

BJC HEAVY INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENED DECEMBER 31, 2023

1. GENERAL INFORMATION

1.1 General matter

The company was incorporated as a limited company under the Thai Civil and Commercial Code on April 19, 1994, and changed its status to a public limited company under the Public Limited Company Act on May 9, 2013 and the Company's shares had been approved to be listed in the Stock Exchange of Thailand on November 28, 2013. The address of its registered office is 594 Moo 4 Tumbol Makhamkoo, Amphur Nikompattana, Rayong. The company operates in Thailand, and its principal activities are the Manufactures fabricated steel and equipment and provides modularization.

1.2 Basis for preparation of the financial statements

The financial statements of the company have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting Professions.

The financial statements have been presented in Thai Baht, which is the functional currency of the company.

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

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

1.3 Related parties

Related persons through shareholding and /or directors are as follows :

	<u>Relationship</u>
Mr. Kyu Young Lee	Shareholder and director
Mr. Young Jun Lee	Shareholder and director
Mr. Seung Woo Lee	Shareholder and director
Mr. Seong Jin Lee	Shareholder and director
Mr. Myungsup Song	Director
Mr. Boonchuay Korkitrojana	Director
Mr. Ekachidd Chungcharoen	Director
Mr. Noppadol Dheerabutrvongkul	Director
Mr. Jumpot Kanjanapanyakom	Director

..... DIRECTOR
(Mr. Myungsup Song)

..... DIRECTOR
(Mr. Seung Woo Lee)

1.4 ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

1.4.1 Financial reporting standards which are effective for the current year

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after January 1, 2023. This financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The adoption of these financial reporting standards does not have any significant impact on the Company financial statements.

1.4.2 Financial Reporting Standards which are not effective for the current year

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 2024. 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.

The management of the Company has assessed that adoption of these amendments will not have any significant impact on the Company financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Revenues recognition

Contract Revenues are recognized as revenue by reference to the stage of completion, calculated based on the proportion of contract costs incurred for work performed to date bear to the total estimate contract costs and results of assessment performed by engineers of the Company. When the outcome of a contract cannot be estimated reliably, the revenue shall be recognized only to the extent of costs incurred that it is probable will be recoverable and the costs shall be recognized as an expense in the period in which they are incurred. When it is probable that total costs will exceed total contract revenue, the expected loss shall be recognized immediately as an expense in the statement of income.

..... DIRECTOR
(Mr. Myungsup Song)

..... DIRECTOR
(Mr. Seung Woo Lee)

2.2 Cash and cash equivalents

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

2.3 Contract assets - unbilled contract work / Contract liabilities

Unbilled contract work comprises the costs of materials and labor, subcontractor charges, services and overheads plus the attributable net gains or losses less the amounts already billed to customers.

The excess of the value of a contract work over the amount billed to the customer is presented as “Contract assets” under current assets. The excess of the amount billed to a customer over the value of the contract work is presented as “Contract liabilities” under current liabilities.

2.4 Inventories

Raw material and supplies are stated at the lower of cost (first - in, first - out method) or net realizable value.

2.5 Other current financial assets

Investments in unit trusts, which the Company holds as investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the value of securities are included in statement of comprehensive income.

The weighted average method is used for computation of the cost of other current financial assets.

2.6 Property, Plant and Equipment

Property are stated at cost.

Plant and equipment are stated at cost net of accumulated depreciation.

Depreciation is calculated on the straight - line method based on the estimated useful lives of assets are as follows :

	<u>YEARS</u>
Building	2 - 30
Machinery and equipment	5 - 20
Furniture, fixture and office equipment	3 - 15
Vehicles	2 - 20

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2.7 Intangible assets

Computer software and Certificate of Product Standard is stated at cost net of accumulated amortization.

Amortization is calculated on the straight - line method based on the estimated useful lives of assets are as follows :

	<u>YEARS</u>
Computer software	5 - 10
Certificate of product standard	3 - 5

2.8 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at amortised cost except investment units are measured at fair value through profit or loss.

Financial assets which are the equity in trading securities are measured at fair value through profit or loss. For equity instruments for other purposes are measured at fair value through profit or loss or through other comprehensive income. In the case, the equity securities are measured at fair value through other comprehensive income, the accumulated gain (loss) on measurement of these investments will not be reclassified to profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

Impairment of financial assets

The Company assesses on a forward - looking basis the expected credit loss associated with its financial assets measured at amortised cost. The Company applies general or simplified approach for credit - impaired consideration which depends on the significant of credit risk.

2.9 Foreign currency transactions

Transactions in foreign currencies are converted at the exchange rate of the transaction date. Assets and liabilities in foreign currencies at the end of year are converted at average bank buying and selling rate at that date respectively.

Gain or loss from translations are included in determining earnings.

2.10 Basic earnings per share

Basic earnings per share is determined by dividing net profit by weighted average number of issued and fully paid up shares capital.

2.11 Accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant areas of estimation uncertainty and critical judgments related to allowance for expected credit loss, allowance for decline in value of inventories, allowance for impairment of investment, depreciation, amortization, allowance for impairment of assets, provisions for severance pay, provisions for employee benefit and recognition of revenue by reference to the stage of completion.

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2.12 Employee benefits

Salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits are recognized as expenses when incurred.

Retirement benefit

Severance Payment as specified in Thai Law are recognized as expenses in the comprehensive income statement along the service period of employees. The Company's post - employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method.

However, the actual benefit obligation may be different from the estimate.

The company recognized the actuarial gains of losses arising from defined benefit plan in the period incurred in comprehensive income.

The Company recognized termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Past service costs are recognized in the statement of income when the Company plan amendment or curtailment occurs, or recognition in related restructuring costs or termination benefits.

2.13 Income tax

Income tax for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of income except to the extent that they relate to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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2.14 Leases

At inception of contract, the Company 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 Company as lessee

Right - of - use assets

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

The cost of right - of - use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right - of - use assets are depreciated on a straight - line basis from the commencement date of the lease to the earlier of the end of the useful life of the right - of - use asset or the end of the lease term as follow:

	<u>YEARS</u>
Land tenure right	30
Lease right	2 - 3
Machinery	15
Vehicles	5 - 10

2.15 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liabilities are subsequently measured using the effective interest method and by reducing the carrying amount to reflect the lease payments made. The Company recognises interest from lease liability in the statement of income. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in - substance fixed payments) , less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable by the lessee under residual value guarantees;
- Exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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Short - term leases and Leases of low - value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low - value assets, are recognised as expenses on a straight - line basis over the lease term.

The Company as lessor

The Company classifies each of its leases as either a finance lease or an operating lease.

To classify each lease, The Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight - line basis over the lease term.

Sub lease

When the Company is an intermediate lessor, it accounts for its interests in the head lease and sub - lease separately. It assesses the lease classification of a sub - lease with reference to the right - of - use asset arising from the head lease, not with reference to underlying asset. If a head lease is a short - term lease to which the Company apply the exemption described in “Short - term leases and leases of low - value asset, then it classifies the sub - lease as an operating lease.

The Company as an intermediate lessor accounts for the sublease as follows:

- If the sublease is classified as an operating lease, the Company continues to account for the lease liability and right - of - use asset on the head lease like any other lease; or
- If the sublease is classified as a finance lease, the Company derecognise the right - of - use asset on the head lease at the sublease commencement date and continue to account for the original lease liability in the head lease.

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3. CASH AND CASH EQUIVALENTS

	B A H T	
	As of December 31,	
	2023	2022
Cash	295,862.00	295,941.00
Current and saving deposits at banks	465,043,839.78	716,520,884.60
Deposit in foreign registered fund	386,279,532.03	329,598,554.07
Total cash and cash equivalents	<u>851,619,233.81</u>	<u>1,046,415,379.67</u>

4. TRADE RECEIVABLES - NET

As of December 31, 2023 and 2022, the trade receivables are classified by aging as follows :

	B A H T	
	As of December 31	
	2023	2022
Current	50,425,582.65	317,481,276.91
Overdue		
Less than 3 months	103,223,913.78	109,218,548.21
Over 12 months	-	1,611,232.41
Total	153,649,496.43	428,311,057.53
<u>Less</u> Allowance for expected credit losses	-	(1,493,798.20)
Trade Receivables - Net	<u>153,649,496.43</u>	<u>426,817,259.33</u>

The change in the allowance for expected credit loss as of December 31, 2023 is as follow :

	B A H T
Balance as of December 31, 2022	1,493,798.20
Received during the year	(1,493,798.20)
Balance as of December 31, 2023	<u>-</u>

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..... DIRECTOR
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5. CONTRACT ASSETS - NET/ CONTRACT LIABILITIES

5.1 Contract balances

	B A H T	
	As of December 31,	
	2023	2022
Contract assets		
Project value as per contracts	8,184,806,862.77	7,177,960,795.38
Accumulated amount recognized as revenue on percentage of completion basis	7,582,877,822.37	5,435,900,335.82
<u>Less</u> Value of total billed	(6,212,757,388.29)	(4,574,277,565.80)
<u>Add (Less)</u> Differences arising from currency translation	(65,428,411.06)	(98,462,876.15)
Unbilled contract work	1,304,692,023.02	763,159,893.87
<u>Less</u> Allowance for expected credit loss	(44,823,693.75)	(24,388,293.75)
Contract assets - net	1,259,868,329.27	738,771,600.12
Retention		
- Current	50,859,894.97	90,014,711.12
Contract liabilities		
Project value as per contracts	1,457,499,229.35	882,008,757.02
Value of total billed	916,057,856.02	384,593,508.10
<u>Less</u> Accumulated amount recognized as revenue on percentage of completion basis	(497,318,319.96)	(13,547,259.80)
<u>Add (Less)</u> Differences arising from currency translation	(39,396,903.63)	(31,734,832.61)
Contract liabilities	379,342,632.43	339,311,415.69

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Contract assets are classified by aging as follows :

	B A H T	
	As of December 31	
	2023	2022
Less than or up to 3 months	945,585,781.14	454,172,936.76
Over 3 months to 6 months	237,058,435.20	185,748,378.90
Over 12 months	122,047,806.68	123,238,578.21
Total	1,304,692,023.02	763,159,893.87
<u>Less</u> Allowance for expected credit losses	(44,823,693.75)	(24,388,293.75)
Contract assets - Net	1,259,868,329.27	738,771,600.12

As at December 31, 2023 and 2022, the balance of contract assets - unbilled contract work of Baht 1,259.87 million and Baht 738.77 million respectively is expected to be billed within one year.

The change in the allowance expected credit loss as of December 31, 2023 is as follow :

	B A H T
Balance as of December 31, 2022	24,388,293.75
Increase during the year	20,435,400.00
Balance as of December 31, 2023	44,823,693.75

CONTRACTS IN PROGRESS

As of December 31, 2023 and 2022, the Company has the aggregate amount of costs in process incurred and recognized profit up to date approximately amounted to Baht 5,105.01 million and Baht 2,460.71 million respectively.

5.2 Revenue recognized in relation to contract balances

	B A H T	
	As of December 31,	
	2023	2022
Revenue recognized that was included in contract liabilities at the beginning of the year	339,311,415.69	256,139,268.08

5.3 Revenue to be recognized for the remaining performance obligations

As of December 31, 2023, revenue totaling Baht 1,732.11 million is expected to be recognized in the future in respect of performance obligations under contracts with customers that are uncompleted. The Company expects to satisfy these performance obligations within 3 years.

..... DIRECTOR
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..... DIRECTOR
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6. OTHER CURRENT RECEIVABLES

	B A H T	
	As of December 31,	
	2023	2022
Prepaid expenses	5,181,886.40	7,520,875.86
<u>Less</u> Non - current	(590,794.84)	(539,543.06)
Current	4,591,091.56	6,981,332.80
Other receivables	8,237,616.45	16,830,764.55
<u>Less</u> Non - current	-	(87,499.98)
Current	8,237,616.45	16,743,264.57
Revenue Department receivable	58,229,651.93	90,347,135.67
Others	502,528.11	312,937.66
Total	<u>71,560,888.05</u>	<u>114,384,670.70</u>

7. INVENTORIES

	B A H T	
	As of December 31,	
	2023	2022
Raw material and supplies	443,686,740.99	591,849,159.87
Goods in transit	-	17,789,447.14
Total	<u>443,686,740.99</u>	<u>609,638,607.01</u>

8. OTHER CURRENT FINANCIAL ASSETS

	B A H T	
	As of December 31,	
	2023	2022
Financial assets measurement at fair value through Profit or loss		
Foreign registered fund - Investment units in fund	49,887,411.40	51,737,932.28
Derivatives - forward contracts	1,380,771.21	-
Total Other current financial assets	<u>51,268,182.61</u>	<u>51,737,932.28</u>

..... DIRECTOR
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..... DIRECTOR
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9. PROPERTY, PLANT AND EQUIPMENT - NET

	B A H T						TOTAL
	Land	Building	Machinery and equipment	Fixture, furniture and office equipment	Vehicles	Work in progress / machinery under installation	
<u>Cost</u>							
As of 31 December, 2022	113,794,021.88	676,036,888.15	1,191,429,605.23	105,553,417.63	123,351,560.56	137,571,595.88	2,347,737,089.33
Additions	-	-	2,660,491.34	2,706,919.73	2,156,035.52	58,631,796.51	66,155,243.10
Disposals / written - off	(5,000,000.00)	(8,057,074.68)	-	(2,397,783.15)	(4,845,448.60)	-	(20,300,306.43)
Transfer	-	76,945,799.58	96,243,624.10	-	4,490,000.00	(177,679,423.68)	-
As of 31 December, 2023	<u>108,794,021.88</u>	<u>744,925,613.05</u>	<u>1,290,333,720.67</u>	<u>105,862,554.21</u>	<u>125,152,147.48</u>	<u>18,523,968.71</u>	<u>2,393,592,026.00</u>
<u>Accumulated depreciation</u>							
As of 31 December, 2022	-	(233,735,701.84)	(645,629,788.73)	(80,376,495.19)	(77,297,492.77)	-	(1,037,039,478.53)
Depreciation for the year	-	(22,403,311.02)	(80,414,918.00)	(5,745,643.40)	(9,720,004.01)	-	(118,283,876.43)
Disposals / written - off	-	5,471,718.58	-	2,160,806.36	3,229,429.83	-	10,861,954.77
As of 31 December, 2023	<u>-</u>	<u>(250,667,294.28)</u>	<u>(726,044,706.73)</u>	<u>(83,961,332.23)</u>	<u>(83,788,066.95)</u>	<u>-</u>	<u>(1,144,461,400.19)</u>
<u>Net book value</u>							
As of 31 December, 2022	<u>113,794,021.88</u>	<u>442,301,186.31</u>	<u>545,799,816.50</u>	<u>25,176,922.44</u>	<u>46,054,067.79</u>	<u>137,571,595.88</u>	<u>1,310,697,610.80</u>
As of 31 December, 2023	<u>108,794,021.88</u>	<u>494,258,318.77</u>	<u>564,289,013.94</u>	<u>21,901,221.98</u>	<u>41,364,080.53</u>	<u>18,523,968.71</u>	<u>1,249,130,625.81</u>

Depreciation charges for year amounted to Baht 118,283,876.43 in year 2023 and Baht 96,425,038.81 in year 2022 are included in determining earnings.

As of December 31, 2023 and 2022, the Company has fully depreciates fixed assets but are still in use in the original cost of Baht 132.58 million and Baht 135.01 million respectively.

As of December 31, 2023 and 2022, a part of land are mortgaged to a local bank as collateral for credit line of bank overdraft and letter of guarantee amount of Baht 174.60 million.

..... DIRECTOR
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..... DIRECTOR
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10. RIGHT-OF-USE ASSETS - NET

B A H T

	Land tenure right	Lease right	Machinery	Vehicles	Total
<u>COST :</u>					
As of December 31, 2022	9,860,000.00	164,154,896.05	8,691,588.78	14,486,635.51	197,193,120.34
Additional	-	-	-	7,580,000.00	7,580,000.00
As of December 31, 2023	9,860,000.00	164,154,896.05	8,691,588.78	22,066,635.51	204,773,120.34
<u>ACCUMULATED AMORTIZATION</u>					
As of December 31, 2022	(2,886,863.93)	(109,471,115.26)	(321,008.87)	(7,037,965.74)	(119,716,953.80)
Amortization for the year	(328,666.66)	(42,257,217.79)	(521,495.38)	(3,458,283.33)	(46,565,663.16)
As of December 31, 2023	(3,215,530.59)	(151,728,333.05)	(842,504.25)	(10,496,249.07)	(166,282,616.96)
<u>NET BOOK VALUE :</u>					
As of December 31, 2022	6,973,136.07	54,683,780.79	8,370,579.91	7,448,669.77	77,476,166.54
As of December 31, 2023	6,644,469.41	12,426,563.00	7,849,084.53	11,570,386.44	38,490,503.38

..... DIRECTOR DIRECTOR
 (Mr. Myungsup Song) (Mr. Seung Woo Lee)

The following are the amounts recognised in profit or loss for the years ended December 31, 2023 and 2022 are as follow :

	B A H T	
	2023	2022
Amortization of right-of-use assets	46,565,663.16	57,690,933.44
Interest expense on lease liabilities	1,352,298.46	1,432,646.67
Expense relating to short-term lease	6,774,388.80	7,623,028.80
Total	<u>54,692,350.42</u>	<u>66,746,608.91</u>

11. INTANGIBLE ASSETS - NET

	B A H T			
	Computer software	Certificate of Product standard	Work in progress - Computer software	Total
<u>COST :</u>				
As of December 31, 2022	16,284,008.65	19,571,914.89	-	35,855,923.54
Additional	444,657.12	1,788,174.52	2,280,210.00	4,513,041.64
As of December 31, 2023	<u>16,728,665.77</u>	<u>21,360,089.41</u>	<u>2,280,210.00</u>	<u>40,368,965.18</u>
<u>ACCUMULATED AMORTIZATION :</u>				
As of December 31, 2022	(13,013,278.15)	(15,764,612.94)	-	(28,777,891.09)
Amortization for the year	(1,502,558.03)	(2,363,673.67)	-	(3,866,231.70)
As of December 31, 2023	<u>(14,515,836.18)</u>	<u>(18,128,286.61)</u>	<u>-</u>	<u>(32,644,122.79)</u>
<u>NET BOOK VALUE :</u>				
As of December 31, 2022	<u>3,270,730.50</u>	<u>3,807,301.95</u>	<u>-</u>	<u>7,078,032.45</u>
As of December 31, 2023	<u>2,212,829.59</u>	<u>3,231,802.80</u>	<u>2,280,210.00</u>	<u>7,724,842.39</u>

Amortization expenses for the years amounted to Baht 3,866,231.70 in year 2023 and Baht 3,762,186.08 in year 2022 are included in statement of comprehensive income.

..... DIRECTOR DIRECTOR
 (Mr. Myungsup Song) (Mr. Seung Woo Lee)

12. CREDIT FACILITIES

As of December 31, 2023 and 2022, the Company has credit facilities with three banks for overdraft and loan facilities which are guarantee mortgaged part of land and building as follows :

	MILLION BAHT	
	As of December 31,	
	2023	2022
Overdraft and loan facilities	30.00	30.00
Letter of guarantee - Existing facilities	360.00	360.00
Letter of guarantee, letter of credits and trust receipts - New facilities	6,938.92	6,398.17

13. OTHER PAYABLES

	BAHT	
	As of December 31,	
	2023	2022
Rental income received in advance (Note 30.2)	6,289,220.04	2,096,406.68
Other received in advance	1,953,243.28	13,053,591.21
Accrued expenses	32,044,723.76	31,330,471.62
Payable for purchase fixed assets	912,388.25	16,549,786.90
Revenue Department payable	4,796,112.32	6,882,433.00
Others	5,312,031.68	47,095,947.51
Total	<u>51,307,719.33</u>	<u>117,008,636.92</u>

14. LEASE LIABILITIES

	B A H T	
	2023	2022
Lease liabilities as of January 1	33,300,418.77	4,321,554.42
Increase (Decrease) during the year :		
<u>Add</u> Lease payments at the commencement date	5,994,195.12	48,016,722.45
<u>Less</u> Deferred interest expenses	(568,445.12)	(2,631,951.54)
<u>Add</u> Amortization of deferred interest expenses	1,352,298.46	1,432,646.67
<u>Less</u> Paid in year	(24,598,765.12)	(17,838,553.23)
Lease liabilities as of December 31	15,479,702.11	33,300,418.77
<u>Less</u> Current portion	(10,836,589.20)	(22,227,031.95)
Lease liabilities - net of current portion	<u>4,643,112.91</u>	<u>11,073,386.82</u>

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As of December 31, 2023 and 2022, the Company has lease obligations with the period of payment as follows :

	B A H T		
	As of December 31, 2023		
	Principal	Deferred interest	Total
Payment due within 1 year	10,836,589.20	426,537.83	11,263,127.03
Payment due over 1 year to 5 years	4,643,112.91	221,025.17	4,864,138.08
Total	<u>15,479,702.11</u>	<u>647,563.00</u>	<u>16,127,265.11</u>

	B A H T		
	As of December 31, 2022		
	Principal	Deferred interest	Total
Payment due within 1 year	22,227,031.95	1,163,422.26	23,390,454.21
Payment due over 1 year to 5 years	11,073,386.82	267,994.21	11,341,381.03
Total	<u>33,300,418.77</u>	<u>1,431,416.47</u>	<u>34,731,835.24</u>

Under the term of lease contracts referred to above, the Company have the right to purchase the assets at the quoted price at the expiry date of the leases contracts and the Company have to comply with certain conditions and restriction as specified in the lease contracts.

15. PROVISIONS FOR EMPLOYEE BENEFIT

- Movement in the present value of the provisions for employee benefit for the years ended December 31, 2023 and 2022 are as follows :

	B A H T	
	2023	2022
Provisions for employee benefit as of January 1	18,048,084.00	25,035,875.00
Current service cost and interest	5,406,349.00	4,552,500.00
Actuarial (gain) loss on defined employee benefit plans	-	(11,540,291.00)
Provisions for employee benefit as of December 31	<u>23,454,433.00</u>	<u>18,048,084.00</u>

- Expenses recognized in profit or loss as of December 31, 2023 and 2022 are as follow :

	BAHT	
	For the year ended December 31,	
	2023	2022
Current service costs	5,059,869.00	4,293,408.00
Interest cost	346,480.00	259,092.00
Total	<u>5,406,349.00</u>	<u>4,552,500.00</u>

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- Principal actuarial assumptions as of December 31, 2023 and 2022 are as follows :

	PERCENT	
	As of December 31,	
	2023	2022
Discount rate	1.92	1.92
Salary increase rate	5	5
Employee turnover rate	0-31*	0-31*
Mortality rate	TMO2017**	TMO2017**

* Based on the weighted average by age group of employees

** Reference from TMO2017 : Thai Mortality Ordinary Table 2017

- Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of December 31, 2023 as follows:

-If the discount rate increases (decreases) by 1%, the employee benefit obligation would decrease Baht 1.26 million (increase Baht 1.40 million).

-If the salary increase rate increases (decreases) by 1%, the employee benefit obligation would increase Baht 1.52 million (decrease Baht 1.39 million).

-If the turnover rate increases (decreases) by 1%, the employee benefit obligation would decrease Baht 1.43 million (increase Baht 0.79 million).

-If the life expectancy increases (decreases) by one year for all employees, the employee benefit obligation would increase (decrease) Baht 0.11 million.

In presenting the above sensitivity analysis, the present value of the employee benefit obligations has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statement of financial position.

16. SHARE CAPITAL, TREASURY SHARES AND APPROPRIATED RETAINED EARNINGS FOR TREASURY SHARES

During August 29, 2022 to September 8, 2022, the Company has sold total of treasury share 3,109,800 shares (par value of Baht 0.25 each) at a total of Baht 5.51 million.

The treasury stock program for financial management purposes for the repurchase of not exceeding 16,000,000 shares at the par value of Baht 0.25 per share or equivalent to not exceeding 1% of the total of paid - up shares and not exceeding amounted to Baht 40 million. The procedure used for the repurchasing of shares is on the Stock Exchange of Thailand, the Board of Directors of the Company has approved on February 25, 2019, The procedure used for the repurchasing of shares is on the Stock Exchange of Thailand, starting from March 13, 2019 to September 12, 2019. The Company had purchased back of shares on the Stock Exchange of Thailand from June 17, 2019 to August 19, 2019. Amounted 3,109,800 ordinary shares (par value of Baht 0.25 each), or 0.19% of the total number of issued and fully paid up shares, for a total of Baht 7.66 million.

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17. DIVIDEND PAYMENT

At the Annual General Meeting of the Shareholders on April 22, 2022 has approved to pay the dividend from the retained earnings on profit from Non-BOI business at the rate of Baht 0.05 per share total amount of Baht 79.83 million Which is paid on May 11, 2022

At the Annual General Meeting of the Shareholders on April 21, 2023 has approved to pay dividend from the retained earnings on profit from BOI business in the form of cash at the rate of Baht 0.12 per share with the total amount of Baht 191.96 million Which is paid on 19 May, 2023.

18. LEGAL RESERVE

Under the Public Limited Companies Act., the Company is required to set aside as legal reserve of at least 5% of its net profit of each year after deduction of deficit (if any) until the reserve reaches 10% of authorized share capital. This reserve is not available for dividend distribution.

19. PROVIDENT FUNDS

The Company has established the provident fund for its employee in year 2013. Each employee to contribute 5% of the gross salary and the Company contributes the same amount. The fund is managed by a local finance institution under Provident Fund Act. (B.E.2530) and Provident Fund Act. (No.2 B.E.2542).

The Company has contributed to the fund for the year ended December 31, 2023 and 2022 amounted to Baht 3.54 million and Baht 3.73 million respectively.

20. REVENUES

Revenues from the BOI - promoted and non - promoted industries for the years ended December 31, 2023 and 2022 are as follows:

	2023 (BAHT)		Total Revenues
	BOI - Promoted Industries	Non - Promoted Industries	
Contract revenues - Export	3,409,307,230.05	-	3,409,307,230.05
Contract revenues - Local	-	84,135,998.51	84,135,998.51
Other income	1,327,192.92	45,241,565.05	46,568,757.97
Total	<u>3,410,634,422.97</u>	<u>129,377,563.56</u>	<u>3,540,011,986.53</u>
	2022 (BAHT)		Total Revenues
	BOI - Promoted Industries	Non - Promoted Industries	
Contract revenues - Export	2,622,972,251.22	-	2,622,972,251.22
Contract revenues - Local	-	86,928,586.44	86,928,586.44
Other income	6,226,174.65	21,878,725.87	28,104,900.52
Total	<u>2,629,198,425.87</u>	<u>108,807,312.31</u>	<u>2,738,005,738.18</u>

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21. GAIN (LOSS) ON EXCHANGE RATE

	B A H T	
	For the year ended December 31,	
	2023	2022
Realized gain (loss)	(4,923,580.47)	80,406,221.54
Unrealized gain (loss)	7,813,454.31	(101,627,373.77)
Total	<u>2,889,873.84</u>	<u>(21,221,152.23)</u>

22. EXPENSES BY NATURE

The expenditure items of expenses classified by nature for the year ended December 31, 2023 and 2022 are as follows :

	B A H T	
	For the year ended December 31,	
	2023	2022
Raw material and supplies use	607,375,167.88	845,329,690.66
Employee expenses	1,085,344,798.57	665,837,304.89
Services cost	1,030,958,447.96	650,589,913.16
Labor cost	306,819,520.74	68,242,957.23
Depreciation and amortization	168,715,771.29	153,371,922.86

23. TAX EXPENSES (INCOME)

The Company received promotional privileges from the Board of Investment including exemption from corporate income tax in BOI - promoted industries (as stated in the note to financial statement 27).

The income tax rate being used is 20%.

- Tax expenses for the year ended December 31, 2023 and 2022 consisted of

	B A H T	
	For the year ended December 31,	
	2023	2022
Deferred tax expense (income) of the year	-	-
Deferred tax expense (income) of Temporary difference	(6,592,771.53)	(5,061,709.81)
Tax expense (income) reported in statement of comprehensive income	<u>(6,592,771.53)</u>	<u>(5,061,709.81)</u>

- Income tax relating to each component of other comprehensive income for the year ended December 31, 2023 and 2022, consisted of:

	BAHT	
	For the year ended December 31,	
	2023	2022
Actuarial loss (gain)	-	(2,308,058.20)

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- Reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2023 and 2022 as follow:

	B A H T	
	For the year ended December 31,	
	2023	2022
Accounting profit before tax	68,118,898.13	184,725,575.35
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	13,623,779.63	36,945,115.07
Tax effect of :		
- Revenues granted income tax exemption	(21,247,285.82)	(55,937,950.49)
- Non - deductible expenses	5,692,187.98	1,063,021.05
- Loss for non - promoted business of current year which no deferred tax asset was recognized	-	12,868,104.56
- The amount of deferred tax expense relating to the origination	(4,661,453.32)	-
Tax expense (income) reported in statements of income	(6,592,771.53)	(5,061,709.81)

- The components of deferred tax assets are as follows:

	B A H T	
	As of December 31,	
	2023	2022
Deferred tax assets		
Provision for severance pay	6,296,796.29	4,573,614.92
Provision for employee benefit	4,690,886.60	3,609,616.80
Allowance for expected credit losses	8,964,738.75	5,176,418.39
Total	19,952,421.64	13,359,650.11

The Company has tax losses carry forward amount of Baht 511.06 million in year 2023 and Baht 922.76 million in year 2022 expire in year 2023 to year 2028. Deferred tax assets have not been recognised in the financial statements of the Company in respect of this items because it is not certain that future taxable profit will be generated against which the Company can utilise the benefits there from.

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24. WEIGHTED AVERAGE OF ORDINARY SHARES

According to the treasury shares, the Company has adjusted the weighted average number of ordinary shares used in recalculation of the earnings per share for the year ended December 31, 2022 to reflect the effect of the change of number of share to earnings per share as follows:

	Shares	
	For the year ended 2023	December 31, 2022
Issued and paid - up of ordinary, shares	1,599,690,000	1,599,690,000
<u>Less</u> Treasury shares on June 17 - 21, 2019 (2,109,800 Shares)	-	(2,109,800)
Treasury shares on August 19, 2019 (1,000,000 Shares)	-	(1,000,000)
<u>Add</u> Sale of treasury shares on August 29 - 31, 2022 (791,200 Shares)	-	266,624
Sale of treasury shares on September 1 - 8, 2022 (2,318,600 Share)	-	730,518
Weighted average number of ordinary shares	<u>1,599,690,000</u>	<u>1,597,577,342</u>

25. TRANSACTIONS WITH RELATED PARTIES

25.1 The outstanding balance of significant business transactions with related person as of December 31, 2023 and 2022 are as follows :

	MILLION BAHT	
	2023	2022
<u>The outstanding balances</u>		
Other payables - other	<u>0.13</u>	<u>0.13</u>

25.2 MANAGEMENT BENEFIT EXPENSES

Management benefit expenses consist of salary, bonus and other benefits of directors and management of the Company.

Management benefit expenses for the year ended December 31, 2023 and 2022 are as follows :

	MILLION BAHT	
	2023	2022
Short - term employee benefits	17.92	19.92
Post employee benefits	1.08	(3.25)
Total	<u>19.00</u>	<u>16.67</u>

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26 THE FINANCIAL INFORMATION BY SEGMENT

The Company proposed financial statements that classified by business segment and geography segment as Follows :

1. Business Segment
 - 1.1 Contract revenues
 - 1.2 Service Income
2. Geography Segment
 - 2.1 Local
 - 2.2 Oversea

	MILLION BAHT					
	For the year ended December 31,2023			For the year ended December 31,2022		
	Oversea	Local	Total	Oversea	Local	Total
Contract revenues	3,409.30	-	3,409.30	2,622.97	-	2,622.97
Service revenues	-	84.14	84.14	-	86.93	86.93
Total Revenues	<u>3,409.30</u>	<u>84.14</u>	<u>3,493.44</u>	<u>2,622.97</u>	<u>86.93</u>	<u>2,709.90</u>
Gross profit (loss)	315.71	(17.93)	297.78	382.72	(15.69)	367.03
Other income and expenses						
Other income			46.57			28.10
Distribution costs			(1.57)			(2.24)
Administrative expenses			(177.73)			(176.73)
Gain (loss) on exchange rate			2.89			(21.22)
Severance pay			(78.04)			(8.78)
Finance costs			(1.35)			(1.43)
Impairment loss determined in accordance with TFRS 9			(20.43)			-
Tax income (expenses)			<u>6.59</u>			<u>5.06</u>
Net profit (loss)			<u>74.71</u>			<u>189.79</u>

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	MILLION BAHT					
	As of December 31, 2023			As of December 31, 2022		
	Oversea	Local	Total	Oversea	Local	Total
Assets operations						
Trade receivables	150.88	2.77	153.65	405.82	21.00	426.82
Contract assets	1,259.87	-	1,259.87	738.77	-	738.77
Inventories	398.44	45.25	443.69	551.35	58.29	609.64
General assets			<u>2,358.03</u>			<u>2,738.91</u>
Total assets			<u>4,215.24</u>			<u>4,514.14</u>

Major customer information

In year 2023 and 2022 the Company has earned from 2 and 3 major respectively customers from Overseas operating amounted to Baht 3,409.31 million and Baht 2,553.67 million respectively

27 INDUSTRIAL PROMOTIONAL PRIVILEGES

The Company has received promotional privileges from the Board of Investment and is existing as of December 31, 2023 and 2022 in 2 certificates.

No. 1 Promotional certificate dated February 3, 2014 is for steel structure. The main privileges include exemption from corporate income tax for the promoted activities for a period of 5 years from the date revenue is first derived. (September 30, 2018).

No. 2 Promotional certificate dated February 3, 2014 is for steel structure. The main privileges include exemption from corporate income tax for the promoted activities for a period of 5 years from the date revenue is first derived. (April 30, 2021).

To be entitled to the privileges, the Company must comply with the terms and conditions as specified in the promotional certificates.

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28 COMMITMENT AND CONTINGENT LIABILITIES

As of December 31, 2023 and 2022, the Company has commitment and contingent liabilities as follows :

28.1 Contingent liabilities to banks for letters of guarantee are as follows :

	MILLION	
	2023	2022
BAHT	36.10	36.30
US DOLLAR	60.06	44.67
AUSTRALIA DOLLAR	5.31	5.31
EURO	0.02	0.02

28.2 Commitment to purchase of fixed assets as of December 31, 2023 and 2022 amounted to approximately Baht 2.23 million and Baht 19.38 million respectively.

28.3 Commitment to purchase of materials and services as of December 31, 2023 and 2022 amounted to approximately Baht 138.86 million and Baht 415.23 million respectively.

28.4 Commitment under short - term lease and lease of low - value assets which have a payment due within 1 year as of December 31, 2023 and 2022 amounted to Baht 2.43 Million and Baht 2.63 million respectively.

29 FINANCIAL INSTRUMENTS

29.1 Financial risk management policy

The Company's financial instruments, principally comprise deposits with financial institutions, trade receivables and payables, receivable and payable - principals. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

(A) Trade receivables

The Company is exposed to credit risk primarily with respect to trade. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and receivable - principals as stated in the statements of financial position.

(B) Deposits with financial institutions

The Company is exposed to risk arising from deposit with financial institutions. However, the counterparties are banks with a good credit rating, for which the Company considers to have low credit risk.

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Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operation and to mitigate the effects of fluctuations in cash flows.

The remaining contractual maturities of financial liabilities at the reporting date are as follows:

	MILLION BATH				
	Carrying amount	1 year or less	More than 1 year but Less than 5 years	More than 5 years	Total
<u>As of December 31, 2023</u>					
Non - derivative financial liabilities					
- Trade payables and accrued contract cost	263.66	263.66	-	-	263.66
- Contract liabilities	379.34	379.34	-	-	379.34
- Other payables	53.40	51.30	2.10	-	53.40
- Lease liabilities	15.48	10.84	4.64	-	15.48
- Other liabilities	67.69	67.69	-	-	67.69
	<u>779.57</u>	<u>772.83</u>	<u>6.74</u>	<u>-</u>	<u>779.57</u>
Derivative financial liabilities	-	-	-	-	-

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Market risk

(A) Risk from foreign exchange rate

The Company encounters risk in foreign exchange rate because company has foreign receivables and payables. The Company uses derivative instruments to manage such risks. The Company does not use foreign currency forward contracts for trading purposes.

As of December 31, 2023 and 2022, the Company has assets and liabilities in foreign currencies as follows:

	MILLION	
	December 31, 2023	December 31, 2022
<u>Foreign currency denominated assets</u>		
Bank deposits		
- US DOLLAR	21.66	27.46
Trade receivables		
- US DOLLAR	4.43	11.84
Retention		
- US DOLLAR	1.49	2.62
Investment		
- US DOLLAR	1.46	1.50
Advance payment for purchase of material		
- US DOLLAR	0.10	0.11
Advance payment for purchase of fix assets		
- US DOLLAR	0.02	0.03
<u>Foreign currency denominated liabilities</u>		
Trade payables		
- US DOLLAR	0.08	0.57
Retention		
- US DOLLAR	0.01	0.03

As of December 31, 2023 The company has forward contracts with a financial institutions for risk management instrument as follow :

<u>Foreign currency</u>	<u>Sold amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
US DOLLAR	1,000,000.00	35.580	16 January 2024

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(B) Risk from interest rate

The Company's exposure to interest rate risk relates primarily to its cash at financial institutions. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

29.2 Fair value

The Company's financial assets and financial liabilities measured at amortised cost (except investment units at fair value) and the majority of the Company's financial instruments are short - term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

30 AGREEMENT

30.1 On March 1, 2020, the Company (Lessee) entered into a service agreement with a local company as a land lessor. Such area is located in the navy port which can create benefits for existing and potential projects. The assigned area is 25 Rais where can be extended another 10 Rais without any additional cost in land lease. The leasing term will be 3 years, starting from March 1, 2020 - February 28, 2023 with the total rental amounted to Baht 90 million which the Company has recorded as Right - of - use assets as described in note 10 to the financial statement.

In addition to the matter of land lease, the Company and the land lessor also aims to be the long-term business partnership by exchanging resources, knowledge between the parties to achieve business plans and create the long-term sustainable growth in steel fabrication business.

At the end of the contract, the Company did not renew such a contract.

30.2 On May 1, 2020, the Company (Lessor) entered into a land lease agreement with a local company. The leasing term will be 3 years with the total rental and advance received as of contract date amounted to Baht 31.45 million.

On May 1, 2023, the Company entered into the land lease agreement with the above company for the period of 2 years with the rental and advance received taken from the above agreement as of contract date in the amounted to Baht 12.58 million.

30.3 On April 11, 2022, the Company (Lessee) entered into a service agreement with a local company. The assigned area is 20 Rais the leasing term will be 2 years, starting from May 1, 2022 - April 30, 2024 with the total rental and advance payment amounted to Baht 76.80 million which the Company has recorded as Right - of - use assets as described in note 10 to the financial statement.

31 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of directors of the Company on February 21, 2024.

..... DIRECTOR DIRECTOR
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