

Thai Steel Cable Public Company Limited
Review report and interim financial statements
For the three-month and six-month periods ended
31 March 2016

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 March 2016, the related statements of comprehensive income for the three-month and six-month periods ended 31 March 2016, and the related statements of changes in shareholders' equity, and cash flows for the six-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 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 34 *Interim Financial Reporting*.

Poonnard Paocharoen
Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 10 May 2016

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

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2016</u>	<u>30 September 2015</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		631,865	648,179
Current investments		102	101
Trade and other receivables	3	500,382	479,463
Inventories		235,041	243,032
Other current assets		15,204	6,866
Total current assets		<u>1,382,594</u>	<u>1,377,641</u>
Non-current assets			
Long-term investment	4	25,704	25,704
Investment properties	5	130,386	131,479
Property, plant and equipment	6	1,152,121	1,181,634
Intangible assets		26,184	28,539
Deferred tax assets		9,997	9,864
Other non-current assets		15,785	35,672
Total non-current assets		<u>1,360,177</u>	<u>1,412,892</u>
Total assets		<u><u>2,742,771</u></u>	<u><u>2,790,533</u></u>

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 March 2016	30 September 2015
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	7	500,000	500,000
Trade and other payables	8	521,116	552,143
Current portion of finance lease payables		4,049	4,444
Other current liabilities		12,410	17,637
Total current liabilities		1,037,575	1,074,224
Non-current liabilities			
Finance lease payables - net of current portion		10,069	11,497
Provision for long-term employee benefits	9	40,155	38,056
Provisions	10	14,495	16,632
Other non-current liabilities		101	136
Total non-current liabilities		64,820	66,321
Total liabilities		1,102,395	1,140,545
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		888,856	898,468
Total shareholders' equity		1,640,376	1,649,988
Total liabilities and shareholders' equity		2,742,771	2,790,533

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

(Unaudited but reviewed)

Thai Steel Cable Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2016

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

	Note	2016	2015
Profit or loss:			
Revenues			
Sales		695,539	740,697
Other income		8,167	3,313
Total revenues		<u>703,706</u>	<u>744,010</u>
Expenses			
Cost of sales		570,419	609,713
Selling expenses		14,895	20,075
Administrative expenses		64,649	77,183
Total expenses		<u>649,963</u>	<u>706,971</u>
Profit before finance cost and income tax expenses		53,743	37,039
Finance cost		(3,797)	(4,087)
Profit before income tax expenses		49,946	32,952
Income tax expenses	11	(3,955)	(60)
Profit for the period		<u>45,991</u>	<u>32,892</u>
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>45,991</u>	<u>32,892</u>
Earnings per share	12		
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.18</u>	<u>0.13</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

Statement of comprehensive income

For the six-month period ended 31 March 2016

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

	Note	2016	2015
Profit or loss:			
Revenues			
Sales		1,305,128	1,445,305
Other income		24,492	7,984
Total revenues		<u>1,329,620</u>	<u>1,453,289</u>
Expenses			
Cost of sales		1,086,455	1,193,679
Selling expenses		31,527	41,388
Administrative expenses		128,661	151,686
Total expenses		<u>1,246,643</u>	<u>1,386,753</u>
Profit before finance cost and income tax			
revenues (expenses)		82,977	66,536
Finance cost		(7,787)	(7,772)
Profit before income tax revenues (expenses)		75,190	58,764
Income tax revenues (expenses)	11	(6,862)	19
Profit for the period		<u>68,328</u>	<u>58,783</u>
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>68,328</u></u>	<u><u>58,783</u></u>
Earnings per share	12		
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.26</u>	<u>0.23</u>
Weighted average number of ordinary shares (Thousand shares)		<u><u>259,800</u></u>	<u><u>259,800</u></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 six-month period ended 31 March 2016

(Unit: Thousand Baht)

	2016	2015
Cash flows from operating activities		
Profit before tax	75,190	58,764
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	78,011	74,343
Allowance for doubtful accounts (reversal)	(458)	71
Reduction of inventory to net realisable value	438	822
Loss (gain) on disposal/write-off of equipment	(4,304)	1,087
Provisions (reversal)	(1,686)	1,178
Provision for long-term employee benefits	2,301	2,218
Unrealised gain on exchange	(1,644)	(1,022)
Interest income	(652)	(465)
Interest expenses	7,787	7,772
Profit from operating activities before changes in operating assets and liabilities	154,983	144,768
Operating assets (increase) decrease		
Trade and other receivables	(18,847)	(22,488)
Inventories	7,553	48,258
Other current assets	(8,339)	(3,253)
Other non-current assets	(11,246)	(12,016)
Operating liabilities increase (decrease)		
Trade and other payables	(31,090)	(17,417)
Other current liabilities	(7,266)	16,423
Other non-current liabilities	(688)	(1,877)
Cash flows from operating activities	85,060	152,398
Cash paid for interest expenses	(7,804)	(7,765)
Cash paid for income tax	(4,956)	(344)
Net cash flows from operating activities	72,300	144,289

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 six-month period ended 31 March 2016

(Unit: Thousand Baht)

	2016	2015
Cash flows from investing activities		
Cash paid for purchase of equipment	(19,897)	(30,905)
Cash paid for purchase of intangible assets	(1,532)	(10,363)
Proceeds from sales of equipment	12,600	6,108
Interest income	652	465
Net cash flows used in investing activities	(8,177)	(34,695)
Cash flows from financing activities		
Increase in short-term loans from banks	-	100,000
Repayment of long-term loan	-	(18,750)
Repayment of finance lease payables	(2,497)	(4,301)
Dividend paid	(77,940)	(129,900)
Net cash flows used in financing activities	(80,437)	(52,951)
Net increase (decrease) in cash and cash equivalents	(16,314)	56,643
Cash and cash equivalents at beginning of period	648,179	412,761
Cash and cash equivalents at end of period	631,865	469,404
	-	
Non-cash items		
Increase (decrease) in other payables from purchase of equipment	110	(5,288)
Purchases of equipment under finance lease agreements	440	6,197
Purchases of intangible assets under finance lease agreement	234	-
Transfer other non-current assets to equipment	31,133	14,525

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 six-month period ended 31 March 2016

(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 2014	259,800	464,870	26,850	935,884	1,687,404
Dividend paid (Note 14)	-	-	-	(129,900)	(129,900)
Total comprehensive income for the period	-	-	-	58,783	58,783
Balance as at 31 March 2015	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>864,767</u>	<u>1,616,287</u>
Balance as at 1 October 2015	259,800	464,870	26,850	898,468	1,649,988
Dividend paid (Note 14)	-	-	-	(77,940)	(77,940)
Total comprehensive income for the period	-	-	-	68,328	68,328
Balance as at 31 March 2016	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>888,856</u>	<u>1,640,376</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 and six-month periods ended 31 March 2016

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 Amatanakorn Industrial Estate 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 (revised 2015) 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

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company already recognises actuarial gains and losses immediately in other comprehensive income.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that will become effective in the future

During the current period, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

1.4 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 2015.

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		For the six-month periods ended		Transfer Pricing Policy
	31 March		31 March		
	2016	2015	2016	2015	
<u>Related companies</u>					
Sales of goods	55.4	44.9	105.2	92.3	Market price
Purchases of raw materials and finished goods	112.4	96.3	195.7	199.5	Market price
Purchases of assets	0.6	0.1	0.7	0.1	Agreed upon basis
Royalty fee	9.7	11.6	18.4	22.6	2.0% on the net sales amount

(Unaudited but reviewed)

As at 31 March 2016 and 30 September 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	31 March 2016	30 September 2015
Trade and other receivables - related parties (Note 3)		
<u>Trade receivables - related parties</u>		
Related companies	42,184	40,415
<u>Other receivables - related parties</u>		
Related companies	260	94
Trade and other payables - related parties (Note 8)		
<u>Trade payables - related parties</u>		
Related companies	79,721	74,007
<u>Other payables - related parties</u>		
Related companies	554	462
<u>Accrued royalty - related party</u>		
Related company	9,725	11,037

Directors and management's benefits

During the three-month and six-month periods ended 31 March 2016 and 2015, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March		For the six-month periods ended 31 March	
	2016	2015	2016	2015
Short-term employee benefits	19,482	25,405	37,949	49,227
Post-employee benefits	784	637	1,591	1,273
Total	20,266	26,042	39,540	50,500

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2016	30 September 2015
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	42,182	40,415
Past due up to 3 months	2	-
Total trade receivables - related parties	42,184	40,415
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	428,171	403,368
Past due		
Up to 3 months	333	4,248
6 - 12 months	8	-
Over 12 months	14,155	14,613
Total	442,667	422,229
Less: Allowance for doubtful debts	(14,155)	(14,613)
Total trade receivables - unrelated parties - net	428,512	407,616
Total trade receivables - net	470,696	448,031
<u>Other receivables</u>		
Other receivables - related parties	260	94
Other receivables - unrelated parties	56,339	58,251
Total	56,599	58,345
Less: Allowance for doubtful debts	(26,913)	(26,913)
Total other receivables - net	29,686	31,432
Total trade and other receivables - net	500,382	479,463

4. Long-term investment

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	31 March 2016	30 September 2015	31 March 2016	30 September 2015	31 March 2016	30 September 2015
			(%)	(%)		
Hi-Lex Vietnam Co., Ltd.	USD	USD	6.28	6.28	25,704	25,704
	11,150,000	11,150,000			25,704	25,704

(Unaudited but reviewed)

5. Investment properties

Movement of the investment properties account during the six-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 October 2015	131,479
Depreciation for the period	(1,093)
Net book value as at 31 March 2016	<u>130,386</u>

6. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 October 2015	1,181,634
Acquisitions during the period - at cost	20,447
Transfer in	31,133
Disposal/write-off during the period - net book value at disposal/write-off dates	(8,296)
Depreciation for the period	(72,797)
Net book value as at 31 March 2016	<u>1,152,121</u>

As at 31 March 2016, the Company had equipment under finance lease agreements with net book values amounting to Baht 8 million (30 September 2015: Baht 9 million).

7. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (% per annum)	31 March 2016	30 September 2015
Promissory notes	MMR	<u>500,000</u>	<u>500,000</u>

The short-term loans from banks are clean and denominated in Baht.

(Unaudited but reviewed)

8. Trade and other payables

	(Unit: Thousand Baht)	
	31 March	30 September
	2016	2015
Trade payables - related parties	79,721	74,007
Trade payables - unrelated parties	315,703	309,286
Other payables	41,147	38,212
Accrued expenses	84,545	130,638
Total	<u>521,116</u>	<u>552,143</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 2015	38,056
Current service cost	1,762
Interest cost	539
Benefits paid during the period	<u>(202)</u>
Balance as at 31 March 2016	<u>40,155</u>

10. Provisions

These provisions are provisions for product warranty which have movements during the six-month period ended 31 March 2016 summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2015	16,632
Increase during the period	2,443
Utilised	(451)
Reversal of provisions	<u>(4,129)</u>
Balance as at 31 March 2016	<u>14,495</u>

11. 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 (revenues) for the three-month and six-month periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	31 March		31 March	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	3,970	-	6,995	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(15)	60	(133)	(19)
Income tax expenses (revenues) reported in the statements of comprehensive income	<u>3,955</u>	<u>60</u>	<u>6,862</u>	<u>(19)</u>

12. 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.

13. 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.

(Unaudited but reviewed)

14. Dividend

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for the year ended 30 September 2014	The Annual General Meeting of the Company's shareholders on 27 January 2015	129,900	0.50
Dividends for the year ended 30 September 2015	The Annual General Meeting of the Company's shareholders on 26 January 2016	77,940	0.30

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2016, the Company had capital commitments of approximately Baht 13 million and USD 0.03 million (30 September 2015: Baht 14 million and USD 0.04 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 4 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 March 2016	30 September 2015
Payable		
In up to 1 year	34	38
In over 1 and up to 4 years	21	36

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 and six-month periods ended 31 March 2016 amounting to approximately Baht 10 million and Baht 18 million, respectively (2015: Baht 12 million and Baht 23 million, respectively) were recognised as expenses.

15.4 Guarantees

As at 31 March 2016, there were outstanding bank guarantees of approximately Baht 3 million (30 September 2015: Baht 3 million and USD 0.04 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 March 2016			
Foreign currency	Bought amount	Contractual exchange bought rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	35.14 - 36.39	July - September 2016
Japanese yen	26.7	0.31	August - September 2016

As at 30 September 2015			
Foreign currency	Bought amount	Contractual exchange bought rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	36.11 - 36.17	March 2016
Japanese yen	20.0	0.30	March 2016

16. Event after the reporting period

On 10 May 2016, the Company's Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.25 per share from the earnings of the first half of 2016, or a total of Baht 64.95 million, to be paid in June 2016.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 May 2016.