

# Annual Report | 2020



ทุกวันต้องก้าวหน้ากว่าเมื่อวาน

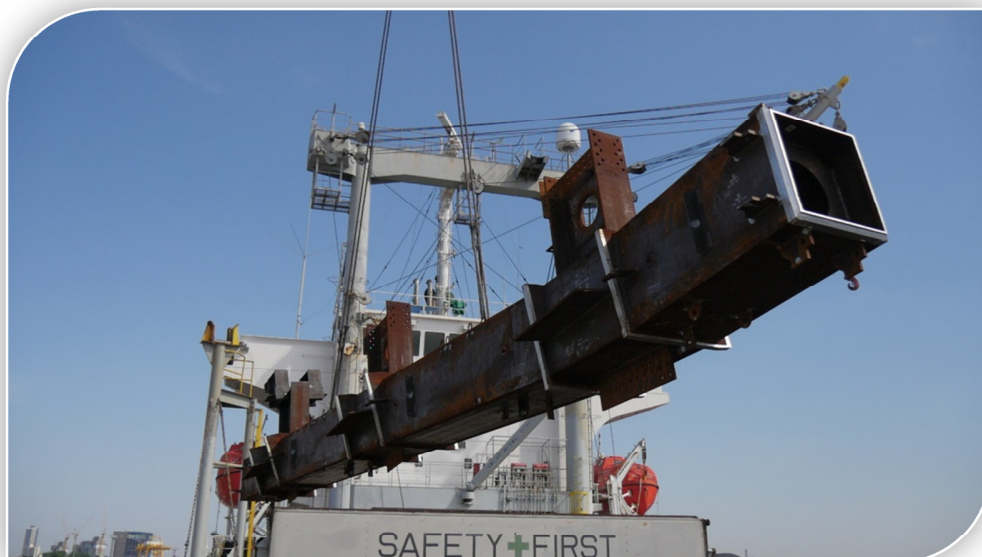
**Better Than Yesterday, Everyday**

ด้วยความเชื่อถือ

**“Trust”**

# Contents

---



Message from the Chairman of Board Director and Executive Chairman	1
Financial Highlights of 2020	3
Board of Directors and Top Managements	4
Summary of Financial Information	14
Corporate Information	15
Business Overview and Policy	17
Significant Changes in 2020	23
Investment Structure	24
Sales Structure and Summary of Customers	28
Undelivered Work	30
Risk Factor	32
Assets for Business Operation	34
Shareholders and Dividend Payment Policy	35
Management Structure	38
Good Corporate Governance	46
Corporate Social Responsibility	58
Related Party Transactions	70
Management Explanation and Analysis	71
Remuneration for Auditor	77
Report of the Audit Committee	78
Report of Auditor and Financial Statement	80

# Message from the Chairman of the Board Director

---

My target upon returning as CEO at the beginning of 2018 was to achieve a profit of 1 billion by the fiscal year 2021 and to drive share price to above 20 baht at less than 10x P/E. I believe we are only one step away from achieving this. Our profit this year has grown by more than 50% as compared to 600m in the previous year, beating out initial target for 2020 of 800 million and surpassing this by an additional 20% profiting around 950 million. I have no doubt that we will continue to outperform surpassing my original target for 2021.

I am particularly proud of what we have achieved during this difficult time as we all face the pandemic of Covid-19. I believe that our employees have contributed significantly with MCS Japan playing an irreplaceable role during this tough time. Whilst most foreign fabricators faced limitations with the travel restriction imposed, MCS Japan allowed us to conduct remote inspection and ship our products to our clients without any obstacle. I believe all our employees in Thailand as well as our facilities in Xiamen and Japan united as one and greatly contributed towards handling the limitations this pandemic has caused and worked together to achieve this successful year. Again, I have no doubt this will continue into the coming year. To this day, I strongly believe our decision to invest in MCS Japan has been invaluable. It is my duty to always prepare for both the predictable and unpredictable and have the ability to navigate and overcome any obstacles that come our way.

I believe that regardless of a potential vaccine that can fight Covid-19, business will remain affected and people's attitude will remain changed at least for the upcoming few months. Going forward, appetite for overseas outsourcing will be largely dependent on a safe environment one can provide for the clients when they visit. Price competitiveness, what was once most important will no longer be the only priority for overseas clients as they will value their own safety more. In order to ensure that we stay competitive and continue to succeed, I believe it is crucial that we take our clients safety into consideration. For this matter, we have tried to put up a Reception Center to accommodate our clients by providing a safe place to stay and eliminate the necessity to spend hours in transport driving in and out of Bangkok. Unfortunately this proposal was not accepted by the SET as they did not understand why a steel fabricator needed to invest in a reception facility so as of today, this project has been paused. I still believe it is a necessity and hope that we will be able to resume this project in the near future.

Also, a question we are often asked by our overseas investor is why we belong in the steel sector when we do not produce raw steel material but instead purchase the material in order to provide steel products. I believe a company providing raw material versus a company utilizing such raw material should belong in different sectors and more easily understood by our domestic investors and overseas investors. I do hope that the SET would take this into consideration and allow us to move to the appropriate sector.

In addition to handling Covid-19, we have managed to purchase several latest model machines with higher provision for even better efficiency and put up few ten thousand square meter of stock yard to cope with shipment adjustment requests from our clients. I believe the ability to be able to do so is critical for overseas outsourcing decision particularly during this Covid pandemic. We have successfully redesigned the usage of robot welding machines - from their original design purpose for welding column tube in Japan, we have modified it to weld cross-H column and even more complicated structure elements with higher unit price. This process has required countless tests with witnesses from authorized personnel in Japan, sending test pieces to laboratory in Japan and being certified by the authority in Japan. We are now the only fabricator using the same Japanese made robot machine capable of performing different welding purposes which it was originally not designed for. We have plans to purchase more units to reduce our manpower even more as we face the never ending increase in labor cost so that we maintain our competitiveness with our neighboring countries with cheaper labor cost.

Although initially my intention was to return only for a few years just to stabilize the company. In the past few years we have been faced with numerous challenges with horror of this pandemic being the toughest , However, I believe together with continuous contributions from our staffs together with my experience, and leadership skills have helped put MCS back to where it is today. As since my health has also improved tremendously I now believe if so requested by the board of directors I can remain as CEO for another 5 years and continue to strengthen MCS not only outperform target profits but further enhance ability for next generation management.

Once again, I would like to thank our directors and all our employees for their hard work and continued effort towards making MCS successful. I truly believe that our teamwork has allowed us to survive the Covid pandemic and helped us achieve this remarkable result. I believe that we will only continue to be better and stronger .

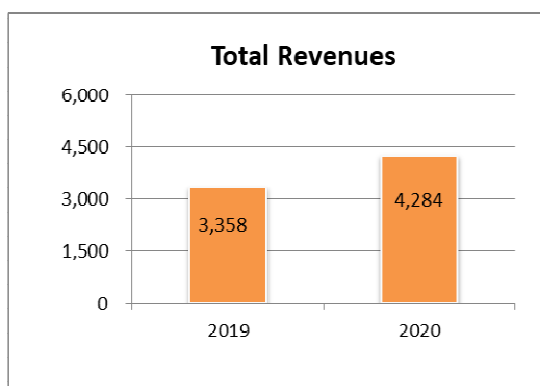
A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line extending to the right.

Dr.Naiyuan Chi  
Chairman of Board Director  
And Chief Executive Officer  
February 25,2021

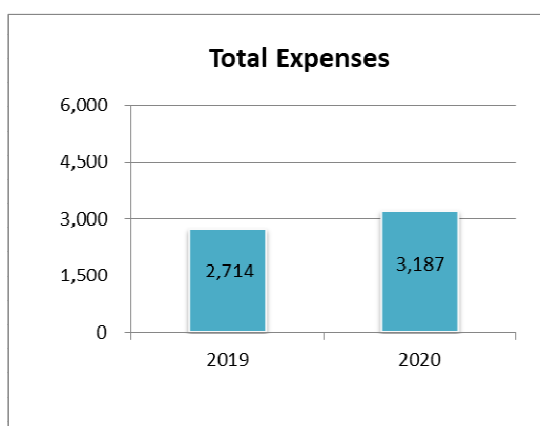


# Financial Highlights of 2020

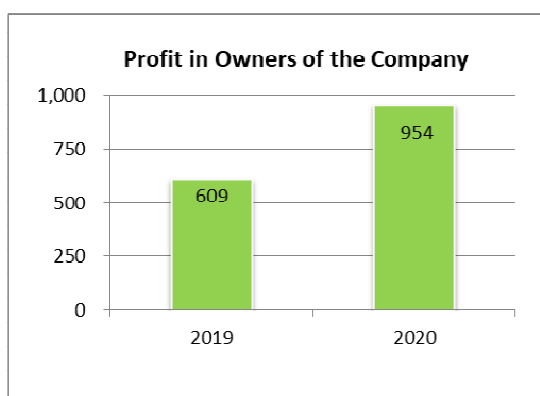
---



**Increased 27.58%**



**Increased 17.44%**



**Increased 56.78%**

# Board of Directors And Top Managements

**At January 1,2021**

**Dr.Naiyuan Chi**

Age 68

- The founder
- Chairman of Board Director  
Appointed Date : Since 2005
- Chief Executive Officer  
Recently appointed Date : January 1,2019
- The company ' s binding authority



1. Directorship	<ul style="list-style-type: none"> <li>▪ Induction since 2005</li> <li>▪ 5 consecutive directorship periods</li> </ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ 6,500,000 Shares or 1.36 %</li> </ul>
3. Stock Holding (spouse ) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ Increased 500,000 shares</li> </ul>
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Ph.D. of Engineering Kyoto University</li> <li>▪ Director Accreditation Program (DAP) Class 25th Year 2004</li> </ul>
6. Work Experience in the last 5 Years	<p><b>MCS Group</b></p> <ul style="list-style-type: none"> <li>▪ 2005 to 2017 Chief Executive Officer M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2010 to Present Director Tanaka Welding Center Co., Ltd.</li> <li>▪ 2018 to Present Director M.C.S. – JAPAN Co., Ltd. , Japan</li> </ul>

**Ms.Wanna Pholkaew**

Age 44



- Director
- Acting President  
Appointed Date : January 1, 2021
- Chief Marketing and Quality Assurance Officer  
Appointed Date : January 1, 2019
- The company's binding authority with Mr.Phairat Viwatborvornwong or Mr.Pornchai Phisananukunkit

1. Directorship	▪ Induction since November 2018
2. Stock Holding (Own) at December 30,2020	▪ 10,500 Shares or 0.002%
3. Stock Holding (Spouse) at December 30,2020	▪ None
4. Share changed in 2020	▪ None
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Business Administration ( Computer ) Rangsit University</li> <li>▪ ( Japanese course ) Futaba Collage of Foreign Languages : JAPAN</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 156th Year 2019</li> </ul>
6. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"> <li>▪ 2017 to 2018 Asst. to Vice President Foreigner Co-ordination Dept. M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2018 to Present Director M.C.S. – JAPAN Co., Ltd. , Japan</li> </ul>

**Mr.Phairat Viwatborvornwong**

Age 53

- Director  
Appointed Date : April 3,2018
- Chief Planning and Construction Officer  
Appointed Date : January 1,2019
- The company ' s binding authority with Mr.Pornchai Phisarnanukunkit or Ms.Wanna Pholkaew



1. Directorship	<ul style="list-style-type: none"> <li>▪ Induction since 2007</li> <li>▪ 3 consecutive directorship periods</li> </ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ 10,000 shares or 0.002%</li> </ul>
3. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Civil Engineering Rajamangala Institute of Technology Tewes</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 70th Year 2008</li> </ul>
6. Work Experience in the last 5 Years	<p><b>MCS Group</b></p> <ul style="list-style-type: none"> <li>▪ 2014 to 2018 President M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2010 to Present Director Tanaka Welding Center Co., Ltd.</li> </ul>

**Mr.Pornchai Phisarnanukunkit**

Age 51

- Director  
Appointed Date : April 3,2018
- Chief Operating Officer  
Appointed date : January 1,2019
- The company's binding authority with Mr.Phairat Viwatborvornwong or Ms.Wanna Pholkaew



1. Directorship	<ul style="list-style-type: none"> <li>▪ First induction since 2005</li> <li>▪ 3 consecutive directorship periods</li> </ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
3. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ Decreased 79,900 shares</li> </ul>
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Industrial Technology in Structures King Mongkuts Institute of Technology North Bangkok</li> <li>▪ Master of Business Administration ( Industrial Business Administration ) King Mongkuts Institute of Technology North Bangkok</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 42nd Year 2005</li> </ul>
6. Work Experience in the last 5 Years	<p><b>MCS Group</b></p> <ul style="list-style-type: none"> <li>▪ 2005 to 2018 Senior Vice President M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2010 to Present Director Tanaka Welding Center Co., Ltd.</li> </ul>



**Gen.Titiwat Kamlang-Ek**

Age 63

- Chairman of Audit Committee  
Appointed Date : April 8,2019
- Independent Director  
Appointed Date : Since 2016



1. Directorship	<ul style="list-style-type: none"><li>▪ Induction since 2016</li><li>▪ 1 consecutive directorship period</li></ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"><li>▪ None</li></ul>
3. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"><li>▪ None</li></ul>
4. Share changed in 2020	<ul style="list-style-type: none"><li>▪ None</li></ul>
5. Education / Training	<ul style="list-style-type: none"><li>▪ Bachelor of Science Program Chulachomklao Royal Military Academy</li><li>▪ Certificate of Director Accreditation Program (DAP) Class 134th Year 2017</li></ul>

**Mr.Tinakorn Seedasomboon**

Age 60

- Member of Audit Committee  
Most recently appointed Date : April 8,2019
- Member of the Nomination and Remuneration Committee  
Appointed Date : February 26,2018



1. Directorship	<ul style="list-style-type: none"> <li>▪ Induction since 2010</li> <li>▪ 4 consecutive directorship period</li> </ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
3. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Accounting , Bangkok University</li> <li>▪ Master of Business Administration The University of the Thai Chamber of Commerce (UTCC)</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 61st Year 2006</li> <li>▪ Certificate of Director Certification Program (DCP) Class 92nd Year 2007</li> <li>▪ Certificate of Audit Committee Program (ACP) Class 19th Year 2007</li> <li>▪ Certificate of Role of the Chairman Program (RCP) Class 30th Year 2013</li> <li>▪ Certificate of Advanced Audit Committee Program (AACP) Class 27th Year 2017</li> <li>▪ Certificate of Board Nomination and Compensation Program (BNCP) Class 6th Year 2019</li> </ul>
6. Work Experience in the last 5 Years	<p><b>Other Listed Company</b></p> <ul style="list-style-type: none"> <li>▪ 2007 to Present Independent Director and Audit Committee Qualitech Public Co., Ltd.</li> </ul> <p><b>Other Companies</b></p> <ul style="list-style-type: none"> <li>▪ 2002 to Present President Praathid Accounting Co., Ltd.</li> <li>▪ 2009 to Present Independent Director DVMVS Co., Ltd.</li> </ul>

**Mr.Supoj Kaewmanee**

Age 61

- Member of Audit Committee  
Appointed Date : April 8,2019
- Nomination and Remuneration Committee  
Appointed Date : February 26,2018



1. Directorship	<ul style="list-style-type: none"> <li>▪ Since 2018</li> <li>▪ 1 consecutive directorship period</li> </ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
3. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Laws ,Thammasat University</li> <li>▪ Master of Laws ,Ramkhamhaeng University</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 107th Year 2014</li> </ul>
6. Work Experience in the last 5 Years	<p><b>Other Listed Companies</b></p> <ul style="list-style-type: none"> <li>▪ 2013 to Present Chairman of Nomination and Remuneration Committee And Member of Audit Committee LDC Dental Public Co., Ltd.</li> <li>▪ 2014 to Present Chairman of Nomination and Remuneration Committee And Member of Audit Committee Salee Printing Public Co., Ltd.</li> <li>▪ 2017 to 2020 Chairman of Nomination and Remuneration Committee And Audit Committee Comanche International Public Co., Ltd.</li> <li>▪ 2019 to Present Independent Director and Audit Committee The Union Mosaic Industry Public Co., Ltd.</li> </ul> <p><b>Other Companies</b></p> <ul style="list-style-type: none"> <li>▪ 2019-Present Director Thai Investors Association</li> <li>▪ 1993 to 2019 Chairman Tossatham Co., Ltd.</li> </ul>

**Mr.Somsakdi Suriyawongse**

Age 68

- Independent Director  
Most recently appointed Date : April 7,2020
- Chairman of Nomination and Remuneration Committee  
Appointed Date : February 26,2018



1. Directorship	<ul style="list-style-type: none"> <li>▪ Since 2018</li> <li>▪ 1 consecutive directorship period</li> </ul>
2. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
3. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
5. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Political Science (Politics and Governments) Thammasat University</li> <li>▪ Master of Political Science (Public administration) Thammasat University</li> <li>▪ Diploma, National Defence College, The Joint State Class No.19 National Defence College of Thailand</li> <li>▪ Certificate of Director Accreditation Program (DAP) Class 148th Year 2018</li> </ul>

**Remark :** Mr.Somsakdi Suriyawongse resigned from Director Chairman of Nomination and Remuneration Committee since February 25,2021

**Ms.Mattawan Srisakda**

Age : 46

- Manager : Accounting and Financial Department  
Appointed Date : Since 2009
- Acting for Chief Financial Officer  
Appointed Date : February 7, 2019



1. Stock Holding (Own) at December 30,2020	▪ 33,000 shares or 0.007%
2. Stock Holding (Spouse) at December 30,2020	▪ None
3. Share changed in 2020	▪ None
4. Education / Training	▪ Bachelor of Business Administration ( Accounting ) Rangsit University
5. Work Experience in the last 5 Years	<b>MCS Group</b> <ul style="list-style-type: none"> <li>▪ 2009 to Present Manager : Accounting and Financial Department M.C.S. Steel Public Co., Ltd.</li> <li>▪ 2018 to Present Director M.C.S. – JAPAN Co., Ltd. , Japan</li> </ul>



**Ms.Kanchalika Sangparinya**

Age 43

- Company Secretary  
Appointed Date : since 2009



1. Stock Holding (Own) at December 30,2020	<ul style="list-style-type: none"> <li>▪ 67,500 shares or 0.014%</li> </ul>
2. Stock Holding (Spouse) at December 30,2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
3. Share changed in 2020	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
4. Education / Training	<ul style="list-style-type: none"> <li>▪ Bachelor of Business Administrator ( Computer Information Management ) Saint John 's University</li> <li>▪ Bachelor of Accounting The University of the Thai Chamber Commerce</li> <li>▪ Master of Business Administration ( International Business Management ) Saint John University</li> <li>▪ Japanese course Toyo Language school , Japan</li> <li>▪ Certificate of Company Secretary Program Year 2010 From IOD</li> <li>▪ Certificate of IR Professional Program Class1/2012</li> <li>▪ Certificate of IR Fundamental No.2 Year 2019 From SET</li> </ul>
5. Work Experience in the last 5 Years	<p><b>MCS Group</b></p> <ul style="list-style-type: none"> <li>▪ 2005-2008 Secretary to CEO M.C.S. Steel Public Co., Ltd</li> <li>▪ 2009 to Present Company Secretary M.C.S. Steel Public Co., Ltd</li> </ul>

# Summary of Financial Information

## Separate financial statements

Details		2020	2019	2018
<b>Total asset</b>	Million Baht	5,977.97	4,941.59	3,767.72
<b>Issued and paid-up share capital</b>	Million Baht	477.00	500.00	500.00
<b>Equity</b>	Million Baht	3,636.60	3,034.77	3,004.93
<b>Total Income</b>	Million Baht	4,190.46	3,223.65	3,173.26
<b>Total Expense</b>	Million Baht	3,264.19	2,596.11	2,698.93
<b>Net profit</b>	Million Baht	847.72	600.49	451.12
<b>Earnings per share</b>	Baht	1.78	1.26	0.99
<b>Book value</b>	Baht	7.62	6.07	6.01
<b>Par value</b>	Baht	1.00	1.00	1.00
<b>Dividend per share</b>	Baht	1.00	0.65	0.50
<b>Dividend per Net Profit</b>	%	56.27	51.63	52.87

## Consolidated financial statements

Details		2020	2019	2018
Total asset	Million Baht	5,993.07	5,096.49	4,033.82
Total Liability	Million Baht	2,210.69	2,041.32	1,064.38
Equity	Million Baht	3,782.37	3,055.17	2,969.44
Revenue from sales and rendering of services	Million Baht	4,251.78	3,300.34	3,248.26
Total Income	Million Baht	4,283.88	3,357.88	3,292.05
Total Expense	Million Baht	3,187.30	2,713.95	2,851.84
Gross profit	Million Baht	1,602.75	1,150.09	1,083.88
The company's Profit in the owners	Million Baht	954.08	608.54	416.93

## Corporate Information

---

Name of company	M.C.S. Steel Public Company Limited
Type of business	Fabrication and Erecting Steel Structure
Public company registered	0107548000048
Registered capital	477,000,000 Baht ( Fully paid up ) comprises 477,000,000 shares with 1 Baht of par value.

### Head office and Factory

70 Moo 2 Changyai Bangsai Ayutthaya 13290  
Tel : 035-372961-6 or 089-9001217-8  
Fax : 035-372967-8  
Website : [www.mcssteel.com](http://www.mcssteel.com)  
E-mail : [info@mcssteel.co.th](mailto:info@mcssteel.co.th)

## Other Reference

---

**A) Registrar**

The Thailand Securities Depository Co.,Ltd.  
93 Ratchadaphisek Road, Dindaeng,  
Bangkok 10400, Thailand  
Tel : (66 2) 009 9999  
Fax : (66 2) 009 9991

**B) Auditor**

Mr.Banthit Tangpakorn  
Certified Public Accountant Registration No. 8509  
KPMG Phoomchai Audit Ltd.  
50<sup>th</sup> Floor , Empire Tower  
1 South Sathorn Road  
Yannawa Sathorn , Bangkok 10120 Thailand  
Tel : (66 2) 677-2000  
Fax : (66 2) 677-2222

**C) Law Advisor**

Paramee Law Co., Ltd.  
511/4 Prachauthit 117/1 Road  
Thungkhru, Bangkok 10140  
Tel : (66 2) 815-9523

**D) Financial Advisor**

Welcap Advisory Co., Ltd.

**E) Financial Institutions Regularly in Contact**

Bangkok Bank – Head Office ( Silom )  
Bangkok Bank – Pratunam Pra-In

# Business Overview and Policy

---

## Company Policy

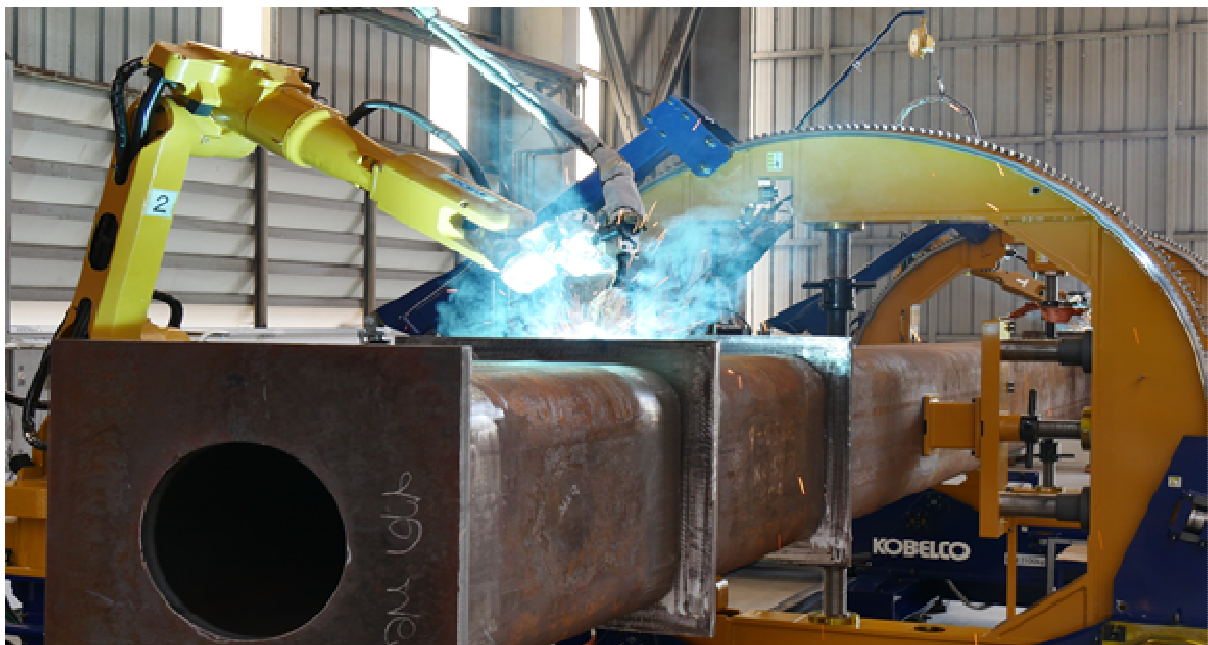


**"We are a fabricator, erector and inspector of steel construction with the quality meets the international standard and the customer satisfaction"**

M.C.S. Steel Public Co., Ltd. ("Company") (formerly known as "M.C.S. International Co.,Ltd." and M.C.S. Hokoku Co.,Ltd.) was found in 1992 by a group of specialists in the steel and construction industry. This group is made up of 4 people consisting of Dr. Naiyuan Chi, Mr. Sompong Methasatidsuk, Mr. Manot Iwanuwat, and Suwat Uengphakon. The initial registered capital for the company was 15 million Baht. At present, At present the company capital was 477 million Baht, of which 477 million shares are paid-up common shares with the par value of 1 Baht per share. The primary purpose was for operating business in manufacturing and setting up general steel structure fabrications of small and medium sizes for buildings. Subsequently, the company has evolved to become a manufacturer of fabricated steel especially for steel structures to be used as a Beam and Column Box which have high resistance to earthquake , useful for construction of large and tall buildings. Furthermore, in 2003 the company has expanded its operations to invest in the agriculture business, but for two years in the organic fertilizer has not been successful because it has never been seriously support by the government .Therefore in end of 2006 the company has decided to cancel this business. However the company will continue only small scale research and analysis by not expect the profit. The company operate the steel business.

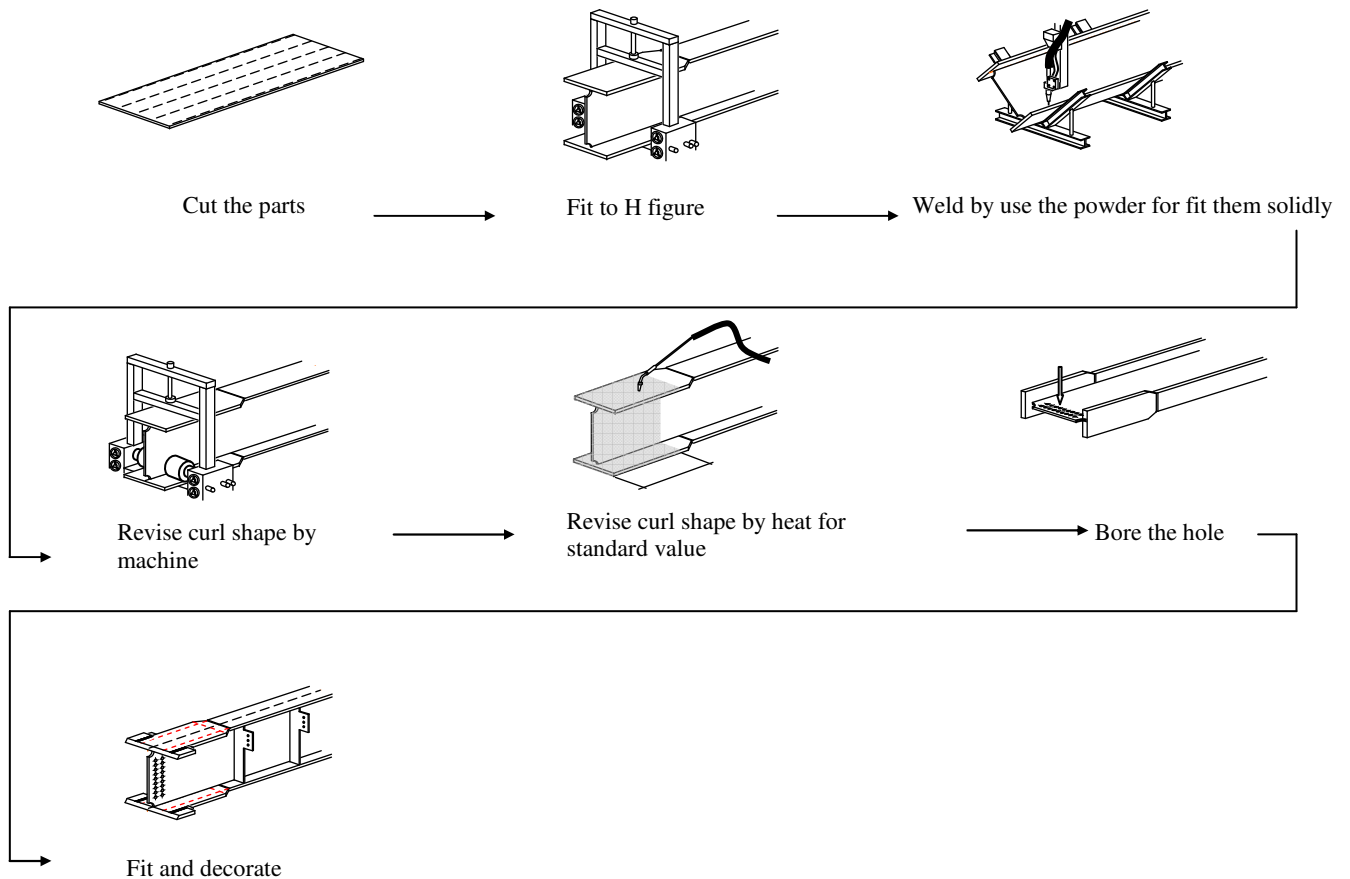


The factory is located at Changyai Sub-district, Bangsai District, Phra Nakhon Si Ayutthaya Province. The Steel business line is the business of the company. The company manufactures and sells large structured steel fabrications for large construction projects both domestically and internationally. There are mainly 2 types of structure steel fabrications, one to be used as a box column and the other to be used as a girder, which are both important parts of a building. MCS now consists of 13 Factories in 255 rai and have maximum capacity for 70,000 tons per year, And in 2016 ,the company have bought Robot Machines for producing Column and Pipe, It have produced since June of 2017 which get the capacity increase to 12,000 – 15,000 Tons per year for Column and Pipe.

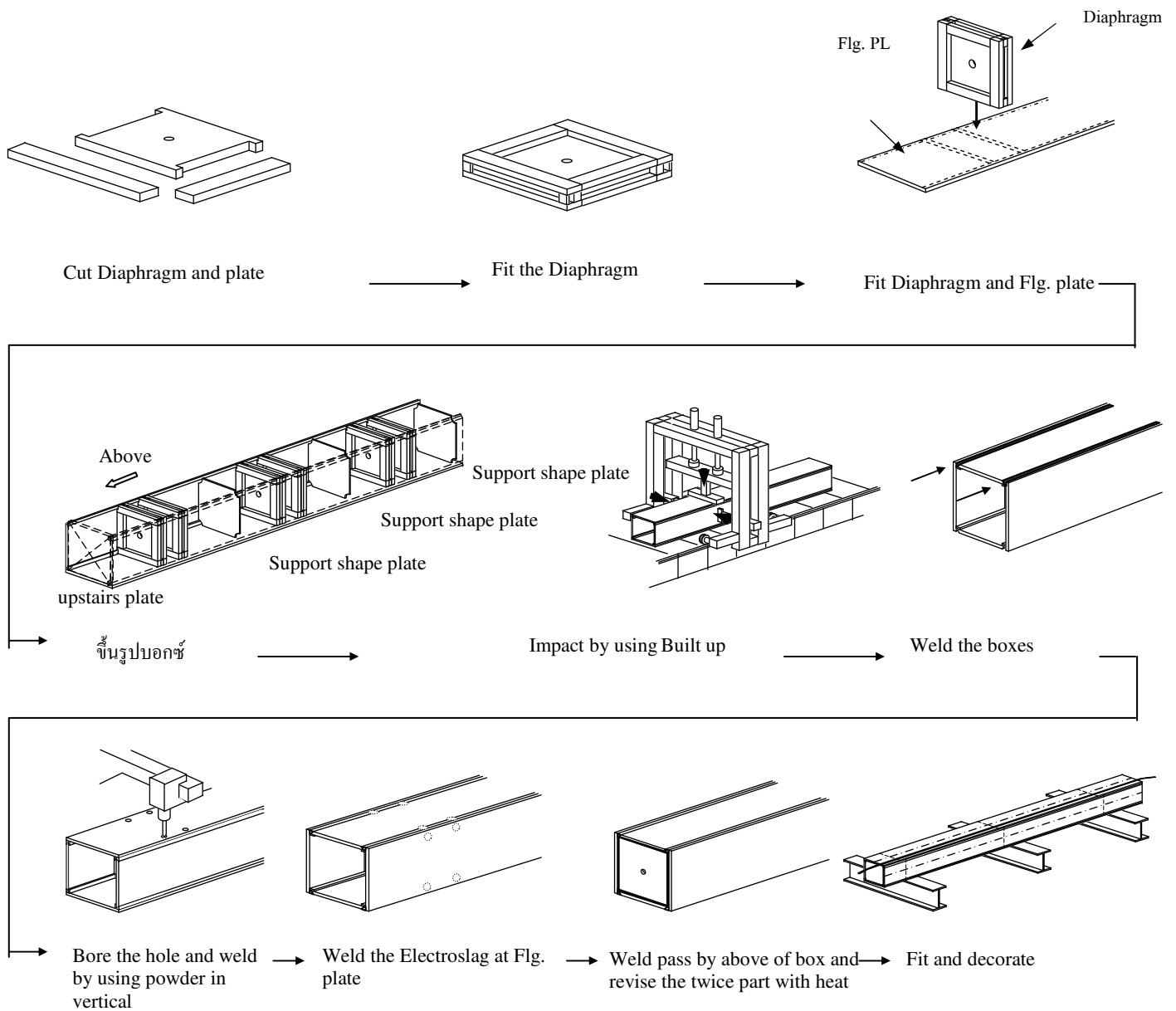


The procedure of structure steel fabrications will begin from bringing high-quality hot-rolled steel plates and cutting them into the desired size, then the pieces of steel will be put together by attaching them into different shapes, for instance a column box or beam. A connecting wire will be used to weld the steel plates together. Next, the related pieces, for example, steel wire, steel pipe, and steel plate are put together according to the blue print. The final step is to fine-tune the product to achieve the desired quality standards.

### **Procedure of producing Beam**



## Procedure of producing Box



The company mainly sell directly to customers, with the target market being large contractors and general customers with construction projects. In 2020 , the company sold directly to customers in Japan around 95% and domestic work around 5% of the total sales. On average the company will receive purchasing orders from clients at least 6 months to 1 year in advance. This has made the company free of manufacture and sales problems. Furthermore, the products of the company are of high quality with the standard acceptable in Japan. The company has always maintained its product quality, by manufacturing its products consistently at a high standard. As such , MCS has obtained accredited certifications from domestic and international famous institutions including;

- 1998 H Class Fabricator from Japan Steel Rip Fabricating Association  
ISO 9002
- 2000 ISO 9001 : 2000
- 2006 ISO 17025 : 2005 ( Certificate of Laboratory and Accreditation )
- 2007 AISC ( American Institute of Steel Construction Ins. ) for Building Structure
- 2008 OHSAS 18001 : 2007 ( Occupational Health and Safety System )
- 2009 Upgraded ISO 9001 : 2000 to 9001: 2008
- 2010 Best Performance Award from SET
- 2011 S Grade : Certificate from Minister of land , infrastructure and transportation of Japan
- 2012 ISO 3834 Part2 ( International Institute Of Welding for steel fabrication of building and bridge structure )
- 2013 ISO : EN 1090 Part 2  
EN 1090 Part 2 ( Steel Fabrication of Building and Bridge Structure )
- 2015 ISO 14001 : 2004 Environmental Management System: EMS
- 2016 Upgraded ISO 9001 : 2008 to ISO 9001: 2015
- 2017 Recertified AISC, ISO 9001:2015, OHSAS 18001:2007, ISO/IEC 17025:2005, EN ISO 3834-2, ISO 14001:2004 and S-GRADE
- 2018 Recertified ISO 14001: 2015
- 2019 ISO EN 3834 : Specification and Quatification of Welding Procedure for Matallic Materials.  
Welding Procedure Specification – part 2 : Gas welding  
Recertified AISC  
Upgraded OHSAS 18001 : 2007 to ISO 45001 : 2018 (Occupation Health and Safety Management )
- 2020 Recertified ISO 14001 : 2015  
Recertified ISO 9001:2015





## Significant Changes in 2020

---

### On April 13,2020

---

- Informed to sign the contract of Isehara Project around 4,000 ton from M.M. & Kenzai Corporation

### On May 25,2020

---

- Informed to sign the contract of ES Con Field Hokkaido Project in Japan around 5,000 ton from Obayashi Corporation Co., Ltd.

### On May 27,2020

---

- Informed to sign the contract of Kudan kaikan redevelopment Project Pack 2 in Japan around 2,800 ton from Obayashi Corporation Co., Ltd.

### On June 12,2020

---

- Informed to sign the contract of Ichigawa Project around 11,350 ton from Kajima Corporation Co, Ltd.

### On October 9,2020

---

- The company has undertaken to decrease paid-up capital from 500,000,000 Baht to 477,000,000 Baht by writing off company shares equal to 23,000,000 share at par value 1 Baht per share which is 23,000,000 Baht in total.

### On October 15,2020

---

- Informed to sign the contract of Shinnagawa Project around 15,200 ton from Kajima Corporation Co, Ltd.

### On October 15,2020

---

- Informed to sign the contract of Meguro Project around 950 ton from JFE engineering

### On January 1,2021

---

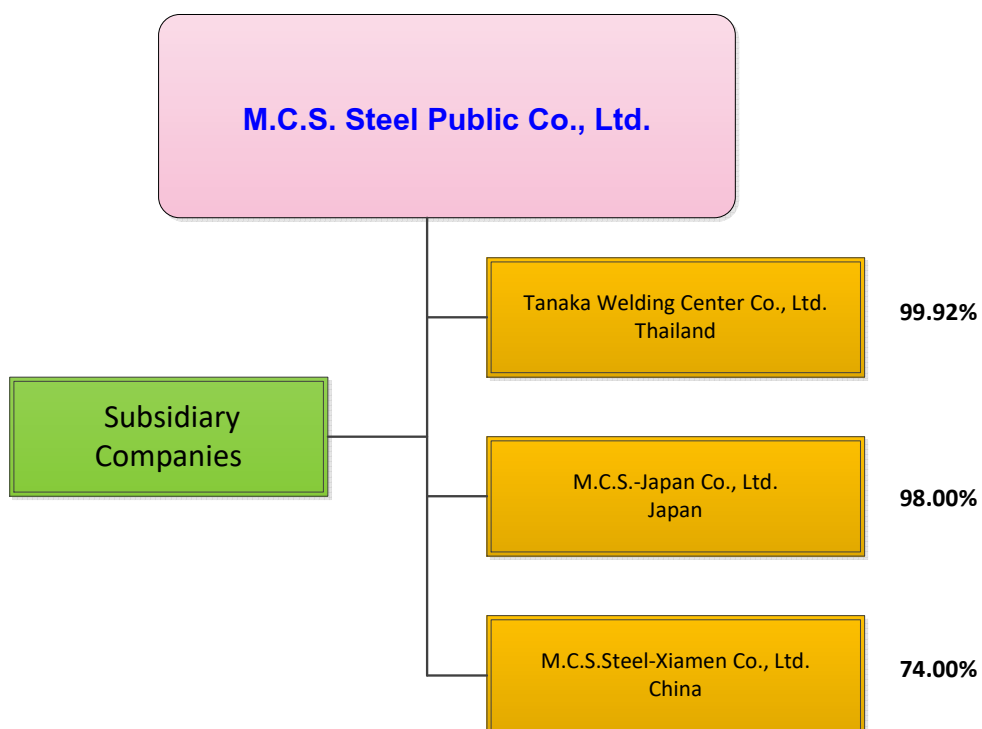
- Changing the top management

Name	Former Position	New Position
Ms.Wanna Pholkaew	Chief Marketing and Quality Assurance Officer	Acting President and Chief Marketing and Quality Assurance Officer

# Investment Structure

---

In year 2020 ,M.C.S. Steel Public Co., Ltd. There are 3 subsidiary companies as following;



## Tanaka Welding Center Co., Ltd.



<b>Type of Business</b>	Training & Construction
<b>% of Holding</b>	99.92%
<b>Type of relation</b>	Shareholding and Co-Director
<b>Capital</b>	99 Million (Baht)
<b>Par Value per Share</b>	100 Baht (990,000 shares)
<b>Head Office</b>	70 Moo 2 Changyai Bangsai Ayutthaya 13290 Thailand
<b>Telephone</b>	035-372961

## M.C.S.-JAPAN Co., Ltd.



<b>Type of Business</b>	Made to order
<b>% of Holding</b>	98.00%
<b>Type of relation</b>	Shareholding and Co-Director
<b>Capital</b>	50 Million (JPY)
<b>Par Value per Share</b>	1,000,000 JPY (50 shares)
<b>Head Office</b>	711-2 Owadashinden Yashiyo-shi Chiba 276-0046 Japan
<b>Telephone</b>	81-47-4306265



## M.C.S. Steel Xiamen Co., Ltd.



Type of Business	Made to order
% of Holding	74.00%
Type of relation	Shareholding and Co-Director
Capital	7.8 Million US Dollar
Head Office	No.68 Shanbian Road Dongfu Town Haicang District Xiamen 361027 China
Telephone	86-592-6511-711



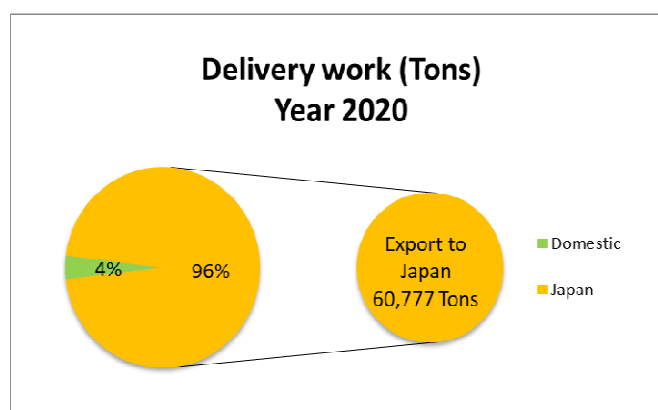
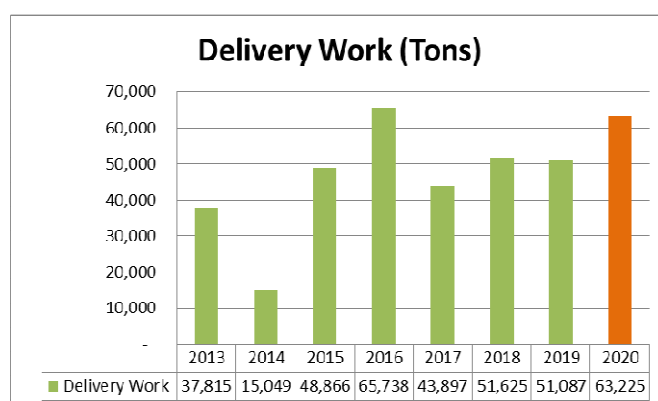
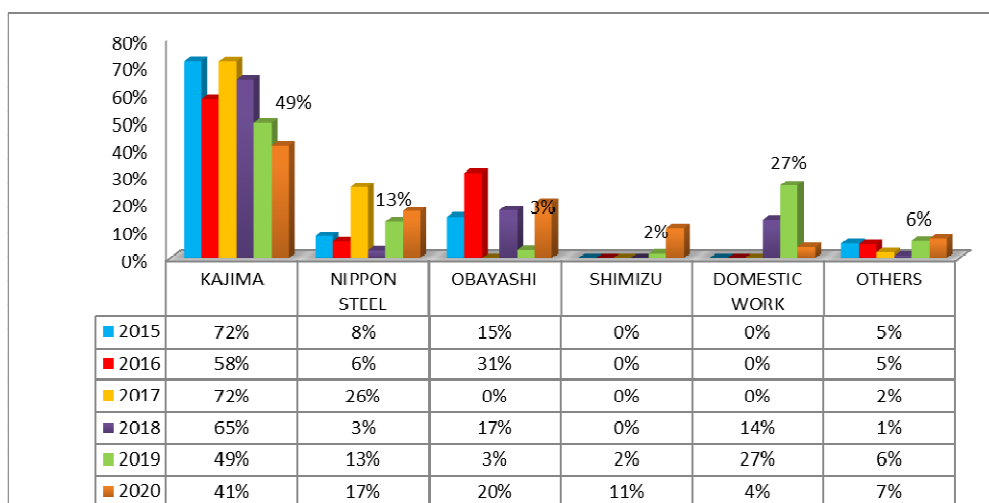
# Sales Structure

Value : Baht

Product	2018		2019		2020	
	Value	%	Value	%	Value	%
1. Income from Sales of Steel Structure						
1.1 Domestic Sales	304,685,385	9.26	678,913,239	20.22	195,476,753	4.56
1.2 Export Sales	2,943,575,227	89.41	2,621,430,835	78.07	4,056,305,416	94.69
2. Income from sales of scraps	14,911,384	0.45	13,924,279	0.41	11,791,751	0.28
3. Other incomes	28,874,417	0.88	36,547,795	1.09	20,301,959	0.47
3.1 Gain on sales of investment	-	-	-	-	-	-
4. Gain on exchange rate	-	-	7,063,214	0.21	-	-
<b>Total revenues</b>	<b>3,292,046,413</b>	<b>100.00</b>	<b>3,357,879,363</b>	<b>100.00</b>	<b>4,283,875,879</b>	<b>100.0</b>

This revenue structure does not include the profit (loss) share from the subsidiary companies.

## Summary of Customers



## Undelivered Work

At December 31,2020 , The company has undelivered work as below ;

No.	Project	Type	Location	Project value	Expect year	% of Undelivered work	Value of Undelivered work	Status of contract
1	FUNABASHI 3	High Building	Japan	3,012.18	2021	11.62%	350.00	Completed
2	KUDANKAIKAN	High Building	Japan	2,839.86	2021	17.27%	490.31	Completed
3	SHIBUYA	High Building	Japan	5,500.66	2021	31.61%	1,738.95	Completed
4	HOKKAIDO BALL PARK	Stadium	Japan	920.50	2021	26.68%	245.60	Completed
5	TORANOMON AZABUDAI	High Building	Japan	9436,0	2022	77.06%	7,310.00	Completed
6	TORANOMON STATION	High Building	Japan	11,312.63	2022	82.19%	9,297.40	Completed
7	ICHIKAWA	High Building	Japan	1,805.85	2021	100.00%	1,805.85	Completed
8	MEGURO	Factory	Japan	275.33	2021	38.56%	106.16	Completed
9	ONES	High Building	Thailand	1,862.89	2021	10.31%	182.68	Completed
<b>Total (Million JPY )</b>							<b>21,526.95</b>	
<b>Total (Million Baht) as Exchange rate on December 30,2020 : 100 JPY = 0.283403</b>							<b>6,100.80</b>	





Finished work : Waiting to Delivery  
Photo take on (January 2021)

# Risk Factor

---



## **Risks of ocean freight charge**

Transportation cost and freight charge account for 10% and 3-4% of the Company's total expenses, respectively. In 2020, export sector was affected by COVID-19 pandemic, resulting in export volume contraction, and the number of operating cargo vessels was reduced on the back of economic slowdown. Since the number of operating container ships declined, a demand for other kinds of cargo ships was considerably increasing, resulting in insufficient ship supply and higher freight charges. However, a rise in freight charges accounted for a mere portion of total expenses and the Company tried to relieve the problem by executing agreements with its existing shipping company to arrange and determine the advanced fixed freight charge to ensure that the Company will not be affected by the problem of insufficient cargo ship supply and delayed delivery and will be able to control the freight charge based on its budget which will not be varied by the market price on the back of a rising demand in cargo vessels.



## **Risks of persons influencing management policy**

Although Dr. Ni Yuan Chi, CEO, is authorized to sign and bind the Company, formulation of the Company's policies must be approved by the Board of Directors, which comprises 8 directors and 4 independent directors, to ensure that the management policies have been carefully scrutinized by all directors.



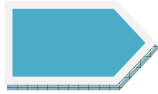
## **Risks of raw material supply**

Key raw material used for the Company's steel structure production is hot-rolled steel sheet imported from JFE Steel Corporation, Japan's second largest steel company. Prior to any purchase, the Company always compares the price with other similar replaceable steels from other suppliers from China or South Korea to ensure that imported raw material has reasonable price.



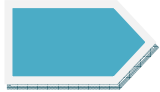
### **Risks of economic outlook and construction industry in Japan**

The Company's core business is to manufacture large steel structure for high-rise buildings and 90% of output is exported to large construction contractors in Japan. Although COVID-19 pandemic caused a contraction in Japan's industry sector in 2020 and is likely to affect all future works, the Company has been awarded the contracts until 2022, so its backlog continues for 1-2 years. As for future works, the Company usually executes contracts at least 1-2 years in advance. Despite a slowdown in Japan's construction projects, the demand for steel structures is not less than 5 million tons a year and export volume to Japan accounts for only 1% of the Company's total production.



### **Risks of economic outlook and construction industry in Japan**

The Company manufactures steel structure to export to Japan, the Company's major customer which accounts for 95% of total revenues. The Company's revenues are mostly from major customers that are Japan's four largest construction companies, including Kajima Corporation, Shimizu Corporation, Obayashi Corporation and Takenaka Corporation. The Company executed sale and purchase agreements and opened Letter of Credit (L/C) to ensure that payment will be timely made to the receiver in an accurate amount and minimize risks of customer payment. The Company's previous payment period was due to 14 days after submitting the invoices via banks. Only 5% of domestic works is paid by cheque, without a L/C, so in case of any default payment, it will not much affect the Company's core business.



### **Risks of craftsman shortage**

The Company's business requires skilled and qualified welders holding the certificate under Japan's standards, but there are few welders in Thailand where it does not require the same standard as in Japan. Therefore, the Company sought outsourced craftsmen who have been trained at the Company's training center at least for 3 months to learn about the specific welding method used for Japan's projects. Each year the Company will engage the certified welder institute from Japan to conduct new employee testing in order to apply for the certificate. As a result, the number of qualified employees working for Japan's projects is annually increasing. Now the Company has 279 welders who have been granted the Certificate JIS (Japanese Industrial Standard).



### **Risks of exchange rate**

As the Company's income is mostly dominated by foreign currency (Yen), exchange rate certainly has impact on the performance. However, 40-50% expenses in purchase of key raw material are in the same currency as the income, so it is common hedge against exchange rate fluctuation. The management also considered execution of Forward Contract for foreign currency as deemed appropriate.

# Assets for Business Operation

At December 31,2020 , The company has assets for business operation as below ;

(Unit : Thousand Baht)

Type of Asset	Ownership	Cost	Net Value	Security Value with Guaranteed Obligation	Obligations
(1) Land and Improvements	Owner	370,484	367,243	86,220	mortgaged
(2) Buildings and Structures	Owner	979,626	456,093	68,404	mortgaged
(3) Machinery and Equipment	Owner	1,055,831	350,981	42,100	mortgaged
(4) Office Equipment , Furniture and Vehicles	Owner	194,087	30,432	-	N.A.
(5) Assets under Construction	Owner	211,684	211,684	-	N.A.
<b>Total and Building and Equipment</b>		<b>2,811,712</b>	<b>1,416,433</b>	<b>196,724</b>	



Crane 20 Ton, Fac 2/1 and Fac 2/2

# Shareholders And Dividend Payment Policy

---

## 1. Company ' Equity

Registered capital and paid-up capital of th Company as at 31 December 2020 was

Registered capital	amount	477,000,000	Baht
Total paid	amount	477,000,000	Baht
Common shares	amount	477,000,000	Shares
Par value per share		1.00	Baht

## 2. Dividend Policy

A Policy dividend rate at least 50 percent of net profit (Separate Financial Statement) after tax and legal reserves , however , Company may make a dividend less defined above depending on financial performance, liquidity needs to be used as working capital for operations expansion and other factors involved in the management of the company. In the subsidiaries and dividend policy of subsidiary company and associated company will pay dividends to the company based on performance in each year.

The Company has paid dividends for the year 2009-2020 results as described below.

Year	Earning per share	Total of Dividend	%
	( Baht )	( Baht )	Of Net Profit
2009	586.80	0.60	51.12
2010	797.36	0.80	50.17
2011	490.08	0.50	51.02
2012	170.40	0.18	52.82
2013	354.18	0.20	28.25
2014	123.34	0.20	81.08
2015	654.41	0.70	51.92
2016	1,163.64	1.36	55.28
2017	539.43	0.60	50.28
2018	451.12	0.50	52.87
2019	600.54	0.65	51.63
2020	847.72	1.00**	56.27

\*\* The total included the dividend that prefer the AGM of 2021 to pay the dividend for operation of 2020 as 0.60 Baht per share which will pay on April 28,2021.

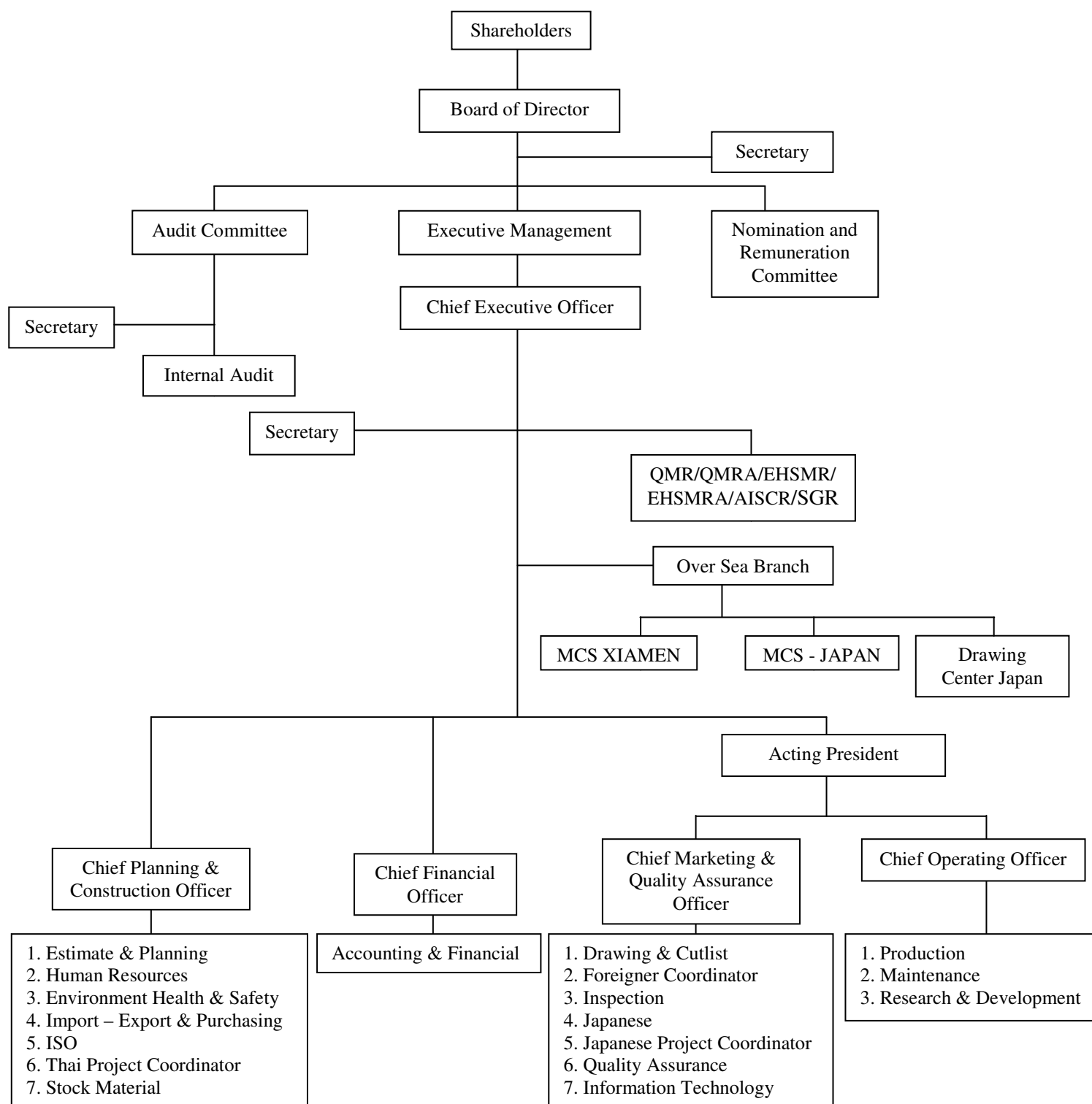
### 3. Shareholders

List of top shareholders and percentage of shares holding as December 30,2020.

No.	Name	Share(s)	Holding
			(%)
1	Thai NDVR Co., Ltd.	53,981,131	11.32
2	Mr. Surachai Rathithong	25,064,700	5.25
	Mr. Surachai 's group	15,565,300	3.26
	<b>Total of Mr. Surachai 's group</b>	<b>40,630,000</b>	<b>8.52</b>
3	Mr. Tommy Techauborn	23,000,000	4.82
	Mr. Tommy 's group	6,159,600	1.29
	<b>Total of Mr. Tommy 's group</b>	<b>29,159,600</b>	<b>6.11</b>
4	Mrs. Dorn Teantavornwong	25,400,000	5.32
5	NOMURA SECURITIES CO LTD-CLIENT A/C	22,500,000	4.72
6	Mr. Harkishin Tanwani	19,000,000	3.98
7	Mr. Sila Vinaiwattanawong	12,580,900	2.64
8	NOMURA PB NOMINEES LTD.	9,402,100	1.97
9	Mrs. Sumporn Kaireak	5,409,500	1.13
	Mrs. Sumporn 's group	1,648,000	0.35
	<b>Total of Mrs. Sumporn 's group</b>	<b>7,057,500</b>	<b>1.48</b>
10	Mr. Somkiat Metasatidsuk	6,580,400	1.38
	Mr.Somkiat 's group	400,000	0.08
	<b>Total of Mr.Somkiat 's group</b>	<b>6,980,400</b>	<b>1.46</b>
11	Mr. Sompong Metasatidsuk	6,110,000	1.28
	Mr. Sompong 's group	707,500	0.15
	<b>Total of Mr. Sompong 's group</b>	<b>6,817,500</b>	<b>1.43</b>
12	Dr. Naiyuan Chi	6,500,000	1.36
13	Others	224,409,969	47.05
<b>Total</b>		<b>477,000,000</b>	<b>100.00</b>

# Management Structure

## 1. Management Structure ( January 1,2021 )





The corporate management structure consists of 5 groups of directors which are :

- (1) Board of Director
- (2) Executive Director
- (3) Audit Committee
- (4) Nomination and Remuneration Committee
- (5) Top Managements

### **(1) The Board of Directors**

There are 8 persons at December 31,2020 ,determines business policy and has authority and duty to manage the company complying with objective , regulation and resolution from the shareholders meeting and disclose enough information all over for the shareholders or other person . The board of the directors may authorize director(s) or other person to do any responsibility for them.

Name	Position	Category	2020
			Total of Meeting
1. Dr.Naiyuan Chi	Chairman of Board Director Chief Executive Officer	Executive Director	10/10
2. Mr.Phairat Viwatborvornwong	Director Top Management	Executive Director	8/10
3. Mr.Pornchai Phisarnanukunkit	Director Top Management	Executive Director	8/10
4. Ms.Wanna Pholkaew	Director	Executive Director	8/10
5. Gen. Titiwat Kamlang-Ek	Chairman of Audit Committee	Independent Director	10/10
6. Mr.Tinakorn Seedasomboon	Audit Committee	Independent Director	9/10
7. Mr.Supoj Kaewmanee	Audit Committee	Independent Director	10/10
8. Mr.Somsakdi Suriyawongse	Chairman of Nomination and Remuneration Committee	Independent Director	10/10

**Remark :** Mr.Somsakdi Suriyawongse resigned from Director Chairman of Nomination and Remuneration Committee since February 25,2021

## **(2) Executive Director**

There are 4 persons at January 1,2021 including

No.	Name	Position	Category
1.	Dr.Naiyuan Chi	Chief Executive Officer	Executive Director
2.	Ms.Wanna Pholkaew	Acting President and Chief Marketing and Quality Assurance Officer	Executive Director
3.	Mr.Phairat Viwatborvornwong	Chief Planning and Construction Officer	Executive Director
4.	Mr.Pornchai Phisarnanukunkit	Chief Operating Officer	Executive Director

## **(3) Audit Committee**

The Audit Committee of M.C.S. Steel Co, Ltd. (Public) consists of 3 company committee which is independent committee.

Name	Position	2020
		Total of Meeting
1. Gen.Titiwat Kamlang-Ek	Chairman of Audit Committee	4/4
2. Mr.Tinakorn Seedasomboon	Audit Committee	4/4
3. Mr.Supoj Kaewmanee	Audit Committee	4/4

The period is 3 years ( 26/2/2019-25/2/2022).

Ms.Kanchalika Sangparinya is the secretary to the Audit Committee.

## **Power into perform work**

1. To make consideration in selection, propose for appointment or employment termination of an independent person in order to performs his/her duty as the Auditor of the Company, and to propose his/her remuneration and appointment to the Shareholders Meeting for approval.
2. To make consideration, in case the Management and the Auditor have different opinion on Financial Report. However, it excludes the power to approve adjustment of important accounting policies stated in accounting and financial regulations of the Company which is in the power and the duty of the Board of Directors.
3. To give comment in making consideration of appointment, transferring, termination, and feats of internal auditing work unit chiefs.
4. To approve the charter of internal auditing work units.
5. To consider approval of annual budget, manpower, and necessary resource for performing work of internal auditing unit.
6. To approve annual auditing plan, as well as making consideration for approval of revision/ adjustment for change of work planning in the part of implicitly significant.
7. To access to every level of information of the Company, including invitation made to executives, employees, or related persons to the meeting and give information concerned under work performance within the scope of the power and the duty assigned by Board of Directors.
8. To consult the expert or the consultant of the Company (if any), or hire the consultant, or the expert outside in necessary case with the expense of the Company.

## **Duty**

1. To check up for the Company to have correct financial report with enough revelation.
2. To promote for having development system of financial report to be on a par with international accounting standard.
3. To check up the effectiveness of information technology that relates to financial report and internal control.
4. To check up of efficiency and effectiveness of good corporate governance process, risk management process and internal control process.
5. To make consideration of the report from Risk Management Sub-Committee and discuss with Management on assessment of policy, and risk management.
6. To make consideration of the assessment result of internal control system of the Company to ensure to Board of Directors that activities have sufficient internal control and in accordance with good corporate Governance process.
7. To check up performance to be in accordance with recommendation in the assessment report of internal control system received from the Internal Auditor, the Accounting Auditor with the aim for improvement and rectification of the weak point in working process to have the most effectiveness.
8. To check up for the Company to comply with the law concerning Security and The Stock Exchange of Thailand, requirement of The Stock Exchange of Thailand and law related to business of the Company.
9. To make consideration of things to be in accordance with involving laws, in case there are related items, or items that may have conflict of interest, they are required to be in accordance with the law and the requirement of The Stock Exchange of Thailand, in order to ensure that such items are reasonable and to the maximum benefit of the Company.
10. To check up anti-corruption process of the Company.
11. To check up internal process on receiving and supervising clue notification, receiving of complaints.

12. To attend the meeting with the Accounting Auditor for acknowledgment of quarterly Financial Reports, and/or the inspection result of yearly Financial Report, and discuss about problems/obstacles that may be found from work performance of the Accounting Auditor, by holding the meeting with the Accounting Auditor without participation of the Management at least once a year. And assess the efficiency and the effectiveness of performance result, and to make consideration of the independence of the accounting Auditor.
13. To check up the internal auditing process to be suitable and effective
  - To ensure the independence of the internal auditing unit by prescribing the Audit Committee to have chain of command directly to the internal auditing work unit.
  - To supervise internal auditing work unit to perform works in accordance with yearly inspection plan that has been approved and to perform in accordance with international standard of internal audit profession practice.
14. The Audit Committee shall be the one who reports work result of The Audit Committee to the Board of Directors Meeting for acknowledgement and/or for consideration periodically.
15. To prepare report of the Audit Committee for revealing in annual report of the Company. Such report must be signed by Chairman of the Audit Committee, which must be composed of :
  - Comment on the correctness, completeness making Financial Report of the Company reliable.
  - Comment on sufficiency of Internal Control System of the Company.
  - Comment on performing in accordance with the law concerning Security and Stock Exchange of Thailand, or laws in relation to business of the Company.
  - Comment on suitability of the Accounting Auditor.
  - Comment about items that may have the conflict of interest.
  - Number of meetings of Audit Committee and participation of each audit committee member.
  - Comment or observation as a whole that the Audit Committee receives from performing the duty pursuant to the Charter.
  - Other particulars deemed that shareholders and investors should know under the scope of duty and responsibility assigned by Board of Directors of the Company.
16. To check up and give comment to assessment sufficiency form of internal control system from assessment of Management.
17. In performing duty of the Audit Committee, if in doubt whether there are the following particulars, or acts which may be implicitly significant to Financial position, and result of business operation of the Company, the Audit Committee is required to report to Board of Directors of the Company for carrying out the improvement, rectification within the time deemed appropriate by the Audit Committee.
  - (1) Particulars causing conflict of interest
  - (2) Dishonesty, or abnormal things, or significant defect in internal control
  - (3) Offence against the law relating to the Company's business

Failure of the Board of Directors, or executives to carry out the improvement or rectification within time specified by the Audit Committee, any Audit Committee member may report that there is an item or an act under Paragraph One to Office of Securities and Exchange Commission, or The Stock Exchange of Thailand.

18. To give comment differently from the comment of Board of Directors on entering into making list of acquisition, or distribution, of assets items as prescribed by The Stock Exchange of Thailand.
19. Perform other duties assigned by Board of Directors with approval of Audit Committee, and such orders must be in writing.
20. To assess result of annual performance of Audit Committee for conclusion of self-assessment to submit to Board of Directors for supporting consideration of assessment result of Audit Committee's annual performance.

21. To check up supervision of complaint receiving process by Management.
22. To consider approval of working experience of assignees for highest responsibility in accounting and finance which is direct benefit to business operation of the Company, and in case the Company arranges the training course for supporting knowledge development on accounting continuously by the Company itself, the Audit Committee is to show that the content and number of the course training hours have already passed the consideration of the Audit Committee to be in accordance with the requirement of the Office.
23. To consider approval of working experience of assignees to have direct responsibility for supervision of doing accounting which is direct benefit to business operation of the Company, and in case the Company by itself, arranges the training course for supporting knowledge development on accounting, the Audit Committee is to show that the content and number of the course training hours have already passed the consideration of the Audit Committee to be in accordance with the requirement of the Office.

#### **(4) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee which consists of 3 company committee .

Name	Position	2020
		Total of Meeting
1. Mr.Somsakdi Suriyawongse	Chairman of Nomination and Remuneration Committee	3/3
2. Mr.Tinakorn Seedasomboon	Nomination and Remuneration Committee	3/3
3. Mr.Supoj Kaewmanee	Nomination and Remuneration Committee	3/3

The period is from February 26, 2018 onwards and the period is 3 years.

Ms.Kanchalika Sangparinya is the secretary to the Nomination and Remuneration Committee.

#### **The duties and responsibilities can be summarized as follows:**

- 1) To consider and review the qualification of persons to hold the position of Directors in Board of Directors of the company and of its subsidiaries. A director must have a variety of qualification, namely skill, experience, and specialization which will be beneficial to the company.
- 2) To seek new Directors for the company and its subsidiaries to replace Directors of the company and its subsidiaries who complete their office term, or in the other cases that make the positions of Directors of the company and its subsidiaries become vacant.
- 3) To review the independence of Directors of the company and its subsidiaries, including conflict of interest that may occur from performing duties of Directors.
- 4) To consider the plan of position succeeding, and seek executives to hold the highest superior ranks whatever names of the ranks may be called, such as managing director, CEO, etc. of the company and its subsidiaries for submission to Board of Directors of the company for consideration of approval.
- 5) To propose the guideline and method for payment of remuneration to Board of Directors and its subsidiaries, including Sub-Committee appointed by Board of Directors.

- 6) To prescribe the policy for consideration of remuneration and evaluation criterion of work performance result of executives who are the highest superiors of the company and its subsidiaries, as well as consideration of salary adjustment and prescribing annual bonus amounts, based on business operation and result of work performance, in order to propose to Board of Directors of the company for approval.
  - 7) To evaluate work performance of executives, who are in the highest positions of the company and its subsidiaries in order to adjust their remuneration yearly, before submitting to Board of Directors of the company for approval.
  - 8) To regularly consider remuneration of Board of Directors of the company and of its subsidiaries, Sub-Committee, and executives who are the highest superiors of the company and its subsidiaries, by comparing to the other companies that operate the same business nature, in order to create the incentive to work management.
  - 9) To set up standard of work performance evaluation as a whole, both in the organization of the company and subsidiaries, and to consider salary adjustment and fix amounts of annual bonus to employees in the whole organization (except executives who are the highest superiors) of the company and its subsidiaries, on the basis of business operation and work performance result and submit to Board of Directors for approval.
- 10) To report the progress and work performance result to Board of Director every time after the meeting of the NRC.
  - 11) To evaluate the result of duty performance of the NRC and report the evaluation result to Board of Directors for acknowledgement.
  - 12) To perform other duties assigned by Board of Directors.

#### **(5) Top Managements**

At December 31,2020 ,The company has 5 persons composing of

<b>No.</b>	<b>Name</b>	<b>Position</b>
1.	Dr.Naiyuan Chi	Chief Executive Officer
2.	Ms.Wanna Pholkaew	Acting President and Chief Marketing and Quality Assurance Officer
3.	Mr.Phairat Viwatborvornwong	Chief Planning and Construction Officer
4.	Mr.Pornchai Phisarnanukunkit	Chief Operating Officer
5.	Ms.Mattawan Srisakda	Manager of Accounting and Financial and Acting for Chief Financial Officer

#### **(6) Company Secretary**

Now , the company secretary is Ms.Kanchalika Sangparinya.

## Number of Employees

At the end of year 2020 have the employees ( Not included the Top Managements ) as followings;

Responsibilities	Total of Employees
	2020
Production Line and QA	337
Myanmar labor	171
Support Line	58
<b>Grand Total</b>	<b>566</b>



# Good Corporate Governance

---

The Board recognizes the importance of corporate governance compliance, covering the following matters.

## Section 1 Shareholders' rights

### 1. Shareholder Meeting

- 1) The company provides information regarding date time venue and meeting agenda in both Thai and English in advance through the company's website with clarifications and supporting reasons for each agenda or in support of requested resolution determined in an invitation letter to an ordinary session, as well as all attachments to meeting agenda and the Company assigns Thailand Securities Depository Co., Ltd (TSD) who is the share registrar of the Company, to distribute the invitation letter for annual general meeting of shareholders and related documents to all shareholders at least 7 days prior to the meeting date. In case there are special agenda for the shareholders to help decide, the documents shall be mailed at the minimum of 14 days in advance, and the invitation letter shall be fully detailed including the following:
  - For the agenda about dividend yield approval, the document shall include the Company's dividend yield policy, the proposed dividend yield payment, and the payment rate, in case having revenue tax benefit of BOI
  - For the agenda about designation of board of directors, the document shall include their names, age, years of service, education, related training, work experience, the list of company they worked as board of directors, type of board, their share proportion in the Company, their meeting attendance in the past years, legal conflicts in the past 5 years, and remuneration of the proposed board of directors.
  - For the agenda about designation of auditors, the document shall include their names, the company they work for, license number, the number of years of servicing the Company, their independence and remuneration, all clearly written.



- 2) The company organizes shareholder meeting in Bangkok or nearby province on any of week days which are not during long holiday and make it available to register less for 90 minutes before the meeting. And the registration will be close until the last agenda of meeting. The meeting is always held in relatively convenient venue so shareholders can access by using public transportation. If any shareholder is inconvenient to attend the meeting, the company arranges to have a letter of power of attorney so that shareholder can determine his/her voting direction. one independent director or non executive director is assigned as an alternative for the shareholder's power of attorney.

## 2. Actions done on the day of shareholder meeting

- 1) The company arranges to have technology to be used in shareholder meeting by introducing barcode system to serve for registration process. For any shareholder forgets to bring barcode document to attend the meeting, the company will arrange registration staff to help by using identification number or full name of shareholder. In terms of vote counting for each agenda, for non-agreeable or no votes, they will be collected by using barcode system as well. As a result, the registration and vote counting will be operated with timeliness, correctness, and accuracy. In Year 2020 due to epidemic of COVID-19 ,the AGM meeting, the company broadcasted a live for shareholders to watch via online channels.



- 2) As for the Shareholder Ordinary Meeting in 2020 on April 7, 2020, The company changed the place to hold the Shareholder Ordinary Meeting from Hotel in Bangkok to the meeting room at company's Head office due to the spread of the COVID-19 virus in Thailand and we encouraged for see the AGM meeting ( Online ) to support some shareholder who don't convenience to come to join the meeting .On that days, the board included the total of 8 directors or 100% attending the meeting, as well as management including Chief Executive Officer ,other Chief Officers ,accounting and finance manager, several managers of the company ,internal audit officer ,licensed auditor, external legal consultant, and the company's legal staff attending the meeting on that day. There were opportunities opened for shareholder to raise inquiries related to meeting agenda. For other matters, the company opened sufficient opportunities for shareholders to raise their concerns. Details regarding questions and answers were recorded in the meeting report prepared by the company.



- 3) In shareholder meeting, the company organizes to have voting by item by preparing voting billets in separation for board appointment where there is an opportunity for shareholders to appoint each director individually, as well as to vote on board remuneration in separation to board appointment.
3. Preparation of meeting report and shareholder meeting's decision disclosure
- 1) Before meeting commencement, the company explains methods of voting for each agenda which are recorded in shareholder meeting report, covering voting procedure, questions and answers, and voting outcomes for each agenda on the number of agreeable votes, non-agreeable votes, no votes and voided ballot. In addition, the name list of directors attending the meeting should also be recorded. Resolutions made in the shareholder meeting must be published on the following day through the Security Exchange of Thailand system in both Thai and English for shareholders' reference. The final report must also be published in the company's website.

## Section 2 Equal Treatment to All Shareholders

1. Information provided before the shareholder meeting
  - The company informs the AGM invitation , as well as agenda and opinions of the Board to SET and publishes the AGM invitation (Thai) through the company's website at least 21 days before meeting days and for English version publishes at least 7 days before meeting days . Such invitation letter must be done in both Thai and English.
2. Protection for minorities' rights
  - The company has criteria for minorities to propose any additional agenda prior to the meeting, as well as to propose a name for board appointment at least 1 months before shareholder meeting to represent its fairness and transparency.
  - As for board appointment agenda, the company opens an opportunity for shareholders to appoint each director individually.
3. Protection of the Use of Internal Information
  - The company determines the security and protection of internal information for the board, executives, and everyone in the company to comply with. The board, executives, and everyone in the company are prohibited from purchasing or selling any securities 1 month before it is being announced to the public, and all directors and executives are responsible to report on security holding by laws.
4. Board's Conflict of Interest
  - For the consideration of agenda related to any director, the Board should set a policy for all directors to clarify their conflict of interest at least before the consideration of such specific agenda and it should be recorded in the Board meeting report whereas such director should be suspended for participating in the consideration of such agenda.
5. Disclosure of related transactions required to be disclosed
  - The Company discloses details and reasons for making related transaction required to be disclosed in the annual report to the shareholders clearly. The annual report shall be examined by the Audit Committee whether they were made with reasonable causes or not.

## Section 3 Roles of Stakeholders

The company as focused on the rights of stakeholders in all segments. Whether internal stakeholders, including employees and executives of the company. Or external stakeholders such as creditors, competitors, etc. with details.

**Employees** : To treat employees with fairness and provide appropriate compensation.

**Creditors** : To follow the terms and conditions set forth in the contract.

**Customers** : To take care and responsibility with product quality and standards. Confidentiality of clients and a system for receiving complaints of customers to push for the settlement with fairness, and as soon as possible.

**Competition** : practices and rules within the industry or regulatory authorities required by treatment criteria of best practices in competition.

**Society** : a social responsibility by the business ethics like professionals and support activities to create social support and appropriate.

**The Company has established an action policy for the stakeholders as follows:**

- Ranging in **customer** care. The company set amount aside for work during the lifetime of the product after erection for a period of less two years, to give customers confidence in the quality of the product .
- The company have procedures and practices in the selection of **suppliers** or contractors which is defined as a written
- Operations are conducted in a systematic manner to ensure that our business is **environmentally , friendly and the community**. And the company has applied for standard of ISO 14001 : 2015 and on February 6,2018 have upgraded OHASA 18001 : 2007 to ISO 45001 : 2018 which ensures that the system of production do not harm the environment.



- To treat all employees fairly.
- The Company has the policy and action guideline on safety by providing the employees working in the factory with safety helmet, shoes, gloves, goggles, and other safety equipment. Regarding working environment, the Company built a sport ground, exerciser rooms, and support exercise budgets for the employees such as the sponsoring employee football team. Every year, the Company organized a sport activity so that the employees can join and develop friendship with one another.



Fitness Room

- In 2020, due to the Covid-19 virus outbreak, the company took Lock Down, requiring all employees to move into the company's areas includes 6 dormitories and MCS Village, for nearly two months and the company allocated to provide food and all facilities for all employees to be like their own home with various epidemic control measures Keeping employees and their families safe from infection. This is a guarantee that all employees can still work normally. And there is no impact on the lack of income for the employees

#### **Measures Control for Covid-19 situation between March – May 2020**



Screening temperature measurement before entering the company's areas.





Spray sterilization



Meeting with Covid-19 situation every morning



Provide 3 Meals for Employee

## Section 4 Information Disclosure and Transparency

The company realizes the importance of good business supervision to increase transparency and competitiveness, as well as to increase shareholder trust. All related parties have set a policy for supervising the business by covering these important principle.

- (1) Treating the shareholders and stakeholders equitably and fairly.
- (2) The board of directors is determined to create added value to the business in the long run, manage the business and risks with care and diligence, do its duties with responsibility and capabilities as well as efficiency to create maximum benefits for shareholders, to assure that no conflicts of interest will take place, and to be responsible for all the decisions and actions it has made.
- (3) All operations will be conducted in a transparent manner and ready for inspection, with adequate disclosure of information to all the related parties.
- (4) A code of ethics is determined for the directors and employees to abide by, as well as preparing a Compliance Manual for employees.

Furthermore, the company will act with strict accordance to the rules and regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand. After the common shares of the company have been listed in the Stock Exchange of Thailand, the company will disclose its report on business supervision activities in the annual report related to, as well as in the form containing annual information (Type 56-1).

### ➤ Report of the company board of directors

The company board of directors is responsible for the financial statement of the company. Such financial statement is made according to the accounting standards acceptable in the whole of Thailand and audited by the certified auditor approved by the Securities Exchange Commission and the Stock Exchange of Thailand. For this matter, the audit committee will recheck the quality of the financial report and the internal audit report as well as the disclosure of important data sufficiently in the remarks attached to the financial statement. The audit committee will present its opinions to the company board of directors and the meeting of the shareholders respectively.

### ➤ Relation with the investors

The company board of directors attaches utmost importance to the disclosure of accurate, complete, and transparent data to every investor. The company still attaches importance to the disclosure and provision of data to the share shareholders and general investors in accordance with the standards and criteria determined by the Securities Exchange Commission and the Stock Exchange of Thailand both by the data distribution channels and media of the Stock Exchange of Thailand and the company website ([www.mcssteel.com](http://www.mcssteel.com)) or

- 1) Send the e-mail to [info@mcssteel.co.th](mailto:info@mcssteel.co.th).
- 2) Contact the investor relations unit to provide the service on data of the company as 035-372961-6 or 089-9001217-8 Ext. 113 , At present the company assigned Ms.Kanchalika Sangparinya to communicate with the shareholders, investors, analysts, and the general public.

## Section 5 The Board's Responsibilities

### ➤ The leadership and their vision

The company board of directors consists of knowledgeable, capable, and business-experienced directors who will act to guide and determine the policies, vision, strategy, objectives, business missions, business plans, as well as the company's budget. The role of directors will also supervise that the management implements their assignments efficiently and effectively with responsibility, integrity, and due care in accordance with the code of best practices within the framework of laws, corporate objectives and regulations, and the decisions of the meeting of the shareholders. Furthermore, the board of directors has also arranged for the company to have a system of internal control, internal auditing, evaluation, and continuous tight and effective management. In addition, follow-up measures for such issues will always be taken.

The board of directors will determine and differentiate different roles and responsibilities of the board of directors and management. The level of authority will be clearly specified, and the roles, duties, and responsibilities will be continuously conveyed to the directors and employees.

### ➤ Business Ethics

The company has produced the Compliance Manual focusing on the conduct of business and the implementation of official rules. The company ensures that this manual has been acknowledged in writing by the directors, executives, and employees as their code of conduct. The company will monitor the implementation of the said manual regularly and put in place disciplinary actions.

### ➤ Keeping the Balance by Non-Top Management Directors

On end of 2020, The company has the board of directors consisting of 8 persons with knowledge, expertise, and experience in various fields. Four persons are top managements and four are independent directors and three persons are also audit committee members and fully qualified according to the announcement of the Stock Exchange of Thailand on qualifications and scope of work of the audit committee to perform auditing and create checks and balance in the conduct of company activities in order to ensure fairness and maximum benefits for every shareholder.

### ➤ Merging or Separating the Positions

The chairman of board of directors and CEO is the same person (Dr.Naiyuan Chi) and he is holding approx 1.36% of the shares (as end of 2020) of all the paid up and has authorized in the company with the company seal affixed. However, the company now rely mainly on independent directors for company policy setting. No person having influence in setting up management policy today.

### ➤ Remuneration of the company directors and top managements

The company has the policy of making attractive remuneration to the directors and top managements at the appropriate level. The remuneration will be linked to the performance of the company and determining the remuneration of the directors and top managements clearly and transparently with the approval of the meeting of the shareholders and in 2018, the company have the Nomination and Remuneration Committee which commensurate to the duties and responsibilities of each director and top management in the form of monthly remuneration, meeting honorariums and/or monthly salary and bonus.



In 2020 the company paid remuneration of the company directors as followings;

- Director

In 2020 ,have 10 Board Director Meetings , one Annual General Meeting , 4 Audit Committee Meetings and 3 Nomination and Remuneration Committee Meetings.

Name	Position	Year	
		2019	2020
1. Dr.Naiyuan Chi	Chairman of Board Director	1,059,000	1,029,000
2. Mr.Pornchai Phisarnanukunkit	Director	840,000	840,000
3. Mr.Phairat Viwatborvornwong	Director	825,000	840,000
4. Gen.Titiwat Kamlang-Ek	Independent Director and Audit Committee	1,047,000	1,017,000
5. Mr.Tinakorn Seedasomboon	Independent Director and Audit Committee	960,000	960,000
6. Mr.Supoj Kaewmanee	Independent Director and Audit Committee	960,000	975,000
7. Mr.Somsakdi Suriyawongse	Independent Director	963,000	951,000
8. Ms.Wanna Pholkaew	Director	840,000	840,000

- Top Managements

Remuneration	Year 2020	
	Number	Total (Baht)
Salary and bonus	6	50,473,681.41
Provident Fund and Others	6	1,054,080.00

➤ The meeting of the board of directors

The company board of directors have regular meetings at least 4 times a year. For each meeting, the top managements team will prepare the information and details to facilitate consideration of the board. During the meeting, the board chairman will give ample time for the directors to consider the agenda items thoroughly and express their opinions fully. The meeting is verbally recorded and the approved records of the meeting are properly kept for inspection by the persons concerned. In 2020 the board of director held 10 meetings.

➤ The sub-committee

The company has the audit committee and the nomination and remuneration committee in addition to the company board of directors to increase efficiency and flexibility in the operation and in 2020 have 4 meetings for Audit Committee and 3 meetings for Nomination and Remuneration Committee.

➤ The system of supervision and internal control

The company has established an internal audit working unit. It is an independent unit with a direct reporting line to the audit committee on internal audits and reports to the administrative chair on administrative work of the unit. The internal audit unit has the duty to evaluate the efficiency and effectiveness of the systems for internal control, risk evaluation and supervision of activities. It also has the function of an advisor, which supports the company so that it can achieve its objectives and business aims. The annual internal audit plans of the unit are approved by the audit committee. They use audit regulations which follow risk assessments or a risk based audit approach and key control points and emphasize protective control. Furthermore, there are risk assessments on corruption following a policy on whistleblowing, investigation and protection (a fraud whistleblowing protection policy).

➤ Internal Audit

The unit has the following roles and responsibilities:

1. In the role of an advisor, it organizes internal control evaluations through self-evaluation with the support of being an advisor, practical training of groups (CSA Facilitator) and the application of efficient tools in the evaluation. This will help to support the employees' development for good control and efficient working systems. Furthermore, internal control evaluation audits are supported through self-evaluation (CSA Validation). This is to make sure that for each step of the operations internal control has been used with appropriate self-evaluation. This serves to support the company in realizing strategies and aims it has set.

The internal audit unit undergoes quality assessment for work performance through itself annually and evaluations through independent, external organizations every 5 years.

2. It implements its duties to support the work of the audit committee as entrusted by the company board for successful achievements and is an advisor, which gives recommendations on various matters, for example on internal control as in the guidelines for internal control systems COSO 2013, on risk management, on business ethics and on information system safety.

3. It holds firmly to the structural frame of professional operations for internal audits according to international standards and the working unit charter and it revises the audit working manual annually in order to be sure that the quality of the work corresponds to international standards. This will support the company to have good systems for internal control, risk management and supervision as well as to create more value for stakeholders and develop the sustainability of the organization.

4. It supports the work of internal auditors so that they can conduct audits on all areas (integrated audits), for example on business systems, on information systems and on systems of engineering to emphasize the development of internal audit staff for professionalism and it supports the receipt of the IACP (Internal Audit Certificate Program), CPIAT (Certified Professional Internal Audit of Thailand), CIA (Certified Internal Auditor) and CFE (Certified Fraud Examiners).

In 2020, the Internal Audit Department performed the following actions:

- 1) Determined the Company's Audit Universe.
- 2) Determined the types of risks of different operational systems and scope of risk management.
- 3) Audited the following systems :

No.	System	Assessment results
1	Accounts Receivable Management Sales and Payment	5
2	Accounts Payable Management and Cheque Payment	4
3	Petty Cash Management and Advances	3+
4	Fixed asset management	4

Remark :

Rating Results

5	=	Excellent
4	=	Good
3	=	Fair
2	=	Poor
1	=	Need improvement

# Corporate Social Responsibility

---

M.C.S. Steel Public Company Limited was listed on the Stock Exchange of Thailand since July 2005. The Company is committed to promote our business growth along with setting up practices for social responsibility activities. Our CSR related activities in 2016 are as follows.

## Fair operations

The Company operates the business with fairness for the optimum benefits of all stakeholders, both internal and external ones.

- 1) **Employees and contract workers** The Company's employees and contract workers are compensated with proper remuneration based on their quantity and quality of work. Annual bonus payment is also awarded, varied by the Company's performance, an employee's working period and performance.
- 2) **Customers** Prior to delivery, the Company lets customers inspect products every time to guarantee an agreed level of quality. All products have a 2-year warrantee after delivery to ensure the highest quality.
- 3) **Competitors** The Company has no unfair quotation policy in all forms. We never take advantage over competitors.
- 4) **Society and Environment** The Company takes into account impact on local communities and sets up a strict environmental management system. There have been so far no complaints from the communities or any related person regarding environmental impact arising from our operation.
- 5) **Shareholders** Our policy is to pay shareholders dividend for no less than 50 percent of our net profits form Separate Financial Statement. As for the Company's performance in 2020, we have approved to propose a dividend payment of 1.00 Baht per share which included interim dividend on September 10,2020 as 0.40 Baht per share ,and 0.60 Baht per share will prefer to approve at the Shareholder Meeting of 2021. Details as below ;

	Operation Result	Payment Date	BOI	NON BOI	Total
			Baht : Share	Baht : Share	Baht : Share
Interim dividend	6 Months (Jan-Jun, 2020)	Sep 10,2020	0.31	0.09	0.40
Dividend No. 2	3 Months (Jul-Dec, 2020)	Apr 28,2021	0.34	0.26	0.60
<b>Total</b>			<b>0.65</b>	<b>0.13</b>	<b>0.65</b>

## Respecting human rights and fair treatment of labor

The Company focuses on respecting human rights as follows.

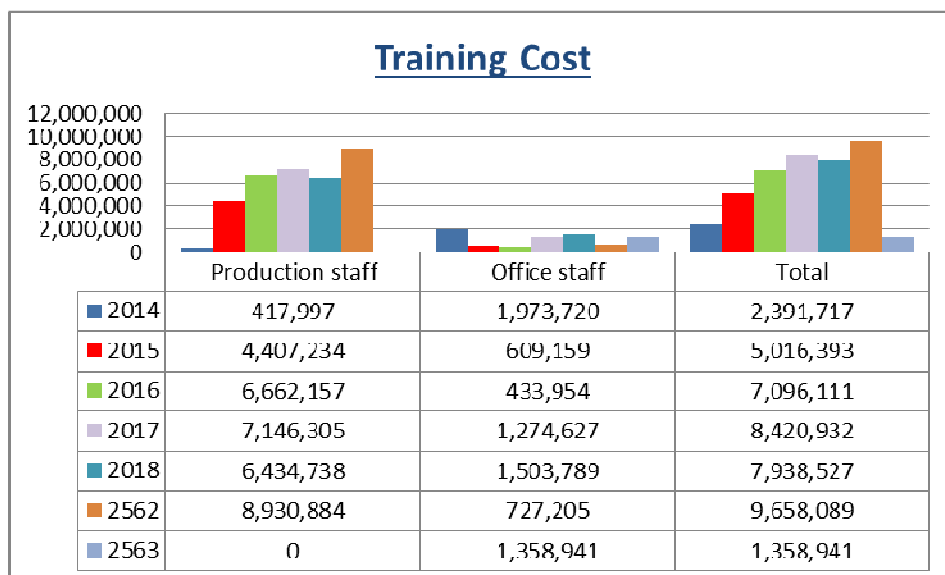
- 1) No violating fundamental rights regarding race, religion, gender, age, and disability of the employees. At end of 2020 ,the Company employs 564 people. As of December 31, 2020, the Company employs foreign workers as follows.

Nationality	Person
Myanmar	58
Japanese	7
Chinese	2
Cambodia	2
Malaysia	1
<b>Total</b>	<b>69</b>

The Company recognizes human rights of all races, including those of employees with disabilities who receive equal benefits. By the end of 2020, the Company has employed 6 disabled employees, who are provided with the same level of compensation as that of regular employees. All employees receive equal working benefits.

- 2) The Company provides fair treatment of employees, compensating them with proper remuneration based on their quantity and quality of work. Employees from both production and administration departments are allowed to choose their required remuneration. The Company has improved work environment for employees' better quality of life. Work rotation and a request for promotion are allowed. We also provide various trainings to develop employee's working skills regularly.

- 3) The Company continues to support employees' education. Our main policy is that all employees must be trained to enhance their knowledge on an annual basis, which is consistent with the Company's motto - *"Better than yesterday, everyday"*. In 2020, The employees took more training courses, which is the total budget was Baht 1.36 million.



The Company pays attention not only to the employees, but also to education of their children. We have granted scholarships since 2013 and for the year of 2020 ,the company has donated funds as scholarships to educational institutions totaling 573,090 Baht.

- 4) Organize an election of a welfare committee from all employees in the Company. The current committee who are the management team which rotate every 3 months. The welfare committee is responsible for accepting complaints about unfair treatment in the workplace, along with establishing a welfare fund of the Company to encourage employees' savings. It was established since 2001; there are 519 members as of December 31, 2020.

5) Provide benefits to employees in all aspects as follows.

- Accommodation - Provide the dormitories for employees and their families. Currently there are 324 employees and their families are 200 person which the total are 524 person have lived at the dormitories. And since 2015 ,Tanaka Welding Center Co., Ltd., a company subsidiary, has built the houses for sale at low prices as employee welfare as 97 housed and all employees moved in since May 2018. The company allowed all employees to borrow loan from the company to buy housing that is the welfare of the employees. And the loan will deduct from the employees' salary and the Company's home loan rate is 2% per annum, which is cheaper than the general commercial bank loan rate.



**The dormitories**



**M.C.S. Village**

- Health - The Company recognizes the importance of employees' health. All employees will receive checkups before they start working. The Company also provides an annual health checkup; which was held together with influenza vaccination provision on July 18,2020. In the year 2020 due to the spread of the COVID-19 virus ,the company arranged for employees at high risk to check for COVID-19 by Swab and providing protection for all employees. Such as alcohol , mask , temperature measurement every day before or after entering the company.

In Addition ,we arrange insurance for employees in case of accidents or illness. In addition, all employees are provided with medical welfare.

- Provident fund - it is provided to encourage employees' savings during retirement or leave. The Company provident fund has been managed by TMB Asset Management Co., Ltd. since 2005. The Company adds some money to its employees' saving - currently the Company adds start at 3% to 13% of employee's salary . The maximum adds for employees who have worked at company more than 10 years.
- Safety - the Company recognizes the importance of employees' safety by providing fundamental safety equipment in our plants such as caps, safety shoes, and glasses. The Company provides a life insurance to all employees from the first day of work to cover accidents both during and outside of working period.

บัตรประจำตัวผู้ถือกรมธรรม์อุบัติเหตุส่วนบุคคล		อากาเบย์ ประกันภัย	
ผู้ถือกรมธรรม์	บริษัท เอ็ม.ซี. เอส. สตีล จำกัด (มหาชน)		
กรมธรรม์เลขที่	32123779-19NBK	1.000037	
ชื่อ-สกุล	น.ส.พรศิริ สุขไชย		
ระยะเวลาคุ้มครอง	09.12.2562 - 09.12.2563		
ทุนประกันภัย	300,000	ค่ารักษาพยาบาล	60,000
M/C	คุ้มครอง	ฉุกเฉินติดต่อ	02-305-8561
M/A	คุ้มครอง	Emergency Contact	81760



- Others welfare
  - 1) Shuttle Bus
  - 2) Playground / Fitness



### 3) Welding Training Center



## Responsibility to consumers (customers)

- 1) The Company inspects every piece of product before delivery to customers to ensure product quality. In 2020, customer representatives have inspected the quality of products for 12 Projects as 113 times. The surveys customers' satisfaction last 5 years are as following ;

Year	Inspection (times)	% of average Customers' satisfaction
2016	121	87.38
2017	121	89.08
2018	54	94.60
2019	121	97.14
2020	113	97.04



## Environmental management, occupational health and safety

- 1) The Company ensures compliance of occupational health and safety standard. We have been certified with OHSAS 18001 since 2008 until now. In 2015, we have been certified with ISO 14001. The Company recognizes the importance of environmental management by organizing environmental quality inspection twice a year. It covers all areas of the company and finds that drinking water quality / sewage, working area heat level, average risk level, and intensity of light in working area during day and night meet environmental standards. These results ensures that the Company business is safe for the environment.



- 2) There is a specific unit in the Company that controls and pushes forward implementation of occupational health and safety. The Company appointed occupational health and safety committee (OSC) refer to HU 170/62 (The period from December 17,2019 to December 17,2021). The committee consists of 13 members in a working group who have been trained as required by law. The working group holds a meeting at least once a month to consider policies and plans for workplace safety, as well as promoting and supporting safety activities among employees, contractors, and outsiders who operate in our workplace.
- 3) The Company operates a Health Risk Assessment or HRA annually among employees who have worked for more than one year. In 2020, the Company held an annual checkup on July 18,2020, to assess a health risk level of employees. This is to ensure that employees receive a health checkup according to their risk factors, such as assessing lead in blood, lung conditions, hearing competency, as well as detecting inhalants in urine, and manganese.

## Community and social development participation

The Company recognizes the importance of energy management system and its effect to community. Hence, in 2018, we announced a concrete energy conservation policy to encourage effective participation of employees and workers in the following projects.

### 1) Projects on concrete energy conservation

- As the Company is aware of the importance of energy conservation, it has appointed an energy working team to ensure effectiveness of the Company's energy conservation according to Announcement No. HU 022/62 on February 14, 2019. The working team will be responsible for the effectiveness and efficiency of the Company's energy conservation plan.



### 2) Solar Project

- The project started in September 2014 with a budget around Baht 1.95 million to save energy and environment. Based on measurements of solar power usage in 2020, it replaced usage of normal electricity for 7,235.60 kWh.



### 3) White Factory

- The Company has joined the White Factory project with the Ministry of since 2012 to prevent employees from abusing drugs and encourage more physical activities. We have provided exercise facilities for employees for their leisure and healthy lifestyle.



### 4) Other activities such as

- Support of Children's Day in the community. The Company donated money to Rachakram municipality, Bang Sai district, Ayutthaya to support activities and food on Children's Day.



## 5) Donation

In 2020, M.C.S. Steel Public Company Limited donated and supported education to schools in the amount of 573,090 baht.

- On September 29, 2020, donated 60,000 Baht to Ban Lam thong Ihang School Pakchong Nakon Ratchasima



- On September 30, 2020, donated 55,000 Baht to Ban Nhong Khai Nam School Pakchong Nakon Ratchasima



- On October 22, 2020, donated 115,000 Baht to Bang Pa-in "Rachanukroh 1 School, Bang Pa-in Ayutthaya



### Non-stop development for sustainable corporate

The Company recognizes importance of continuous development in business and human resources, which reflects our motto:

### "Better than yesterday, everyday"

The Board of Directors, executives and all employees are committed to follow this concept consistently and develop sustainable business growth. Both internal and external stakeholders can be assured of mutual benefits in the short run and long run.

## Related Party Transactions

The significant transactions between the Company and its related companies reflected in the accompanying financial statements for the years ended December 31, 2020 are as follows :-

Unit : Thousand Baht

Party	Type	Type of Transaction	Summarize in 2020	Reason/ Reasonableness
<b>Tanaka Welding Center Co., Ltd.</b>		Subsidiary company Holding 99.92%		
	<b><u>Liability</u></b>	Loan for working capital	80,000	for working capital before decrease of Subsidiary company
	<b><u>Expense</u></b>	Interest	1,315	Interest from loan
<b>M.C.S. – JAPAN Co., Ltd.</b>		Subsidiary company Holding 98.00 %		
	<b><u>Expense</u></b>	Serviced and repaired the product in Japan	180,170	An ordinary and normal business transaction
	<b><u>Income</u></b>	Interest from loan	6,432	Loan transaction
		Profit from sold machine	1,181	An ordinary and normal business transaction
<b>M.C.S. Steel-Xiamen Co., Ltd.</b>		Subsidiary company Holding 74.00 %		
	<b><u>Expense</u></b>	Paid for production work expenses and Drawing expenses	688,022	An ordinary and normal business transaction
<b>Ms.Chalisa Chi</b>		Related person with Top Management		
	<b><u>Expense</u></b>	Rent the Guest house	825	To short term property rental for supporting customer



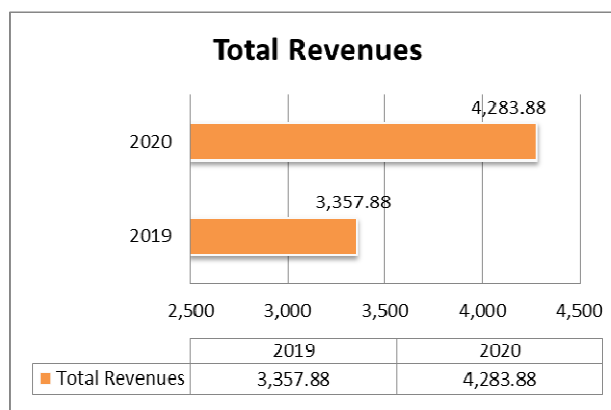
# Management Explanation and Analysis

## 1. Overview

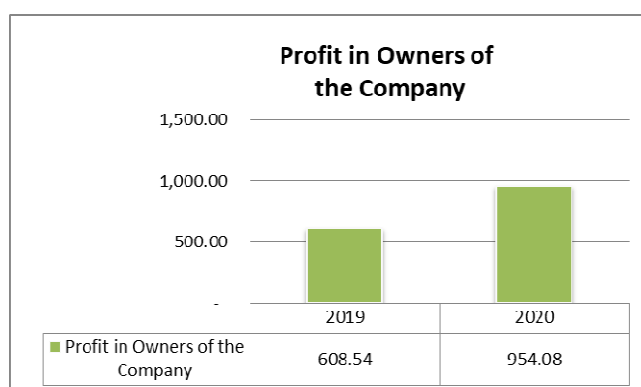
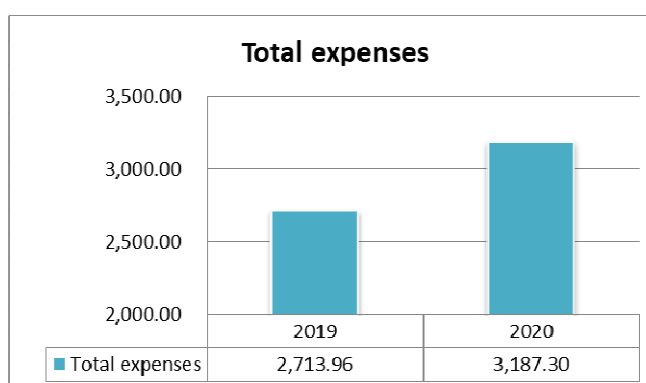
In Year 2020, the company's total revenues were Baht 4,283.88 million which the most of the revenue from export to Japan, The total expenses were Baht 3,187.30 million and the company's Profit in the owners of the company was Baht 954.08 million.



Increased 27.58%

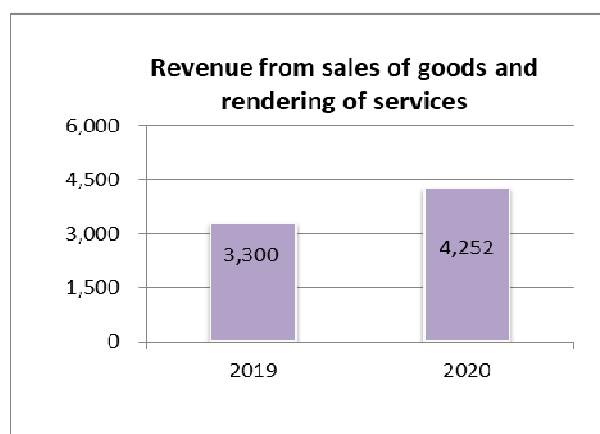


Increased 17.44%



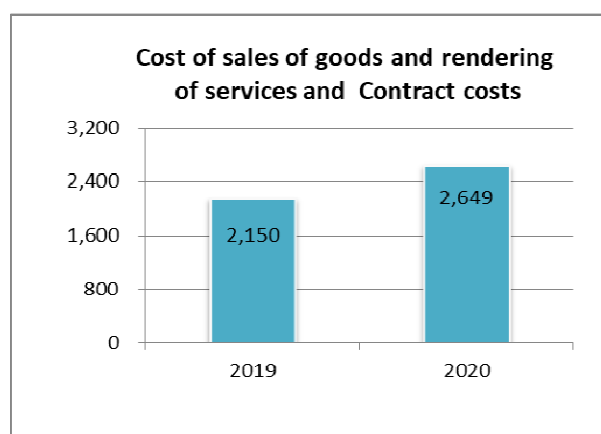
Increased 56.78%

## **2. Overall operation of Year 2020**



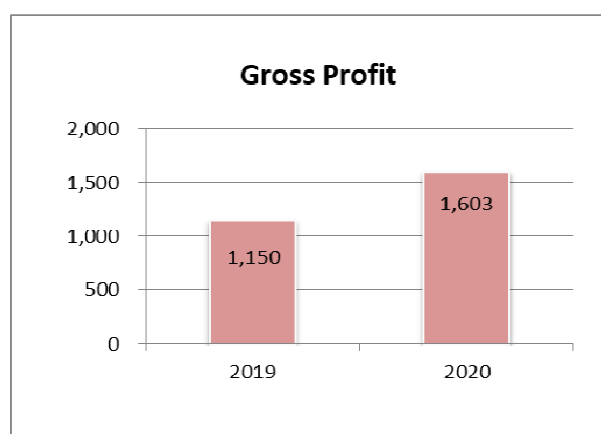
### **Revenue from sales and rendering of services**

Revenue from sales and rendering of services were Baht 4,251.78 million in 2020, increased of Baht 951.44 million from 2019, or 28.83%, The main reason due to more export works and higher selling price.



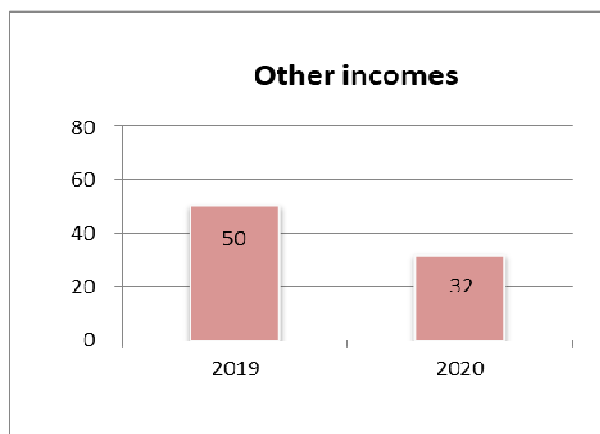
### **Cost of sales of goods and rendering of service**

Cost of sales of goods and rendering of service which included contact costs were Baht 2,649.03 million in 2020, increased of Baht 498.78 million from 2019, or 23.20%.



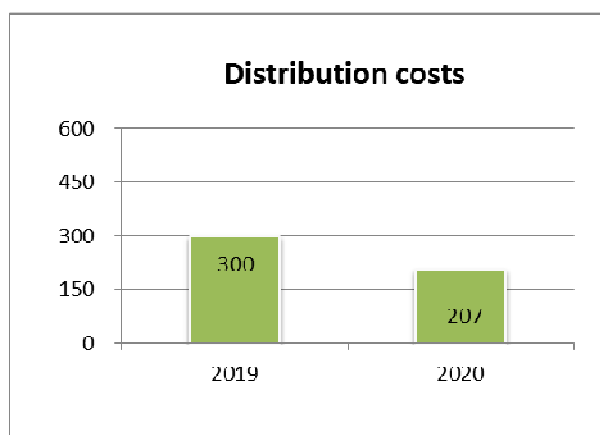
### **The company's gross profit**

In Year 2020 ,The company's gross profit were Baht 1,602.75 million that increased from 2019 which the company's gross profit were Baht 1,150.10 million ,and in 2020 ,the percentage of company's gross profit were 37.70% increased from 2019 that percentage of company's gross profit as 34.85%.



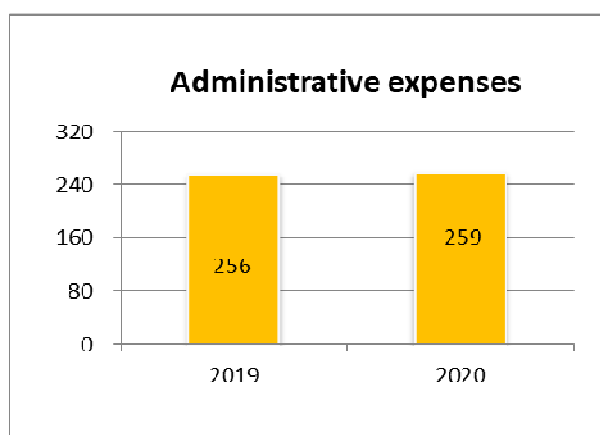
#### Other incomes

In Year 2020 ,The Company's other income was Baht 32.09 million, decreased of Baht 18.38 million from 2019.



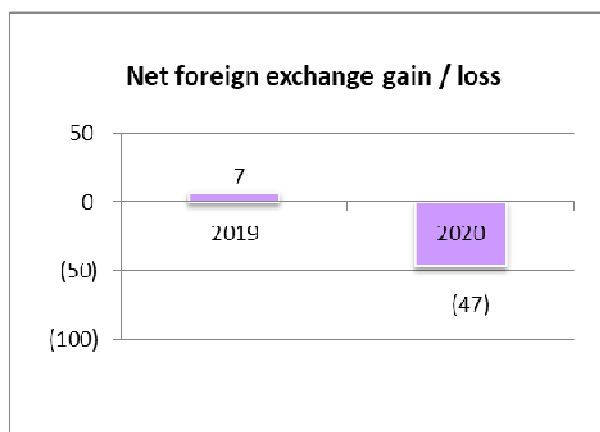
#### Distribution costs

In Year 2019 ,The Company's distribution costs were Baht 206.68 million, decreased of Baht 93.40 million from 2019.



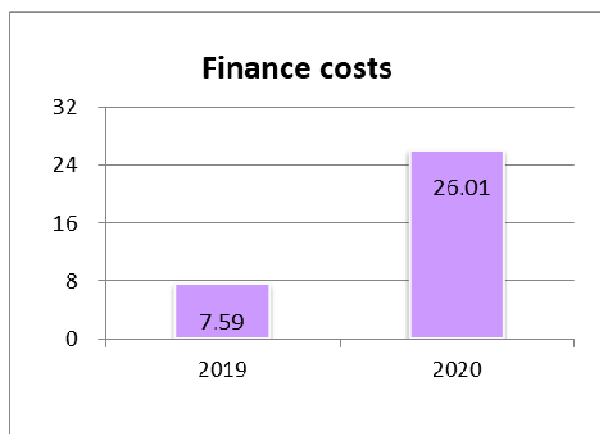
#### Administrative Expenses

In Year 2020, The Company's administrative expenses were Baht 258.56 million, increased of Baht 2.52 million or 0.99% from 2019.



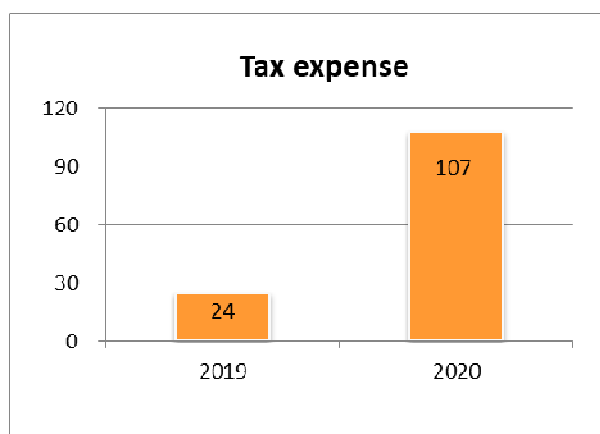
#### Gain (Loss) on exchange rate

In Year 2020, The loss on exchange rate was Baht 47.01 million but in 2019 ,Gain on exchange rate was Baht 7.06 million.



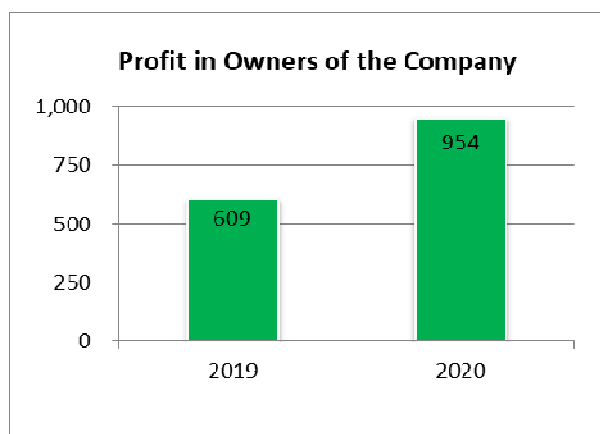
#### Finance cost

In Year 2020 ,The Company's finance cost was Baht 26.01 million, increased of Baht 18.42 million from 2019.



#### Tax expense

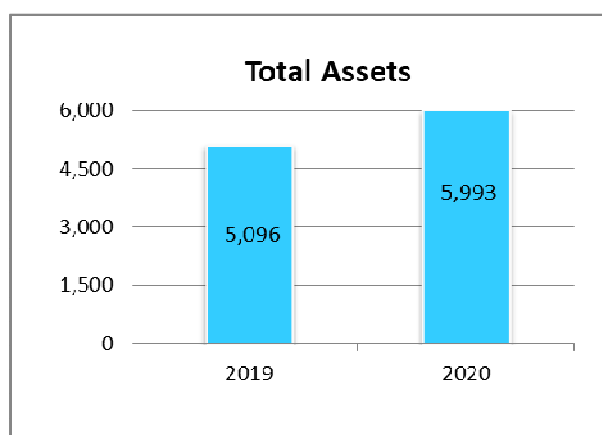
In Year 2020 ,The Company's tax expense was Baht 107.45 million, increased of Baht 83 million from 2019 due to Profit for the year.



#### The company's Profit in the owners of the company.

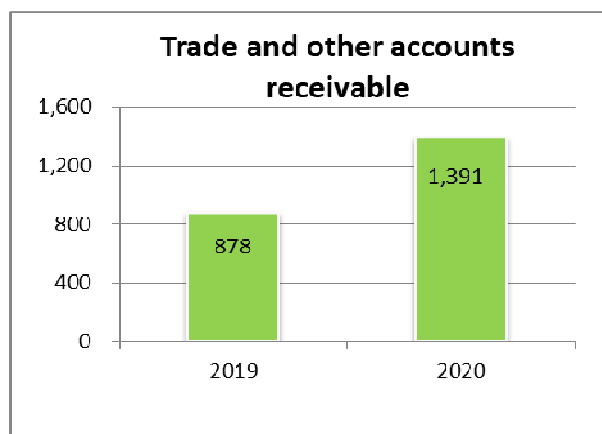
In Year 2020,The company's profit in the owners of the company was Baht 954.08 million , increased of Baht 345.54 million or 56.78% from 2019.

### 3. Financial Statement



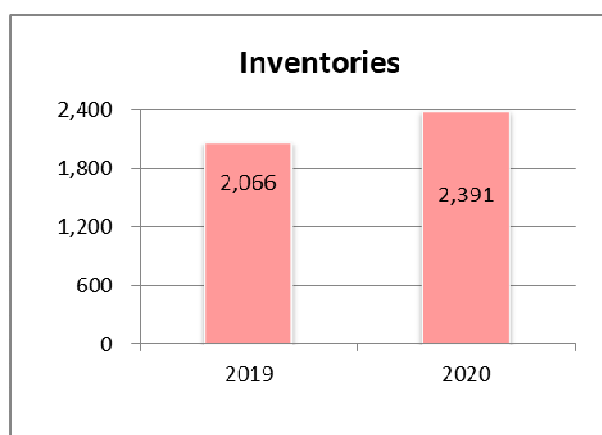
#### **Total Assets**

At December 31 of 2020 ,The company's total assets were Baht 5,993.07 million, increased of Baht 896.57 million or 17.59%.



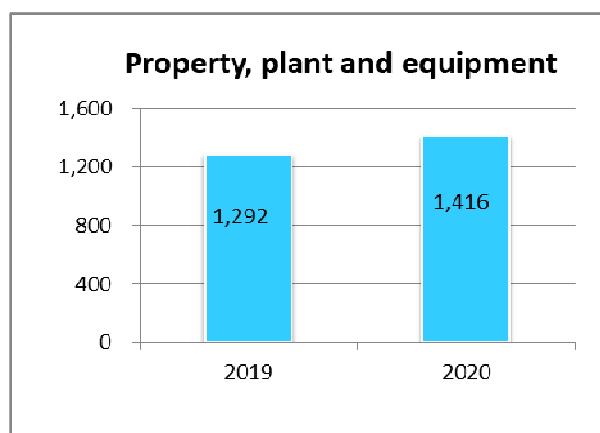
#### **Trade and other accounts receivable**

At December 31 of 2020 ,The Company's trade and other accounts receivable were Baht 1,391.11 million, increased of Baht 512.94 million or 58.41% from same period of 2019.



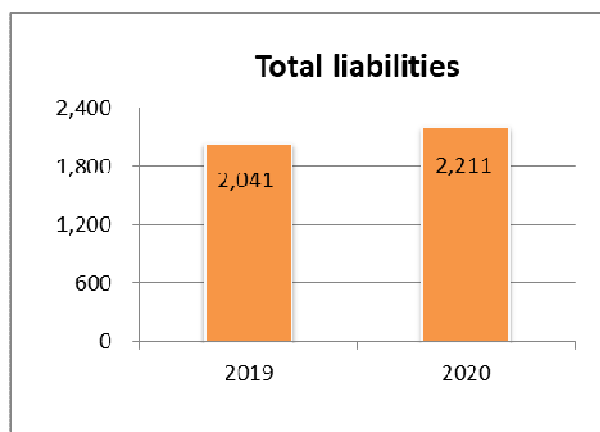
#### **Inventories**

At December 31 of 2020, The Company's inventories were Baht 2,391.30 million, increased of Baht 325.26 million or 15.74% from same period of 2019.



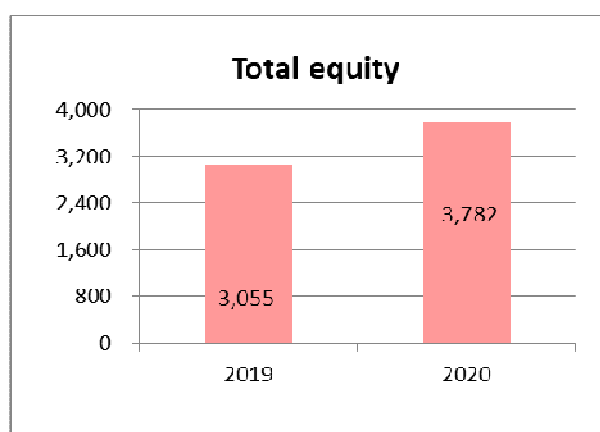
#### Property, plant and equipment

At December 31 of 2020, The Company's property, plant and equipment were Baht 1,416.43 million, increased of Baht 124.86 million or 9.67% from same period of 2019.



#### Total liabilities

At December 31 of 2019, The company's total liabilities were Baht 2,041.32 million, increased of Baht 976.95 million or 91.79% from same period of 2018.



#### Equity

At December 31 of 2020, The shareholder's equity was Baht 3,782.37 million, increased of Baht 727.20 million or 23.80% from same period of 2019 which included company profit in this year and deducted with dividend payment.

## Remuneration for Auditor

---

Value : Baht

Details	2019	2020
<b>Budget Approved from Share holder</b>	4,200,000	4,500,000
<b>1. <u>Audit Fee</u></b>		
<b>The Company's auditor</b>	-	-
<b>The audit firm</b>	3,790,000	4,500,000
<b>2. <u>Non-audit fee</u></b>	404,551	-
<b>3. Total</b>	<b>4,194,551</b>	<b>4,500,000</b>

## Report of Auditor

---

To All shareholders and stakeholders

The Audit Committee of M.C.S. Steel Co, Ltd. (Public) consists of 3 company committee which is independent committee. The qualification of Audit Committee is in accordance with the criteria regulated in the Notification of SET Commission. The Audit Committee consists of ;

1. Gen.Titiwat	Kamlang-Ek	Chairman of Audit Committee
2. Mr. Tinakorn	Seedasomboon	Audit Committee
3. Mr.Supoj	Kaewmanee	Audit Committee

In 2020, the Audit Committee had arranged 4 conferences. The duties and responsibilities can be summarized as follows:

1. To verify the accuracy and reliability of quarterly financial statements for 2020 which have been prepared in accordance with generally accepted accounting principles with adequate revelation of financial data and are in conformity with the requirement and the Notice of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. On the aspect of supervision of the Company's operation according to the principle of good supervision, the Audit Committee, after consideration, has the opinion that the supervision of the business is in accordance with the standard and the requirements of the Stock Exchange of Thailand, the law concerning Securities and the Stock Exchange of Thailand, as well as laws related with the business of the Company.
3. To consider verification of risk assessment by following up to encourage the practices, to monitor the compliance, and to prevent the risk from occurrence, both from advice given by the auditors, and from work management of the Company in the situation of change in economy, sociality, both inside and outside of the country.
4. To consider verification of suitability of internal control system by submitting its advice for improvement of the internal control system to be effective with liquidity towards the Management to cope up with economic situation of the present world.
5. Regarding the supervision of the internal audit, the verification has been conducted on the audit plan for the year, work performance, report of audit result. The internal audit is suitable to cover the risk factors, and create efficiency of work management.
6. Assessment of work performance on the aspect of accounting audit, the Audit Committee has an opinion to submit it to the Board of Directors for approval of the Shareholders' Meeting to appoint , Mr.Banthit Tangpakorn (Registration number 8509) or Mr.Thanit Osathalert (Registration number 5155) or Mr.Ekkasit Chuthamsatid (Registration number 4195), all of Auditors from KPMG Phoomchai Audit Ltd. as the auditor of the company for 2021. The auditor fees will pay not to exceed 4,500,000 Baht which is the same fees of 2020.



## Report of the Audit Committee ( Cont.)

---

Other than that, the Audit Committee performed their duties freely, having freedom to express their ideas, and advices to Management for the benefit of the Company, with good cooperation from all parties, for which I must thank you all on this occasion.

Yours Sincerely,



( Gen. Titiwat Kamlang-Ek )  
Chairman of Audit Committee  
March 24,2021

# Report of Auditor

---

To The shareholders of M.C.S. Steel Public Company Limited

## Opinion

I have audited the consolidated and separate financial statements of M.C.S. Steel Public Company Limited and its subsidiaries (the "Group") and of M.C.S. Steel Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## Basis for Opinion

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

## Report of Auditor ( Cont.)

### Key Audit Matter

Key audit matter is that matter that, in my professional judgment, was of most significance in my audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Adequacy of provision for product warranty	
Refer to notes 4 (p) and 20 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in the audit
The Company has warranted the quality of the products by compensating the customers for the damage arising from normal usage due to the quality of the products. The product warranty period is 2 years counting from the completion date of the construction projects in which the products were installed. Therefore, a provision of product warranty was recognized. The determination of the provision involves estimates of the probability and amount of damage under warranty through the use of management's judgement. Therefore, I consider this matter to be a key audit matter.	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"><li>- Inquiring management to gain understanding on the process and method for estimation;</li><li>- Testing the reliability of actual claims with warranties data including testing on sampling basis of relevant documents;</li><li>- Challenging management regarding the method and assumptions used for estimation to evaluate the reasonableness of the method and assumptions used;</li><li>- Considering the appropriateness of assumptions used for estimation of expected damage from warranty by comparing with historical actual claims data;</li><li>- Testing the calculation of provision for product warranty by considering the value of the products in the warranty period, total actual warranty expense and average number of years being claimed; and</li><li>- Considering the adequacy of the Company's disclosures in accordance with the related Thai Financial Reporting Standards.</li></ul>

### Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 24 February 2020.

## Report of Auditor ( Cont.)

---

### Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

## Report of Auditor ( Cont.)

---

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Report of Auditor ( Cont.)

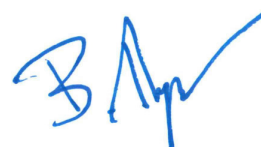
---

- 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 consolidated and separate 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.



(Banthit Tangpakorn)  
Certified Public Accountant  
Registration No. 8509

KPMG Phoomchai Audit Ltd.  
Bangkok  
26 February 2021

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	378,288,892	473,322,074	175,816,437	193,554,080
Trade and other accounts receivable	5, 7, 30	1,391,112,585	878,171,768	1,780,005,017	1,083,699,521
Current portion of long-term loans to employees	9	7,152,990	6,755,405	7,152,990	6,755,405
Inventories	8	2,391,295,959	2,066,039,263	2,157,111,432	1,946,139,530
<b>Total current assets</b>		<b>4,167,850,426</b>	<b>3,424,288,510</b>	<b>4,120,085,876</b>	<b>3,230,148,536</b>
<i>Non-current assets</i>					
Investments in subsidiaries	11	-	-	273,236,057	259,330,235
Investments in an associate	10	-	-	-	-
Long-term loans to related parties	5	-	-	430,199,250	431,557,460
Long-term loans to employees	9	78,769,349	74,499,665	78,769,349	74,499,665
Property, plant and equipment	13	1,416,433,263	1,291,571,703	894,631,912	786,790,699
Prepaid rent for leased land		-	121,884,025	-	-
Right-of-use assets	3, 14	132,209,875	-	5,577,218	-
Goodwill	15	21,378,952	20,290,912	-	-
Intangible assets	16	10,896,612	10,092,709	7,520,419	5,931,571
Deferred tax assets	3, 27	3,911,766	3,501,003	8,811,608	3,501,003
Contract cost assets	24	159,109,644	149,792,461	159,109,644	149,792,461
Other non-current assets		2,505,654	571,703	34,775	34,775
<b>Total non-current assets</b>		<b>1,825,215,115</b>	<b>1,672,204,181</b>	<b>1,857,890,232</b>	<b>1,711,437,869</b>
<b>Total assets</b>		<b>5,993,065,541</b>	<b>5,096,492,691</b>	<b>5,977,976,108</b>	<b>4,941,586,405</b>

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2020	2019	2020	2019
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Trade and other accounts payable	5, 17	2,017,253,997	1,900,788,635	2,133,949,159	1,805,556,076
Current portion of lease liabilities					
<i>(2019: Current portion of finance lease liabilities)</i>	3, 30	2,273,664	914,190	2,113,239	556,123
Short-term loan from related party	5, 18	-	-	80,000,000	-
Income tax payable		74,777,346	77,590	49,092,216	-
<b>Total current liabilities</b>		<b>2,094,305,007</b>	<b>1,901,780,415</b>	<b>2,265,154,614</b>	<b>1,806,112,199</b>
<b>Non-current liabilities</b>					
Lease liabilities <i>(2019: Finance lease liabilities)</i>	3, 30	3,706,839	2,313,799	3,520,786	1,984,830
Deferred tax liabilities	27	37,903,227	37,673,589	-	-
Non-current provisions for employee benefits	19	25,671,158	23,775,451	25,671,158	23,775,451
Provision for product warranty	20	49,106,571	75,781,200	47,034,090	74,942,436
<b>Total non-current liabilities</b>		<b>116,387,795</b>	<b>139,544,039</b>	<b>76,226,034</b>	<b>100,702,717</b>
<b>Total liabilities</b>		<b>2,210,692,802</b>	<b>2,041,324,454</b>	<b>2,341,380,648</b>	<b>1,906,814,916</b>



# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital:	21				
Authorised share capital		<u>477,000,000</u>	<u>500,000,000</u>	<u>477,000,000</u>	<u>500,000,000</u>
Issued and paid-up share capital		477,000,000	500,000,000	477,000,000	500,000,000
Share premium		140,000,000	140,000,000	140,000,000	140,000,000
Share discount on treasury shares	22	-	(153,609,677)	-	(153,609,677)
Retained earning					
Appropriated					
Legal reserve	23	50,000,000	50,000,000	50,000,000	50,000,000
Treasury share reserve	23	-	295,812,458	-	295,812,458
Unappropriated		3,834,693,981	3,393,192,004	3,778,478,356	3,461,995,902
Treasury shares	22	-	(295,812,458)	-	(295,812,458)
Other components of equity		<u>(816,983,853)</u>	<u>(941,006,148)</u>	<u>(808,882,896)</u>	<u>(963,614,736)</u>
<b>Equity attributable to owners of the parent</b>		<b>3,684,710,128</b>	<b>2,988,576,179</b>	<b>3,636,595,460</b>	<b>3,034,771,489</b>
Non-controlling interests	12	<u>97,662,611</u>	<u>66,592,058</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<b><u>3,782,372,739</u></b>	<b><u>3,055,168,237</u></b>	<b><u>3,636,595,460</u></b>	<b><u>3,034,771,489</u></b>
<b>Total liabilities and equity</b>		<b><u>5,993,065,541</u></b>	<b><u>5,096,492,691</u></b>	<b><u>5,977,976,108</u></b>	<b><u>4,941,586,405</u></b>

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
(in Baht)					
<b>Revenue</b>					
Revenue from sales of goods and rendering of services	24	4,056,305,416	2,625,305,137	3,964,062,815	2,494,925,635
Contract revenue	24	195,476,753	675,038,937	195,476,753	675,038,937
Net foreign exchange gain		-	7,063,214	-	2,184,572
Other income		32,093,710	50,472,075	30,916,599	51,504,159
<b>Total revenue</b>		<b>4,283,875,879</b>	<b>3,357,879,363</b>	<b>4,190,456,167</b>	<b>3,223,653,303</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	26	2,563,728,333	1,563,506,402	2,709,454,970	1,523,101,516
Contract costs	26	85,305,041	586,743,141	85,305,041	586,743,141
Distribution costs	26	206,684,232	300,079,496	206,684,232	300,079,496
Administrative expenses	26	258,558,799	256,035,681	184,001,466	180,945,032
Net foreign exchange loss		47,008,679	-	51,593,277	-
<b>Total expenses</b>		<b>3,161,285,084</b>	<b>2,706,364,720</b>	<b>3,237,038,986</b>	<b>2,590,869,185</b>
<b>Profit from operating activities</b>		<b>1,122,590,795</b>	<b>651,514,643</b>	<b>953,417,181</b>	<b>632,784,118</b>
Finance costs		26,011,095	7,587,783	27,146,663	5,241,542
<b>Profit before income tax expense</b>		<b>1,096,579,700</b>	<b>643,926,860</b>	<b>926,270,518</b>	<b>627,542,576</b>
Tax expense	27	107,449,194	24,453,408	78,546,672	27,048,828
<b>Profit for the year</b>		<b>989,130,506</b>	<b>619,473,452</b>	<b>847,723,846</b>	<b>600,493,748</b>
<b>Other comprehensive income</b>					
<b>Item that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translating financial statements		120,039,936	(177,245,561)	154,731,840	(214,155,594)
<b>Total item that will be reclassified subsequently to profit or loss</b>		<b>120,039,936</b>	<b>(177,245,561)</b>	<b>154,731,840</b>	<b>(214,155,594)</b>
<b>Items that will not be reclassified to profit or loss</b>					
Gain (loss) on remeasurements of defined benefit plans		(427,506)	1,542,728	(427,506)	1,542,728
Income tax relating to item that will not be reclassified	27	50,086	(308,546)	50,086	(308,546)
<b>Total items that will not be reclassified to profit or loss</b>		<b>(377,420)</b>	<b>1,234,182</b>	<b>(377,420)</b>	<b>1,234,182</b>
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>119,662,516</b>	<b>(176,011,379)</b>	<b>154,354,420</b>	<b>(212,921,412)</b>
<b>Total comprehensive income for the year</b>		<b>1,108,793,022</b>	<b>443,462,073</b>	<b>1,002,078,266</b>	<b>387,572,336</b>

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<b>Profit attributable to:</b>					
Owners of parent		954,077,594	608,539,222	847,723,846	600,493,748
Non-controlling interests	12	<u>35,052,912</u>	<u>10,934,230</u>	<u>-</u>	<u>-</u>
<b>Profit for the year</b>		<b><u>989,130,506</u></b>	<b><u>619,473,452</u></b>	<b><u>847,723,846</u></b>	<b><u>600,493,748</u></b>
<b>Total comprehensive income attributable to:</b>					
Owners of parent		1,077,722,469	432,527,843	1,002,078,266	387,572,336
Non-controlling interests	12	<u>31,070,553</u>	<u>10,934,230</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>1,108,793,022</u></b>	<b><u>443,462,073</u></b>	<b><u>1,002,078,266</u></b>	<b><u>387,572,336</u></b>
<b>Basic earnings per share <i>(in Baht)</i></b>	28	<b><u>2.00</u></b>	<b><u>1.28</u></b>	<b><u>1.78</u></b>	<b><u>1.26</u></b>

**M.C.S. Steel Public Company Limited and its subsidiaries**

**Statement of changes in equity**

Consolidated financial statements															
Note	Retained earnings						Other components of equity								
	Issued and paid-up share capital	Shares premium	Share discount on treasury shares	Legal reserve	Treasury share reserve	Unappropriated	Treasury shares	Difference from					Equity attributable to owners of the parent	Non- controlling interests	Total equity
								Exchange differences on translating financial statements	change in shareholding proportion in subsidiary	Total other components of equity					
(in Baht)															
Year ended 31 December 2019															
Balance at 1 January 2019	500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,141,151,000	(295,812,458)	(748,510,526)	(15,250,061)	(763,760,587)	2,913,780,736	55,657,828	2,969,438,564		
Transactions with owners, recorded directly in equity															
Contributions by and distributions to owners of the parent															
Dividends	-	-	-	-	-	(357,732,400)	-	-	-	-	(357,732,400)	-	(357,732,400)		
Total contributions by and distributions to owners of the parent	-	-	-	-	-	(357,732,400)	-	-	-	-	(357,732,400)	-	(357,732,400)		
Total transactions with owners, recorded directly in equity	-	-	-	-	-	(357,732,400)	-	-	-	-	(357,732,400)	-	(357,732,400)		
Comprehensive income for the year															
Profit	-	-	-	-	-	608,539,222	-	-	-	-	608,539,222	10,934,230	619,473,452		
Other comprehensive income (expense)	-	-	-	-	-	1,234,182	-	(177,245,561)	-	(177,245,561)	(176,011,379)	-	(176,011,379)		
Total comprehensive income (expense) for the year	-	-	-	-	-	609,773,404	-	(177,245,561)	-	(177,245,561)	432,527,843	10,934,230	443,462,073		
Balance at 31 December 2019	500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,393,192,004	(295,812,458)	(925,756,087)	(15,250,061)	(941,006,148)	2,988,576,179	66,592,058	3,055,168,237		

**M.C.S. Steel Public Company Limited and its subsidiaries**
**Statement of changes in equity**

Consolidated financial statements														
		Retained earnings						Other components of equity						
		Issued and	Share discount					Difference from			Equity attributable	Non-		
		paid-up	Shares	on treasury	Legal	Treasury		Exchange differences	change in shareholding	Total	to owners of	controlling	Total	
Note	share capital	premium	shares	reserve	share reserve	Unappropriated	Treasury shares	on translating	proportion in	other components	the parent	interests	equity	
(in Baht)														
Year ended 31 December 2020														
Balance at 1 January 2020 - as reported	500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,393,192,004	(295,812,458)	(925,756,087)	(15,250,061)	(941,006,148)	2,988,576,179	66,592,058	3,055,168,237	
Impact of changes in accounting policies	3	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 1 January 2020 - restated	500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,393,192,004	(295,812,458)	(925,756,087)	(15,250,061)	(941,006,148)	2,988,576,179	66,592,058	3,055,168,237	
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners of the parent														
Reduction of treasury shares	21,22,23	(23,000,000)	-	153,609,677	-	(295,812,458)	(130,609,677)	295,812,458	-	-	-	-	-	
Dividends	29	-	-	-	-	(381,588,520)	-	-	-	-	(381,588,520)	-	(381,588,520)	
Total contributions by and distributions to owners of the parent		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	-	(381,588,520)	-	(381,588,520)	
Total transactions with owners, recorded directly in equity		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	-	(381,588,520)	-	(381,588,520)	
Comprehensive income for the year														
Profit		-	-	-	-	954,077,594	-	-	-	-	954,077,594	35,052,912	989,130,506	
Other comprehensive income (expense)		-	-	-	-	(377,420)	-	124,022,295	-	124,022,295	123,644,875	(3,982,359)	119,662,516	
Total comprehensive income for the year		-	-	-	-	953,700,174	-	124,022,295	-	124,022,295	1,077,722,469	31,070,553	1,108,793,022	
Balance at 31 December 2020		477,000,000	140,000,000	-	50,000,000	-	3,834,693,981	-	(801,733,792)	(15,250,061)	(816,983,853)	3,684,710,128	97,662,611	3,782,372,739

**M.C.S. Steel Public Company Limited and its subsidiaries**

**Statement of changes in equity**

		Separate financial statements									
		Retained earnings						Other components of equity			
		Issued and	Share	Share discount	Legal	Treasury		Exchange differences	Total other		
		paid-up	Share	on treasury	Legal	Treasury		on translating	components	Total	
Note		share capital	premium	shares	reserve	share reserve	Unappropriated	Treasury shares	financial statements	of equity	equity
		(in Baht)									
Year ended 31 December 2019											
		500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,218,000,372	(295,812,458)	(749,459,142)	(749,459,142)	3,004,931,553
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends	29	-	-	-	-	-	(357,732,400)	-	-	-	(357,732,400)
Total contributions by and distributions to owners		-	-	-	-	-	(357,732,400)	-	-	-	(357,732,400)
Total transactions with owners, recorded directly in equity		-	-	-	-	-	(357,732,400)	-	-	-	(357,732,400)
Comprehensive income for the year											
Profit		-	-	-	-	-	600,493,748	-	-	-	600,493,748
Other comprehensive income (expense)		-	-	-	-	-	1,234,182	-	(214,155,594)	(214,155,594)	(212,921,412)
Total comprehensive income (expense) for the year		-	-	-	-	-	601,727,930	-	(214,155,594)	(214,155,594)	387,572,336
Balance at 31 December 2019		500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,461,995,902	(295,812,458)	(963,614,736)	(963,614,736)	3,034,771,489

### Statement of changes in equity

Separate financial statements										
		Retained earnings						Other components of equity		
		Issued and	Share	Share discount	Legal	Treasury		Exchange differences	Total other	
		paid-up	Share	on treasury	reserve	share reserve	Unappropriated	on translating	components	Total
Note		share capital	premium	shares	reserve	share reserve	Unappropriated	financial statements	of equity	equity
							(in Baht)			
Year ended 31 December 2020										
Balance at 1 January 2020 - as reported		500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,461,995,902	(295,812,458)	(963,614,736)	3,034,771,489
Impact of changes in accounting policies	3	-	-	-	-	-	(18,665,775)	-	-	(18,665,775)
Balance at 1 January 2020 - restated		500,000,000	140,000,000	(153,609,677)	50,000,000	295,812,458	3,443,330,127	(295,812,458)	(963,614,736)	3,016,105,714
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Reduction of treasury shares	21, 22, 23	(23,000,000)	-	153,609,677	-	(295,812,458)	(130,609,677)	295,812,458	-	-
Dividends	29	-	-	-	-	-	(381,588,520)	-	-	(381,588,520)
Total contributions by and distributions to owners		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	(381,588,520)
Total transactions with owners, recorded directly in equity		(23,000,000)	-	153,609,677	-	(295,812,458)	(512,198,197)	295,812,458	-	(381,588,520)
Comprehensive income for the year										
Profit		-	-	-	-	-	847,723,846	-	-	847,723,846
Other comprehensive income (expense)		-	-	-	-	-	(377,420)	-	154,731,840	154,354,420
Total comprehensive income for the year		-	-	-	-	-	847,346,426	-	154,731,840	1,002,078,266
Balance at 31 December 2020		477,000,000	140,000,000	-	50,000,000	-	3,778,478,356	-	(808,882,896)	3,636,595,460

# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2020	2019	2020	2019
		(in Baht)			
<i>Cash flows from operating activities</i>					
Profit for the year		989,130,506	619,473,452	847,723,846	600,493,748
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense		107,449,194	24,453,408	78,546,672	27,048,828
Finance costs		26,011,095	6,556,213	27,146,663	4,857,907
Depreciation and amortisation	26	131,621,487	135,344,866	90,722,903	98,001,995
Amortisation of contract cost assets	24	56,466,070	33,011,608	56,466,070	33,011,608
Provision for employee benefits	19	2,435,047	6,967,234	2,435,047	6,967,234
Unrealised loss on exchange rate		400,246	58,174,743	400,246	60,361,038
Reversal of provision for warranty	20	(22,416,128)	(45,965,701)	(23,649,845)	(45,965,701)
Provision from lawsuit paid		-	(830,000)	-	(830,000)
Expected credit loss (2019: <i>Bad and doubtful debts expenses</i> )	30	7,479,964	-	7,479,964	-
Gain on disposal of equipment		(291,965)	(5,342,134)	(1,222,926)	(5,433,164)
(Reversal of) loss on inventories devaluation	8	1,080,085	(18,374,560)	1,080,085	(18,374,560)
Interest income		(3,172,088)	(9,006,565)	(7,933,503)	(8,225,689)
		1,296,193,513	804,462,564	1,079,195,222	751,913,244
<i>Changes in operating assets and liabilities</i>					
Trade and other accounts receivable		(513,161,338)	(901,803,798)	(699,686,268)	(1,021,580,665)
Inventories		(326,336,781)	(857,496,431)	(212,051,987)	(819,937,103)
Contract cost assets		(56,371,134)	182,804,069	(56,371,134)	182,804,069
Other non-current assets		(1,905,160)	6,654	-	(26,750)
Trade and other accounts payable		112,976,422	1,192,832,470	324,904,144	1,168,979,812
Exchange rate differences on translating of financial statements		28,327,980	(135,467,413)	68,962,995	(132,511,449)
Net cash generated from operating		539,723,502	285,338,115	504,952,972	129,641,158
Provision for employee benefit paid		(1,316,725)	(509,425)	(1,316,725)	(509,425)
Provision for warranties paid		(8,247,078)	(836,648)	(8,247,078)	(836,648)
Taxes paid		(29,812,546)	(23,490,200)	(29,812,546)	(23,195,545)
<b>Net cash from operating activities</b>		<b>500,347,153</b>	<b>260,501,842</b>	<b>465,576,623</b>	<b>105,099,540</b>



# M.C.S. Steel Public Company Limited and its subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2020	2019	2020	2019
		(in Baht)			
<b>Cash flows from investing activities</b>					
Increase in loans to related parties		-	-	-	(159,281,460)
Increase in loans to employees		(4,667,269)	(11,803,415)	(4,667,269)	(11,803,415)
Acquisition of property, plant and equipment		(178,221,769)	(145,779,787)	(154,088,790)	(104,689,601)
Proceeds from disposal of property, plant and equipment		1,081,005	5,601,058	1,795,641	5,448,989
Acquisition of intangible assets		(2,381,454)	(5,760,969)	(2,289,653)	(3,160,214)
Interest received		2,945,031	3,436,390	10,866,696	2,654,849
<b>Net cash used in investing activities</b>		<b>(181,244,456)</b>	<b>(154,306,723)</b>	<b>(148,383,375)</b>	<b>(270,830,852)</b>
<b>Cash flows from financing activities</b>					
Repayment of short-term loans from financial institutions		(200,000,000)	(160,845,900)	(200,000,000)	-
Proceeds from short-term loan from financial institutions		200,000,000	-	200,000,000	-
Proceeds from short-term loan from related party		-	-	80,000,000	-
Payment of lease liabilities		(2,592,572)	(1,404,231)	(2,252,015)	(354,272)
Dividend paid	29	(381,588,520)	(357,732,400)	(381,588,520)	(357,732,400)
Interest paid		(25,607,807)	(7,623,601)	(26,743,376)	(4,857,929)
<b>Net cash used in financing activities</b>		<b>(409,788,899)</b>	<b>(527,606,132)</b>	<b>(330,583,911)</b>	<b>(362,944,601)</b>
Net decrease in cash and cash equivalents,					
before effect of exchange rate changes		(90,686,202)	(421,411,013)	(13,390,663)	(528,675,913)
Effect of exchange rate changes on cash and cash equivalents		(4,346,980)	2,364,264	(4,346,980)	2,364,264
<b>Net decrease in cash and cash equivalents</b>		<b>(95,033,182)</b>	<b>(419,046,749)</b>	<b>(17,737,643)</b>	<b>(526,311,649)</b>
Cash and cash equivalents at 1 January		473,322,074	892,368,823	193,554,080	719,865,729
<b>Cash and cash equivalents at 31 December</b>	6	<b>378,288,892</b>	<b>473,322,074</b>	<b>175,816,437</b>	<b>193,554,080</b>
<b>Non-cash transactions</b>					
Purchase of fixed assets under financial lease		-	3,438,569	-	2,900,000

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Related parties
6	Cash and cash equivalents
7	Trade and other accounts receivable
8	Inventories
9	Loans to employees
10	Investments in an associate
11	Investments in subsidiaries
12	Non-controlling interests
13	Property, plant and equipment
14	Leases
15	Goodwill
16	Intangible assets
17	Trade and other accounts payable
18	Interest-bearing liabilities
19	Non-current provisions for employee benefits
20	Provision for product warranty
21	Share capital
22	Treasury shares
23	Reserve
24	Segment information and disaggregation of revenue
25	Employee benefit expenses
26	Expenses by nature
27	Income tax
28	Earnings per share
29	Dividends
30	Financial instruments
31	Capital management
32	Commitments with non-related parties
33	Events after the reporting period
34	Condensed functional currency financial statements
35	Reclassification of accounts

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 26 February 2021.

### 1 General information

M.C.S. Steel Public Company Limited, (the “Company”), is incorporated in Thailand since 1992 and registered in the Stock Exchange of Thailand since February 2005 with its registered office at 70 Moo 2, Changyai, Bangsai, Ayutthaya. As at 31 December 2020, the Company’s major shareholders are Thai NVDR Co., Ltd. (11.32% shareholding), registered in Thailand, and Mrs. Dorn Teantavornwong (5.32% shareholding), Thai nationality.

The principal activities of the Company and its subsidiaries (“the Group”) are production and distribution of structural steel products for building construction, and residential development project for sale.

Details of the Company’s associate and subsidiaries as at 31 December 2020 are described in notes 10 and 11.

### 2 Basis of preparation of the financial statements

#### (a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

#### (b) *Functional and presentation currency*

Item included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). These financial statements are presented in Thai Baht which is different from the functional currency of the Company, which is Japanese Yen. The presentation currency in Thai Baht is in accordance with the regulatory requirements in Thailand. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. Condensed financial statements presented in Japanese Yen, which is the Company’s functional currency, are disclosed in note 34.

#### (c) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### (i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

#### 4(s) and 24 Revenue recognition:

- whether performance obligations in a bundled sale of products and services are capable of being distinct;
- whether revenue from sales of products is recognised over time or at a point in time;
- commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
- whether long-term advances received from customers have significant financing component.

### (ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- 4(k) Determining the incremental borrowing rate to measure lease liabilities;
- 15 Impairment test of goodwill: key assumptions underlying recoverable amounts;
- 19 Measurement of defined benefit obligations: key actuarial assumptions;
- 20 Recognition and measurement of provision for product warranty: key assumptions about the likelihood and magnitude of an outflow of resources;
- 27 Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

## 3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16.

<i>Impact on changes in accounting policy</i>	<i>Note</i>	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
		Retained earnings (in thousand Baht)	Retained earnings
At 31 December 2019 - as reported		3,393,192	3,461,996
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Impairment losses on financial assets	(a.2)	-	(23,332)
Related tax		-	4,666
		-	(18,666)
<b>At 1 January 2020 - restated</b>		<b>3,392,192</b>	<b>3,443,330</b>

### (a) TFRS - Financial instruments standards

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group did not adjust the information presented for 2019.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4(d) and 4(l). The impact from adoption of TFRS - Financial instruments standards are as follows:

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### (a.1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group recognised interest income and interest expenses at the rate specified in the contract.

All financial assets and financial liabilities previously classified as measured at cost method are classified as measured at amortised costs with no change in measurement amount.

### (a.2) Impairment - Financial assets and contract assets

TFRS 9 introduces the 'expected credit loss' (ECL) model whereas previously the Group estimated the allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets, lease receivables and debt investments measured at FVOCI, except for investments in equity instruments.

The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b>Allowance for impairment losses at 31 December 2019</b>		
Allowance for doubtful debts - trade accounts receivables	95,455	-
Allowance for doubtful debts - other accounts receivable	41,869	-
	<b>137,324</b>	<b>-</b>
<i>Additional impairment loss recognised at 1 January 2020 on:</i>		
- Allowance for impairment loss on long-term loans to related parties	-	23,332
<b>Allowance for impairment losses at 1 January 2020</b>	<b>137,324</b>	<b>23,332</b>

The Group has opted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

### (b) TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

On transition, the Group also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b><i>Impact from the adoption of TFRS 16</i></b>		
<b><i>At 1 January 2020</i></b>		
Increase in right-of-use assets	130,447	6,131
Decrease in property, plant and equipment	(2,998)	(2,367)
Decrease in prepaid rent for leased land	(121,884)	-
Increase in lease liabilities	5,565	3,764
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
Operating lease commitment as disclosed at 31 December 2019	5,595	3,875
Discounted using the incremental borrowing rate at 1 January 2020	5,565	3,764
Finance lease liabilities recognised as at 31 December 2019	3,228	2,541
<b>Lease liabilities recognised at 1 January 2020</b>	<b>8,793</b>	<b>6,305</b>
Weighted-average incremental borrowing rate (% per annum)	<b>1.5 - 1.8</b>	<b>1.8</b>

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

#### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in the subsidiaries section, other than business combinations with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence.

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **(b) Investments in subsidiaries and associates**

Investments in subsidiaries and associates in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

### *Disposal of investments in the separate financial statements*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

## **(c) Foreign currencies**

### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that fair value was determined.

Foreign currency difference are generally recognised in profit or loss.

#### *Group*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each financial position presented are translated at the closing rate at the date of the statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### **(d) Financial instruments**

##### ***Accounting policies applicable from 1 January 2020***

###### ***(d.1) Recognition and initial measurement***

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus or less transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

###### ***(d.2) Classification and subsequent measurement***

###### ***Financial assets - classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.



# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### *Financial assets - business model assessment*

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### *Financial assets - assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

### *Financial assets - subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
---------------------------	--

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
------------------------------------	--

### *Financial liabilities - classification, subsequent measurement and gains and losses*

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### ***Accounting policies applicable before 1 January 2020***

#### ***Investments in other debt and equity securities***

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

#### ***Disposal of investments***

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

#### ***(e) Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

#### ***(f) Trade and other accounts receivable and contract assets***

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is measured at transaction price less allowance for expected credit loss (2019: allowance for doubtful accounts) which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

### **(g) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories are calculated by the following methods:

Work in process	By actual cost specific to weight of the work piece
Raw materials, spare parts and factory supplies	By the first-in, first-out method

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

#### *Real estate development for sales*

Real estate development for sale is real estate that held with the intention of sale in the ordinary course of business. They are measured at the lower of cost and net realisable value.

The cost of real estate development for sale comprises costs of land, including acquisition costs, land improvement cost, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalized as part of the cost of the property until the completion of development. Cost of real estate development for sale includes an allocation of common area property development expenditure based on saleable area basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

When real estate development for sale are sold, the carrying amount of those real estate is recognised as an expense in the period in which the related revenue is recognised.

### **(h) Property, plant and equipment**

#### *Recognition and measurement*

##### *Owned assets*

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	20 years
Machinery and factory equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### *(i) Contract cost assets*

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

### *(j) Intangible assets*

#### *Goodwill*

The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

#### *Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software licences	5 - 10 years
-------------------	--------------

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

No amortisation is provided on software under installation.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Leases**

***Accounting policies applicable from 1 January 2020***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

***As a lessee***

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

***Accounting policies applicable before 1 January 2020***

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### **(l) *Impairment of financial assets***

#### ***Accounting policies applicable from 1 January 2020***

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, loans to related parties) and contract assets.

#### ***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 365 days past due, probable the debtor will enter bankruptcy.

### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### *Accounting policies applicable before 1 January 2020*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

### *Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

### *Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

### **(m) Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

### *Reversal of impairment*

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(n) Contract liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

### **(o) Employee benefits**

#### *Defined contribution plan*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed triennially by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(p) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.



# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

### *Warranties*

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### **(q) 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 market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **(r) Share capital**

#### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### *Repurchase of share capital (treasury shares)*

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses / discount on the sale of treasury shares are taken directly to a separate category within equity, 'Share premium / discount on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus / discount on treasury shares.

### **(s) Revenue**

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

#### *Sale of goods and services*

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time based on stage of completion. The stage of completion is assessed based on cost-to-cost method. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices.

#### *Contract revenue*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Contract revenue is recognised over time based on stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed and the proportion of costs incurred to the reporting date compared to the estimated final costs of the contract at completion. The related costs are recognised in profit or loss when they are incurred. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

An expected loss on a contract is recognised immediately in profit or loss.

### **(t) Other income**

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(u) Interest**

***Accounting policies applicable from 1 January 2020***

***Effective Interest Rate (EIR)***

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

***Accounting policies applicable before 1 January 2020***

Interest income is recognised in profit or loss at the rate specified in the contract.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

**(v) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised 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 not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realised.

(w) **Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(x) **Related parties**

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) **Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 5 Related parties

Relationships with subsidiaries, associates are described in notes 10 and 11. Other related parties that the Group had significant transactions with during the year were as follows:

Persons	Nationality	Nature of relationships
Key management personnel	Multi-nationalities	Persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Transactions		Pricing policies
Interest income		Contractually agreed price
Cost of service		Contractually agreed price
Technical assistance expense		Contractually agreed price
Interest expense		Contractually agreed price
Sales assets		Contractually agreed price

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Interest income	-	-	6,432	6,035
Cost of service	-	-	868,732	302,404
Technical assistance expense	-	-	16,892	-
Interest expense	-	-	1,315	-
Sales assets	-	-	1,196	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term benefits	69,799	35,155	61,903	25,887
Post-employment benefits	934	602	934	602
Total key management personnel compensation	<u>70,733</u>	<u>35,757</u>	<u>62,837</u>	<u>26,489</u>

Balances as at 31 December with related parties were as follows:

<i>Trade and other accounts receivable</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	390,563	291,138
<b>Total</b>	<u>-</u>	<u>-</u>	<u>390,563</u>	<u>291,138</u>

	Interest rate		Separate financial statements			
<i>Loans to</i>	At 31 December (% per annum)	1 January	Increase	Decrease (in thousand Baht)	Translation adjustment	31 December
<b>2020</b>						
A subsidiary	1.83	431,557	-	-	23,141	454,698
Less allowance for impairment		-	(23,332)	-	(1,167)	(24,499)
<b>Net</b>		<u>431,557</u>				<u>430,199</u>
<b>2019</b>						
A subsidiary	1.83	289,215	159,281	-	(16,939)	431,557
<b>Net</b>		<u>289,215</u>				<u>431,557</u>

<i>Trade and other accounts payable</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	293,486	45,896
<b>Total</b>	<u>-</u>	<u>-</u>	<u>293,486</u>	<u>45,896</u>

	Interest rate	Separate financial statements			
<i>Loans from</i>	At 31 December (% per annum)	1 January	Increase	Decrease	31 December
			<i>(in thousand Baht)</i>		
<b>2020</b>					
A subsidiary	2.00	-	80,000	-	80,000
<b>Total</b>		-			<b>80,000</b>

*Significant agreements with related parties*

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### Service agreement

The Company entered into a fabrication steel service agreement with M.C.S. Steel (Xiamen) Co., Ltd. to conduct the fabrication work according to design drawing and to delivery according to the project schedule. Under the agreement, the Company has to prepay for material to M.C.S. Steel (Xiamen) Co., Ltd. to provide procurement main steel materials used in the project as requirement identifying in agreement.

### Technical service agreement

The Company entered into a technical service agreement with M.C.S. - JAPAN Co., Ltd. to obtain technical and proficiency skills for improving efficiency of the fabrication work. The Company is committed to pay service charges at amounts specified in the agreements. The agreement is for the periods within one year, which are automatically renewable unless either party notified for termination.

## 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Cash on hand	792	938	665	658
Cash at banks - savings accounts	376,853	466,043	174,507	186,555
Highly liquid short-term investments	644	6,341	644	6,341
<b>Cash and cash equivalents in the statement of financial position and statement of cash flows</b>	<b>378,289</b>	<b>473,322</b>	<b>175,816</b>	<b>193,554</b>

## 7 Trade and other accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
<b>Trade accounts receivable</b>					
Other parties		1,041,363	722,005	932,033	603,909
<b>Total</b>		<b>1,041,363</b>	<b>722,005</b>	<b>932,033</b>	<b>603,909</b>
Less allowance for expected credit loss (2019 : allowance for doubtful accounts)		(95,037)	(95,455)	-	-
<b>Net</b>		<b>946,326</b>	<b>626,550</b>	<b>932,033</b>	<b>603,909</b>
<b>Other accounts receivable</b>					
<b>Related parties</b>	5				
Product and service advance payment		-	-	302,281	278,476
Others		-	-	88,282	12,662
		-	-	390,563	291,138
<b>Other parties</b>					
Retention receivables		399,366	119,504	399,366	119,504
Contract assets	24	26,021	57,090	26,021	57,090
Product and service advance payment		23,814	23,121	8,200	-
Revenue department receivables		9,357	759	9,357	759
Others		38,792	93,017	21,945	11,300
		497,530	293,491	464,889	188,653
Less allowance for expected credit loss (2019 : allowance for doubtful accounts)		(52,743)	(41,869)	(7,480)	-
<b>Net</b>		<b>444,787</b>	<b>251,622</b>	<b>457,409</b>	<b>188,653</b>
<b>Total</b>		<b>444,787</b>	<b>251,622</b>	<b>847,972</b>	<b>479,791</b>
<b>Net - trade and other accounts receivable</b>		<b>1,391,113</b>	<b>878,172</b>	<b>1,780,005</b>	<b>1,083,700</b>

## 8 Inventories

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Work in progress	945,105	368,564	833,073	339,220
Raw materials	1,153,640	1,416,856	1,042,834	1,383,137
Spare parts and factory supplies	107,948	141,444	96,601	90,911
Goods in transit	193,370	140,190	193,370	140,190
Real estate development for sales	-	6,304	-	-
<b>Total</b>	<b>2,400,063</b>	<b>2,073,358</b>	<b>2,165,878</b>	<b>1,953,458</b>
Less allowance for decline in value of inventories	(8,767)	(7,318)	(8,767)	(7,318)
<b>Net</b>	<b>2,391,296</b>	<b>2,066,040</b>	<b>2,157,111</b>	<b>1,946,140</b>
Inventories recognised in 'cost of sales of goods':				
- Cost	2,647,953	2,168,625	2,793,680	2,128,220
- (Reversal of) write-down	1,080	(18,375)	1,080	(18,375)
<b>Net</b>	<b>2,649,033</b>	<b>2,150,250</b>	<b>2,794,760</b>	<b>2,109,845</b>

As at 31 December 2020 and 2019, the Company's certain portion of raw materials are pledged as collateral for credit facilities with a local financial institution.

As at 31 December 2019, the Company's allowance for decline in value of inventory had decreased Baht 30.15 million, as the Company plan to use the long outstanding raw material to build fixed assets and draw out for production in the amount of Baht 12.72 million. The export of goods amounted to Baht 17.43 million.

## 9 Loans to employees

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(In thousand Baht)</i>			
At 1 January	81,255	69,452	81,255	69,452
Increase	10,217	22,711	10,217	22,711
Decrease	(5,550)	(10,908)	(5,550)	(10,908)
<b>At 31 December</b>	<b>85,922</b>	<b>81,255</b>	<b>85,922</b>	<b>81,255</b>
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(In thousand Baht)</i>			
Current	7,153	6,755	7,153	6,755
Non-current	78,769	74,500	78,769	74,500
<b>Total</b>	<b>85,922</b>	<b>81,255</b>	<b>85,922</b>	<b>81,255</b>

According to the Board of Directors Meeting No. 3/2018 dated 24 March 2018, it had resolution to approve the Company to provide loans to employees as welfare and support employees to have accommodation at low cost by calculating interest at 2% per annum. The period of payment is not over 20 years.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**10 Investments in an associate**

Consolidated financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the year	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		(%)						(in thousand Baht)			
<i>Associate</i>											
T.K.C. Co., Ltd.*	Design	25	25	Yen 12 million	Yen 12 million	861	817	-	-	-	-
<b>Total</b>						<b>861</b>	<b>817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Separate financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		(%)						(in thousand Baht)			
<i>Associate</i>											
T.K.C. Co., Ltd.*	Design	25	25	Yen 12 million	Yen 12 million	861	817	(861)	(817)	-	-
<b>Total</b>						<b>861</b>	<b>817</b>	<b>(861)</b>	<b>(817)</b>	<b>-</b>	<b>-</b>

The associate was incorporated in Japan.

The associate is not publicly listed and consequently does not have published share price quotation.

\* Operation ceased and in process of liquidation



**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**11 Investments in subsidiaries**

Separate financial statements														
	Type of business	Country	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)						(in thousand Baht)					
Direct subsidiaries														
Tanaka Welding Center Co., Ltd.	Welder training and Real estate	Thailand	99.92	99.92	Baht 99 million	Baht 99 million	92,251	87,556	-	-	92,251	87,556	-	-
M.C.S. - JAPAN Co., Ltd.	Design and production of structural steel product	Japan	98.00	98.00	Yen 50 million	Yen 50 million	14,057	13,341	-	-	14,057	13,341	-	-
M.C.S. Steel (Xiamen) Co., Ltd.	Production and distribution of structural steel product	China	74.00	74.00	Yuan 64 million	Yuan 64 million	181,543	172,304	(14,615)	(13,871)	166,928	158,433	-	-
Total							287,851	273,201	(14,615)	(13,871)	273,236	259,330	-	-

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 12 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2020	
	M.C.S. Steel (Xiamen) Co., Ltd.	<b>Total</b>
	<i>(in thousand Baht)</i>	
Non-controlling interest percentage	26.00	
Current assets	297,327	
Non-current assets	308,872	
Current liabilities	(248,304)	
Non-current liabilities	(41,126)	
<b>Net assets</b>	<b>316,769</b>	
Carrying amount of non-controlling interest	97,663	
<b>Total</b>		<b>97,663</b>
Revenue	727,669	
Profit	134,819	
Other comprehensive income	(15,317)	
<b>Total comprehensive income</b>	<b>119,502</b>	
Profit allocated to non-controlling interest	35,053	
<b>Total</b>		<b>35,053</b>
Other comprehensive income allocated to non-controlling interest	(3,982)	
<b>Total</b>		<b>31,071</b>
Cash flows from operating activities	(27,073)	
Cash flows from investing activities	(11,518)	
Cash flows from financing activities	-	
<b>Net decrease in cash and cash equivalents</b>	<b>(38,591)</b>	
	31 December 2019	
	M.C.S. Steel (Xiamen) Co., Ltd.	<b>Total</b>
	<i>(in thousand Baht)</i>	
Non-controlling interest percentage	26.00	
Current assets	296,920	
Non-current assets	282,263	
Current liabilities	(387,296)	
Non-current liabilities	(37,674)	
<b>Net assets</b>	<b>154,213</b>	
Carrying amount of non-controlling interest	66,592	
<b>Total</b>		<b>66,592</b>
Revenue	338,969	
Profit	41,286	
Other comprehensive income	-	
<b>Total comprehensive income</b>	<b>41,286</b>	
Profit allocated to non-controlling interest	10,934	
<b>Total</b>		<b>10,934</b>
Cash flows from operating activities	158,435	
Cash flows from investing activities	(369)	
Cash flows from financing activities	(15,000)	
<b>Net increase in cash and cash equivalents</b>	<b>143,066</b>	

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**13 Property, plant and equipment**

	<b>Consolidated financial statements</b>						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment (In thousand Baht)	Vehicles	Assets under construction and installation	Total
<i>Cost</i>							
At 1 January 2019	372,046	960,662	1,014,093	142,758	49,885	72,943	2,612,387
Additions	2,136	23,454	24,017	6,279	3,598	89,757	149,241
Transfers	-	3,676	68,599	-	-	(72,275)	-
Disposals	-	-	(61,312)	(2,128)	(1,669)	-	(65,109)
Effect of movements in exchange rates	(22,553)	(77,808)	(70,073)	(10,490)	(3,064)	(2,690)	(186,678)
<b>At 31 December 2019</b>	<b>351,629</b>	<b>909,984</b>	<b>975,324</b>	<b>136,419</b>	<b>48,750</b>	<b>87,735</b>	<b>2,509,841</b>
Recognition of right-of-use asset on initial application of TFRS 16 (see note 3(b))	-	-	-	-	(3,353)	-	(3,353)
<b>At 1 January 2020 - as adjusted</b>	<b>351,629</b>	<b>909,984</b>	<b>975,324</b>	<b>136,419</b>	<b>45,397</b>	<b>87,735</b>	<b>2,506,488</b>
Additions	-	1,743	30,009	7,256	-	139,214	178,222
Transfers	-	15,863	4,032	75	-	(19,970)	-
Disposals	-	-	(7,296)	(6,374)	(79)	-	(13,749)
Effect of movements in exchange rates	18,855	52,036	53,762	8,212	3,181	4,705	140,751
<b>At 31 December 2020</b>	<b>370,484</b>	<b>979,626</b>	<b>1,055,831</b>	<b>145,588</b>	<b>48,499</b>	<b>211,684</b>	<b>2,811,712</b>

*Depreciation and*

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Consolidated financial statements						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment (In thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>impairment losses</b>							
At 1 January 2019	3,267	441,038	673,259	111,777	25,774	-	1,255,115
Depreciation charge for the year	-	60,627	57,425	11,698	10,120	-	139,870
Disposals	-	-	(61,078)	(2,103)	(1,669)	-	(64,850)
Effect of movements in exchange rates	(191)	(51,829)	(48,178)	(9,228)	(2,440)	-	(111,866)
<b>At 31 December 2019</b>	<b>3,076</b>	<b>449,836</b>	<b>621,428</b>	<b>112,144</b>	<b>31,785</b>	<b>-</b>	<b>1,218,269</b>
Recognition of depreciation of right-of-use asset on initial application of TFRS 16 (see note 3(b))	-	-	-	-	(355)	-	(355)
<b>At 1 January 2020 - as adjusted</b>	<b>3,076</b>	<b>449,836</b>	<b>621,428</b>	<b>112,144</b>	<b>31,430</b>	<b>-</b>	<b>1,217,914</b>
Depreciation charge for the year	-	48,664	57,058	9,364	8,465	-	123,551
Disposals	-	-	(7,036)	(5,846)	(79)	-	(12,961)
Effect of movements in exchange rates	165	25,033	33,400	6,646	1,531	-	66,775
<b>At 31 December 2020</b>	<b>3,241</b>	<b>523,533</b>	<b>704,850</b>	<b>122,308</b>	<b>41,347</b>	<b>-</b>	<b>1,395,279</b>
<b>Net book value</b>							
<b>At 31 December 2019</b>							
Owned assets	348,553	460,148	353,896	24,275	13,967	87,735	1,288,574
Assets under finance leases	-	-	-	-	2,998	-	2,998
	<b>348,553</b>	<b>460,148</b>	<b>353,896</b>	<b>24,275</b>	<b>16,965</b>	<b>87,735</b>	<b>1,291,572</b>
<b>At 31 December 2020</b>							
Owned assets	367,243	456,093	350,981	23,280	7,152	211,684	1,416,433
	<b>367,243</b>	<b>456,093</b>	<b>350,981</b>	<b>23,280</b>	<b>7,152</b>	<b>211,684</b>	<b>1,416,433</b>

### Separate financial statements

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment <i>(In thousand Baht)</i>	Vehicles	Assets under construction and installation	Total
<b><i>Cost</i></b>							
At 1 January 2019	134,329	613,367	860,854	68,224	39,818	72,889	1,789,481
Additions	-	2,066	9,342	3,424	3,037	89,720	107,589
Transfers	-	3,676	68,599	-	-	(72,275)	-
Disposals	-	-	(58,936)	(1,944)	(1,669)	-	(62,549)
Effect of movements in exchange rates	(7,868)	(36,261)	(50,543)	(4,040)	(2,288)	(2,635)	(103,635)
<b>At 31 December 2019</b>	<b>126,461</b>	<b>582,848</b>	<b>829,316</b>	<b>65,664</b>	<b>38,898</b>	<b>87,699</b>	<b>1,730,886</b>
Recognition of right-of-use asset on initial application of TFRS 16 (see note 3(b))	-	-	-	-	(2,722)	-	(2,722)
<b>At 1 January 2020 - as adjusted</b>	<b>126,461</b>	<b>582,848</b>	<b>829,316</b>	<b>65,664</b>	<b>36,176</b>	<b>87,699</b>	<b>1,728,164</b>
Additions	-	721	9,391	4,762	-	139,214	154,088
Transfers	-	15,825	4,032	75	-	(19,932)	-
Disposals	-	-	(5,554)	(6,334)	(24)	-	(11,912)
Effect of movements in exchange rates	6,781	31,254	44,470	3,521	1,948	4,703	92,677
<b>At 31 December 2020</b>	<b>133,242</b>	<b>630,648</b>	<b>881,655</b>	<b>67,688</b>	<b>38,100</b>	<b>211,684</b>	<b>1,963,017</b>

***Depreciation and  
impairment losses***

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment <i>(In thousand Baht)</i>	Vehicles	Assets under construction and installation	Total
At 1 January 2019	3,267	334,122	563,495	49,185	22,179	-	972,248
Depreciation charge for the year	-	29,418	49,512	9,505	8,555	-	96,990
Disposals	-	-	(58,936)	(1,929)	(1,669)	-	(62,534)
Effect of movements in exchange rates	(191)	(25,101)	(31,418)	(3,755)	(2,144)	-	(62,609)
<b>At 31 December 2019</b>	<b>3,076</b>	<b>338,439</b>	<b>522,653</b>	<b>53,006</b>	<b>26,921</b>	<b>-</b>	<b>944,095</b>
Recognition of depreciation of right-of- use asset on initial application of TFRS 16 (see note 3(b))	-	-	-	-	(355)	-	(355)
<b>At 1 January 2020 - as adjusted</b>	<b>3,076</b>	<b>338,439</b>	<b>522,653</b>	<b>53,006</b>	<b>26,566</b>	<b>-</b>	<b>943,740</b>
Depreciation charge for the year	-	24,427	48,280	6,976	7,620	-	87,303
Disposals	-	-	(5,509)	(5,807)	(24)	-	(11,340)
Effect of movements in exchange rates	164	17,615	26,954	2,691	1,258	-	48,682
<b>At 31 December 2020</b>	<b>3,240</b>	<b>380,481</b>	<b>592,378</b>	<b>56,866</b>	<b>35,420</b>	<b>-</b>	<b>1,068,385</b>

*Net book value*  
**At 31 December 2019**

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture, fixtures and office equipment <i>(In thousand Baht)</i>	Vehicles	Assets under construction and installation	Total
Owned assets	123,385	244,409	306,663	12,658	9,610	87,699	784,424
Assets under finance leases	-	-	-	-	2,367	-	2,367
	<b>123,385</b>	<b>244,409</b>	<b>306,663</b>	<b>12,658</b>	<b>11,977</b>	<b>87,699</b>	<b>786,791</b>
<b>At 31 December 2020</b>							
Owned assets	130,002	250,167	289,277	10,822	2,680	211,684	894,632
	<b>130,002</b>	<b>250,167</b>	<b>289,277</b>	<b>10,822</b>	<b>2,680</b>	<b>211,684</b>	<b>894,632</b>

The gross amount of the Group and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2020 amounted to Baht 678.49 million and Baht 645.21 million, respectively.

As at 31 December 2020 and 2019, the Company's land and building with a net book value of Baht 196.72 million and Baht 165.53 million are pledged as collateral for bank credit facilities and as at 31 December 2020 and 2019, the Company committed not to sell, transfer or make any restriction to the machinery for the such credit facilities with a local financial institution.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 14 Leases

*As a lessee*

<i>At 31 December 2020</i>	<b>Consolidated financial statements</b> <i>(in thousand Baht)</i>	<b>Separate financial statements</b>
<b><i>Right-of-use assets</i></b>		
Land	126,633	-
Equipment	3,664	3,664
Vehicles	1,913	1,913
<b>Total</b>	<b>132,210</b>	<b>5,577</b>

In 2020, additions to the right-of-use assets of the Group and the Company were Baht 1.58 million and Baht 1.58 million, respectively.

During 2020, the Group leased a office equipment for 4 - 5 years and paid fixed lease payment. These payment terms are common in Thailand.

<i>For the year ended 31 December</i>	<b>Consolidated financial statements</b> 2020 <i>(in thousand Baht)</i>	<b>Separate financial statements</b> 2020
<b><i>Amounts recognised in profit or loss</i></b>		
Depreciation of right-of-use assets:		
- Land	3,525	-
- Equipment	1,789	1,789
- Vehicles	589	589
Interest on lease liabilities	138	138
Expenses relating to short-term leases	13	13

In 2020, total cash outflow for leases of the Group and the Company were Baht 2.59 million and Baht 2.25 million, respectively.



# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 15 Goodwill

	<b>Consolidated financial statements</b>	
	2020	2019
	<i>(in thousand Baht)</i>	
<b>Cost</b>		
At 1 January	20,291	21,553
Effect of movements in exchange rates	1,088	(1,262)
<b>At 31 December</b>	<b>21,379</b>	<b>20,291</b>
<b>Net book value</b>		
<b>At 31 December</b>	<b>21,379</b>	<b>20,291</b>

#### *Impairment testing for CGUs containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	<b>Consolidated financial statements</b>	
	2020	2019
	<i>(in thousand Baht)</i>	
M.C.S. Steel (Xiamen) Co., Ltd.	13,923	13,215
M.C.S. - JAPAN Co., Ltd.	7,456	7,076
<b>Total</b>	<b>21,379</b>	<b>20,291</b>

#### *M.C.S. Steel (Xiamen) Co., Ltd. and M.C.S. - JAPAN Co., Ltd.*

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<b>Consolidated financial statements</b>
	<i>(%)</i>
2020	
Discount rate	4.78 - 11.57
Terminal value growth rate	0.00 - 1.50
Budgeted EBITDA growth rate (average of next five years)	1.00 - 18.25

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 34.17% at a market interest rate of 9.78%.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 16 Intangible assets

	Consolidated financial statements		
	Software licences	Software under installation (In thousand Baht)	Total
<b>Cost</b>			
At 1 January 2019	17,558	-	17,558
Additions	5,761	-	5,761
Effect of movements in exchange rates	(1,232)	-	(1,232)
<b>At 31 December 2019 and 1 January 2020</b>	<b>22,087</b>	<b>-</b>	<b>22,087</b>
Additions	1,134	1,247	2,381
Effect of movements in exchange rates	1,184	-	1,184
<b>At 31 December 2020</b>	<b>24,405</b>	<b>1,247</b>	<b>25,652</b>
<b>Amortisation</b>			
At 1 January 2019	11,171	-	11,171
Amortisation for the year	1,639	-	1,639
Effect of movements in exchange rates	(816)	-	(816)
<b>At 31 December 2019 and 1 January 2020</b>	<b>11,994</b>	<b>-</b>	<b>11,994</b>
Amortisation for the year	2,166	-	2,166
Effect of movements in exchange rates	595	-	595
<b>At 31 December 2020</b>	<b>14,755</b>	<b>-</b>	<b>14,755</b>
<b>Net book value</b>			
<b>At 31 December 2019</b>	<b>10,093</b>	<b>-</b>	<b>10,093</b>
<b>At 31 December 2020</b>	<b>9,650</b>	<b>1,247</b>	<b>10,897</b>

	Separate financial statements		
	Software licences	Software under installation (In thousand Baht)	Total
<b>Cost</b>			
At 1 January 2019	13,721	-	13,721
Additions	3,160	-	3,160
Effect of movements in exchange rates	(873)	-	(873)
<b>At 31 December 2019 and 1 January 2020</b>	<b>16,008</b>	<b>-</b>	<b>16,008</b>
Additions	1,042	1,247	2,289
Effect of movements in exchange rates	858	-	858
<b>At 31 December 2020</b>	<b>17,908</b>	<b>1,247</b>	<b>19,155</b>
<b>Amortisation</b>			
At 1 January 2019	9,770	-	9,770
Amortisation for the year	1,012	-	1,012
Effect of movements in exchange rates	(706)	-	(706)
<b>At 31 December 2019 and 1 January 2020</b>	<b>10,076</b>	<b>-</b>	<b>10,076</b>
Amortisation for the year	1,042	-	1,042
Effect of movements in exchange rates	517	-	517
<b>At 31 December 2020</b>	<b>11,635</b>	<b>-</b>	<b>11,635</b>
<b>Net book value</b>			
<b>At 31 December 2019</b>	<b>5,932</b>	<b>-</b>	<b>5,932</b>
<b>At 31 December 2020</b>	<b>6,273</b>	<b>1,247</b>	<b>7,520</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 17 Trade and other accounts payable

		Consolidated financial statements		Separate financial statements	
<i>Trade accounts payable</i>	<i>Note</i>	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Other parties		1,665,960	1,545,416	1,536,646	1,459,310
<b>Total</b>		<b>1,665,960</b>	<b>1,545,416</b>	<b>1,536,646</b>	<b>1,459,310</b>
<i>Other accounts payable</i>					
<i>Related parties</i>	5				
Accrued expenses		-	-	281,482	38,728
Other accounts payable - related parties		-	-	12,004	7,168
		<b>-</b>	<b>-</b>	<b>293,486</b>	<b>45,896</b>
<i>Other parties</i>					
Accrued expenses		135,212	265,892	123,868	222,482
Contract liabilities	24	113,613	35,302	113,613	35,302
Other accounts payable - other parties		102,469	54,179	66,336	42,566
		351,294	355,373	303,817	300,350
<b>Total</b>		<b>351,294</b>	<b>355,373</b>	<b>597,303</b>	<b>346,246</b>
<b>Trade and other accounts payable</b>		<b>2,017,254</b>	<b>1,900,789</b>	<b>2,133,949</b>	<b>1,805,556</b>

### 18 Interest-bearing liabilities

Consolidated financial statements						
	Secured	2020 Unsecured	Total	Secured	2019 Unsecured	Total
	(in thousand Baht)					
Lease liabilities (2019: Finance lease liabilities)	3,297	2,684	5,981	3,228	-	3,228
<b>Total interest-bearing liabilities</b>	<b>3,297</b>	<b>2,684</b>	<b>5,981</b>	<b>3,228</b>	<b>-</b>	<b>3,228</b>

Separate financial statements							
	<i>Note</i>	Secured	2020 Unsecured	Total <i>(in thousand Baht)</i>	Secured	2019 Unsecured	Total
Short-term loans from related parties	5	-	80,000	80,000	-	-	-
Lease liabilities <i>(2019: Finance lease liabilities)</i>		2,950	2,684	5,634	2,541	-	2,541
<b>Total interest-bearing liabilities</b>		<b>2,950</b>	<b>82,684</b>	<b>85,634</b>	<b>2,541</b>	<b>-</b>	<b>2,541</b>

<i>Assets pledged as security for liabilities as at 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
Inventories	1,030,779	1,229,746	1,030,779	1,229,746
Property, plant and equipment	196,724	165,527	196,724	165,527
<b>Total</b>	<b>1,227,503</b>	<b>1,395,273</b>	<b>1,227,503</b>	<b>1,395,273</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

As at 31 December 2020 the Group and the Company had unutilised credit facilities totalling Baht 2,630 million (2019: Baht 1,823 million).

	Consolidated financial statements			Separate financial statements		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
<b>Finance lease liabilities</b>						
<b>At 31 December 2019</b>						
Within 1 year	996	82	914	629	73	556
1 - 5 years	2,424	110	2,314	2,093	108	1,985
<b>Total</b>	<b>3,420</b>	<b>192</b>	<b>3,228</b>	<b>2,722</b>	<b>181</b>	<b>2,541</b>

## 19 Non-current provisions for employee benefit

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Defined benefit plan	25,671	23,775	25,671	23,775
<b>Total</b>	<b>25,671</b>	<b>23,775</b>	<b>25,671</b>	<b>23,775</b>

### Defined benefit plan

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

<b>Present value of the defined benefit obligations</b>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
At 1 January	23,775	18,860	23,775	18,860
<b>Include in profit or loss:</b>				
Current service cost	1,875	1,894	1,875	1,894
Past service cost	-	4,539	-	4,539
Interest on obligation	560	534	560	534
	<b>2,435</b>	<b>6,967</b>	<b>2,435</b>	<b>6,967</b>
<b>Included in other comprehensive income</b>				
Actuarial loss (gain)				
- Demographic assumptions	-	218	-	218
- Financial assumptions	2,194	433	2,194	433
- Experience adjustment	(1,767)	(2,193)	(1,767)	(2,193)
Effect of movements in exchange rates	351	-	351	-
	<b>778</b>	<b>(1,542)</b>	<b>778</b>	<b>(1,542)</b>
Benefit paid	(1,317)	(510)	(1,317)	(510)
<b>At 31 December</b>	<b>25,671</b>	<b>23,775</b>	<b>25,671</b>	<b>23,775</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

<i>Principal actuarial assumptions</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
		(%)		
Discount rate	1.30	2.50	1.30	2.50
Future salary growth	5.00	5.00	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 7.69 years (2019: 8.19 years).

### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation At 31 December</i>	<b>Consolidated/ Separate financial statements</b>			
	increase in assumption		decrease in assumption	
	2020	2019	2020	2019
		(in thousand Baht)		
Discount rate (0.5% change)	(957)	(88)	1,018	80
Future salary growth (1% change)	2,267	206	(2,040)	(195)

## 20 Provision for product warranty

	<b>Consolidated financial statement</b>	<b>Separate financial statement</b>
	(in thousand Baht)	
At 1 January 2019	122,679	121,745
Provisions made	26,554	26,554
Provisions used	(837)	(837)
Provisions reversed	(72,519)	(72,519)
Effect of movements in exchange rates	(96)	-
<b>At 31 December 2019 and 1 January 2020</b>	<b>75,781</b>	<b>74,943</b>
Provisions made	33,476	32,241
Provisions used	(8,247)	(8,247)
Provisions reversed	(55,892)	(55,892)
Effect of movements in exchange rates	3,989	3,989
<b>At 31 December 2020</b>	<b>49,107</b>	<b>47,034</b>

### *Warranties*

The provision for warranty relates mainly to structural steel products. The provision has been estimated based on historical warranty data associated with similar products.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 21 Share capital

	Note	Par value per share (in Baht)	2020 Number (in thousand shares)	2020 Baht (in thousand Baht)	2019 Number (in thousand shares)	2019 Baht (in thousand Baht)
<b>Authorised</b>						
At 1 January						
- ordinary shares		1	500,000	500,000	500,000	500,000
Reduction of shares	22	1	(23,000)	(23,000)	-	-
<b>At 31 December</b>						
<b>- ordinary shares</b>		1	<b>477,000</b>	<b>477,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Issued and paid-up</b>						
At 1 January						
- ordinary shares		1	500,000	500,000	500,000	500,000
Reduction of shares	22	1	(23,000)	(23,000)	-	-
<b>At 31 December</b>						
<b>- ordinary shares</b>		1	<b>477,000</b>	<b>477,000</b>	<b>500,000</b>	<b>500,000</b>

#### Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### 22 Treasury shares

	Consolidated financial statements / Separate financial statements			
	Cost of treasury shares			
	The number of treasury shares (Thousand shares)	The value of treasury shares (Thousand Baht)	Average price per share (Baht)	Discount on treasury shares (Thousand Baht)
At 1 January 2020	23,000	295,812	12.86	(153,610)
Reduction of shares	(23,000)	(295,812)	12.86	153,610
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>		<b>-</b>

At the Board of Directors' Meeting No.5/2017, held on 12 May 2017, the Board of Directors approved the share repurchase program for financial management purposes in the amount not exceeding Baht 380 million. The number of ordinary shares to be repurchased is 23 million shares (par value of Baht 1 per share), which is not exceeding 10% of the total number of paid-up share capital of the Company. The Company shall repurchase its ordinary shares through the Stock Exchange of Thailand during the period from 1 September 2017 to 30 November 2017.

At the Board of Directors' Meeting No.7/2020, held on 26 September 2020, the Board of Directors approved to reduce authorised and issued and paid-up share capital of Baht 23 million from Baht 500 million to Baht 477 million by reducing 23 million treasury shares (par value of Baht 1 per share), totaling of Baht 295.81 million. The Company has registered the reduction of share capital with Ministry of Commerce on 9 October 2020.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**23 Reserves**

Reserves comprise:

*Appropriations of profit and/or retained earnings*

*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

*Treasury share reserve*

The Notification of the Office of the Securities and Exchange Commission No. Kor.Lor.Tor.Chor.Sor.(Wor.) 2/2005 and the Notification of the Federation of Accounting Professions No.Sor.Sor.Wor.Bor. Chor. 016/2005 have a guideline for the public companies who repurchase their own shares to have the outstanding balance of treasury shares not exceeding the retained earnings and are required to appropriate their retained earnings to the treasury share reserve equal to the amount paid to acquire the shares. The Company has appropriated the retained earnings as reserve for treasury shares buy back in the full amount.

As described in note 22, the Company reduced 23 million treasury shares. Accordingly, the Company recorded the reversal of treasury shares reserve of Baht 295.81 million.

**24 Segment information and disaggregation of revenue**

The Group has three reportable segments on the basis of geographical of the entities, as described below, which are the Group’s strategic divisions. The strategic divisions offer different operations separately. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

- Segment 1      Thailand
- Segment 2      China
- Segment 3      Japan

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group’s CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**Consolidated financial statements**

	Thailand		China		Japan		Elimination of inter-segment revenues		Total	
<i>For the year ended 31 December</i>	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>									
<b>Information about reportable segments</b>										
External revenues	4,167,580	3,169,965	31,752	69,091	52,450	61,288	-	-	4,251,782	3,300,344
Inter-segment revenue	-	-	688,022	268,071	210,045	52,136	(898,067)	(320,207)	-	-
<b>Total</b>	<b><u>4,167,580</u></b>	<b><u>3,169,965</u></b>	<b><u>719,774</u></b>	<b><u>337,162</u></b>	<b><u>262,495</u></b>	<b><u>113,424</u></b>	<b><u>(898,067)</u></b>	<b><u>(320,207)</u></b>	<b><u>4,251,782</u></b>	<b><u>3,300,344</u></b>
<b>Disaggregation of revenue</b>										
<b>Primary geographical markets</b>										
Thailand	203,517	678,913	688,022	268,071	210,045	52,136	(898,067)	(320,207)	203,517	678,913
China	-	-	31,752	69,091	-	-	-	-	31,752	69,091
Japan	3,964,063	2,491,052	-	-	52,450	61,288	-	-	4,016,513	2,552,340
<b>Total</b>	<b><u>4,167,580</u></b>	<b><u>3,169,965</u></b>	<b><u>719,774</u></b>	<b><u>337,162</u></b>	<b><u>262,495</u></b>	<b><u>113,424</u></b>	<b><u>(898,067)</u></b>	<b><u>(320,207)</u></b>	<b><u>4,251,782</u></b>	<b><u>3,300,344</u></b>
<b>Major products/service lines</b>										
Fabrication and sell of structural steel	3,774,864	2,295,342	719,774	337,162	262,495	113,424	(898,067)	(320,207)	3,859,066	2,425,721
Fabrication including installation of structural steel	195,477	675,039	-	-	-	-	-	-	195,477	675,039
Real estate	8,040	-	-	-	-	-	-	-	8,040	-
Rendering of services	189,199	199,584	-	-	-	-	-	-	189,199	199,584
<b>Total</b>	<b><u>4,167,580</u></b>	<b><u>3,169,965</u></b>	<b><u>719,774</u></b>	<b><u>337,162</u></b>	<b><u>262,495</u></b>	<b><u>113,424</u></b>	<b><u>(898,067)</u></b>	<b><u>(320,207)</u></b>	<b><u>4,251,782</u></b>	<b><u>3,300,344</u></b>
<b>Timing of revenue recognition</b>										
At a point in time	3,782,904	2,295,342	719,774	337,162	262,495	113,424	(898,067)	(320,207)	3,867,106	2,425,721
Over time	384,676	874,623	-	-	-	-	-	-	384,676	874,623
<b>Total</b>	<b><u>4,167,580</u></b>	<b><u>3,169,965</u></b>	<b><u>719,774</u></b>	<b><u>337,162</u></b>	<b><u>262,495</u></b>	<b><u>113,424</u></b>	<b><u>(898,067)</u></b>	<b><u>(320,207)</u></b>	<b><u>4,251,782</u></b>	<b><u>3,300,344</u></b>
Segment profit (loss) before income tax	<u>927,954</u>	<u>630,449</u>	<u>163,339</u>	<u>41,286</u>	<u>29,378</u>	<u>(25,133)</u>	<u>(24,091)</u>	<u>(2,675)</u>	<u>1,096,580</u>	<u>643,927</u>
Segment assets as at 31 December	<u>6,072,064</u>	<u>5,033,302</u>	<u>609,521</u>	<u>579,184</u>	<u>589,898</u>	<u>424,851</u>	<u>(1,278,417)</u>	<u>(940,844)</u>	<u>5,993,066</u>	<u>5,096,493</u>
Segment liabilities as at 31 December	<u>2,342,913</u>	<u>1,908,183</u>	<u>296,170</u>	<u>415,969</u>	<u>617,077</u>	<u>471,505</u>	<u>(1,045,467)</u>	<u>(754,333)</u>	<u>2,210,693</u>	<u>2,041,324</u>



# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### (a) Major customer

Revenues from one customer of the Group's segment 1 and 2 represents approximately Baht 1,607.58 million (2019: Baht 1,451.99 million) of the Group's total revenue.

### (b) Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted by the Board of Investment ("BOI") for the Board of Investment Certificate No 59-1184-0-00-1-0 which is the privileges relating to the manufacturing of gasket under Fabrication of metal structure products or platform repair. The privileges granted include:

- Exemption from payment of import duty on machinery approved by the BOI;
- Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of one year as from the date of first import;
- exemption from import duty on import goods to export for a period of one year as from the date of first import;
- Exemption from payment of income tax for certain operations for a period of five years from the date on which the income is first derived from such operations at 100% of the amount invested excluding land and working capital, limit at the maximum of Baht 340.31 million (income starts from 30 January 2017 to 1 February 2023).
- Exemption from dividends paid from promoted operations which are exempted from corporate income tax are exempted from inclusion in the determination of income tax for the period that exemption from payment of corporate income tax.

Summary of revenue from promoted and non-promoted businesses for the years ended 31 December 2020 and 2019 are as follow:

Consolidated financial statements						
Year ended 31 December	2020		2019			
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	(in thousand Baht)					
Export sales	1,555,286	2,492,979	4,048,265	1,399,013	1,222,418	2,621,431
Local sales	123,506	80,011	203,517	119,367	559,546	678,913
Total	1,678,792	2,572,990	4,251,782	1,518,380	1,781,964	3,300,344

Separate financial statements						
Year ended 31 December	2020		2019			
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	(in thousand Baht)					
Export sales	1,555,286	2,408,777	3,964,063	1,399,013	1,092,039	2,491,052
Local sales	123,506	71,971	195,477	119,367	559,546	678,913
Total	1,678,792	2,480,748	4,159,540	1,518,380	1,651,585	3,169,965

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### (c) Contract Balances

	Consolidated/ Seperate financial statements			
	Contract assets		Contract liabilities	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	57,090	-	(35,302)	-
Recognised as revenue during the year	195,477	413,361	-	261,678
Advance received	-	-	(113,613)	-
Transfer to receivables	(188,361)	(356,271)	-	(296,980)
Offset	(35,302)	-	35,302	-
Effect of movements in exchange rates	(2,883)	-	-	-
<b>At 31 December</b>	<b>26,021</b>	<b>57,090</b>	<b>(113,613)</b>	<b>(35,302)</b>

### (d) Contract cost assets

	Consolidated/ Seperate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
At 1 January	149,792	-
Addition	56,371	182,804
Recognised as expense during the year	(56,466)	(33,012)
Effect of movements in exchange rates	9,413	-
<b>At 31 December</b>	<b>159,110</b>	<b>149,792</b>

## 25 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Wages and salaries		275,218	245,029	179,488	194,067
Management benefit expense	5	69,799	35,155	61,903	25,887
Employee welfare		11,525	10,603	13,234	10,172
Defined contribution plans		5,303	5,899	4,708	4,673
Training expense		4,951	7,250	3,634	6,455
Bonus and rewards		3,340	78,122	-	77,612
Defined benefit plans	19	2,435	2,829	2,435	6,966
<b>Total</b>		<b>372,571</b>	<b>384,887</b>	<b>265,402</b>	<b>325,832</b>

### Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 13% of their basic salaries and by the Group at rates ranging from 3% to 13% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Managers.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 26 Expenses by nature

		Consolidated financial statement		Separate financial statements	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		(570,237)	154,618	(493,853)	129,526
Raw materials and consumables used		2,482,938	1,507,422	1,876,791	1,260,267
Personnel expenses	25	372,571	384,887	265,402	325,832
Shipping cost		317,591	314,665	234,676	309,789
Subcontract cost		123,398	67,244	979,711	361,251
Depreciation and amortisation		131,621	135,345	90,723	98,002
Amortisation of contract cost assets	24	56,466	33,012	56,466	33,012
Utilities expense		40,978	38,117	36,087	34,399
Professional and consultation fee		22,421	15,212	10,367	7,820
Repair and maintenance		20,344	21,861	15,115	17,887
(Reversal of) loss on inventories devaluation	8	1,080	(18,375)	1,080	(18,375)
Others		115,105	52,357	112,881	31,459
<b>Total cost of sales of goods and service, contract cost, distribution costs and administrative expenses</b>		<b>3,114,276</b>	<b>2,706,365</b>	<b>3,185,446</b>	<b>2,590,869</b>

### 27 Income tax

	Consolidated financial statement		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Income tax recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current year	110,740	23,080	79,198	23,001
	<b>110,740</b>	<b>23,080</b>	<b>79,198</b>	<b>23,001</b>
<b>Deferred tax expense</b>				
Movements in temporary differences	(2,879)	1,398	(361)	4,080
Exchange differences	(411)	(25)	(290)	(32)
<b>Total income tax expense</b>	<b>107,449</b>	<b>24,453</b>	<b>78,547</b>	<b>27,049</b>

	Consolidated financial statements					
	Before tax	2020 Tax (expense) benefit	Net of tax	Before tax	2019 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
<b>Income tax</b>						
<b>Recognised in other comprehensive income</b>						
Defined benefit plan actuarial gains (losses)	(427)	50	(377)	1,542	(308)	1,234
<b>Total</b>	<b>(427)</b>	<b>50</b>	<b>(377)</b>	<b>1,542</b>	<b>(308)</b>	<b>1,234</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

	Separate financial statements					
	Before tax	2020 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2019 Tax (expense) benefit	Net of tax
<b>Income tax</b>						
<b>Recognised in other comprehensive income</b>						
Defined benefit plan actuarial gains (losses)	(427)	50	(377)	1,542	(308)	1,234
<b>Total</b>	<b>(427)</b>	<b>50</b>	<b>(377)</b>	<b>1,542</b>	<b>(308)</b>	<b>1,234</b>

<b>Reconciliation of effective tax rate</b>	Consolidated financial statement				Separate financial statements			
	Rate (%)	2020 (in thousand Baht)	Rate (%)	2019 (in thousand Baht)	Rate (%)	2020 (in thousand Baht)	Rate (%)	2019 (in thousand Baht)
Profit before income tax expense		1,096,580		643,927		926,271		627,543
Income tax using the Thai corporation tax rate	20.00	219,316	20.00	128,785	20.00	185,254	20.00	125,509
Expenses not deductible for tax purposes		9,807		3,702		12,200		6,376
Expenses allowed increase in determine taxable		(849)		(18,638)		(849)		(18,638)
Income not subject to tax		(5,014)		-		(5,014)		-
The exemption of profit of the promoted business (BOI)		(119,409)		(75,496)		(119,409)		(75,496)
Recognition of previously unrecognised tax losses		(17,518)		-		-		-
Effect of different tax rates in foreign jurisdictions		6,191		-		-		-
Others		14,564		(13,900)		6,365		(10,702)
<b>Total</b>	<b>9.77</b>	<b>107,449</b>	<b>3.80</b>	<b>24,453</b>	<b>8.48</b>	<b>78,547</b>	<b>4.31</b>	<b>27,049</b>

<b>Deferred tax</b>	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
<b>At 31 December</b>	2020	2019	2020	2019	2020	2019	2020	2019
	(in thousand Baht)				(in thousand Baht)			
Total	5,179	3,501	(39,171)	(37,674)	10,079	3,501	(1,268)	-
Set off of tax	(1,268)	-	1,268	-	(1,268)	-	1,268	-
<b>Net deferred tax assets (liabilities)</b>	<b>3,911</b>	<b>3,501</b>	<b>(37,903)</b>	<b>(37,674)</b>	<b>8,811</b>	<b>3,501</b>	<b>-</b>	<b>-</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

	Consolidated financial statements				
		(Charged) / Credited to			
<i>Deferred tax</i>	At 1 January	Profit or loss	Other comprehensive income (in thousand Baht)	Exchange differences	At 31 December
<i>2020</i>					
<i>Deferred tax assets</i>					
Inventories (allowance for decline in value)	1,014	256	-	-	1,270
Lease liabilities	3	8	-	-	11
Provisions for employee benefits	2,484	485	50	-	3,019
Other accounts receivable	-	880	-	-	880
<b>Total</b>	<b>3,501</b>	<b>1,628</b>	<b>50</b>	<b>-</b>	<b>5,179</b>
<i>Deferred tax liabilities</i>					
Property, plant and equipment	(13,180)	539	-	(961)	(13,602)
Prepaid land rental expense	(24,494)	712	-	(1,787)	(25,569)
<b>Total</b>	<b>(37,674)</b>	<b>1,251</b>	<b>-</b>	<b>(2,748)</b>	<b>(39,171)</b>
<b>Net</b>	<b>(34,173)</b>	<b>2,879</b>	<b>50</b>	<b>(2,748)</b>	<b>(33,992)</b>
<i>2019</i>					
<i>Deferred tax assets</i>					
Inventories (allowance for decline in value)	5,762	(4,748)	-	-	1,014
Lease liabilities	-	3	-	-	3
Provisions for employee benefits	1,961	831	(308)	-	2,484
Provision for product warranty	166	(166)	-	-	-
<b>Total</b>	<b>7,889</b>	<b>(4,080)</b>	<b>(308)</b>	<b>-</b>	<b>3,501</b>
<i>Deferred tax liabilities</i>					
Property, plant and equipment	(17,419)	2,000	-	2,239	(13,180)
Prepaid land rental expense	(28,889)	682	-	3,713	(24,494)
<b>Total</b>	<b>(46,308)</b>	<b>2,682</b>	<b>-</b>	<b>5,952</b>	<b>(37,674)</b>
<b>Net</b>	<b>(38,419)</b>	<b>(1,398)</b>	<b>(308)</b>	<b>5,952</b>	<b>(34,173)</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

<i>Deferred tax</i>	<b>At 1 January</b>	Impact of changes in accounting policies	<b>Seperate financial statements</b> (Charged) / Credited to			<b>At 31 December</b>
			Profit or loss (in thousand Baht)	Other comprehensive income	Exchange differences	
<b>2020</b>						
<b>Deferred tax assets</b>						
Inventories (allowance for decline in value)	1,014	-	256	-	-	1,270
Lease liabilities	3	-	8	-	-	11
Provisions for employee benefits	2,484	-	485	50	-	3,019
Loan to related party	-	4,666	-	-	234	4,900
Other accounts receivable	-	-	880	-	-	880
<b>Total</b>	<b>3,501</b>	<b>4,666</b>	<b>1,629</b>	<b>50</b>	<b>234</b>	<b>10,080</b>
<b>Deferred tax liabilities</b>						
Property, plant and equipment	-	-	(1,268)	-	-	(1,268)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(1,268)</b>	<b>-</b>	<b>-</b>	<b>(1,268)</b>
<b>Net</b>	<b>3,501</b>	<b>4,666</b>	<b>361</b>	<b>50</b>	<b>234</b>	<b>8,812</b>
<b>2019</b>						
<b>Deferred tax assets</b>						
Inventories (allowance for decline in value)	5,762	-	(4,748)	-	-	1,014
Lease liabilities	-	-	3	-	-	3
Provisions for employee benefits	1,961	-	831	(308)	-	2,484
Provision for product warranty	166	-	(166)	-	-	-
<b>Total</b>	<b>7,889</b>	<b>-</b>	<b>(4,080)</b>	<b>(308)</b>	<b>-</b>	<b>3,501</b>
<b>Net</b>	<b>7,889</b>	<b>-</b>	<b>(4,080)</b>	<b>(308)</b>	<b>-</b>	<b>3,501</b>

## 28 Earnings per share

	<b>Consolidated financial statements</b>		<b>Seperate financial statements</b>	
	2020	2019	2020	2019
	(in thousand Baht)			
<b>Profit attributable to ordinary shareholders for the year ended 31 December</b>				
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>954,078</b>	<b>608,539</b>	<b>847,724</b>	<b>600,494</b>
<b>Ordinary shares outstanding</b>				
Number of ordinary shares outstanding at 1 January	500,000	500,000	500,000	500,000
Less Effect of treasury shares	(23,000)	(23,000)	(23,000)	(23,000)
<b>Number of ordinary shares outstanding (basic) at 31 December</b>	<b>477,000</b>	<b>477,000</b>	<b>477,000</b>	<b>477,000</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>2.00</b>	<b>1.28</b>	<b>1.78</b>	<b>1.26</b>

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**29 Dividends**

The shareholders of the Group have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
<i>2020</i>				
Annual dividend	7 April 2020	29 April 2020	0.40	190,790
Interim dividend	13 August 2020	10 September 2020	0.40	190,799
<i>2019</i>				
Annual dividend	8 April 2019	29 April 2019	0.50	238,487
Interim dividend	8 November 2019	4 December 2019	0.25	119,245

**30 Financial instruments**

**(a) Carrying amounts and fair values**

The Group's financial assets and financial liabilities measured at amortised cost and the carrying amount is a reasonable approximation of fair value.

**(b) Financial risk management policies**

***Risk management framework***

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**(c.1) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

**(c.1.1) Trade accounts receivables and contract assets**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 24.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

The Group limits its exposure to credit risk from trade accounts receivable by establishing a maximum payment period of 365 days.

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivables and contract assets.

	Consolidated financial statements			
	Trade accounts receivable	Contract assets (see note 24) (in thousand Baht)	Total carrying amounts	Allowance for expected credit loss
<b>At 31 December 2020</b>				
Within credit terms	718,207	26,021	744,228	(7,480)
Overdue:				
Less than 3 months	225,355	-	225,355	-
3 - 6 months	2,077	-	2,077	-
6 - 12 months	-	-	-	-
Over 12 months	95,724	-	95,724	(95,037)
<b>Total</b>	<b>1,041,363</b>	<b>26,021</b>	<b>1,067,384</b>	<b>(102,517)</b>
Less allowance for expected credit loss	(95,037)	(7,480)	(102,517)	
<b>Net</b>	<b>946,326</b>	<b>18,541</b>	<b>964,867</b>	

	Separate financial statements			
	Trade accounts receivable	Contract assets (see note 24) (in thousand Baht)	Total carrying amounts	Allowance for expected credit loss
<b>At 31 December 2020</b>				
Within credit terms	718,207	26,021	744,228	(7,480)
Overdue:				
Less than 3 months	212,734	-	212,734	-
3 - 6 months	405	-	405	-
6 - 12 months	-	-	-	-
Over 12 months	687	-	687	-
<b>Total</b>	<b>932,033</b>	<b>26,021</b>	<b>958,054</b>	<b>(7,480)</b>
Less allowance for expected credit loss	-	(7,480)	(7,480)	
<b>Net</b>	<b>932,033</b>	<b>18,541</b>	<b>950,574</b>	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

	Consolidated financial statements (in thousand Baht)	Separate financial statements
<b>At 31 December 2019</b>		
<b>Trade accounts receivable</b>		
Within credit terms	554,640	532,632
Overdue:		
Less than 3 months	36	-
3 - 6 months	61,869	60,337
6 - 12 months	2,458	589
Over 12 months	103,002	10,351
	722,005	603,909
Less allowance for doubtful accounts	(95,455)	-
<b>Net</b>	<b>626,550</b>	<b>603,909</b>

The normal credit term granted by the Group ranges from 21 days to 60 days.



# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

<i>Movement of allowance for expected credit loss of trade accounts receivable and contract assets</i>	<i>Note</i>	<b>Consolidated financial statements</b> (in thousand Baht)	<b>Separate financial statements</b>
At 1 January 2020 - restated	3(a.2)	95,455	-
Addition		7,480	-
Reversal		(418)	-
<b>At 31 December 2020</b>		<b>102,517</b>	<b>-</b>

### (c.1.2) Cash and cash equivalents

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

### (c.2) Liquidity risk

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

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

<b>Consolidated financial statements</b>						
Contractual cash flows						
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
<i>At 31 December 2020</i>	Carrying amount	1 year or less	(in thousand Baht)			
<b>Non-derivative financial liabilities</b>						
Trade accounts payable	1,665,960	1,665,960	-	-	-	1,665,960
Lease liabilities	5,981	2,571	1,565	2,072	-	6,208
	<b>1,671,941</b>	<b>1,668,531</b>	<b>1,565</b>	<b>2,072</b>	<b>-</b>	<b>1,672,168</b>
<b>Separate financial statements</b>						
Contractual cash flows						
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
<i>At 31 December 2020</i>	Carrying amount	1 year or less	(in thousand Baht)			
<b>Non-derivative financial liabilities</b>						
Trade accounts payable	1,536,646	1,536,646	-	-	-	1,536,646
Loans from related party	80,000	80,000	-	-	-	80,000
Lease liabilities	5,634	2,224	1,565	2,072	-	5,861
	<b>1,622,280</b>	<b>1,618,870</b>	<b>1,565</b>	<b>2,072</b>	<b>-</b>	<b>1,622,507</b>

**M.C.S. Steel Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(c.3) Market risk**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

**(c.3.1) Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

<b>Consolidated financial statements</b>								
<b>Exposure to foreign currency at 31 December</b>	2020				2019			
	USD	CNY	THB	Total (in thousand Baht)	USD	CNY	THB	Total
Cash and cash equivalents	26,771	-	119,441	146,212	37,495	-	55,515	93,010
Trade and other accounts receivable	-	-	122,869	122,869	-	-	132,338	132,338
Interest-bearing liabilities	-	-	(5,981)	(5,6981)	-	-	(3,228)	(3,228)
Trade and other accounts payables	(17,478)	(4,140)	(75,943)	(97,561)	(6,157)	(3,970)	(97,811)	(107,938)
<b>Net statement of financial position exposure</b>	<b>9,293</b>	<b>(4,140)</b>	<b>160,386</b>	<b>165,539</b>	<b>31,338</b>	<b>(3,970)</b>	<b>86,814</b>	<b>114,182</b>

<b>Separate financial statements</b>								
<b>Exposure to foreign currency at 31 December</b>	2020				2019			
	USD	CNY	THB	Total (in thousand Baht)	USD	CNY	THB	Total
Cash and cash equivalents	26,771	-	119,441	146,212	37,495	-	55,515	93,010
Trade and other accounts receivable	-	-	122,869	122,869	-	-	132,338	132,338
Interest-bearing liabilities	-	-	(85,634)	(85,634)	-	-	(2,541)	(2,541)
Trade and other accounts payables	(17,478)	(4,140)	(75,943)	(97,561)	(6,157)	(3,970)	(97,811)	(107,938)
<b>Net statement of financial position exposure</b>	<b>9,293</b>	<b>(4,140)</b>	<b>80,733</b>	<b>85,886</b>	<b>31,338</b>	<b>(3,970)</b>	<b>87,501</b>	<b>114,869</b>

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### *Sensitivity analysis*

A reasonably possible strengthening (weakening) of the US dollar, Chinese Yuan or Thai Baht against all other currencies at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

<b>Consolidated financial statements</b>			
Profit or loss			
<i>At 31 December 2020</i>	Movement	Strengthening	Weakening
	(%)	<i>(in thousand Baht)</i>	
USD	10	929	(929)
CNY	10	(414)	414
THB	10	16,039	(16,039)

<b>Separate financial statements</b>			
Profit or loss			
<i>At 31 December 2020</i>	Movement	Strengthening	Weakening
	(%)	<i>(in thousand Baht)</i>	
USD	10	929	(929)
CNY	10	(414)	414
THB	10	8,073	(8,073)

### (c.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 18).

## 31 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

## 32 Commitments with non-related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Buildings and other constructions	8,175	12,889	8,175	12,889
Machinery and equipment	835	479	835	479
<b>Total</b>	<b>9,010</b>	<b>13,368</b>	<b>9,010</b>	<b>13,368</b>
<b><i>Other commitments</i></b>				
Non-cancellable contract	-	5,595	-	3,875
Unused letters of credit for goods and supplies	123,713	93,145	123,713	93,145
Purchase orders for goods and supplies	7,317	18,242	7,317	18,242
Bank guarantees	1,071,565	979,253	1,071,565	979,253
Other agreements	7,446	16,298	7,446	917
<b>Total</b>	<b>1,210,041</b>	<b>1,112,533</b>	<b>1,210,041</b>	<b>1,095,432</b>

*Hiring job search agent agreement*

# **M.C.S. Steel Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

On 1 December 2018, the Company entered into job search agreement with Creation Import Distribution Inc. Such company will be an agent in negotiating with the new customers under the rate of service fee specified in 2 year agreement. If either party does not give the advance notice not less than 3 months, it considers as the extension of this agreement.

### **33 Events after the reporting period**

#### *Approval of annual dividend*

At the Board of Directors Meeting held on 26 February 2021, the Board of Directors approved the annual dividend payment in cash based on the operating result for the year of 2020 of Baht 1.00 per share, totaling Baht 477.00 million. The company has already paid interim dividend in the ratio of Baht 0.40 per share, totaling Baht 190.80 million. Therefore, the Company will pay dividend at Baht 0.60 per share, totaling Baht 286.20 million. The dividend is subject to approve by the shareholders at the annual general meeting to be held in April 2021.

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 34 Condensed functional currency financial statements

The statements of financial position as at 31 December 2020 and 2019 and statements of comprehensive income for the year ended 31 December 2020 and 2019 presented in Japanese Yen currency which is used in its operations as major sales and purchases transactions are denominated in Japanese Yen currency. The detail are as follows:

<i>Statement of financial position</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Yen)</i>			
<b>Assets</b>				
<b><i>Current assets</i></b>				
Cash and cash equivalents	1,318,650	1,738,391	612,866	710,875
Trade and other accounts receivable	4,849,177	3,788,665	6,204,789	3,980,150
Current portion of long-term loans to employees	24,934	22,711	24,934	22,711
Inventories	8,335,643	7,024,667	7,519,316	7,147,672
<b>Total current assets</b>	<b>14,528,404</b>	<b>12,574,434</b>	<b>14,361,905</b>	<b>11,861,408</b>
<b><i>Non-current assets</i></b>				
Investments in subsidiaries	-	-	952,454	952,454
Investments in an associate	-	-	-	-
Long-term loans to related parties	-	-	1,499,600	1,585,000
Long-term loans to employees	274,576	275,718	274,576	275,718
Property, plant and equipment	4,937,441	4,743,612	3,118,531	2,889,681
Prepaid rent for leased land	-	447,649	-	-
Right-of-use assets	460,860	-	19,441	-
Goodwill	74,523	74,523	-	-
Other intangible assets	37,984	37,068	26,215	21,785
Deferred tax assets	13,636	12,858	30,716	12,858
Contract cost assets	554,629	550,150	554,629	550,150
Other non-current assets	8,734	2,100	121	127
<b>Total non-current assets</b>	<b>6,362,383</b>	<b>6,143,678</b>	<b>6,476,283</b>	<b>6,287,773</b>
<b>Total assets</b>	<b>20,890,787</b>	<b>18,718,112</b>	<b>20,838,188</b>	<b>18,149,181</b>
<b>Liabilities and equity</b>				
<b><i>Current liabilities</i></b>				
Trade and other accounts payable	6,850,131	6,798,170	7,246,401	6,457,570
Current portion of lease liabilities (2019: Current portion of finance lease liabilities)	7,721	3,270	7,176	1,989
Short-term loan from related party	-	-	271,662	-
Income tax payable	253,927	277	166,706	-
<b>Total current liabilities</b>	<b>7,111,779</b>	<b>6,801,717</b>	<b>7,691,945</b>	<b>6,459,559</b>
<b><i>Non-current liabilities</i></b>				
Lease liabilities (2019: Finance lease liabilities)	12,588	8,275	11,956	7,099
Deferred tax liabilities	128,711	134,740	-	-
Non-current provisions for employee benefits	87,173	85,033	87,173	85,033
Provision for product warranty	166,754	271,031	159,717	268,032
<b>Total non-current liabilities</b>	<b>395,226</b>	<b>499,079</b>	<b>258,846</b>	<b>360,164</b>
<b>Total liabilities</b>	<b>7,507,005</b>	<b>7,300,796</b>	<b>7,950,791</b>	<b>6,819,723</b>

#### *Equity*

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

<i>Statement of financial position</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Yen)</i>			
Share capital:				
Authorised share capital	1,269,343	1,330,549	1,269,343	1,330,549
Issued and paid-up share capital	1,269,343	1,330,549	1,269,343	1,330,549
Share premium	371,008	371,008	371,008	371,008
Share discount on treasury shares	-	)464,627(	-	)464,627(
Retained earning				
Appropriated				
Legal reserve	153,579	153,579	153,579	153,579
Treasury share reserve	-	976,223	-	976,223
Unappropriated	10,979,085	9,411,277	11,093,467	9,938,949
Treasury shares	-	)976,223(	-	)976,223(
Other components of equity	270,042	395,154	-	-
<b>Equity attributable to owners of the parent</b>	<b>13,043,057</b>	<b>11,196,940</b>	<b>12,887,397</b>	<b>11,329,458</b>
Non-controlling interests	340,725	220,376	-	-
<b>Total equity</b>	<b>13,383,782</b>	<b>11,417,316</b>	<b>12,887,397</b>	<b>11,329,458</b>
<b>Total liabilities and equity</b>	<b>20,890,787</b>	<b>18,718,112</b>	<b>20,838,188</b>	<b>18,149,181</b>

<i>Statement of comprehensive income</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
	<i>(in thousand Yen)</i>			
<b>Revenue</b>				
Revenue from sales of goods and rendering of services	13,818,747	9,222,291	13,503,368	8,765,240
Contract revenue	670,052	2,388,113	670,052	2,388,113
Net foreign exchange gain	-	30,377	-	12,786
Other income	109,319	171,387	105,479	174,831
<b>Total revenue</b>	<b>14,598,118</b>	<b>11,812,168</b>	<b>14,278,899</b>	<b>11,340,970</b>
<b>Expenses</b>				
Cost of sales of goods and rendering of services	8,710,910	5,498,912	9,198,025	5,360,651
Contract costs	328,436	2,055,814	328,436	2,055,814
Distribution costs	702,663	1,057,207	702,663	1,057,207
Administrative expenses	889,036	900,068	626,395	635,400
Net foreign exchange loss	162,216	-	177,881	-
<b>Total expenses</b>	<b>10,793,261</b>	<b>9,512,001</b>	<b>11,033,400</b>	<b>9,109,072</b>
<b>Profit from operating activities</b>	<b>3,804,857</b>	<b>2,300,167</b>	<b>3,245,499</b>	<b>2,231,898</b>
Finance costs	88,376	26,710	92,230	18,503
<b>Profit before income tax expense</b>	<b>3,716,481</b>	<b>2,273,457</b>	<b>3,153,269</b>	<b>2,213,395</b>
Tax expense	365,596	87,435	267,705	96,539
<b>Profit for the year</b>	<b>3,350,885</b>	<b>2,186,022</b>	<b>2,885,564</b>	<b>2,116,856</b>

**Other comprehensive income**  
*Item that will be reclassified  
subsequently to profit or loss*

# M.C.S. Steel Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
<i>Statement of comprehensive income</i>	<i>(in thousand Yen)</i>			
Exchange differences on translating financial statements	(125,112)	120,931	-	-
<b>Total item that will be reclassified subsequently to profit or loss</b>	<b>(125,112)</b>	<b>120,931</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>				
Gain (loss) on remeasurements of defined benefit plans	(1,452)	5,335	(1,452)	5,335
Income tax relating to item that will not be reclassified	170	(1,067)	170	(1,067)
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>(1,282)</b>	<b>4,268</b>	<b>(1,282)</b>	<b>4,268</b>
<b>Other comprehensive income (expense) for the year, net of tax</b>	<b>(126,394)</b>	<b>125,199</b>	<b>(1,282)</b>	<b>4,268</b>
<b>Total comprehensive income (expense) for the year</b>	<b>3,229,491</b>	<b>2,311,221</b>	<b>2,884,282</b>	<b>2,121,124</b>
<b>Profit attributable to:</b>				
Owners of parent	3,230,536	2,148,318	2,885,564	2,116,856
Non-controlling interests	120,349	37,704	-	-
<b>Profit for the year</b>	<b>3,350,885</b>	<b>2,186,022</b>	<b>2,885,564</b>	<b>2,116,856</b>
<b>Total comprehensive income attributable to:</b>				
Owners of parent	3,113,457	2,273,517	2,884,282	2,121,124
Non-controlling interests	116,034	37,704	-	-
<b>Total comprehensive income for the year</b>	<b>3,229,491</b>	<b>2,311,221</b>	<b>2,884,282</b>	<b>2,121,124</b>
<b>Basic earnings per share (in Yen)</b>	<b>6.53</b>	<b>4.77</b>	<b>6.05</b>	<b>4.44</b>

**For the year ended 31 December 2020**

Certain accounts in the 2019 financial statements have been reclassified to confirm to the presentation in the 2020 financial statements as follows:

	Separate financial statements		
	2019		
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<b>Statement of financial position</b>			
Trade and other accounts receivable	1,386,883	(303,184)	1,083,699
Current portion of long-term loans to employees	-	6,755	6,755
Inventories	1,792,748	153,392	1,946,140
Long-term loans to employees	81,255	(6,755)	74,500
Contract cost assets	-	149,792	149,792
<b>Statement of comprehensive income</b>			
Revenue from sales of goods and rendering of services	3,169,965	(675,039)	2,494,926
Contract revenue	-	675,039	675,039
Cost of sales of goods and rendering of services	2,109,845	(586,743)	1,523,102
Contract costs	-	586,743	586,743
		<u>-</u>	

The reclassification have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.



บริษัท เอ็ม.ซี.เอส. สตีล จำกัด (มหาชน)  
70 หมู่ 2 ตำบลช้างใหญ่ อำเภอบางไทร  
จังหวัดพระนครศรีอยุธยา 13290

M.C.S. Steel Public Co., Ltd.  
70 Moo 2 Changyai Bangsai  
Ayutthaya 13290



035-372961-6 / 089-9001217-8



035-372967-8



[info@mcssteel.co.th](mailto:info@mcssteel.co.th)



[www.mcssteel.com](http://www.mcssteel.com)



ทุกวันต้องก้าวหน้ากว่าเมื่อวาน

**Better Than Yesterday, Everyday**