

Thai Steel Cable Public Company Limited
Report and financial statements
30 September 2020

Independent Auditor's Report

To the Shareholders of Thai Steel Cable Public Company Limited

Opinion

I have audited the accompanying financial statements of Thai Steel Cable Public Company Limited (the Company), which comprise the statement of financial position as at 30 September 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Steel Cable Public Company Limited as at 30 September 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

- a) I draw attention to Note 1.2 to the financial statements. The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and is adversely impacting the automotive industry. This situation may have significant impact on the Company's financial position at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Company's management has continuously monitored the ongoing developments and assessed the financial impact and will record the impact when it is possible to do so.

b) I draw attention to Note 3 to the financial statements. Due to the impact of the Coronavirus disease 2019 pandemic, in preparing the financial statements for the year ended 30 September 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Coronavirus Disease 2019 Pandemic issued by the Federation of Accounting Professions.

My opinion is not modified in respect of the above matters.

Key Audit Matter

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

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

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

Sales

Sales are significant to the Company's financial statements and directly impact on the Company's operating results. Moreover, the Company has both domestic and overseas sales transactions under various terms and conditions. I therefore focused on the Company's recognition of sales, especially the timing of revenue recognition.

I assessed and tested the Company's internal controls related to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales transactions occurring during the year and near the period end. I reviewed credit notes issued by the Company to customers after the end of the reporting period and performed analytical review of the sales accounts.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Poonnard Paocharoen
Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 24 November 2020

Thai Steel Cable Public Company Limited**Statement of financial position****As at 30 September 2020**

		(Unit: Baht)	
	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	8	475,852,108	443,498,570
Current investments	9	15,000,000	4,847,429
Trade and other receivables	10	377,700,974	479,135,020
Inventories	11	147,713,510	191,066,901
Other current assets		20,985,604	38,176,913
Total current assets		1,037,252,196	1,156,724,833
Non-current assets			
Long-term investment	12	25,704,000	25,704,000
Investment properties	13	120,784,194	122,878,504
Property, plant and equipment	14	953,196,724	988,974,562
Intangible assets	15	10,201,116	14,212,647
Deferred tax assets	24	414,269	2,385,993
Other non-current assets		30,248,736	29,645,772
Total non-current assets		1,140,549,039	1,183,801,478
Total assets		2,177,801,235	2,340,526,311

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

Thai Steel Cable Public Company Limited
Statement of financial position (continued)
As at 30 September 2020

		(Unit: Baht)	
	Note	2020	2019
Liabilities and shareholders' equity			
Current liabilities			
Short-term loan from a bank	16	100,000,000	-
Trade and other payables	17	404,519,230	605,097,577
Current portion of finance lease payables	18	573,735	2,352,050
Other current liabilities		11,877,046	14,784,737
Total current liabilities		516,970,011	622,234,364
Non-current liabilities			
Finance lease payables - net of current portion	18	165,060	738,796
Provision for long-term employee benefits	19	46,679,592	67,077,749
Provisions	20	39,091,521	6,127,190
Other non-current liabilities		1,473,000	93,056
Total non-current liabilities		87,409,173	74,036,791
Total liabilities		604,379,184	696,271,155
Shareholders' equity			
Share capital			
Registered			
268,500,000 ordinary shares of Baht 1 each		268,500,000	268,500,000
Issued and paid-up			
259,800,000 ordinary shares of Baht 1 each		259,800,000	259,800,000
Share premium		464,870,185	464,870,185
Retained earnings			
Appropriated - statutory reserve	21	26,850,000	26,850,000
Unappropriated		821,901,866	892,734,971
Total shareholders' equity		1,573,422,051	1,644,255,156
Total liabilities and shareholders' equity		2,177,801,235	2,340,526,311

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

Thai Steel Cable Public Company Limited

Statement of comprehensive income

For the year ended 30 September 2020

		(Unit: Baht)	
	Note	2020	2019
Revenues			
Sales	22	2,023,889,502	3,045,972,364
Other income		24,724,531	25,452,675
Total revenues		<u>2,048,614,033</u>	<u>3,071,425,039</u>
Expenses			
Cost of sales		1,745,220,575	2,489,543,917
Selling and distribution expenses		27,017,152	51,533,532
Administrative expenses		188,959,630	296,063,405
Total expenses		<u>1,961,197,357</u>	<u>2,837,140,854</u>
Profit before finance cost and income tax expenses		87,416,676	234,284,185
Finance cost		(831,955)	(1,151,912)
Profit before income tax expenses		86,584,721	233,132,273
Income tax expenses	24	(4,224,735)	(13,176,690)
Profit for the year		<u>82,359,986</u>	<u>219,955,583</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain - net of income tax		2,686,909	-
Total comprehensive income for the year		<u>85,046,895</u>	<u>219,955,583</u>
Earnings per share			
26			
Basic earnings per share			
Profit attributable to equity holders of the Company		0.32	0.85
Weighted average number of ordinary shares (shares)		<u>259,800,000</u>	<u>259,800,000</u>

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

Thai Steel Cable Public Company Limited**Cash flows statement****For the year ended 30 September 2020**

	(Unit: Baht)	
	2020	2019
Cash flows from operating activities		
Profit before tax	86,584,721	233,132,273
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	121,893,421	128,107,199
Reversal of the reduction of inventory to net realisable value	(5,846,353)	(1,602,757)
Gain on disposal of equipment	(2,226,627)	(288,506)
Provisions	34,060,933	2,478,412
Provision for long-term employee benefits	6,103,185	20,793,198
Unrealised loss (gain) on exchange	133,846	(565,879)
Interest income	(2,604,405)	(1,812,100)
Interest expenses	831,955	1,151,912
Profit from operating activities before changes in operating assets and liabilities	238,930,676	381,393,752
Operating assets (increase) decrease		
Trade and other receivables	101,765,166	64,641,587
Inventories	49,199,744	56,791,335
Other current assets	17,417,598	(7,377,541)
Other non-current assets	(14,678,406)	(18,077,679)
Operating liabilities increase (decrease)		
Trade and other payables	(197,107,446)	(55,106,357)
Other current liabilities	(2,019,244)	9,354,666
Other non-current liabilities	1,379,944	(1,240,009)
Cash flows from operating activities	194,888,032	430,379,754
Cash paid for provision for long-term employee benefits	(23,756,069)	(8,044,087)
Cash paid for provision for product warranty	(1,096,602)	-
Cash paid for compensation from litigation	-	(15,341,415)
Cash paid for interest expenses	(831,955)	(1,167,465)
Cash paid for income tax	(3,426,111)	(12,788,195)
Net cash flows from operating activities	165,777,295	393,038,592

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

Thai Steel Cable Public Company Limited**Cash flows statement (continued)**

For the year ended 30 September 2020

	(Unit: Baht)	
	2020	2019
Cash flows from investing activities		
Decrease in current investments	(10,152,571)	170,684,917
Cash paid for purchase of property, plant and equipment	(75,004,125)	(126,540,462)
Cash paid for purchase of intangible assets	(1,020,000)	(8,166,565)
Proceeds from sales of equipment	8,545,251	3,659,201
Interest income	2,439,739	1,733,403
Net cash flows from (used in) investing activities	(75,191,706)	41,370,494
Cash flows from financing activities		
Increase in short-term loan from a bank	100,000,000	-
Repayment of long-term loan	-	(48,520,000)
Repayment of finance lease payables	(2,352,051)	(4,847,197)
Dividend paid	(155,880,000)	(259,800,000)
Net cash flows used in financing activities	(58,232,051)	(313,167,197)
Net increase in cash and cash equivalents	32,353,538	121,241,889
Cash and cash equivalents at beginning of year	443,498,570	322,256,681
Cash and cash equivalents at end of year (Note 8)	475,852,108	443,498,570
	-	-
Non-cash items		
Decrease in other payables from purchase of equipment	(3,771,201)	(1,411,418)
Purchases of equipment under finance lease agreements	-	1,671,000
Transfer intangible assets to equipment	-	3,163,520
Transfer other non-current assets to equipment	14,075,442	6,311,000

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

Thai Steel Cable Public Company Limited

Statement of changes in shareholders' equity

For the year ended 30 September 2020

(Unit: Baht)

	Issued and		Retained earnings		Total shareholders' equity
	paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	
Balance as at 1 October 2018	259,800,000	464,870,185	26,850,000	932,579,388	1,684,099,573
Profit for the year	-	-	-	219,955,583	219,955,583
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	219,955,583	219,955,583
Dividend paid (Note 29)	-	-	-	(259,800,000)	(259,800,000)
Balance as at 30 September 2019	<u>259,800,000</u>	<u>464,870,185</u>	<u>26,850,000</u>	<u>892,734,971</u>	<u>1,644,255,156</u>
Balance as at 1 October 2019	259,800,000	464,870,185	26,850,000	892,734,971	1,644,255,156
Profit for the year	-	-	-	82,359,986	82,359,986
Other comprehensive income for the year	-	-	-	2,686,909	2,686,909
Total comprehensive income for the year	-	-	-	85,046,895	85,046,895
Dividend paid (Note 29)	-	-	-	(155,880,000)	(155,880,000)
Balance as at 30 September 2020	<u>259,800,000</u>	<u>464,870,185</u>	<u>26,850,000</u>	<u>821,901,866</u>	<u>1,573,422,051</u>

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

Thai Steel Cable Public Company Limited
Notes to financial statements
For the year ended 30 September 2020

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 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and is adversely impacting the automotive industry. This situation may have significant impact on the Company’s financial position at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Company’s management has continuously monitored the ongoing developments and assessed the financial impact and will record the impact when it is possible to do so.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

3. New financial reporting standards

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

During the year, 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.

IFRS 15 Revenue from Contracts with Customers

IFRS 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
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 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 IFRS 15 using the modified retrospective method of adoption, and the comparative information was not restated. The effect of the change is described in Note 4 to the financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the temporary relief measures on accounting alternative to not consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, *Impairment of Assets*.

(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
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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 investment in non-marketable equity security - The Company is to measure investment in non-marketable equity security at fair value and to classify the investment as financial asset at fair value through other comprehensive income. The management of the Company expects that the effect of recognising gain on investment in non-marketable equity security designated at fair value through other comprehensive income - net of income tax will be Baht 10 million as of 1 October 2020.
- 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. The management of the Company expects that there will be no allowance for expected credit losses required to be recorded as of 1 October 2020.

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 Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 October 2020, and the comparative information was not restated.

The management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 October 2020 to increase the Company's assets by approximately Baht 8 million and the Company's liabilities by approximately Baht 8 million.

c) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. Cumulative effects of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, 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 year ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)		
	Previous accounting policy	Decrease	TFRS 15
Statement of comprehensive income			
Sales	2,025,442	1,552	2,023,890
Selling and distribution expenses	28,569	1,552	27,017

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

Finished goods and work in process are valued at the lower of cost under the first-in, first-out method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes raw material costs, labour costs and attributable factory overheads.

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

5.5 Investment

Investment in non-marketable equity security, which the Company classifies as other investment, is stated at cost net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investment.

5.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years and 40 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

5.7 Property, plant and equipment/Depreciation

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

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

Land improvement	-	20 years
Building	-	20, 40 years
Building improvement	-	5 - 25 years
Machinery and factory equipment	-	3 - 20 years
Tools	-	1 - 20 years
Molds	-	1 - 10 years
Furniture, fixtures and operating equipment	-	3 - 10 years
Motor vehicles	-	10 years

Depreciation is included in determining income.

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

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

5.8 Intangible assets

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

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

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

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

5.9 Related party transactions

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

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

5.10 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefit

Defined contribution plans

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

Defined benefit plan and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other long-term employee benefit plan, namely long service awards. The Company treats these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income and actuarial gains and losses arising from other long-term benefit are recognised in profit and loss.

5.14 Provisions

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

5.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.16 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

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

Property plant and equipment/Depreciation

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

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

Assurance-type warranty to customers

The management estimates the warranty expenses for product return and repair of which sales are incurred during the year and are under warranty policy. The estimation is based on past experience and the history of actual claim.

Litigation

The Company has contingent liabilities as a result of litigation. This requires judgements from management to assess of the results of the litigation.

7. Related party transactions

During the years, 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.

	2020	2019	Transfer Pricing Policy
(Unit: Million Baht)			
<u>Transactions with related companies</u>			
Sales of goods	102	178	Cost plus margin
Other income	2	1	Cost plus margin
Purchases of raw materials and finished goods	282	427	Cost plus margin
Purchases of assets	1	2	Agreed upon basis
Royalty fee	15	25	2% on the net sales amount

As at 30 September 2020 and 2019, the balances of the accounts between the Company and those related companies are as follows:

	2020	2019
(Unit: Thousand Baht)		
Trade and other receivables - related parties (Note 10)		
<u>Trade receivables - related parties</u>		
Related companies	16,696	31,765
<u>Other receivables - related parties</u>		
Related companies	262	38
Trade and other payables - related parties (Note 17)		
<u>Trade payables - related parties</u>		
Related companies	54,596	74,128
<u>Other payables - related parties</u>		
Related companies	550	598
<u>Accrued royalty fee - related party</u>		
Related company	3,959	5,895

Directors and management's benefits

During the years ended 30 September 2020 and 2019, the Company provided employee benefit expenses to its directors and management as below.

	(Unit: Thousand Baht)	
	2020	2019
Short-term employee benefits	56,719	88,507
Post-employee benefits	3,106	10,975
Total	59,825	99,482

8. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2020	2019
Cash	377	398
Bank deposits	475,475	443,101
Total	475,852	443,499

As at 30 September 2020, bank deposits carried interests between 0.05 and 0.75 percent per annum (2019: between 0.05 and 1.20 percent per annum).

9. Current investments

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

10. Trade and other receivables

	(Unit: Thousand Baht)	
	2020	2019
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	16,696	29,230
Past due up to 3 months	-	2,535
Total trade receivables - related parties	16,696	31,765
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	360,179	445,832
Past due up to 3 months	2	333
Total trade receivables - unrelated parties	360,181	446,165
Total trade receivables - net	376,877	477,930

	(Unit: Thousand Baht)	
	2020	2019
<u>Other receivables</u>		
Other receivables - related parties	262	38
Other receivables - unrelated parties	562	1,167
Total other receivables - net	824	1,205
Total trade and other receivables - net	377,701	479,135

11. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	34,823	55,098	(581)	(6,127)	34,242	48,971
Work in process	24,079	33,685	(169)	(588)	23,910	33,097
Raw materials	80,139	91,732	(3,448)	(3,329)	76,691	88,403
Goods in transit	11,093	17,535	-	-	11,093	17,535
Spare parts and factory supplies	1,778	3,061	-	-	1,778	3,061
Total	151,912	201,111	(4,198)	(10,044)	147,714	191,067

During the current year, the Company reversed the reduction of cost of inventories by Baht 6 million (2019: Baht 2 million). This was included in cost of sales.

12. Long-term investment

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost	
			2020	2019	2020	2019	2020	2019
					(%)	(%)	(Thousand Baht)	(Thousand Baht)
HI-LEX Vietnam Co., Ltd.	Manufacture automobile parts	Vietnam	VND 211,092 million or equivalent to USD 11.15 million	VND 211,092 million or equivalent to USD 11.15 million	6.28	6.28	25,704	25,704

13. Investment properties

The net book value of investment properties as at 30 September 2020 and 2019 are presented below.

	(Unit: Thousand Baht)		
	Land and land improvement	Building and building improvement	Total
30 September 2020:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(130,527)	(134,603)
Net book value	<u>89,434</u>	<u>31,350</u>	<u>120,784</u>
30 September 2019:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(128,432)	(132,508)
Net book value	<u>89,434</u>	<u>33,445</u>	<u>122,879</u>

A reconciliation of the net book value of investment properties for the years 2020 and 2019 are presented below.

	(Unit: Thousand Baht)	
	2020	2019
Net book value at beginning of year	122,879	125,006
Depreciation	(2,095)	(2,127)
Net book value at end of year	<u>120,784</u>	<u>122,879</u>

The fair value of the investment properties as at 30 September 2020 and 2019 stated below:

	(Unit: Thousand Baht)	
	2020	2019
Land	332,400	332,400
Buildings	68,400	68,400
Total	<u>400,800</u>	<u>400,800</u>

The fair value of the investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the buildings has been determined using the replacement cost approach. Their fair value hierarchy are at Level 2.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Land and land improvement	Building and building improvement	Machinery, equipment and other factory equipment	Motor vehicles	Furniture, fixtures, equipment and other operating equipment	Asset under installation and construction	Total
Cost							
1 October 2018	142,981	577,086	1,231,252	12,726	98,746	57,300	2,120,091
Additions	-	1,131	9,020	-	3,519	113,130	126,800
Disposals/write-off	-	-	(13,277)	-	(9,266)	-	(22,543)
Transfers in (out)	-	45,964	31,782	-	5,574	(73,845)	9,475
30 September 2019	142,981	624,181	1,258,777	12,726	98,573	96,585	2,233,823
Additions	-	2,487	2,879	1,290	364	64,213	71,233
Disposals/write-off	-	-	(27,221)	(5,268)	(26,082)	-	(58,571)
Transfers in (out)	-	360	95,353	-	15	(81,653)	14,075
30 September 2020	142,981	627,028	1,329,788	8,748	72,870	79,145	2,260,560
Accumulated depreciation							
1 October 2018	171	191,753	865,441	4,690	82,775	-	1,144,830
Depreciation for the year	36	17,031	93,803	1,799	6,521	-	119,190
Depreciation on disposals/ write-off	-	-	(9,958)	-	(9,214)	-	(19,172)
30 September 2019	207	208,784	949,286	6,489	80,082	-	1,244,848
Depreciation for the year	35	17,379	90,126	1,048	6,179	-	114,767
Depreciation on disposals/ write-off	-	-	(21,021)	(5,268)	(25,963)	-	(52,252)
30 September 2020	242	226,163	1,018,391	2,269	60,298	-	1,307,363
Net book value							
30 September 2019	142,774	415,397	309,491	6,237	18,491	96,585	988,975
30 September 2020	142,739	400,865	311,397	6,479	12,572	79,145	953,197
Depreciation for the year							
2019 (Baht 110 million included in cost of sales, and the balance in selling and administrative expenses)							119,190
2020 (Baht 108 million included in cost of sales, and the balance in selling and administrative expenses)							114,767

As at 30 September 2020, the Company had equipment with net book values of Baht 2 million (2019: Baht 3 million) which were acquired under finance lease agreements.

As at 30 September 2020, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 553 million (2019: Baht 486 million).

15. Intangible assets

The net book value of intangible assets as at 30 September 2020 and 2019 are presented below.

	(Unit: Thousand Baht)		
	Computer software	Computer software under installation	Total
As at 30 September 2020:			
Cost	88,660	-	88,660
Less: Accumulated amortisation	(78,459)	-	(78,459)
Net book value	10,201	-	10,201
As at 30 September 2019:			
Cost	81,710	5,930	87,640
Less: Accumulated amortisation	(73,427)	-	(73,427)
Net book value	8,283	5,930	14,213

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 are presented below.

	(Unit: Thousand Baht)	
	2020	2019
Net book value at beginning of year	14,213	15,999
Additions	1,020	5,003
Amortisation	(5,032)	(6,789)
Net book value at end of year	10,201	14,213

As at 30 September 2019, the Company had intangible assets with net book values of Baht 1 million which were acquired under finance lease agreements.

16. Short-term loan from a bank

	(Unit: Thousand Baht)		
	Interest rate (% per annum)	2020	2019
Promissory note	1.45	100,000	-

The short-term loan from a bank is clean and denominated in Baht.

17. Trade and other payables

	(Unit: Thousand Baht)	
	2020	2019
Trade payables - related parties	54,596	74,128
Trade payables - unrelated parties	283,056	349,141
Other payables	23,383	34,957
Accrued expenses	43,484	146,872
Total	404,519	605,098

18. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	2020	2019
Liabilities under finance lease agreements	769	3,229
Less: Deferred interest expenses	(30)	(138)
Total	739	3,091
Less: Portion due within one year	(574)	(2,352)
Liabilities under finance lease agreements - net of current portion	165	739

The Company has entered into the finance lease agreements with leasing companies for rental of equipment and intangible assets for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	As at 30 September 2020		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	602	167	769
Deferred interest expenses	(28)	(2)	(30)
Present value of future minimum lease payments	574	165	739

	(Unit: Thousand Baht)		
	As at 30 September 2019		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,460	769	3,229
Deferred interest expenses	(108)	(30)	(138)
Present value of future minimum lease payments	2,352	739	3,091

19. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Provision for employee retirement benefits	Provision for other long-term employee benefits	Total
Provision for long-term employee benefits			
as at 1 October 2018	48,867	5,462	54,329
Included in profit or loss:			
Current service cost	5,724	700	6,424
Past service cost	12,950	-	12,950
Interest cost	1,298	121	1,419
Benefit paid during the year	(7,500)	(544)	(8,044)
Provision for long-term employee benefits			
as at 30 September 2019	61,339	5,739	67,078
Included in profit or loss:			
Current service cost	3,710	1,289	4,999
Interest cost	845	259	1,104
Included in other comprehensive income:			
Actuarial gain arising from			
Financial assumptions changes	(1,778)	-	(1,778)
Experience adjustments	(967)	-	(967)
Benefit paid during the year	(21,896)	(1,860)	(23,756)
Provision for long-term employee benefits			
as at 30 September 2020	41,253	5,427	46,680

On 5 April 2019, the Royal Gazette has published the Labour Protection Act (Issue 7) B.E. 2562, which stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 13 million. The Company reflected the effect of the change by recognising past services costs as expenses in the income statement for the year ended 30 September 2019.

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Cost of sales	3,643	12,375
Selling and administrative expenses	2,460	8,418
Total expenses recognised in profit or loss	<u>6,103</u>	<u>20,793</u>

During the year 2020 and 2019, the Company expects no long-term employee benefits payment during the next year.

As at 30 September 2020, the weighted average duration of the liabilities for long-term employee benefit is 19 years (2019: 20 years).

Significant actuarial assumptions are summarised below:

	2020	2019
	(% per annum)	(% per annum)
Discount rate	0.48 - 2.91	3.3
Salary increase rate	2.5 - 6.0	3.0 - 6.5
Employee turnover rate (depending on age of employee)	2.0 - 20.0	2.0 - 20.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 September 2020 are summarised below:

	(Unit: Thousand Baht) 2020	
	Increase 1%	Decrease 1%
Discount rate	(6,648)	7,983
Salary increase rate	7,433	(6,278)
	Increase 20% depending on age of employee	Decrease 20% depending on age of employee
Turnover rate	(5,643)	6,677

	(Unit: Thousand Baht) 2019	
	Increase 1%	Decrease 1%
Discount rate	(7,852)	9,461
Salary increase rate	9,831	(8,289)
	Increase 20% depending on age of employee	Decrease 20% depending on age of employee
Turnover rate	(7,086)	8,519

20. Provisions

These provisions are provision for litigation and provisions for product warranty which have movements during the years ended 30 September 2020 and 2019 summarised below.

	(Unit: Thousand Baht)		
	Provision for litigation	Provision for product warranty	Total
Balance as at 1 October 2018	11,546	8,684	20,230
Increase during the year	3,795	2,845	6,640
Utilised (Note 30.5)	(15,341)	(1,240)	(16,581)
Reversal of provisions	-	(4,162)	(4,162)
Balance as at 30 September 2019	-	6,127	6,127
Increase during the year	-	36,899	36,899
Utilised	-	(1,096)	(1,096)
Reversal of provisions	-	(2,838)	(2,838)
Balance as at 30 September 2020	-	39,092	39,092

Provisions for product warranty is recognised at a percentage of sales and estimated incurred claims. The rate used in the calculation to the sales is based on historical data of actual expenses.

21. Statutory reserve

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

22. Revenue from contracts with customers

	(Unit: Thousand Baht)	
	2020	2019
Type of goods		
Automobile control cables	1,373,036	2,135,356
Motorcycle control cables	353,730	421,951
Automobile window regulators	240,045	391,013
Others	58,631	97,652
Total	2,025,442	3,045,972
Less: Consideration payable to a customer	(1,552)	-
Total revenue from contracts with customers	2,023,890	3,045,972

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Salaries and wages and other employee benefits	405,789	537,622
Depreciation	116,862	121,317
Amortisation	5,032	6,790
Provision for product warranty	36,899	2,846
Rental expenses from operating lease agreements	10,268	11,700
Raw materials and consumables used	1,036,290	1,546,574
Changes in inventories of finished goods and work in process	(29,881)	(9,555)
Reversal of reduction of inventories to net realisable value	(5,846)	(1,603)
Packaging expenses	2,673	1,721

24. Income tax

Income tax expenses for the years ended 30 September 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)	
	2020	2019
Current income tax:		
Current income tax charge	2,311	6,567
Deferred tax:		
Relating to origination and reversal of temporary differences	1,914	6,610
Income tax expenses reported in profit or loss	<u>4,225</u>	<u>13,177</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 30 September 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Deferred tax relating to actuarial gain	<u>58</u>	<u>-</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	2020	2019
Accounting profit before tax	<u>86,585</u>	<u>233,132</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	17,317	46,626
Reversal of deferred tax	1,398	4,037
Effects of:		
Promotional privileges (Note 25)	(15,833)	(40,829)
Non-deductible expenses	2,176	3,314
Additional expense deductions allowed	(833)	(1,149)
Others	-	1,178
Total	<u>(14,490)</u>	<u>(37,486)</u>
Income tax expenses reported in profit or loss	<u>4,225</u>	<u>13,177</u>

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

	(Unit: Thousand Baht)	
	As at 30 September 2020	As at 30 September 2019
Deferred tax assets		
Allowance for diminution in value of inventories	89	382
Provision for long-term employee benefits	993	2,549
Provision for product warranty	87	233
Accrued rebate	12	591
Others	100	48
	1,281	3,803
Deferred tax liabilities		
Accumulated depreciation - investment properties	590	624
Advance payments tax	277	793
	867	1,417
Net	414	2,386

25. Promotional privileges

The Company was granted investment promotional privileges by the Board of Investment under the Investment Promotion Act B.E. 2520. As at 30 September 2020, important tax privileges granted to the Company are summarised below.

	Investment promotion certificate no.	Exemption from import duty on machines	Exemption from corporate income tax for the periods	Commencing from
Manufacture of control cable, window regulator and component	1006(2)/2557	Expired	7 years	9 December 2013
Manufacture of control cable of vehicles and window regulator of automobiles	1539(2)/2557	Expired	7 years	2 March 2016
Manufacture of control cable of vehicles and window regulator of automobiles	60-0797-0-00-1-0	Will expire on 19 January 2021	7 years	4 May 2017
Manufacture of control cable of vehicles and component, window regulator of automobiles and component and outer shield	61-1445-1-04-1-0	Will expire on 13 December 2021	3 years	2 April 2019
Manufacture of control cable, window regulator and component	63-0564-1-04-1-0	Will expire on 27 May 2023	3 years	2 July 2020

The Company's operating revenues for the years ended 30 September 2020 and 2019, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Sales						
Domestic sales	1,782,829	2,414,162	168,123	497,928	1,950,952	2,912,090
Exports sales	25,941	47,447	46,997	86,435	72,938	133,882
Total sales	1,808,770	2,461,609	215,120	584,363	2,023,890	3,045,972

26. Earnings per share

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

27. Segment information

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

The 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 in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customers

For the year 2020, the Company has revenues from 4 major customer groups in amount of Baht 371 million, Baht 288 million, Baht 261 million and Baht 241 million (2019: 3 major customer groups in amount of Baht 540 million, Baht 553 million and Baht 341 million, respectively).

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by AIA Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 3 million (2019: Baht 7 million) were recognised as expenses.

29. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for the year ended 30 September 2018	The Annual General Meeting of the Company's shareholders on 22 January 2019	155,880	0.60
Interim dividends for the year ended 30 September 2019	The Board of Directors Meeting of the Company on 7 May 2019	103,920	0.40
Total dividends for year 2019		259,800	1.00
Dividends for the year ended 30 September 2019	The Annual General Meeting of the Company's shareholders on 21 January 2020	155,880	0.60
Total dividends for year 2020		155,880	0.60

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 30 September 2020, the Company had capital commitments of approximately Baht 28 million and USD 0.07 million (2019: Baht 19 million and USD 0.07 million), relating to the purchase of equipment.

30.2 Operating lease and service commitments

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

Future minimum lease and service payments required under these non-cancellable operating leases and service agreements as follows.

	(Unit: Million Baht)	
Payable:	2020	2019
In up to 1 year	16	33
In over 1 and up to 5 years	12	9

30.3 License 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 agreement, the Company is to pay the fee twice a year at a rate as stipulated in the agreement. The fees for the year ended 30 September 2020 amounting to approximately Baht 15 million (2019: Baht 25 million) were recognised as expenses.

30.4 Guarantees

As at 30 September 2020 and 2019, there was outstanding bank guarantee of approximately Baht 3 million issued by a bank on behalf of the Company to guarantee electricity use.

30.5 Litigation

- a) 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 has no authority 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 Appeals in accordance with Section 30 of the Revenue Code. Subsequently, on 3 December 2018, the special court of appeal upheld the judgment of the Central Tax Court. The Supreme Court permitted the Custom Department to file its appeal and the Company then filed a response in opposition. As at 30 September 2020, the cases are 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 has no authority 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 Appeals in accordance with Section 30 of the Revenue Code. On 30 September 2019, the special court of appeal upheld the judgment of the Central Tax Court. The Customs Department filed an appeal and a petition for leave to appeal with the Supreme Court. As at 30 September 2020, the Supreme Court was considering whether to grant leave to appeal.

Lot 3: In December 2019, the Central Tax Court delivered a judgment to revoke only the assessment of import duty and surcharges. The Company has no authority 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 Appeals in accordance with Section 30 of the Revenue Code. On 21 September 2020, the special court of appeal upheld the judgment of the Central Tax Court. As at 30 September 2020, the Customs Department is in the process of submitting an appeal request to the Supreme Court.

The Company's management has assessed the cases 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.

- b) The Company was accused of unfair termination of sales contract in value of Baht 12.8 million. In June 2018, the Court of first instance demanded the Company to pay compensation at Baht 10.1 million with interest at the rate 7.5% per annum from the date of filing (2 December 2016). In March 2019, the Court of Appeal Region 2 delivered a judgment demanding the Company to receive the finished products and pay compensation at Baht 12.3 million with interest at the rate 7.5% per annum. The Company's management has assessed the case that the Supreme Court judgement would not change from the Court of Appeal Region 2. Then, the Company's management finalised the consideration to end the case and pay compensation with interest following the judgement of Court of Appeal Region 2 (as shown in Note 20 to the financial statements). On 11 July 2019, Chonburi Provincial Court issued the certified confirming the termination of the case.

31. Financial instruments

31.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investment, trade accounts payable and short-term loan. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

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

As at 30 September 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	2020					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	
	Within 1 year	1 - 5 years				
<u>Financial assets</u>						
Cash and cash equivalent	-	-	469.7	6.2	475.9	0.05 - 0.75
Current investments	15.0	-	-	-	15.0	1.20
Trade and other receivables	-	-	-	377.7	377.7	-
Long-term investment	-	-	-	25.7	25.7	-
	15.0	-	469.7	409.6	894.3	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	404.5	404.5	-
Liabilities under finance lease agreements	0.6	0.1	-	-	0.7	2.46 - 6.17
	0.6	0.1	-	404.5	405.2	

(Unit: Million Baht)

	2019					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	
	Within 1 year	1 - 5 years				
<u>Financial assets</u>						
Cash and cash equivalent	-	-	432.9	10.6	443.5	0.05 - 1.20
Current investments	4.8	-	-	-	4.8	0.80 - 1.00
Trade and other receivables	-	-	-	479.1	479.1	-
Long-term investment	-	-	-	25.7	25.7	-
	4.8	-	432.9	515.4	953.1	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	605.1	605.1	-
Liabilities under finance lease agreements	2.4	0.7	-	-	3.1	2.46 - 6.47
	2.4	0.7	-	605.1	608.2	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchase and sale finished goods transactions that are denominated in foreign currencies. The Company seeks to reduce this risks by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 30 September 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	0.7	0.5	0.6	31.66	30.59
Japanese yen	1.9	1.2	58.7	123.7	0.30	0.28

As at 30 September 2019, foreign exchange contracts outstanding are summarised below.

Foreign currency	Bought amount	Contractual exchange bought rate	Contractual maturity date
	(Million)	(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

31.2 Fair values of financial instruments

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

The estimated fair value of financial instrument, in comparison with the related amounts carried in the statement of financial position, is as follows:

	(Unit: Million Baht)			
	As at 30 September 2020		As at 30 September 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Long-term investment		26	26	42

Long-term investment is an investment in non-marketable equity security. The method used in estimating the fair value is adjusted net book value. Its fair value hierarchy is at Level 3.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 30 September 2020, the Company's debt-to-equity ratio was 0.38:1 (2019: 0.42:1).

33. Event after the reporting period

The meeting of Company's Board of Directors, held on 24 November 2020 passed the resolution to propose the payment of a dividend for the year 2020 at Baht 0.50 per share, or a total of Baht 129.90 million. The Board of Directors will propose the dividend payment for approval by the Annual General Meeting of the Company's Shareholders for the year 2021.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 November 2020.