

Thai Steel Cable Public Company Limited
Report and financial statements
30 September 2014

Independent Auditor's Report

To the Shareholders of Thai Steel Cable Public Company Limited

I have audited the accompanying financial statements of Thai Steel Cable Public Company Limited, which comprise the statement of financial position as at 30 September 2014, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 2014, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the financial statements for the year ended 30 September 2013, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented the statements of financial position as at 1 October 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Other matter

The financial statements of Thai Steel Cable Public Company Limited for the year ended 30 September 2013 (before restatement) and as at 30 September 2012 (which have been used for preparing the statement of financial position as at 1 October 2012 as described in the preceding paragraph) were audited by other auditors, who expressed unqualified opinions on those statements, under their reports dated 25 November 2013 and 26 November 2012, respectively.

Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 25 November 2014

Thai Steel Cable Public Company Limited

Statement of financial position

As at 30 September 2014

		(Unit: Baht)		
	Note	30 September 2014	30 September 2013 (Restated)	1 October 2012
Assets				
Current assets				
Cash and cash equivalents	8	412,761,478	213,006,575	140,999,572
Current investments		100,651	99,354	97,286
Trade and other receivables	9	492,492,034	615,765,904	663,697,655
Inventories	10	308,564,833	414,201,305	415,162,392
Other current assets		6,590,844	7,016,150	15,183,823
Total current assets		1,220,509,840	1,250,089,288	1,235,140,728
Non-current assets				
Long-term investment	11	25,704,000	25,704,000	25,704,000
Investment properties	12	133,672,096	135,922,607	138,002,815
Property, plant and equipment	13	1,228,182,379	1,137,113,834	977,129,697
Intangible assets	14	20,942,520	23,714,453	28,103,660
Deferred tax assets	23	7,451,996	7,233,078	44,500
Other non-current assets		53,130,623	24,144,089	23,209,500
Total non-current assets		1,469,083,614	1,353,832,061	1,192,194,172
Total assets		2,689,593,454	2,603,921,349	2,427,334,900

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 2014

		(Unit: Baht)		
	Note	30 September 2014	30 September 2013 (Restated)	1 October 2012
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from banks	15	400,000,000	100,000,000	-
Trade and other payables	16	528,314,323	646,754,275	695,728,015
Current portion of long-term loan from bank	17	18,750,000	75,000,000	56,250,000
Current portion of hire-purchase payables	18	4,302,198	6,770,521	6,386,230
Other current liabilities		7,813,603	20,940,461	7,773,495
Total current liabilities		959,180,124	849,465,257	766,137,740
Non-current liabilities				
Long-term loan from bank - net of current portion	17	-	18,750,000	52,250,000
Hire-purchase payables - net of current portion	18	2,291,010	4,811,266	8,495,691
Provision for long-term employee benefits	19	36,013,386	33,544,883	22,652,053
Provisions	20	15,901,435	18,077,143	18,572,258
Other non-current liabilities		154,855	66,856	98,456
Total non-current liabilities		54,360,686	75,250,148	102,068,458
Total liabilities		1,013,540,810	924,715,405	868,206,198
Shareholders' equity				
Share capital				
Registered				
268,500,000 ordinary shares of Baht 1 each		268,500,000	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	259,800,000
Share premium		464,870,185	464,870,185	464,870,185
Retained earnings				
Appropriated - statutory reserve	21	26,850,000	26,850,000	26,850,000
Unappropriated		930,639,583	933,792,883	807,608,517
Other component of shareholders' equity		(6,107,124)	(6,107,124)	-
Total shareholders' equity		1,676,052,644	1,679,205,944	1,559,128,702
Total liabilities and shareholders' equity		2,689,593,454	2,603,921,349	2,427,334,900
		-	-	-

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 2014

	Note	2014	(Unit: Baht) 2013 (Restated)
Profit or loss:			
Revenues			
Sales	24	2,731,858,056	3,655,872,054
Other income		28,176,294	123,277,789
Total revenues		<u>2,760,034,350</u>	<u>3,779,149,843</u>
Expenses			
Cost of sales		2,230,752,608	2,941,502,783
Selling expenses		92,029,095	109,292,016
Administrative expenses		295,476,379	375,208,365
Total expenses		<u>2,618,258,082</u>	<u>3,426,003,164</u>
Profit before finance cost and income tax expenses		141,776,268	353,146,679
Finance cost		(14,561,361)	(9,702,923)
Profit before income tax expenses		127,214,907	343,443,756
Income tax expenses	23	(468,207)	(9,419,390)
Profit for the year		<u>126,746,700</u>	<u>334,024,366</u>
Other comprehensive income:			
Actuarial loss, net of income tax		-	(6,107,124)
Total comprehensive income for the year		<u>126,746,700</u>	<u>327,917,242</u>
Earnings per share			
25			
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.49</u>	<u>1.29</u>
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 2014**

	(Unit: Baht)	
	2014	2013
Cash flows from operating activities		
Profit before tax	127,214,907	343,443,756
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	130,296,436	111,149,604
Allowance for doubtful accounts	644,825	39,277,341
Reduction of inventory to net realisable value	2,196,520	-
Gain on disposal/write-off of equipment	(1,095,606)	(10,210,936)
Provisions	5,219,010	11,457,911
Provision for long-term employee benefits	3,607,416	6,313,553
Unrealised gain on exchange	(1,277,545)	(370,232)
Interest income	(1,043,098)	(796,921)
Interest expenses	14,561,361	9,702,923
Profit from operating activities before changes in operating assets and liabilities	280,324,226	509,966,999
Operating assets (increase) decrease		
Trade and other receivables	123,436,103	8,830,243
Inventories	103,439,952	961,087
Other current assets	(573,264)	8,167,674
Other non-current assets	(28,986,534)	(934,590)
Operating liabilities increase (decrease)		
Trade and other payables	(112,039,876)	(30,378,562)
Other current liabilities	(501,803)	(71,489)
Other non-current liabilities	(8,445,630)	(13,637,108)
Cash flows from operating activities	356,653,174	482,904,254
Cash paid for interest expenses	(14,552,141)	(9,681,515)
Cash paid for income tax	(12,313,611)	(3,244,876)
Net cash flows from operating activities	329,787,422	469,977,863

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 2014**

	(Unit: Baht)	
	2014	2013
Cash flows from investing activities		
Increase in current investments	(1,297)	(2,068)
Cash paid for purchase of equipment	(222,547,985)	(286,634,817)
Cash paid for purchase of intangible assets	(558,950)	(4,657,699)
Proceeds from sales of equipment	4,666,468	22,429,702
Interest income	1,043,097	796,921
Net cash flows used in investing activities	(217,398,667)	(268,067,961)
Cash flows from financing activities		
Increase in short-term loans from banks	300,000,000	100,000,000
Repayment of long-term loan	(75,000,000)	(14,750,000)
Repayment of hire-purchase payables	(7,733,852)	(7,312,899)
Dividend paid	(129,900,000)	(207,840,000)
Net cash flows from (used in) financing activities	87,366,148	(129,902,899)
Net increase in cash and cash equivalents	199,754,903	72,007,003
Cash and cash equivalents at beginning of year	213,006,575	140,999,572
Cash and cash equivalents at end of year (Note 8)	412,761,478	213,006,575
	-	-
Non-cash items		
Decrease in other payables from purchase of equipment	5,938,809	18,422,188
Purchases of equipment under hire-purchase agreements	2,745,272	4,012,764
Transfer equipment to intangible assets	6,030,610	-

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 2014

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income Actuarial gains (losses)	
Balance as at 1 October 2012 - as previously reported	259,800,000	464,870,185	26,850,000	807,564,017	-	1,559,084,202
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	44,500	-	44,500
Balance as at 1 October 2012 - restated	259,800,000	464,870,185	26,850,000	807,608,517	-	1,559,128,702
Dividend paid (Note 28)	-	-	-	(207,840,000)	-	(207,840,000)
Total comprehensive income for the year - restated	-	-	-	334,024,366	(6,107,124)	327,917,242
Balance as at 30 September 2013 - restated	<u>259,800,000</u>	<u>464,870,185</u>	<u>26,850,000</u>	<u>933,792,883</u>	<u>(6,107,124)</u>	<u>1,679,205,944</u>
Balance as at 1 October 2013 - as previously reported	259,800,000	464,870,185	26,850,000	926,684,440	(6,231,759)	1,671,972,866
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	7,108,443	124,635	7,233,078
Balance as at 1 October 2013 - restated	259,800,000	464,870,185	26,850,000	933,792,883	(6,107,124)	1,679,205,944
Dividend paid (Note 28)	-	-	-	(129,900,000)	-	(129,900,000)
Total comprehensive income for the year	-	-	-	126,746,700	-	126,746,700
Balance as at 30 September 2014	<u>259,800,000</u>	<u>464,870,185</u>	<u>26,850,000</u>	<u>930,639,583</u>	<u>(6,107,124)</u>	<u>1,676,052,644</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 2014

1. General 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.

2. Basis for the 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 28 September 2011, 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 accounting standards

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

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

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

	<u>Effective date</u>
Accounting Standards:	
Conceptual Framework for Financial Reporting (revised 2014)	Immediately effective
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income Taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012) Impairment of Assets	1 January 2014

	<u>Effective date</u>
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32 Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7 Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10 Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014
TFRIC 17 Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18 Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)		
	As at	As at	As at
	30 September 2014	30 September 2013	1 October 2012
Statements of financial position			
Increase in deferred tax assets	7,452	7,233	45
Increase in unappropriated retained earnings	7,327	7,108	45
Increase in other component of shareholders' equity	125	125	-

	(Unit: Thousand Baht)	
	2014	2013
Statements of comprehensive income		
Profit or loss:		
Decrease in income tax expenses	219	7,189
Increase in profit attributable to equity holders of the Company	219	7,189
Increase in basic earnings per share (Baht)	0.001	0.028

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

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 standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials 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, are 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 period 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	-	40 years
Building improvement	-	5 - 20 years
Machinery and equipment	-	3 - 15 years
Tools	-	3 - 10 years
Molds	-	3 - 10 years
Furniture, fixtures and office 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

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 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 benefits

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 employee benefit plan. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

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 post-employment benefits are recognised in other comprehensive income and actuarial gains and losses arising from other long-term benefits 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.

6. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investment

The Company treats other investment as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

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 judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

Relationship between the Company and those related parties are as follows:

Company's name	Relationship
Hi-Lex Corporation	The Company's shareholder
Summit Auto Body Industry Co., Ltd	Common directors and shareholder with the Company
Summit Auto Seat Industry Co., Ltd.	Common directors and shareholder with the Company
Summit Otsuka Manufacturing Co., Ltd.	Common directors and shareholder with the Company
Summit Laemchabang Auto Seats Manufacturing Co.,Ltd.	Common directors and shareholder with the Company
Complete Autoparts Co., Ltd.	Common directors and shareholder with the Company
Complete Auto Rubber Manufacturing Co., Ltd.	Common directors and shareholder with the Company
Johnson Controls & Summit Interiors Ltd.	Common directors and shareholder with the Company
Summit Ansei Auto Parts Co., Ltd.	Common directors and shareholder with the Company
Thai Auto Industry Co., Ltd.	Common directors and shareholder with the Company
Summit Chugoku Seira Co., Ltd.	Common directors and shareholder with the Company
Summit R&D Center Co., Ltd.	Common directors and shareholder with the Company
Armstrong Auto Parts SDN.BHD.	Common shareholder with the Company
Hi-Lex Vietnam Co., Ltd.	Common directors and shareholder with the Company
PT. Hi-Lex Indonesia	Common directors and shareholder with the Company
Hi-Lex India Private Limited	Common directors and shareholder with the Company
TSK (Korea) Co., Ltd.	Common directors and shareholder with the Company
Yantai TSK Cable System Co., Ltd.	Common directors and shareholder with the Company
Hi-Lex Hungary KFT Co., Ltd.	Common directors and shareholder with the Company
Chongqing Hi-Lex Cable System Co., Ltd.	Common directors and shareholder with the Company
Hi-Lex America Co., Ltd.	Common directors and shareholder with the Company
Chongqing Hi-Lex Control Cable System Co., Ltd.	Common directors and shareholder with the Company
Hi-Lex Mexicana S.A. DE C.V.	Common directors and shareholder with the Company
Hi-Lex Controls, Inc.	Common directors and shareholder with the Company
Guangdong Hi-Lex Cable System Co., Ltd.	Common directors and shareholder with the Company

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.

	(Unit: Million Baht)		
	2014	2013	Transfer Pricing Policy
<u>Transactions with related companies</u>			
Sales of goods	159	122	Market price
Purchases of raw materials and finished goods	398	729	Market price
Purchases of assets	3	25	Agreed upon basis
Royalty fee	42	54	2.0% on the net sales amount

As at 30 September 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	2014	2013
Trade and other receivables - related parties (Note 9)		
<u>Trade receivables - related parties</u>		
Related companies	24,732	29,789
<u>Other receivables - related parties</u>		
Related companies	154	140
Trade and other payables - related parties (Note 16)		
<u>Trade payables - related parties</u>		
Related companies	72,618	88,355
<u>Other payables - related parties</u>		
Related companies	369	515
<u>Accrued royalty - related party</u>		
Related company	10,451	13,279
<u>Directors and management's benefits</u>		

During the years ended 30 September 2014 and 2013, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	2014	2013
Short-term employee benefits	93,624	102,691
Post-employee benefits	170	687
Total	93,794	103,378

8. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2014	2013
Cash	253	331
Bank deposits	412,508	212,676
Total	412,761	213,007

As at 30 September 2014, bank deposits in saving accounts carried interests between 1.04 and 1.55 percent per annum (2013: between 1.57 and 2.05 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2014	2013
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	24,725	27,549
Past due up to 3 months	7	2,240
Total trade receivables - related parties	24,732	29,789
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	435,456	553,954
Past due		
Up to 3 months	2,124	3,496
3 - 6 months	573	116
Over 12 months	13,009	12,761
Total	451,162	570,327
Less: Allowance for doubtful debts	(13,009)	(12,361)
Total trade receivables - unrelated parties - net	438,153	557,966
Total trade receivables - net	462,885	587,755
<u>Other receivables</u>		
Other receivables - related parties	154	140
Other receivables - unrelated parties	56,366	54,787
Total	56,520	54,927
Less: Allowance for doubtful debts	(26,913)	(26,916)
Total other receivables - net	29,607	28,011
Total trade and other receivables - net	492,492	615,766

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
	Finished goods	73,877	82,186	(1,095)	-	72,782
Work in process	45,437	42,341	(139)	-	45,298	42,341
Raw materials	164,021	255,803	(962)	-	163,059	255,803
Goods in transit	27,426	33,871	-	-	27,426	33,871
Total	310,761	414,201	(2,196)	-	308,565	414,201

11. Long-term investment

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost	
			2014	2013	2014	2013	2014	2013
					(%)	(%)		
Hi-Lex Vietnam Co., Ltd.	Manufacture automobile parts	Vietnam	USD	USD	6.28	6.28	25,704	25,704
			11,150,000	11,150,000				

12. Investment properties

The net book value of investment properties of the Company as at 30 September 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Land and land improvement	Building and building improvement	Total
	30 September 2014:		
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(117,638)	(121,714)
Net book value	89,434	44,239	133,673
30 September 2013:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(115,388)	(119,464)
Net book value	89,434	46,489	135,923

A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)	
	2014	2013
Net book value at beginning of year	135,923	138,003
Depreciation	(2,250)	(2,080)
Net book value at end of year	<u>133,673</u>	<u>135,923</u>

As at 30 September 2014, the Company has the fair value of the investment properties amounting to Baht 327 million (2013: Baht 327 million). The fair values of the land and building have been determined based on market prices performed by independent valuer.

13. 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 2012	140,922	362,601	840,563	31,349	91,473	156,901	1,623,809
Additions	-	16,727	120,227	-	14,499	120,772	272,225
Disposals/write-off	-	-	(18,777)	-	(758)	-	(19,535)
Transfers in (out)	-	178,016	22,873	-	(3,890)	(196,999)	-
30 September 2013	<u>140,922</u>	<u>557,344</u>	<u>964,886</u>	<u>31,349</u>	<u>101,324</u>	<u>80,674</u>	<u>1,876,499</u>
Additions	-	151	17,949	-	6,151	195,104	219,355
Disposals/write-off	-	-	(63,490)	-	(7,220)	-	(70,710)
Transfers in (out)	-	9,827	164,000	-	-	(179,858)	(6,031)
30 September 2014	<u>140,922</u>	<u>567,322</u>	<u>1,083,345</u>	<u>31,349</u>	<u>100,255</u>	<u>95,920</u>	<u>2,019,113</u>
Accumulated depreciation							
1 October 2012	(15)	(102,216)	(475,131)	(19,694)	(49,623)	-	(646,679)
Depreciation for the year	(6)	(12,096)	(75,215)	(3,132)	(9,573)	-	(100,022)
Depreciation on disposals/ write-off	-	-	6,628	-	688	-	7,316
30 September 2013	<u>(21)</u>	<u>(114,312)</u>	<u>(543,718)</u>	<u>(22,826)</u>	<u>(58,508)</u>	<u>-</u>	<u>(739,385)</u>
Depreciation for the year	(6)	(14,102)	(87,693)	(3,135)	(13,749)	-	(118,685)
Depreciation on disposals/ write-off	-	-	60,487	-	6,652	-	67,139
30 September 2014	<u>(27)</u>	<u>(128,414)</u>	<u>(570,924)</u>	<u>(25,961)</u>	<u>(65,605)</u>	<u>-</u>	<u>(790,931)</u>
Net book value							
1 October 2012	<u>140,907</u>	<u>260,385</u>	<u>305,432</u>	<u>11,655</u>	<u>41,850</u>	<u>156,901</u>	<u>977,130</u>
30 September 2013	<u>140,901</u>	<u>443,032</u>	<u>421,168</u>	<u>8,523</u>	<u>42,816</u>	<u>80,674</u>	<u>1,137,114</u>
30 September 2014	<u>140,895</u>	<u>438,908</u>	<u>512,421</u>	<u>5,388</u>	<u>34,650</u>	<u>95,920</u>	<u>1,228,182</u>
Depreciation for the year							
2013 (Baht 86 million included in cost of sales, and the balance in selling and administrative expenses)							<u>100,022</u>
2014 (Baht 103 million included in cost of sales, and the balance in selling and administrative expenses)							<u>118,685</u>

As at 30 September 2014, the Company had equipment under hire-purchase agreements with net book values amounting to Baht 5 million (2013: Baht 7 million).

As at 30 September 2014, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 298 million (2013: Baht 269 million).

14. Intangible assets

The net book value of intangible assets as at 30 September 2014 and 2013 is presented below.

	(Unit: Thousand Baht)		
	Computer software	Computer software under installation	Total
As at 30 September 2014:			
Cost	51,753	2,515	54,268
Less: Accumulated amortisation	(33,325)	-	(33,325)
Net book value	<u>18,428</u>	<u>2,515</u>	<u>20,943</u>
As at 30 September 2013:			
Cost	45,163	2,515	47,678
Less: Accumulated amortisation	(23,964)	-	(23,964)
Net book value	<u>21,199</u>	<u>2,515</u>	<u>23,714</u>

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)	
	2014	2013
Net book value at beginning year	<u>23,714</u>	<u>28,104</u>
Additions	559	4,658
Transferred in - at a net book value	6,031	-
Amortisation	<u>(9,361)</u>	<u>(9,048)</u>
Net book value at end of year	<u>20,943</u>	<u>23,714</u>

15. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (% per annum)	2014	2013
Promissory notes	MMR	400,000	100,000

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

16. Trade and other payables

(Unit: Thousand Baht)

	2014	2013
Trade payables - related parties	72,618	88,355
Trade payables - unrelated parties	301,740	353,092
Other payables	44,081	52,076
Accrued expenses	109,875	153,231
Total	528,314	646,754

17. Long-term loan from bank

(Unit: Thousand Baht)

Interest rate (% per annum)	Repayment schedule	2014	2013
MLR - 2.40	Payment of principal in monthly installments of Baht 6.25 million commencing in January 2013	18,750	93,750
Less: Current portion		(18,750)	(75,000)
Long-term loan from bank - net of current portion		-	18,750

Movements in the long-term loan from bank account during the year ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 October 2013	93,750
Less: Repayment	(75,000)
Balance as at 30 September 2014	18,750

The loan agreement contains covenants as specified in the agreement that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratios according to the agreement.

18. Liabilities under hire-purchase agreements

	(Unit: Thousand Baht)	
	2014	2013
Liabilities under hire-purchase agreements	6,968	12,396
Less: Deferred interest expenses	(375)	(814)
Total	6,593	11,582
Less: Portion due within one year	(4,302)	(6,771)
Liabilities under hire-purchase agreements - net of current portion	<u>2,291</u>	<u>4,811</u>

The Company has entered into the hire-purchase agreements with leasing companies for rental of equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreements is 3 years.

Future minimum lease payments required under the hire-purchase agreements were as follows:

	(Unit: Thousand Baht)		
	As at 30 September 2014		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	4,585	2,383	6,968
Deferred interest expenses	(283)	(92)	(375)
Present value of future minimum lease payments	<u>4,302</u>	<u>2,291</u>	<u>6,593</u>

	(Unit: Thousand Baht)		
	As at 30 September 2013		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	7,382	5,014	12,396
Deferred interest expenses	(611)	(203)	(814)
Present value of future minimum lease payments	<u>6,771</u>	<u>4,811</u>	<u>11,582</u>

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 2012	21,032	1,620	22,652
Current service cost	5,759	849	6,608
Interest cost	624	267	891
Benefit paid during the year	(1,489)	(1,349)	(2,838)
Actuarial losses	6,232	-	6,232
Provision for long-term employee benefits			
as at 30 September 2013	32,158	1,387	33,545
Current service cost	2,544	258	2,802
Interest cost	753	52	805
Benefit paid during the year	(989)	(150)	(1,139)
Provision for long-term employee benefits			
as at 30 September 2014	34,466	1,547	36,013

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	2014	2013
Current service cost	2,802	6,608
Interest cost	805	891
Total expense recognised in profit or loss	3,607	7,499

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company as at 30 September 2013 amounted to Baht 6 million.

Principal actuarial assumptions at the valuation date were as follows:

	2014	2013
	(% per annum)	(% per annum)
Discount rate	4.4	4.4
Future salary increase rate	0.0 - 7.0	0.0 - 7.0
Staff turnover rate (depending on age)	0.0 - 20.0	0.0 - 20.0

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous two years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation			Experience adjustments on the obligation		
	Provision for employee retirement benefits	Provision for other long-term employee benefits	Total	Provision for employee retirement benefits	Provision for other long-term employee benefits	Total
Year 2014	34,466	1,547	36,013	-	-	-
Year 2013	32,158	1,387	33,545	6,155	296	6,451
Year 2012	21,032	1,620	22,652	-	-	-

20. Provisions

These provisions are provisions for product warranty which have movements during the years ended 30 September 2014 and 2013 summarised below.

(Unit: Thousand Baht)

Balance as at 1 October 2012	18,572
Increase during the year	11,458
Utilised	(11,953)
Balance as at 30 September 2013	18,077
Increase during the year	5,219
Utilised	(1,675)
Reversal of provisions	(5,720)
Balance as at 30 September 2014	15,901

Provisions for product warranty is recognised at a percentage of sales. The rate used in the calculation 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 to set aside to 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. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	2014	2013
Salary and wages and other employee benefits	517,600	588,041
Depreciation	120,935	102,102
Amortisation expenses	9,361	9,048
Loss on exchange	4,892	-
Warranty provisions	5,219	11,458
Rental expenses from operating lease agreements	19,256	19,696
Raw materials and consumables used	1,322,167	1,934,297
Changes in inventories of finished goods and work in process	5,213	5,548
Loss on reduction of inventories to net realisable value	2,196	-

23. Income tax

Income tax expenses for the years ended 30 September 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)	
	2014	2013
		(Restated)
Current income tax:		
Current income tax charge	687	16,483
Deferred tax:		
Relating to origination and reversal of temporary differences	(219)	(7,064)
Income tax expenses reported in the statement of comprehensive income	468	9,419

The amounts of income tax relating to each component of other comprehensive income for the years ended 30 September 2014 and 2013 are as follows:

	(Unit: Thousand Baht)	
	2014	2013
		(Restated)
Deferred tax relating to actuarial loss	-	125
Total	-	125

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 30 September 2014 and 2013.

(Unit: Thousand Baht)

	2014	2013
		(Restated)
Accounting profit before tax	127,215	343,444
Applicable tax rate	20%	23%
Accounting profit before tax multiplied by applicable tax rate	25,443	78,992
Adjustment in respect of current income tax of previous year	(9,874)	(2,143)
Effects of:		
Promotional privileges (Note 24)	(19,518)	(76,105)
Non-deductible expenses	1,167	1,303
Additional expense deductions allowed	(247)	(147)
Others	3,497	7,519
Total	(15,101)	(67,430)
Income tax expenses reported in the statement of comprehensive income	468	9,419

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

(Unit: Thousand Baht)

	As at 30 September 2014	As at 30 September 2013 (Restated)	As at 1 October 2012
Deferred tax assets			
Allowance for doubtful accounts	7,098	6,973	-
Allowance for diminution in value of inventories	44	-	-
Provision for long-term employee benefits	720	671	458
Warranty provisions	318	361	393
Accrued rebate	47	19	9
	8,227	8,024	860
Deferred tax liabilities			
Accumulated depreciation - investment properties	739	772	809
Others	36	19	6
	775	791	815
Net	7,452	7,233	45

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

24. Promotional privileges

The Company was granted investment promotional privileges by the Board of Investment (BOI) under the Investment Promotion Act B.E. 2520. As at 30 September 2014, 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 of vehicles and window regulator of automobiles	7017(2)/2549	Expired	7 years	1 January 2007
Manufacture of control cable of vehicles and window regulator of automobiles	1827(2)/2550	Expired	8 years	1 July 2007
Manufacture of control cable of vehicles and window regulator of automobiles	1715(2)/2555	Will expire on 7 December 2014	7 years	28 February 2013
Manufacture of control cable of vehicles and window regulator of automobiles	1006(2)/2557	Will expire on 3 July 2016	7 years	9 December 2013
Manufacture of control cable of vehicles and window regulator of automobiles	1539(2)/2557	Will expire on 28 October 2016	7 years	Not yet utilised

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

	Promoted operations		Non-promoted operations		Total	
	2014	2013	2014	2013	2014	2013
Sales						
Domestic sales	1,881,418	3,380,627	728,087	206,026	2,609,505	3,586,653
Exports sales	32,260	34,182	90,093	35,037	122,353	69,219
Total sales	1,913,678	3,414,809	818,180	241,063	2,731,858	3,655,872

(Unit: Thousand Baht)

25. 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.

26. 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 exclusively to the aforementioned reportable operating segment and geographical area.

27. 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. During the year 2014, the Company contributed Baht 7 million (2013: Baht 6 million) to the fund.

28. Dividend

Dividends	Approved by	Total dividends	Dividend per share
		(Thousand Baht)	(Baht)
Final dividends for the year ended 30 September 2012	The Annual General Meeting of the Company's shareholders on 29 January 2013	129,900	0.50
Interim dividends for the year ended 30 September 2013	The meeting of the Company's Board of Directors on 9 May 2013	77,940	0.30
Total dividends for year 2013		207,840	0.80
Final dividends for the year ended 30 September 2013	The Annual General Meeting of the Company's shareholders on 28 January 2014	129,900	0.50

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 30 September 2014, the Company had capital commitments of approximately Baht 33 million and USD 0.3 million (2013: Baht 19 million), relating to the purchase of equipment.

29.2 Operating lease and service commitments

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

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

	(Unit: Million Baht)	
Payable	2014	2013
In up to 1 year	39	28
In over 1 and up to 3 years	59	2

29.3 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 year ended 30 September 2014 amounting to approximately Baht 42 million (2013: Baht 54 million) were recognised as expenses.

29.4 Guarantees

As at 30 September 2014, there were outstanding bank guarantees of approximately Baht 3 million and USD 0.04 million (2013: Baht 3 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee to guarantee electricity use, among others.

30. Financial instruments

30.1 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, investments, short-term loans and long-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, bank overdrafts, short-term borrowing and long-term borrowings with interest. 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.

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)

	As at 30 September 2014				
	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>					
Cash and cash equivalent	-	391.1	21.6	412.7	0.125 - 0.50
Current investments	0.1	-	-	0.1	1.04 - 2.55
Trade and other receivables	-	-	492.5	492.5	-
	<u>0.1</u>	<u>391.1</u>	<u>514.1</u>	<u>905.3</u>	

(Unit: Million Baht)

As at 30 September 2014

	Fixed			Total	Effective interest rate (% per annum)
	interest rates within 1 year	Floating interest rate	Non - interest bearing		
<u>Financial liabilities</u>					
Short-term loans from banks	-	400.0	-	400.0	3.15 - 3.47
Trade and other payables	-	-	528.3	528.3	-
Long-term loan from bank	-	18.8	-	18.8	4.85 - 4.98
	-	418.8	528.3	947.1	

(Unit: Million Baht)

As at 30 September 2013

	Fixed			Total	Effective interest rate (% per annum)
	interest rates within 1 year	Floating interest rate	Non - interest bearing		
<u>Financial assets</u>					
Cash and cash equivalent	-	194.8	18.2	213.0	0.125 - 0.625
Current investments	0.1	-	-	0.1	1.57 - 2.05
Trade and other receivables	-	-	615.8	615.8	-
	0.1	194.8	634.0	828.9	
<u>Financial liabilities</u>					
Short-term loans from banks	-	100.0	-	100.0	3.15 - 3.47
Trade and other payables	-	-	646.8	646.8	-
Long-term loan from bank	-	93.8	-	93.8	4.85 - 4.98
	-	193.8	646.8	840.6	

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 has no forward contracts to reduce the exposure.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at 30 September	
	30 September 2014	2013	30 September 2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.9	1.0	1.3	0.8	32.37	31.39
Japanese yen	3.3	1.8	133.0	174.0	0.30	0.32

30.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

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

31. 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 2014, the Company's debt-to-equity ratio was 0.60:1 (2013: 0.55:1).

32. Event after the reporting period

The Meeting of the Company's Board of Directors, held on 25 November 2014, passed the resolution to propose the payment of a dividend for the year 2014 of Baht 0.50 per share, amounting to Baht 129.9 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 2014.

33. Reclassification

Except for the cumulative effect of the change in accounting policy as described in Note 4 to the financial statements, certain amounts in the statements of financial position as at 30 September 2013 and as at 1 October 2012, and statements of comprehensive income for the year ended 30 September 2013 have been reclassified to conform to the current year's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

	(Unit: Thousand Baht)			
	As at 30 September 2013		As at 1 October 2012	
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of financial position				
Trade and other receivables	615,766	620,624	663,698	674,736
Other current assets	7,016	25,283	15,184	26,336
Other non-current assets	24,144	1,019	23,209	1,019
Trade and other payables	646,754	640,921	695,728	658,736
Asset payables	-	21,296	-	39,718
Other current liabilities	20,940	6,864	7,773	6,667
Provision for long-term employee benefits	33,545	32,158	22,652	21,032

(Unit: Thousand Baht)

	As reclassified	As previously reported
Statement of comprehensive income		
Other income	123,278	77,575
Cost of sales	2,941,503	2,895,085
Administrative expenses	375,208	288,519
Directors and management' remuneration	-	86,026
Finance cost	9,703	11,081

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 November 2014.