254,470.11 and EURO 54,227.08 (equal to Baht 11.30 million) with maturity dates in April - September 2024.

As at December 31, 2023 the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 123,259.50 (equal to Baht 4.18 million) with maturity dates in April 2024.

22.3 Commitments relating to outstanding letters of credit

As at March 31, 2024, the Company had no commitments for the outstanding letters of credit.

As at December 31, 2023, the Company had commitments for the outstanding letters of credit amounting equivalent to U.S. Dollars 40,480.00 (equal to Baht 1.39 million).

22.4 Commitment relating to purchase of raw material agreements

As at March 31, 2024 and December 31, 2023, the Company entered into memorandum and agreements to purchase raw materials from several unrelated companies, at prices and conditions as stipulated in the memorandum and agreements. The terms of the memorandum and agreements are between 1 and 8 months. The Company has an outstanding commitment under the agreements amounted U.S. Dollars 0.98 million and EURO 0.09 million (equal to Baht 39.38 million) and amounted U.S. Dollars 1.34 million (equal to Baht 46.12 million), respectively.

22.5 Commitment on capital expenditure

22.5.1 As at March 31, 2024 and December 31, 2023, the Company has commitment to pay under machine purchase contract totaling Baht 13.17 million and Baht 12.90 million. The Company has an outstanding commitment under the agreement amounted Baht 4.52 million and Baht 4.24 million, respectively.

22.5.2 As at March 31, 2024 and December 31, 2023, the Company has commitment to pay under contract for the construction of a new factory totaling Baht 26.34 million and Baht 34.83 million. The Company has an outstanding commitment under the agreement amounted Baht 2.34 million and Baht 7.82 million, respectively.

22.6 Contingent liabilities

As at March 31, 2024 and December 31, 2023, the Company had contingent liabilities in respect of electricity usage agreements with the Provincial Electricity Authority in the amount of Baht 526,400.00 and guarantee for fleet card in the amount of Baht 250,000.00.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

According to the Annual General Meeting of shareholders of the year 2024, held on April 25, 2024, the shareholders had resolution to approve the payment of dividends from retained earnings and net profit from the operations for the year 2023 at the rate of Baht 0.01 per share to the Company's shareholders in the amount not exceeding of Baht 3,000,000 by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of March 8, 2024, to be entitled to receive dividend. The Company will pay dividends to shareholders on May 24, 2024 and approved the appropriation of profit as a legal reserve in the amount of Baht 68,000 (which was fully appropriated as legal reserve in 2023).

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's Board of Directors on May 8, 2024.