

S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 September 30, 2024 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2024, changes in shareholders' equity and cash flows for the nine-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
November 8, 2024

"UNAUDITED"

"REVIEWED"

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2024

		<u>ASSETS</u>	
		Baht	
		As at September	As at December
		30, 2024	31, 2023
		Notes	
Current assets			
Cash and cash equivalents		5,145,472.35	6,776,214.97
Trade and other current receivables	5	39,172,180.63	42,914,463.80
Inventories	6	142,355,012.55	151,207,044.15
Other current financial asset	7	506,336.29	506,336.29
Other current assets		166,787.89	223,597.77
Total current assets		187,345,789.71	201,627,656.98
Non-current assets			
Restricted deposits with financial institution	8	10,000,000.00	30,027,205.77
Property, plant and equipment	9	175,369,402.71	166,040,430.53
Right-of-use assets	10	-	1,052,025.28
Intangible assets	11	3,281,311.55	3,664,913.16
Deferred tax assets	12	2,308,026.30	1,662,477.59
Other non-current assets		71,984.10	71,984.10
Total non-current assets		191,030,724.66	202,519,036.43
TOTAL ASSETS		378,376,514.37	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 SEPTEMBER 30, 2024

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht	
		As at September	As at December
	Notes	30, 2024	31, 2023
Current liabilities			
Bank overdrafts and short-term loans from			
financial institutions	13	61,916,468.82	97,640,918.62
Trade and other current payables	14	22,667,922.77	3,316,705.44
Current portion of long-terms loans from			
financial institutions	15	7,333,333.24	7,333,333.32
Current portion of lease liabilities	16	-	92,260.65
Derivative liabilities	21	1,501,660.73	320,575.88
Other current liabilities		117,636.07	166,426.79
Total current liabilities		93,537,021.63	108,870,220.70
Non-current liabilities			
Long-term loans from financial institutions	15	4,444,444.64	9,944,444.55
Provisions for employee benefit		7,694,962.61	7,083,095.74
Total non-current liabilities		12,139,407.25	17,027,540.29
TOTAL LIABILITIES		105,676,428.88	125,897,760.99

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S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2024

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Baht	
		As at September	As at December
		30, 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		5,143,433.49	10,692,280.42
TOTAL SHAREHOLDERS' EQUITY		272,700,085.49	278,248,932.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		378,376,514.37	404,146,693.41

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

"REVIEWED"

S.A.F. SPECIAL STEEL PUBLIC COMPANY LIMITED

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

		Baht				
Note	Issued and	Share premium	Retained earnings		Total	
	paid-up shares	on ordinary	Appropriated	Unappropriated	shareholders'	
	capital	shares	Legal reserve		equity	
	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
	Dividend	-	-	-	(10,499,881.35)	(10,499,881.35)
	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	-	-	-	108,047.14	108,047.14
	Ending balance as at September 30, 2023	<u>150,000,000.00</u>	<u>113,113,152.00</u>	<u>4,375,500.00</u>	<u>10,136,712.95</u>	<u>277,625,364.95</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
	Dividend	-	-	-	(2,999,980.00)	(2,999,980.00)
	Total comprehensive income for the period					
	Loss for the period	-	-	-	(2,548,866.93)	(2,548,866.93)
	Ending balance as at September 30, 2024	<u>150,000,000.00</u>	<u>113,113,152.00</u>	<u>4,443,500.00</u>	<u>5,143,433.49</u>	<u>272,700,085.49</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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Baht	
	2024	2023
Cash flows from operating activities		
Profit (loss) for the period	(2,548,866.93)	108,047.14
Reconciliations of profit (loss) for the period to cash provided by (used in) operating activities:		
Depreciation	3,474,451.99	3,703,867.21
Amortization	768,096.61	559,145.22
Expected credit losses (reversal)	(13,424.46)	(348,650.57)
Loss on declining in value of inventories	99,390.49	164,241.65
Gain on disposal/write-off of equipment and intangible assets	(275,681.92)	(98,789.09)
Unrealized gain on exchange rate	(429,045.35)	(3,735.29)
Employee benefit expense	611,866.87	538,458.20
Interest income	(114,963.99)	(107,437.78)
Write-off withholding tax at source	179,512.68	-
Interest expense	3,678,481.70	3,673,046.98
Tax expense (income)	(645,548.71)	(61,725.56)
Profit provided by operating activities before changes in operating assets and liabilities	4,784,268.98	8,126,468.11
(Increase) decrease in operating assets		
Trade and other current receivables	2,232,828.49	3,175,163.05
Inventories	8,752,641.11	(20,469,553.16)
Other current assets	(10,332.13)	(260,816.05)
Increase (decrease) in operating liabilities		
Trade and other current payables	22,444,494.65	2,650,182.88
Provisions for employee benefit	-	(203,358.61)
Other current liabilities	(48,790.72)	(704,297.20)
Cash received (paid) from operations	38,155,110.38	(7,686,210.98)
Income tax paid	(112,370.67)	(600,904.11)
Net cash provided by (used in) operating activities	38,042,739.71	(8,287,115.09)

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Baht	
	2024	2023
Cash flows from investing activities		
Decrease in restricted deposit with financial institution	20,027,205.77	10,558.07
Cash payments for purchase of property, plant and equipment	(13,905,036.48)	(58,300,897.88)
Cash receipts from disposal of equipment	2,767,186.92	165,100.00
Cash payments for purchase of intangible asset	(722,994.50)	(820,742.00)
Interest income received	191,062.85	52,695.40
Net cash provided by (used in) investing activities	8,357,424.56	(58,893,286.41)
Cash flows from financing activities		
Decrease in bank overdrafts and short-term loans from financial institutions	(35,724,449.80)	(42,234,007.20)
Cash receipts from long-term loans from financial institution	-	4,000,000.00
Cash payments for repayment of long-term loans from financial institution	(5,499,999.99)	(3,999,999.96)
Cash payments for repayment of lease liabilities	(92,260.65)	(576,817.67)
Cash receipts from share subscription	-	154,400,000.00
Cash payments on directly attributable expenses of public offering the initial	-	(1,608,560.00)
Dividend paid	(2,999,344.52)	(10,497,937.80)
Interest expense paid	(3,714,851.93)	(3,671,191.22)
Net cash provided by (used in) financing activities	(48,030,906.89)	95,811,486.15
Net increase (decrease) in cash and cash equivalents	(1,630,742.62)	28,631,084.65
Cash and cash equivalents - beginning of the period	6,776,214.97	1,576,441.30
Cash and cash equivalents - ending of the period	5,145,472.35	30,207,525.95

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Baht	
	2024	2023
Supplement disclosure for cash flows information:		
1. Reconciliation of interest income received from investing activities		
Interest received during the period	114,963.99	107,437.78
(Increase) decrease accrued interest income	76,098.86	(54,742.38)
Cash received for interest	<u>191,062.85</u>	<u>52,695.40</u>
2. Reconciliation of interest expense paid from financing activities		
Interest paid during the period	(3,678,481.70)	(3,673,046.98)
Increase (decrease) accrued interest expense	<u>(36,370.23)</u>	<u>1,855.76</u>
Cash paid for interest	<u>(3,714,851.93)</u>	<u>(3,671,191.22)</u>
3. Reconciliation of dividend paid		
Dividend paid for the period	(2,999,980.00)	(10,499,881.35)
Increase in accrued dividend	<u>635.48</u>	<u>1,943.55</u>
Dividend paid	<u>(2,999,344.52)</u>	<u>(10,497,937.80)</u>
4. Reconciliation of cash paid for acquisition of property, plant and equipment		
Acquisition of property, plant and equipment the period	(14,242,898.89)	(61,896,228.52)
(Increase) decrease in advance payments for purchase of assets	1,446,780.28	(2,420,780.28)
Increase (decrease) in payable from acquisition of assets	<u>(1,108,917.87)</u>	<u>6,016,110.92</u>
Cash paid for acquisition of property, plant and equipment	<u>(13,905,036.48)</u>	<u>(58,300,897.88)</u>
5. Reconciliation of cash paid for acquisition of intangible assets		
Acquisition of intangible assets the period	(384,500.00)	(2,767,500.00)
Increase (decrease) in payable from acquisition of assets	<u>(338,494.50)</u>	<u>1,946,758.00</u>
Cash paid for acquisition of intangible assets	<u>(722,994.50)</u>	<u>(820,742.00)</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
SEPTEMBER 30, 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, Bangkhunthien, Bangkok 10150.

Branch office is located

(1) 112/2, 112/3 Thientalay 24 Bangkhunthien-Chytalay rd., Ta-kam, Bangkhunthien, Bangkok 10150.

(2) 45/13 Thientalay 24 Bangkhunthien-Chytalay rd., Ta-kam, Bangkhunthien, 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 60.39% 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.

2.3 Revised financial reporting standards to be applied in the future

The Federation of Accounting Professions has announced to apply the revised financial reporting standards 2024 and it was announced in the Royal Gazette on September 17, 2024 on 4 editions, which are revised in accordance with the International Financial Reporting Standards, (Bound Volume 2024 Consolidated without early application), which are effective for the financial statements for the accounting period beginning on or after January 1, 2025.

The Management of the Company has assessed and believed that this revision will not significantly affect the financial statements in the year that such standard is applied.

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 (Ended on May 16, 2024)
<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 and nine-month periods ended September 30, 2024 and 2023 were as follows:

	Baht			
	For the three-month period		For the nine-month period	
	ended September 30		ended September 30	
	2024	2023	2024	2023
Related company				
Other service expense	-	-	3,000.00	3,000.00
Related person				
Purchase of asset	-	-	-	27,570,000.00
Key management personnel				
Compensation to director and key management personnel				
Short-term benefits	2,595,050.00	2,485,790.00	7,673,130.00	7,575,200.00
Post-employment benefits	97,042.90	86,351.70	291,358.34	265,710.74
	<u>2,692,092.90</u>	<u>2,572,141.70</u>	<u>7,964,488.34</u>	<u>7,840,910.74</u>

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 persons) 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.

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 September 30, 2024	As at December 31, 2023
Trade receivables (Note 5.1)	36,732,323.82	37,730,804.82
Other current receivables (Note 5.2)	2,439,856.81	5,183,658.98
Total	39,172,180.63	42,914,463.80

5.1 Trade receivables consisted of:

	Baht	
	As at September 30, 2024	As at December 31, 2023
Trade receivables	36,208,648.74	37,176,535.17
Post date cheque	666,368.66	710,387.69
Total	36,875,017.40	37,886,922.86
<u>Less</u> Allowance for expected credit losses	(142,693.58)	(156,118.04)
Net	36,732,323.82	37,730,804.82

Classified by ages of accounts consisted of:

	Baht	
	As at September 30, 2024	As at December 31, 2023
Not yet due	27,528,407.26	29,454,011.03
Overdue:		
Less than 1 months	8,410,914.49	7,905,244.51
1 - 2 months	864,687.77	414,072.91
2 - 3 months	71,007.88	113,594.41
Over 3 months	-	-
Total	36,875,017.40	37,886,922.86

5.2 Other current receivables consisted of:

	Baht	
	As at September	As at December
	30, 2024	31, 2023
Prepaid expense	1,836,046.96	756,826.77
Advance payments	-	1,446,780.28
Revenue department receivable	581,655.73	2,881,798.95
Accrued interest income	22,154.12	98,252.98
Total	<u>2,439,856.81</u>	<u>5,183,658.98</u>

6. INVENTORIES

Inventories consisted of:

	Baht	
	As at September	As at December
	30, 2024	31, 2023
Finished goods	2,183,276.22	1,233,882.92
Work in process	207,776.89	40,913.69
Raw materials	131,952,075.01	150,032,645.24
Goods in transit	8,250,122.08	-
Supplies	246,764.49	285,213.95
Total	142,840,014.69	151,592,655.80
<u>Less</u> Allowance for declining in value of inventories	<u>(485,002.14)</u>	<u>(385,611.65)</u>
Net	<u>142,355,012.55</u>	<u>151,207,044.15</u>

7. OTHER CURRENT FINANCIAL ASSET

Other current financial asset consisted of:

	Baht	
	As at September	As at December
	30, 2024	31, 2023
Fixed deposits measured at amortized cost	506,336.29	506,336.29
Total	<u>506,336.29</u>	<u>506,336.29</u>

As at September 30, 2024 and December 31, 2023, the Company has 12-months fixed deposits with a commercial bank 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 September 30, 2024		As at December 31, 2023	
	Interest at the rate (% per annum)	Amount (Baht)	Interest at the rate (% per annum)	Amount (Baht)
Deposit at bank-saving account	0.60	10,000,000.00	0.60	10,027,205.77
Fixed deposits	-	-	0.50 - 0.85	20,000,000.00
Total		<u>10,000,000.00</u>		<u>30,027,205.77</u>

As at December 31, 2023, the Company had restricted deposits with two financial institutions in the amount of Baht 30.00 million which were guaranteed against overdraft facilities, trust receipt/letter of credit agreement, forward foreign exchange contracts and letter of guarantee. Later, on June 5, 2024, the Company requested to cancel the overdraft facilities with a financial institution along with redeeming fixed deposits in the amount of Baht 20.00 million which was guaranteed against the such credit line. The Company received a letter of consent to cancel the registration of the business collateral contract from a financial institution on June 10, 2024. As a result, as at September 30, 2024, the Company had outstanding restricted deposit with a financial institution in the amount of Baht 10.00 million which was guaranteed against overdraft facility (Note 13).

9. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the nine-month period ended September 30, 2024 were summarized as follows:

	Baht
At cost	
Balance as at December 31, 2023	226,400,512.81
Acquisitions during the period	14,242,898.89
Disposals and write-off during the period	(8,305,000.00)
Transfer in (out) during the period	3,260,000.00
Balance as at September 30, 2024	<u>235,598,411.70</u>
Accumulated depreciation	
Balance as at December 31, 2023	(60,360,082.28)
Depreciation for the period	(3,400,426.71)
Accumulated depreciation on disposals and write-off	5,813,500.00
Transfer (in) out during the period	(2,282,000.00)
Balance as at September 30, 2024	<u>(60,229,008.99)</u>

	Baht
Net book value	
Balance as at December 31, 2023	166,040,430.53
Balance as at September 30, 2024	175,369,402.71

As at September 30, 2024 and December 31, 2023, the Company had fully depreciated assets but still in use with a total cost of Baht 35.56 million and Baht 36.43 million, respectively.

As at September 30, 2024 and December 31, 2023, land and buildings at a total cost of Baht 158.02 million and Baht 95.94 million, respectively, had been used by the Company as collaterals for short-term and long-term borrowings from financial institutions (Note 13 and 15).

As at September 30, 2024 and December 31, 2023, the Company had insurance against property risks for buildings and structures 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 nine-month period ended September 30, 2024 were summarized as follows:

	Baht
At cost	
Balance as at December 31, 2023	3,260,000.00
Transfer in (out) during the period	(3,260,000.00)
Balance as at September 30, 2024	-
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	2,282,000.00
Balance as at September 30, 2024	-
Net book value	
Balance as at December 31, 2023	1,052,025.28
Balance as at September 30, 2024	-

11. INTANGIBLE ASSETS

Movements of the intangible assets for the nine-month period ended September 30, 2024 were summarized as follows:

	Baht
At cost	
Balance as at December 31, 2023	7,496,471.00
Acquisitions during the period	384,500.00
Disposals and write-off during the period	(646,800.00)
Balance as at September 30, 2024	<u>7,234,171.00</u>
Accumulated amortization	
Balance as at December 31, 2023	(3,831,557.84)
Amortization for the period	(768,096.61)
Accumulated depreciation on disposals and write-off	646,795.00
Balance as at September 30, 2024	<u>(3,952,859.45)</u>
Net book value	
Balance as at December 31, 2023	<u>3,664,913.16</u>
Balance as at September 30, 2024	<u>3,281,311.55</u>

As at September 30, 2024 and December 31, 2023, the Company had intangible assets which were fully amortized but still in use with gross carrying amount of Baht 2.80 million and Baht 0.79 million, respectively.

12. DEFERRED TAX ASSETS

Movements in deferred tax assets for the nine-month period ended September 30, 2024 were summarized as follows:

	Baht		
	As at December	Income (expenses) during the period	As at September
	31, 2023	In profit or loss	30, 2024
		In other comprehensive income	
Deferred tax assets:			
Allowance for expected credit losses	31,223.61	(2,684.89)	28,538.72
Allowance for declining in value of inventories	77,122.33	19,878.10	97,000.43
Forward foreign exchange contracts	64,115.18	236,216.97	300,332.15
Provision for employee benefit	1,416,619.14	122,373.38	1,538,992.52
Tax loss carried forward	73,397.33	269,765.15	343,162.48
Total	<u>1,662,477.59</u>	<u>645,548.71</u>	<u>2,308,026.30</u>

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

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

	Baht	
	As at September 30, 2024	As at December 31, 2023
Bank overdrafts	5,879,580.26	9,551,116.42
Trust receipts	28,713,307.18	57,221,799.83
Promissory notes	27,323,581.38	30,868,002.37
Total	61,916,468.82	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 September 30, 2024	As at December 31, 2023
(1) Bank overdrafts	F/D Rate + 1.50	40.00	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, MLR -1.25	58.00	28.00
(5) Letter of Guarantee	-	0.78	0.78
Total		388.78	378.78

As at September 30, 2024 and December 31, 2023, such credit line was guaranteed by bank deposits with local financial institutions (Note 8) and guaranteed by the mortgage of land and buildings owned by the Company (Note 9) and guaranteed by Thai Credit Guarantee Corporation (TCG) in the loan amount of Baht 28.00 million.

On June 10, 2024, the Company entered into a memorandum of understanding attached to the credit limit agreement with the financial institution. A financial institution requested to reduce the total credit limit by Baht 20.00 million by reducing the overdraft facilities and redeeming fixed deposit which is an asset used as collateral to guarantee against such credit line (Note 8).

14. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Baht	
	As at September	As at December
	30, 2024	31, 2023
Trade account payables	20,806,456.39	1,379,624.24
Other current payables	1,861,466.38	1,937,081.20
Total	22,667,922.77	3,316,705.44

Other current payables consisted of:

	Baht	
	As at September	As at December
	30, 2024	31, 2023
Accrued expenses	1,843,012.80	435,480.50
Dividend accrued expenses	2,264.03	1,628.55
Interest accrued expenses	16,189.55	52,559.78
Payable from acquisition of assets	-	1,447,412.37
Total	1,861,466.38	1,937,081.20

15. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions consisted of:

	Baht	
	As at September	As at December
	30, 2024	31, 2023
Long-term loans from financial institutions	11,777,777.88	17,277,777.87
<u>Less</u> current portion	<u>(7,333,333.24)</u>	<u>(7,333,333.32)</u>
Long-term loans from financial institutions, net	4,444,444.64	9,944,444.55

Credit limit	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 September 30, 2024	As at December 31, 2023
1	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	9,777,777.92	13,777,777.88
2	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	1,999,999.96	3,499,999.99
3	2024	30.00	-	-	-	Year 1-2 = 3.5 Year 3-7 = MLR - 1.25	Monthly rate Baht 360,000.00 within 84 months by paying the first installment principal with interest on month 1 after the first loan drawdown	-	-
Total		58.00	28.00	28.00	28.00			11,777,777.88	17,277,777.87

As at September 30, 2024 and December 31, 2023, the Company had long-term credit facilities with a financial institution. Under the terms of the long-term credit facility agreements, the Company had guarantees and must comply with the important conditions and restrictions set forth in the contract as follows:

- 1st - 2nd credit limit

Guaranteed by Thai Credit Guarantee Corporation (TCG) in the loan amount of Baht 28.00 million, whose guarantee fee was as specified in the contract. In addition, the Company must comply with important conditions by requiring 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.

- 3rd credit limit

Guaranteed by the mortgage of the Company's own land and buildings (Note 9). In addition, the Company must comply with the following important conditions:

- (1) In the event that the borrower is unable to repay the debt under the loan agreement to the bank (Cash Deficiency), Mr. Pisit Ariyadejwanich, Mr. Pisan Ariyadejwanich and Ms. Leena Ariyadejwanich agree to provide financial support to the Company in order to resolve the cash deficiency that has occurred.
- (2) The Company must maintain a Debt to Equity Ratio of not more than 2 times.
- (3) Loans from affiliated companies and/or related persons (if any) shall be considered subordinated to the bank's loans and the borrower agrees not to repay such debt unless receiving prior written consent from the bank.

16. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the nine-month period ended September 30, 2024 were 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 September 30, 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	44,630.00
	119,704.63

The Company had total cash outflows for leases of Baht 0.14 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.

Dividend and legal reserve

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 of Baht 2,999,980 by paying dividends in cash to shareholders whose names appear in the shareholder registration book as at March 8, 2024, to be entitled to receive dividend. The Company had paid 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).

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 Chief 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 and nine-month periods ended September 30, 2024 and 2023, were summarized as follows:

	Baht			
	For the three-month period		For the nine-month period	
	ended September 30		ended September 30	
	2024	2023	2024	2023
Types of revenue from sales and services				
Revenue from sales	40,974,165.37	41,673,010.68	119,776,074.06	125,097,229.57
Revenue from services	1,329,736.11	1,467,292.00	3,834,967.06	4,655,001.77
Total	42,303,901.48	43,140,302.68	123,611,041.12	129,752,231.34
Timing for revenue recognition				
Point in time	42,303,901.48	43,140,302.68	123,611,041.12	129,752,231.34
Point over time	-	-	-	-
Total	42,303,901.48	43,140,302.68	123,611,041.12	129,752,231.34

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 and nine-month periods ended September 30, 2024 and 2023 consisted of:

	Baht			
	For the three-month period		For the nine-month period	
	ended September 30		ended September 30	
	2024	2023	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	(252,368.94)	175,002.06	(645,548.71)	(61,725.56)
Total	<u>(252,368.94)</u>	<u>175,002.06</u>	<u>(645,548.71)</u>	<u>(61,725.56)</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 and nine-month periods ended September 30, 2024 were 21.44% and 20.21% (September 30, 2023: 18.38% and 133.25%), respectively. 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 and nine-month periods ended September 30, 2024 and 2023

		For the three-month period ended		For the nine-month period ended	
		September 30		September 30	
		2024	2023	2024	2023
Profit (loss) for the period	(Baht)	(924,773.36)	777,135.43	(2,548,866.93)	108,047.14
Weighted average number of ordinary shares	(Shares)	300,000,000	300,000,000	300,000,000	300,000,000
Basic earnings (loss) per share	(Baht per share)	0.0031	0.0026	(0.0085)	0.0004

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 September 30, 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
Liabilities					
Forward foreign exchange contracts	-	-	1,501,660.73	-	1,501,660.73

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 September 30, 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 September 30, 2024	As at December 31, 2023
Payable within:		
Not later than one year	615,640.00	121,417.57
Later than one year but not later than five years	69,450.00	98,880.00
Total	<u>685,090.00</u>	<u>220,297.57</u>

22.2 Commitments relating to forward foreign exchange contracts

As at September 30, 2024 the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 527,392.29 and EURO 78,500.32 (equal to Baht 19.72 million) with maturity dates in December 2024 - March 2025.

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 September 30, 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 September 30, 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 0.55 million and EURO 0.08 million (equal to Baht 20.77 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 December 31, 2023, the Company has commitment to pay under machine purchase contract totaling Baht 12.90 million. The Company has an outstanding commitment under the agreement amounted Baht 4.24 million.

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

22.6 Contingent liabilities

As at September 30, 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

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