

Pacific Pipe Public Company Limited and its subsidiary
Report and consolidated financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of Pacific Pipe Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Pacific Pipe Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Pacific Pipe Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Pipe Public Company Limited and its subsidiary and of Pacific Pipe Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition from sales transactions

Revenue from sales transactions is one of the significant account of the Group since sales directly affect to the profit and loss for the year. In addition, the Group has numerous customers in various businesses and categories. I have therefore focused on auditing the revenue from sales recognition and in particular on the timing of revenue recognition.

I assessed and tested the internal controls of the Group with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I examined supporting documents for sales transactions occurring during the year and sales transactions occurred near to the end of the accounting period. I also reviewed credit notes that the Group issued after period end and performed analytical procedures on sales account.

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in Note 9 to the financial statements, is an area requiring management judgement. In addition, major products of the Group are hot-rolled coil and steel pipes which cost of raw material are fluctuated depends on market prices. There is therefore a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the method and gained an understanding of the basis applied in determining the provision for diminution in value of inventory, reviewed the consistency of the application of that basis, performed a comparison of gross profit rate and compared proceeds from sales transactions occurring after the period end and trends in steel prices after the date of the financial statements with the cost of inventory.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Wilai Sunthornwanee

Certified Public Accountant (Thailand) No. 7356

EY Office Limited

Bangkok: 23 February 2023

Pacific Pipe Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2022

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets					
Current assets					
Cash and cash equivalents	7	253,133,684	413,376,183	253,133,684	401,346,877
Trade and other receivables	8	870,736,450	1,011,075,339	870,736,450	1,011,090,379
Inventories	9	1,234,452,049	2,268,399,663	1,234,452,049	2,268,399,663
Advance payments for raw material		226,300,000	-	226,300,000	-
Current tax assets		10,413,526	-	10,413,526	-
Other current assets		22,146,717	14,363,112	22,146,717	14,363,112
Total current assets		<u>2,617,182,426</u>	<u>3,707,214,297</u>	<u>2,617,182,426</u>	<u>3,695,200,031</u>
Non-current assets					
Investments in subsidiary	2.2	-	-	-	-
Property, plant and equipment	10	1,569,689,433	1,680,442,070	1,569,689,433	1,680,442,070
Intangible assets	11	28,535,431	32,160,583	28,535,431	32,160,583
Other non-current assets		186,352	352,350	186,352	352,350
Total non-current assets		<u>1,598,411,216</u>	<u>1,712,955,003</u>	<u>1,598,411,216</u>	<u>1,712,955,003</u>
Total assets		<u>4,215,593,642</u>	<u>5,420,169,300</u>	<u>4,215,593,642</u>	<u>5,408,155,034</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	12	1,858,220,959	2,153,468,877	1,858,220,959	2,153,468,877
Trade and other payables	13	129,214,013	127,057,780	129,214,013	127,057,780
Derivative liabilities		-	899,850	-	899,850
Current portion of lease liabilities	14	11,806,880	9,999,247	11,806,880	9,999,247
Income tax payable		-	16,684,257	-	16,684,257
Other current liabilities		16,694,534	16,700,657	16,694,534	16,700,657
Total current liabilities		<u>2,015,936,386</u>	<u>2,324,810,668</u>	<u>2,015,936,386</u>	<u>2,324,810,668</u>
Non-current liabilities					
Lease liabilities - net of current portion	14	29,833,052	37,425,637	29,833,052	37,425,637
Deferred tax liabilities	18	97,615,908	97,073,319	97,615,908	94,717,544
Provision for long-term employee benefits	15	28,410,045	34,290,443	28,410,045	34,290,443
Total non-current liabilities		<u>155,859,005</u>	<u>168,789,399</u>	<u>155,859,005</u>	<u>166,433,624</u>
Total liabilities		<u>2,171,795,391</u>	<u>2,493,600,067</u>	<u>2,171,795,391</u>	<u>2,491,244,292</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Shareholders' equity					
Share capital					
Registered					
660,000,000 ordinary shares of Baht 1 each		<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>
Issued and fully paid up					
660,000,000 ordinary shares of Baht 1 each		660,000,000	660,000,000	660,000,000	660,000,000
Share premium					
Share premium on ordinary shares		514,845,000	514,845,000	514,845,000	514,845,000
Surplus on treasury shares		1,010,911	1,010,911	1,010,911	1,010,911
Retained earnings					
Appropriated - statutory reserve	16	67,000,000	67,000,000	67,000,000	67,000,000
Unappropriated		408,780,451	1,291,551,433	408,780,451	1,281,892,942
Other components of shareholders' equity		<u>392,161,889</u>	<u>392,161,889</u>	<u>392,161,889</u>	<u>392,161,889</u>
Total shareholders' equity		<u>2,043,798,251</u>	<u>2,926,569,233</u>	<u>2,043,798,251</u>	<u>2,916,910,742</u>
Total liabilities and shareholders' equity		<u>4,215,593,642</u>	<u>5,420,169,300</u>	<u>4,215,593,642</u>	<u>5,408,155,034</u>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

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 Directors

Pacific Pipe Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Revenues					
Sales and service income		9,789,065,336	9,613,365,326	9,789,065,336	9,613,365,326
Gains on exchange		8,026,189	-	8,026,189	-
Gain on return of capital surplus from subsidiaries	2.2	-	-	12,014,266	427,448
Other income		81,933,366	102,808,237	81,933,366	102,807,357
Total revenues		9,879,024,891	9,716,173,563	9,891,039,157	9,716,600,131
Expenses					
Cost of sales and services		9,775,817,206	8,542,629,794	9,775,817,206	8,542,629,794
Selling and distribution expenses		143,725,136	150,031,331	143,725,136	150,031,331
Administrative expenses		259,595,699	283,375,299	259,595,699	283,375,180
Losses on exchange		-	9,414,587	-	9,414,587
Total expenses		10,179,138,041	8,985,451,011	10,179,138,041	8,985,450,892
Operating profit (loss)		(300,113,150)	730,722,552	(288,098,884)	731,149,239
Finance income		387,473	435,076	387,473	423,128
Finance cost		(37,116,005)	(36,216,119)	(37,116,005)	(36,216,109)
Profit (loss) before income tax benefits (expenses)		(336,841,682)	694,941,509	(324,827,416)	695,356,258
Income tax benefits (expenses)	18	1,877,636	(140,252,414)	(478,139)	(140,349,713)
Profit (loss) for the year		(334,964,046)	554,689,095	(325,305,555)	555,006,545
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains	15	8,232,930	-	8,232,930	-
Less: Income tax effect	18	(1,646,586)	-	(1,646,586)	-
Other comprehensive income for the year		6,586,344	-	6,586,344	-
Total comprehensive income for the year		(328,377,702)	554,689,095	(318,719,211)	555,006,545
Earnings per share					
19					
Basic earnings (loss) per share					
Profit (loss) for the year		(0.51)	0.84	(0.49)	0.84

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements						
	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
						Surplus on revaluation of assets	
Balance as at 1 January 2021	660,000,000	514,845,000	1,010,911	67,000,000	855,662,338	392,161,889	2,490,680,138
Profit for the year	-	-	-	-	554,689,095	-	554,689,095
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	554,689,095	-	554,689,095
Dividend paid (Note 22)	-	-	-	-	(118,800,000)	-	(118,800,000)
Balance as at 31 December 2021	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>1,291,551,433</u>	<u>392,161,889</u>	<u>2,926,569,233</u>
							-
Balance as at 1 January 2022	660,000,000	514,845,000	1,010,911	67,000,000	1,291,551,433	392,161,889	2,926,569,233
Profit for the year	-	-	-	-	(334,964,046)	-	(334,964,046)
Other comprehensive income for the year	-	-	-	-	6,586,344	-	6,586,344
Total comprehensive income for the year	-	-	-	-	(328,377,702)	-	(328,377,702)
Dividend paid (Note 22)	-	-	-	-	(554,393,280)	-	(554,393,280)
Balance as at 31 December 2022	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>408,780,451</u>	<u>392,161,889</u>	<u>2,043,798,251</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2022

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income Surplus on revaluation of assets	Total shareholders' equity
Balance as at 1 January 2021	660,000,000	514,845,000	1,010,911	67,000,000	845,686,397	392,161,889	2,480,704,197
Profit for the year	-	-	-	-	555,006,545	-	555,006,545
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	555,006,545	-	555,006,545
Dividend paid (Note 22)	-	-	-	-	(118,800,000)	-	(118,800,000)
Balance as at 31 December 2021	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>1,281,892,942</u>	<u>392,161,889</u>	<u>2,916,910,742</u>
							-
Balance as at 1 January 2022	660,000,000	514,845,000	1,010,911	67,000,000	1,281,892,942	392,161,889	2,916,910,742
Profit for the year	-	-	-	-	(325,305,555)	-	(325,305,555)
Other comprehensive income for the year	-	-	-	-	6,586,344	-	6,586,344
Total comprehensive income for the year	-	-	-	-	(318,719,211)	-	(318,719,211)
Dividend paid (Note 22)	-	-	-	-	(554,393,280)	-	(554,393,280)
Balance as at 31 December 2022	<u>660,000,000</u>	<u>514,845,000</u>	<u>1,010,911</u>	<u>67,000,000</u>	<u>408,780,451</u>	<u>392,161,889</u>	<u>2,043,798,251</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2022

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities				
Profit (loss) before tax	(336,841,682)	694,941,509	(324,827,416)	695,356,258
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	126,964,791	131,059,681	126,964,791	131,059,681
Bad debts	6,685,903	7,518,465	6,685,903	7,518,465
Expected credit losses (reversal)	2,216,884	(2,402,813)	2,216,884	(2,402,813)
Reduction (reversal) of inventory cost to net realisable value	(18,261,406)	50,679,030	(18,261,406)	50,679,030
Loss on disposals/write-off of building and equipment	257,451	414,565	257,451	414,565
Impairment loss on building and equipment	14,429,252	-	14,429,252	-
Long-term employee benefits expenses	4,398,303	4,505,975	4,398,303	4,505,975
Unrealised losses on exchange	-	382,606	-	382,606
Loss on fair value adjustments of derivative liabilities	-	899,850	-	899,850
Gain on return of capital surplus from subsidiaries	-	-	(12,014,266)	(427,448)
Finance income	(387,473)	(435,076)	(387,473)	(423,128)
Interest expenses	36,777,628	35,897,647	36,777,628	35,897,647
Profit (loss) from operating activities before changes in operating assets and liabilities	(163,760,349)	923,461,439	(163,760,349)	923,460,688
Operating assets (increase) decrease				
Trade and other receivables	131,439,060	(269,356,295)	131,454,100	(269,162,302)
Inventories	1,052,209,020	(859,162,137)	1,052,209,020	(859,162,137)
Advance payments for raw material	(226,300,000)	245,475,994	(226,300,000)	245,475,994
Other current assets	(7,783,569)	(1,119,370)	(7,783,569)	(1,119,370)
Other non-current assets	165,998	47,196	165,998	47,196
Operating liabilities increase (decrease)				
Trade and other payables	(227,241)	8,231,089	(227,241)	8,251,208
Derivative liabilities	(899,850)	-	(899,850)	
Other current liabilities	(6,123)	912,832	(6,123)	912,832
Paid for long-term employee benefits	(2,045,771)	(4,994,011)	(2,045,771)	(4,994,011)
Cash flows from operating activities	782,791,175	43,496,737	782,806,215	43,710,098
Interest received	384,515	428,873	384,515	416,925
Interest paid	(36,693,435)	(37,533,010)	(36,693,435)	(37,533,010)
Corporate income tax paid	(26,324,180)	(170,386,073)	(26,324,180)	(170,386,073)
Net cash flows from (used in) operating activities	720,158,075	(163,993,473)	720,173,115	(163,792,060)

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(19,952,906)	(28,615,331)	(19,952,906)	(28,615,331)
Acquisition of intangible assets	(573,000)	(898,850)	(573,000)	(898,850)
Proceeds from sales of equipment	236,523	566,402	236,523	566,402
Cash received from return of capital surplus from subsidiary	-	-	12,014,266	2,226,908
Net cash flows used in investing activities	<u>(20,289,383)</u>	<u>(28,947,779)</u>	<u>(8,275,117)</u>	<u>(26,720,871)</u>
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	9,404,848,250	9,464,234,869	9,404,848,250	9,464,234,869
Cash paid for short-term loans from financial institutions	(9,700,096,168)	(8,999,439,814)	(9,700,096,168)	(8,999,439,814)
Payments of principal portion of lease liabilities	(10,469,993)	(6,924,311)	(10,469,993)	(6,924,311)
Dividend paid	(554,393,280)	(118,800,000)	(554,393,280)	(118,800,000)
Net cash flows from (used in) financing activities	<u>(860,111,191)</u>	<u>339,070,744</u>	<u>(860,111,191)</u>	<u>339,070,744</u>
Net increase (decrease) in cash and cash equivalents	<u>(160,242,499)</u>	<u>146,129,492</u>	<u>(148,213,193)</u>	<u>148,557,813</u>
Cash and cash equivalents at beginning of year	<u>413,376,183</u>	<u>267,246,691</u>	<u>401,346,877</u>	<u>252,789,064</u>
Cash and cash equivalents at end of year	<u><u>253,133,684</u></u>	<u><u>413,376,183</u></u>	<u><u>253,133,684</u></u>	<u><u>401,346,877</u></u>
	-	-	-	-
Supplemental cash flows information:				
Non-cash transactions				
Acquisition of plant and equipment for which no cash has been paid	2,299,281	3,613,675	2,299,281	3,613,675
Additions to right-of-use assets and lease liabilities	4,685,041	4,173,517	4,685,041	4,173,517

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2022

1. General information

Pacific Pipe Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Tang Mong Seng Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in manufacturing and distribution of steel pipes for construction work. The registered office of the Company is at 298, 298/2, Soi Klabcharoen, Suksawat Road, Tambon Pakklongbangplakod, Amphur Phrasamutjedi, Samutprakarn.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Pacific Pipe Public Company Limited and two subsidiary companies comprising Tamose Trading Company Limited and Meesup Transport Company Limited (the subsidiaries). However, on 1 December 2019, the Company acquired the entire businesses of these two subsidiaries. The subsidiaries registered their dissolution with the Ministry of Commerce on 4 December 2019. Subsequently, Meesup Transport Company Limited completed the liquidation on 25 May 2021 and returned its capital surplus to the Company amounting to Baht 2.2 million. Tamose Trading Company Limited completed the liquidation on 23 February 2022 and returned its capital surplus to the Company amounting to Baht 12 million.
- b) 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.

- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of service

Service revenue is recognised at a point in time upon completion of the service.

Revenue from contract of productions is recognised over time where the stage of completion is measured using the comparison of actual costs incurred up to the end of the period and total anticipated costs at completion.

The recognised revenue which is not yet due per the contracts has been presented under the caption of “Unbilled receivables” in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Group’s right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of “Advances received from customers” in the statement of financial position. Advances received from customers are recognised as revenue when the Group performs under the contract.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods and conversion raw materials are valued at lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Group's assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Depreciation of building and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 20 years
Buildings and building improvement	3 - 20 years
Machinery and factory equipment	2 - 31 years
Utilities system and office equipment	3 - 10 years
Motor vehicles	5 - 25 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.5 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 10 years

4.6 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	10 - 13 years
Buildings	6 years
Office equipment	3 - 5 years
Motor vehicles	2 - 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.8 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.9 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use-assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However, in cases where land were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.10 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plan

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.12 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (“ECLs”). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

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

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates the net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates as described in Note 10 to the financial statements.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	For the years ended 31 December		Transfer pricing policy
	Consolidated/Separate financial statements		
	<u>2022</u>	<u>2021</u>	
<u>Transactions with related parties</u>			
Office rental and service expenses	4	4	Contract price
Land rental expenses	6	6	Contract price

As at 31 December 2022 and 2021, the balances of the accounts between the Group and those related parties are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
<u>Lease liabilities - related parties</u>		
Major shareholder of the Company	10,329	13,758
Related companies (related by shareholders)	22,392	26,510
Total lease liabilities - related parties	<u>32,721</u>	<u>40,268</u>

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	26,923	41,000
Post-employment benefits	989	5,738
Total	<u>27,912</u>	<u>46,738</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	133	234	133	234
Bank deposits	253,001	413,142	253,001	401,113
Total	<u>253,134</u>	<u>413,376</u>	<u>253,134</u>	<u>401,347</u>

As at 31 December 2022, bank deposits in saving accounts carried interests between 0.25 - 0.40 percent per annum (2021: between 0.10 - 0.15 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	626,417	705,703	626,417	705,703
Past due				
Up to 3 months	249,077	289,669	249,077	289,669
3 - 6 months	2,848	22,797	2,848	22,797
6 - 12 months	2,735	3,417	2,735	3,417
Over 12 months	41,684	39,315	41,684	39,315
Total	922,761	1,060,901	922,761	1,060,901
Less: Allowance for expected credit losses	(52,966)	(50,749)	(52,966)	(50,749)
Total trade receivables - unrelated parties, net	869,795	1,010,152	869,795	1,010,152
<u>Other receivables</u>				
Other receivables - related party	-	-	-	15
Other receivables - unrelated parties	941	923	941	923
Total other receivables	941	923	941	938
Total trade and other receivables - net	870,736	1,011,075	870,736	1,011,090

The normal credit term is 7 to 90 days.

Set out below is the movements in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Beginning balance	50,749	53,152
Provision for expected credit losses	2,217	(2,403)
Ending balance	52,966	50,749

Trade receivables were written-off during 2022 amounting to Baht 6.7 million (2021: Baht 7.5 million).

9. Inventories

(Unit: Thousand Baht)

	Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	689,767	1,107,858	(32,717)	(36,560)	657,050	1,071,298
Conversion raw materials	169,295	192,313	-	-	169,295	192,313
Raw materials	374,506	971,114	(4,934)	(19,352)	369,572	951,762
Factory supplies and others	15,645	16,477	-	-	15,645	16,477
Raw materials in transit	22,890	36,550	-	-	22,890	36,550
Total	<u>1,272,103</u>	<u>2,324,312</u>	<u>(37,651)</u>	<u>(55,912)</u>	<u>1,234,452</u>	<u>2,268,400</u>

During the current year, the Company reversed the write-down of cost of inventories by Baht 18.3 million, and reduced the amount of inventories recognised as expenses during the year (2021: the Company reduced cost of inventories by Baht 50.7 million, to reflect the net realisable value, which was included in cost of sales).

10. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Net book value:		
Property, plant and equipment	1,532,239	1,636,116
Right-of-use assets (Note 14)	37,450	44,326
Total	<u>1,569,689</u>	<u>1,680,442</u>

Movements of property, plant and equipment for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements							Total
	Revaluation basis		Cost basis					
	Land	Land improvement	Buildings and building improvement	Machinery and factory equipment	Utilities system and office equipment	Motor vehicles	Assets under construction	
Cost/Revalued amount:								
1 January 2021	750,062	14,682	819,794	1,629,623	89,830	185,742	25,157	3,514,890
Additions	-	-	-	4,750	1,712	2,094	23,672	32,228
Transfers in (out)	-	-	4,718	25,217	7,755	-	(37,690)	-
Disposals/Write-off	-	-	(148)	(15,332)	(8,724)	(2,383)	-	(26,587)
Reclassification	-	-	-	6,225	(6,225)	-	-	-
31 December 2021	750,062	14,682	824,364	1,650,483	84,348	185,453	11,139	3,520,531
Additions	-	-	544	3,407	1,838	-	16,463	22,252
Transfers in (out)	-	-	4,820	9,729	1,866	-	(16,415)	-
Disposals/Write-off	-	-	-	(25,273)	(7,684)	(1,273)	-	(34,230)
Reclassification	-	-	-	(100)	184	(84)	(1,000)	(1,000)
31 December 2022	750,062	14,682	829,728	1,638,246	80,552	184,096	10,187	3,507,553
Accumulated depreciation:								
1 January 2021	-	6,916	500,885	1,069,485	84,673	132,996	-	1,794,955
Depreciation for the year	-	802	36,411	65,759	1,828	9,074	-	113,874
Depreciation on disposals/ write-off	-	-	(46)	(14,608)	(8,674)	(2,245)	-	(25,573)
Reclassification	-	-	-	5,271	(5,271)	-	-	-
31 December 2021	-	7,718	537,250	1,125,907	72,556	139,825	-	1,883,256
Depreciation for the year	-	666	35,918	61,548	3,697	8,377	-	110,206
Depreciation on disposals/ write-off	-	-	-	(24,885)	(7,584)	(1,267)	-	(33,736)
Reclassification	-	-	-	(150)	225	(75)	-	-
31 December 2022	-	8,384	573,168	1,162,420	68,894	146,860	-	1,959,726
Allowance for impairment loss:								
31 December 2021	1,159	-	-	-	-	-	-	1,159
Increase during the year	-	4,808	3,658	5,671	209	83	-	14,429
31 December 2022	1,159	4,808	3,658	5,671	209	83	-	15,588
Net book value:								
31 December 2021	748,903	6,964	287,114	524,576	11,792	45,628	11,139	1,636,116
31 December 2022	748,903	1,490	252,902	470,155	11,449	37,153	10,187	1,532,239
Depreciation for the year								
2021 (Baht 88 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								113,874
2022 (Baht 85 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								110,206

The Group arranged for an independent professional valuer to appraise the value of land in 2020, using the market approach. Land were measured at fair value using level 3 input.

Key assumptions used in the valuation are summarised below:

	Consolidated/Separate financial statements	Result to fair value whereas an increase in assumption value
Price per square wah (Thousand Baht)	7.9 - 35.0	Increase in fair value

Details of land carried at its revalued amount is as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Historical cost	259,860	259,860
Revaluation	490,202	490,202
Impairment	(1,159)	(1,159)
Revalued amount	<u>748,903</u>	<u>748,903</u>

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend payment.

As at 31 December 2022, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 846 million (2021: Baht 806 million).

11. Intangible assets

The net book value of intangible assets as at 31 December 2022 and 2021 is presented below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Computer software - at cost	95,859	94,642
Less: Accumulated amortisation	(67,324)	(62,481)
Net book value	<u>28,535</u>	<u>32,161</u>

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Net book value at beginning of year	32,161	37,972
Acquisition of computer software	573	900
Transfer from property, plant and equipment (Note 10)	1,000	-
Amortisation	(5,199)	(6,711)
Net book value at end of year	<u>28,535</u>	<u>32,161</u>

12. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (Percent per annum)		Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term loans from financial institutions	2.10 - 2.37	1.55	523,805	756,367
Trust receipt	2.00 - 2.45	1.48 - 2.00	<u>1,334,416</u>	<u>1,397,102</u>
Total			<u>1,858,221</u>	<u>2,153,469</u>

The credit facilities agreement with the banks contain financial covenants that, among other things, maintain certain debt to equity ratios according to the agreement and required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks.

As at 31 December 2022, the credit facilities of the Company which have not yet been drawn down amounting to Baht 3,415 million (2021: Baht 3,070 million).

13. Trade and other payables

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Trade payables - unrelated parties	64,542	21,666
Other payables - unrelated parties	38,063	37,827
Accrued expenses	26,609	67,565
Total trade and other payables	<u>129,214</u>	<u>127,058</u>

14. Leases

The Group as a lessee

The Group has lease contracts for assets used in its operations. Leases generally have lease terms between 2 - 13 years. The lease contracts cannot be cancelled and prohibit sub-leasing or use of the underlying assets by another party.

a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements				
	Land	Buildings	Office equipment	Motor vehicles	Total
1 January 2021	28,729	16,698	674	4,526	50,627
Additions	-	-	3,132	1,547	4,679
Write-off	-	-	-	(505)	(505)
Depreciation for the year	(4,685)	(3,650)	(693)	(1,447)	(10,475)
31 December 2021	24,044	13,048	3,113	4,121	44,326
Additions	-	-	1,485	3,200	4,685
Depreciation for the year	(4,685)	(3,643)	(1,861)	(1,372)	(11,561)
31 December 2022	19,359	9,405	2,737	5,949	37,450

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2022	2021
Lease payments	47,270	55,259
Less: Deferred interest expenses	(5,630)	(7,834)
Total	41,640	47,425
Less: Portion due within one year	(11,807)	(9,999)
Lease liabilities - net of current portion	29,833	37,426

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Depreciation expense of right-of-use assets	11,561	10,475
Interest expense on lease liabilities	2,825	3,287
Expense relating to leases of low-value assets	737	747

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2022 of Baht 14 million (2021: Baht 13.2 million), including the cash outflow related to leases of low-value assets.

15. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Provision for long-term employee benefits at beginning of year	34,290	34,778
Included in profit or loss:		
Current service cost	3,829	3,932
Interest cost	570	574
Included in other comprehensive income:		
Actuarial gain arising from		
Financial assumptions changes	(4,987)	-
Experience adjustments	(3,246)	-
Benefits paid during the year	(2,046)	(4,994)
Provision for long-term employee benefits at end of year	<u>28,410</u>	<u>34,290</u>

The Company does not expects to pay long-term employee benefits during the next year (2021: Baht 2 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 14 years (2021: 14 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Discount rate	3.15	1.68
Salary increase rate	4	4
Staff turnover rate (depending on age)	3.34 - 40.11	3.34 - 40.11

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

	(Unit: Million Baht)			
	Consolidated/Separate financial statements			
	As at 31 December 2022		As at 31 December 2021	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(2.9)	3.3	(3.6)	4.2
Salary increase rate	3.3	(2.9)	4.3	(3.7)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
Staff turnover rate	(3.0)	3.7	(4.1)	5.3

16. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

17. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Salaries and wages and other employee benefits	292,261	347,222
Depreciation and amortisation expenses	126,965	131,060
Transportation expenses	46,888	44,850
Raw materials and consumables used	8,941,192	8,242,575
Changes in inventories of finished goods	418,091	(222,205)

18. Income tax

Income tax expenses (benefits) for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	-	152,480	-	152,480
Adjustment in respect of income tax of previous year	(774)	(487)	(774)	(487)
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,104)	(11,741)	1,252	(11,643)
Income tax expenses (benefits) reported in profit or loss	<u>(1,878)</u>	<u>140,252</u>	<u>478</u>	<u>140,350</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Deferred tax on actuarial gains	(1,647)	-

The reconciliation between accounting profit (loss) and income tax expenses (benefits) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accounting profit (loss) before tax	(336,842)	694,942	(324,827)	695,356
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(67,368)	138,988	(64,965)	139,071
Adjustment in respect of income tax of previous year	(774)	(487)	(774)	(487)
Tax loss for the year which unrecognised to deferred tax asset	63,579	-	63,579	-
Effects of:				
Non-deductible expenses	2,347	2,165	2,347	2,165
Additional expense deductions allowed	(685)	(564)	(685)	(564)
Others	1,023	150	976	165
Total	2,685	1,751	2,638	1,766
Income tax expenses (benefits) reported in profit or loss	(1,878)	140,252	478	140,350

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets				
Allowance for excepted credit losses	10,593	10,150	10,593	10,150
Allowance for diminution in value of inventories	7,530	11,182	7,530	11,182
Allowance for assets impairment	2,886	-	2,886	-
Allowance for impairment loss on land	232	232	232	232
Surplus on investment in subsidiaries	-	-	-	2,355
Provision for long-term employee benefits	5,682	6,858	5,682	6,858
Loss on fair value adjustments on derivative	-	180	-	180
Total	<u>26,923</u>	<u>28,602</u>	<u>26,923</u>	<u>30,957</u>
Deferred tax liabilities				
Difference depreciation between tax and accounting base	25,661	27,635	25,661	27,635
Surplus on revaluation of land	98,040	98,040	98,040	98,040
Leases	838	-	838	-
Total	<u>124,539</u>	<u>125,675</u>	<u>124,539</u>	<u>125,675</u>
Presentation in the statements of financial position				
Deferred tax liabilities	<u>97,616</u>	<u>97,073</u>	<u>97,616</u>	<u>94,718</u>

As at 31 December 2022, the Company has unused tax losses totaling Baht 32.2 million (2021: Nil), on which deferred tax assets have not been recognised due to steel price fluctuations and uncertain economic conditions.

The unused tax losses amounting to Baht 318 million will expire by 2027.

19. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

20. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as chief executive officer.

The one main reportable operating segment of the Group is the manufacture and distribution of steel pipes, structural steels and contract of steel productions for construction work and the main single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the years 2022 and 2021, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2022 amounting to approximately Baht 3.5 million were recognised as expense (2021: Baht 4.0 million).

22. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht/share)
Final dividends for 2020	Annual General Meeting of the shareholders on 22 April 2021	118.8	0.18
Total for 2021		<u>118.8</u>	<u>0.18</u>
Final dividends for 2021	Annual General Meeting of the shareholders on 12 April 2022	554.4	0.84
Total for 2022		<u>554.4</u>	<u>0.84</u>

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 December 2022, the Company had capital commitments of approximately Baht 5 million (2021: Baht 1 million), relating to the computer system development, acquisition of equipment, building material and the factory system improvement.

23.2 Letters of credit

As at 31 December 2022, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 8.2 million (2021: USD 4.4 million).

23.3 Guarantees

As at 31 December 2022, there were outstanding bank guarantees of approximately Baht 16 million (2021: Baht 16 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee to guarantee as follows:

	(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>
Guarantee electricity use	15	15
Guarantee as an AEO authorised importer and/or exporter to the Customs Department	1	1

24. Financial instruments

24.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade receivable, short-term loans from financial institutions and trade payable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivable. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and the Group considers mitigating risk by, for example, requiring collateral from a bank or arranging debtor insurance. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by other forms of credit insurance. Other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and subject to enforcement activity and the debtor has not the ability to pay the debt.

Market risk

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its short-term loans. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by borrowings at short-term loans that carry fixed interest rates.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated/Separate financial statements				
	2022				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	253	-	253	Note 7
Trade and other receivables	-	-	871	871	-
	-	253	871	1,124	
Financial liabilities					
Short-term loans from financial institutions	1,858	-	-	1,858	Note 12
Trade and other payables	-	-	129	129	-
	1,858	-	129	1,987	

(Unit: Million Baht)

Consolidated financial statements

2021					
	Fixed			Total	Effective interest rate (% per annum)
	interest rates within 1 year	Floating interest rate	Non- interest bearing		
Financial assets					
Cash and cash equivalents	-	413	-	413	Note 7
Trade and other receivables	-	-	1,011	1,011	-
	-	413	1,011	1,424	
Financial liabilities					
Short-term loans from financial institutions					
	2,153	-	-	2,153	Note 12
Trade and other payables	-	-	127	127	-
	2,153	-	127	2,280	

(Unit: Million Baht)

Separate financial statements

2021					
	Fixed			Total	Effective interest rate (% per annum)
	interest rates within 1 year	Floating interest rate	Non- interest bearing		
Financial assets					
Cash and cash equivalents	-	401	-	401	Note 7
Trade and other receivables	-	-	1,011	1,011	-
	-	401	1,011	1,412	
Financial liabilities					
Short-term loans from financial institutions					
	2,153	-	-	2,153	Note 12
Trade and other payables	-	-	127	127	-
	2,153	-	127	2,280	

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of short-term loans from financial institutions and lease. As at 31 December 2022, the Group has undrawn credit facilities from several banks, as described in Note 12 and consequently has sufficient working capital.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		
	As at 31 December 2022		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Short-term loans from financial institutions	1,858	-	1,858
Trade and other payables	129	-	129
Lease liabilities	14	33	47
Total non-derivatives	2,001	33	2,034

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		
	As at 31 December 2021		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Short-term loans from financial institutions	2,161	-	2,161
Trade and other payables	127	-	127
Lease liabilities	12	43	55
Total non-derivatives	2,300	43	2,343
Derivatives			
Derivative liabilities: gross settled			
Cash outflows	1	-	1
Total derivatives	1	-	1

24.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

Derivatives

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Derivative liabilities		
Derivative liabilities not designated as hedging instruments		
Foreign exchange forward contracts	-	900

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods generally of 6 months. The foreign exchange forward contracts were measured at fair value using level 2 input.

During the current year, there were no transfers within the fair value hierarchy.

25. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

As at 31 December 2022, the Group's debt-to-equity ratio was 1.06:1 (2021: 0.85:1) and the Company's was 1.06:1 (2021: 0.85:1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.