

Thai Steel Cable Public Company Limited
Review report and interim financial statements
For the three-month period ended 31 December 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai Steel Cable Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Steel Cable Public Company Limited as at 31 December 2019, the related statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*.

Poonnard Paocharoen

Certified Public Accountant (Thailand) No. 5238

EY Office Limited

Bangkok: 11 February 2020

Thai Steel Cable Public Company Limited**Statement of financial position**

(Unit: Thousand Baht)

	Note	31 December 2019	30 September 2019
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		395,573	443,499
Current investments	3	4,859	4,847
Trade and other receivables	4	416,113	479,135
Inventories		172,885	191,067
Other current assets		34,754	38,177
Total current assets		1,024,184	1,156,725
Non-current assets			
Long-term investment	5	25,704	25,704
Investment properties	6	122,352	122,879
Property, plant and equipment	7	979,152	988,975
Intangible assets		13,561	14,213
Deferred tax assets		973	2,385
Other non-current assets		25,572	29,645
Total non-current assets		1,167,314	1,183,801
Total assets		2,191,498	2,340,526

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

Thai Steel Cable Public Company Limited
Statement of financial position (continued)

(Unit: Thousand Baht)

	Note	31 December 2019 (Unaudited but reviewed)	30 September 2019 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	8	418,751	605,098
Current portion of finance lease payables		1,478	2,352
Other current liabilities		16,583	14,784
Total current liabilities		436,812	622,234
Non-current liabilities			
Finance lease payables - net of current portion		598	739
Provision for long-term employee benefits	9	68,996	67,078
Provisions	10	5,477	6,127
Other non-current liabilities		86	93
Total non-current liabilities		75,157	74,037
Total liabilities		511,969	696,271
Shareholders' equity			
Share capital			
Registered			
268,500,000 ordinary shares of Baht 1 each		268,500	268,500
Issued and paid-up			
259,800,000 ordinary shares of Baht 1 each		259,800	259,800
Share premium		464,870	464,870
Retained earnings			
Appropriated - statutory reserve		26,850	26,850
Unappropriated		928,009	892,735
Total shareholders' equity		1,679,529	1,644,255
Total liabilities and shareholders' equity		2,191,498	2,340,526
		-	-

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

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Directors
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(Unaudited but reviewed)

Thai Steel Cable Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 December 2019

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2019	2018
Profit or loss:			
Revenues			
Sales	11	619,232	770,499
Other income		7,727	8,249
Total revenues		<u>626,959</u>	<u>778,748</u>
Expenses			
Cost of sales		525,911	629,506
Selling and distribution expenses		9,360	11,004
Administrative expenses		53,975	71,900
Total expenses		<u>589,246</u>	<u>712,410</u>
Profit before finance cost and income tax expenses		<u>37,713</u>	<u>66,338</u>
Finance cost		(52)	(527)
Profit before income tax expenses		<u>37,661</u>	<u>65,811</u>
Income tax expenses	12	(2,387)	(2,789)
Profit for the period		<u>35,274</u>	<u>63,022</u>
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>35,274</u>	<u>63,022</u>
Earnings per share	13		
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.14</u>	<u>0.24</u>
Weighted average number of ordinary shares (Thousand shares)		<u>259,800</u>	<u>259,800</u>

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

(Unaudited but reviewed)

Thai Steel Cable Public Company Limited

Cash flows statement

For the three-month period ended 31 December 2019

(Unit: Thousand Baht)

	2019	2018
Cash flows from operating activities		
Profit before tax	37,661	65,811
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	29,925	33,219
Reduction of inventory to net realisable value (reversal)	3,459	(79)
Gain on disposal/write-off of equipment	(68)	(192)
Reversal of provisions	(425)	(39)
Provision for long-term employee benefits	1,918	1,567
Unrealised gain on exchange	(371)	(462)
Interest income	(1,011)	(739)
Interest expenses	52	527
Profit from operating activities before changes in operating assets and liabilities	71,140	99,613
Operating assets (increase) decrease		
Trade and other receivables	63,006	39,750
Inventories	14,724	14,977
Other current assets	3,423	(6,313)
Other non-current assets	(1,944)	(2,973)
Operating liabilities increase (decrease)		
Trade and other payables	(186,703)	(146,805)
Other current liabilities	925	5,653
Other non-current liabilities	(232)	(327)
Cash flows from operating activities	(35,661)	3,575
Cash paid for long-term employee benefits	-	(7,500)
Cash paid for interest expenses	(51)	(528)
Cash paid for income tax	(101)	(81)
Net cash flows used in operating activities	(35,813)	(4,534)

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

(Unaudited but reviewed)

Thai Steel Cable Public Company Limited

Cash flows statement (continued)

For the three-month period ended 31 December 2019

(Unit: Thousand Baht)

	2019	2018
Cash flows from investing activities		
Decrease (increase) in current investments	(12)	20,719
Cash paid for purchase of equipment	(11,756)	(40,501)
Cash paid for purchase of intangible assets	(1,020)	(1,176)
Proceeds from sales of equipment	726	3,419
Interest income	964	661
Net cash flows used in investing activities	(11,098)	(16,878)
Cash flows from financing activities		
Repayment of long-term loan	-	(16,230)
Repayment of finance lease payables	(1,015)	(1,175)
Net cash flows used in financing activities	(1,015)	(17,405)
Net decrease in cash and cash equivalents	(47,926)	(38,817)
Cash and cash equivalents at beginning of period	443,499	322,257
Cash and cash equivalents at end of period	395,573	283,440
	-	
Non-cash items		
Increase in other payables from purchase of equipment	790	9,911
Transfer intangible assets to equipment	-	2,406
Transfer other non-current assets to equipment	6,017	3,280

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

(Unaudited but reviewed)

Thai Steel Cable Public Company Limited

Statement of changes in shareholders' equity

For the three-month period ended 31 December 2019

(Unit: Thousand Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 October 2018	259,800	464,870	26,850	932,579	1,684,099
Total comprehensive income for the period	-	-	-	63,022	63,022
Balance as at 31 December 2018	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>995,601</u>	<u>1,747,121</u>
Balance as at 1 October 2019	259,800	464,870	26,850	892,735	1,644,255
Total comprehensive income for the period	-	-	-	35,274	35,274
Balance as at 31 December 2019	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>928,009</u>	<u>1,679,529</u>

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

Thai Steel Cable Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 December 2019

1. General information

1.1 Corporate information

Thai Steel Cable Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles. The registered office of the Company is at 700/737, Moo 1, Tambol Panthong, Amphur Panthong, Chonburi.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entity is to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company adopted TFRS 15 using the modified retrospective method of adoption, and the comparative information was not restated. The effect of the change is described in Note 1.4 to the financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Company is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. However, the Company is currently considering application of hedge accounting for certain derivatives.

The management of the Company is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

1.4 Effects of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 1.3 to the financial statements, during the current period, the Company has adopted TFRS 15 using the modified retrospective method of adoption. Therefore, the comparative information was not restated.

The amounts of adjustments affecting the statements of comprehensive income for the three-month period ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Sales	621,621	(2,389)	619,232
Selling and distribution expenses	11,749	(2,389)	9,360

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 30 September 2019, except for the change in the accounting policy due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

Consideration payable to a customer

The Company accounts for consideration payable to a customer as a reduction of the revenue. Previously, the Company recorded it as selling and distribution expenses.

(Unaudited but reviewed)

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 December		Transfer Pricing Policy
	2019	2018	
<u>Transactions with related companies</u>			
Sales of goods	35.3	45.2	Cost plus margin
Purchases of raw materials and finished goods	85.6	111.9	Cost plus margin
Purchases of assets	0.2	0.3	Agreed upon basis
Royalty fee	5.1	6.3	2.0% on the net sales amount

As at 31 December 2019 and 30 September 2019, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	31 December 2019	30 September 2019
Trade and other receivables - related parties (Note 4)		
<u>Trade receivables - related parties</u>		
Related companies	28,457	31,765
<u>Other receivables - related parties</u>		
Related companies	79	38
Trade and other payables - related parties (Note 8)		
<u>Trade payables - related parties</u>		
Related companies	56,777	74,128
<u>Other payables - related parties</u>		
Related companies	333	598
<u>Accrued royalty - related party</u>		
Related company	10,952	5,895

Directors and management's benefits

During the three-month periods ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month
periods ended 31 December

	2019	2018
Short-term employee benefits	18,575	20,384
Post-employee benefits	1,080	1,060
Total	19,655	21,444

3. Current investments

These represent fixed deposits with banks with an original maturity of more than three months and not subject to withdrawal restrictions.

4. Trade and other receivables

(Unit: Thousand Baht)

	31 December 2019	30 September 2019
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	25,752	29,230
Past due up to 3 months	2,705	2,535
Total trade receivables - related parties	28,457	31,765
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	381,866	445,832
Past due up to 3 months	145	333
Total trade receivables - unrelated parties	382,011	446,165
Total trade receivables - net	410,468	477,930
<u>Other receivables</u>		
Other receivables - related parties	79	38
Other receivables - unrelated parties	5,566	1,167
Total other receivables	5,645	1,205
Total trade and other receivables - net	416,113	479,135

(Unaudited but reviewed)

5. Long-term investment

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 December	30 September	31 December	30 September	31 December	30 September
	2019	2019	2019	2019	2019	2019
			(%)	(%)		
Hi-Lex Vietnam Co., Ltd.	USD	USD				
	11,150,000	11,150,000	6.28	6.28	25,704	25,704

6. Investment properties

Movements of the investment properties account during the three-month period ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 October 2019	122,879
Depreciation for the period	(527)
Net book value as at 31 December 2019	<u>122,352</u>

7. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 October 2019	988,975
Acquisitions during the period - at cost	12,545
Transfer in	6,017
Disposal/write-off during the period - net book value at disposal/write-off dates	(658)
Depreciation for the period	(27,727)
Net book value as at 31 December 2019	<u>979,152</u>

As at 31 December 2019, the Company had equipment under finance lease agreements with net book values amounting to Baht 3 million (30 September 2019: Baht 3 million).

(Unaudited but reviewed)

8. Trade and other payables

(Unit: Thousand Baht)

	31 December 2019	30 September 2019
Trade payables - related parties	56,777	74,128
Trade payables - unrelated parties	282,796	349,141
Other payables	20,655	34,957
Accrued expenses	58,523	146,872
Total	<u>418,751</u>	<u>605,098</u>

9. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

Balance as at 1 October 2019	67,078
Current service cost	1,571
Interest cost	347
Balance as at 31 December 2019	<u>68,996</u>

10. Provisions

These provisions are provisions for product warranty which have movements during the three-month period ended 31 December 2019 summarised below.

(Unit: Thousand Baht)

Balance as at 1 October 2019	6,127
Increase during the period	589
Utilised	(225)
Reversal of provisions	(1,014)
Balance as at 31 December 2019	<u>5,477</u>

(Unaudited but reviewed)

11. Revenue from contracts with customers

(Unit: Thousand Baht)

For the three-month
periods ended 31 December

	2019	2018
Type of goods		
Automobile control cables	417,866	543,547
Motorcycle control cables	115,237	103,160
Automobile window regulators	72,286	97,384
Others	16,232	25,958
Total	621,621	770,499
Less: Consideration payable to a customer	(2,389)	-
Total revenue from contracts with customers	619,232	770,499

12. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

For the three-month
periods ended 31 December

	2019	2018
Current income tax:		
Interim corporate income tax charge	974	2,755
Deferred tax:		
Relating to origination and reversal of temporary differences	1,413	34
Income tax expenses reported in the statements of comprehensive income	2,387	2,789

13. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

14. Segment information

The Company is principally engaged in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

15. Commitments and contingent liabilities**15.1 Capital commitments**

As at 31 December 2019, the Company had capital commitments of approximately Baht 48 million and USD 0.1 million (30 September 2019: Baht 19 million and USD 0.05 million), relating to the purchase of equipment.

15.2 Operating lease and service commitments

The Company has entered into several operating lease agreements in respect of the lease of vehicles and equipment and service agreements. The terms of the agreements are generally between 1 and 5 years.

The Company had future minimum lease and service payments required under these non-cancellable operating leases and service agreements as follows:

	(Unit: Million Baht)	
	31 December	30 September
Payable:	2019	2019
In up to 1 year	29	33
In over 1 and up to 5 years	4	9

15.3 Long-term service commitments

The Company has entered into license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to the manufacture and assembly of control cable of automobiles and motorcycles. Under the conditions of the license agreement, the Company is to pay the fee twice a year as stipulated in the agreement. The fees for the three-month period ended 31 December 2019 amounting to approximately Baht 5 million (31 December 2018: Baht 6 million) were recognised as expenses.

15.4 Guarantees

As at 31 December 2019 and 30 September 2019, there were outstanding bank guarantees of approximately Baht 3 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee to guarantee electricity use, among others.

15.5 Foreign exchange contracts

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2019			
Foreign currency	Bought amount (Million)	Contractual exchange rate	Contractual maturity date
		Bought (Baht per 1 foreign currency unit)	
US dollar	0.1	30.15 - 30.19	May - June 2020

As at 30 September 2019			
Foreign currency	Bought amount (Million)	Contractual exchange rate	Contractual maturity date
		Bought (Baht per 1 foreign currency unit)	
US dollar	0.4	30.40 - 30.69	February - March 2020
Japanese yen	52.0	0.28 - 0.29	October 2019 - March 2020

15.6 Litigation

The Customs Department conducted a post clearance audit at the Company, and accused the Company of making incorrect tariff code declarations (with lower duty rates) in import entries between 2003 - 2006 by 3 lots and assessed import duties and VAT shortfalls for Lot 1 and Lot 3 of Baht 17.90 million and Baht 5.67 million, respectively, and capital for Lot 2 of Baht 3.84 million, excluding penalties and surcharges.

Lot 1: In September 2017, the Central Tax Court delivered a judgment to revoke only the assessment of import duty and surcharges. The Company is not allowed to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeal in accordance with Section 30 of the Revenue Code. In December 2018, the special court of appeal delivered a judgment same of the Central Tax Court. As at 31 December 2019, the case is in consideration of the Supreme Court.

Lot 2: In December 2018, the Central Tax Court delivered a judgment to revoke only the assessment of import duty and surcharges. The Company is not allowed to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeal in accordance with Section 30 of the Revenue Code. On 30 September 2019, the special court of appeal delivered a judgment same of the Central Tax Court. As at 31 December 2019, the case is in consideration of the Supreme Court.

Lot 3: In December 2019, the Central Tax Court delivered a judgment to revoke only the assessment of import duty and surcharges. The Company is not allowed to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeal in accordance with Section 30 of the Revenue Code. As at 31 December 2019, the Customs Department is in the process of submitting an appeal request to the Special Court of Appeal.

The Company's management has assessed the case and believes that the Company is not liable for the import duty and VAT shortfalls, including penalties and surcharges, because the Company correctly paid import duty in accordance with the Customs Tariffs Decree B.E. 2530. Considering legal opinions and the opinions of customs tariff experts, the imported products are classified according to the product definitions specified in the customs tariff schedule. The Company therefore did not record a provision for the contingent liabilities as a result of this litigation in the financial statements.

16. Event after the reporting period

The Annual General Meeting of the Company's shareholders, held on 21 January 2020, passed the resolution to declare the dividend for the year 2019 of Baht 1.00 per share. Since the Company's Board of Directors previously approved an interim dividend from income of the year 2019 of Baht 0.40 per share, the remaining dividend payment of Baht 0.60 per share, amounting to Baht 155.88 million, is scheduled for payment on 21 February 2020.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 February 2020.