

THAI STEEL CABLE PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2023



AUDITOR'S REPORT ON THE REVIEW OF THE SPECIAL PURPOSE INTERIM FINANCIAL INFORMATION

To the Board of Directors of Thai Steel Cable Public Company Limited

I have reviewed the interim financial information of Thai Steel Cable Public Company Limited, which comprises the statement of financial position as at 30 June 2023, the related statements of comprehensive income for the three-month and nine-month period then ended, and the related statements of changes in equity and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that we 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 (TAS) no. 34, Interim Financial Reporting.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read "Pongthavee Ratanakoses".

Pongthavee Ratanakoses

Certified Public Accountant (Thailand) No. 7795
Bangkok, Thailand
8 August 2023

Thai Steel Cable Public Company Limited
Statement of Financial Position
As at 30 June 2023

		Unaudited 30 June 2023	Audited 30 September 2022
	Notes	Thousand Baht	Thousand Baht
Assets			
Current assets			
Cash and cash equivalents		192,193	197,930
Trade and other receivables	6	476,265	550,780
Inventories, net	7	216,866	203,191
Short-term fixed deposit		135,345	296,167
Other current assets		13,571	12,784
Total current assets		1,034,240	1,260,852
Non-current assets			
Investment in equity instrument of a non-listed company	8	30,966	35,740
Investment properties, net	9	180,866	116,818
Property, plant and equipment, net	10	889,203	895,068
Intangible assets, net	11	16,699	13,687
Deferred tax assets		8,833	6,661
Other non-current assets		13,016	49,279
Total non-current assets		1,139,583	1,117,253
Total assets		2,173,823	2,378,105

Director _____ Director _____

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

Thai Steel Cable Public Company Limited
Statement of Financial Position
As at 30 June 2023

		Unaudited 30 June 2023	Audited 30 September 2022
	Notes	Thousand Baht	Thousand Baht
Liabilities and equity			
Current liabilities			
Short-term loan from a financial institution	12	-	100,000
Trade and other payables	13	527,968	581,998
Current portion of lease liabilities, net		1,627	2,213
Income tax payable		1,272	5,887
Other current liabilities		13,200	14,728
Total current liabilities		544,067	704,826
Non-current liabilities			
Lease liabilities, net		2,055	3,179
Employee benefit obligations		55,718	49,988
Provision for product warranty	14	73,681	73,978
Other non-current liabilities		513	520
Total non-current liabilities		131,967	127,665
Total liabilities		676,034	832,491

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

Thai Steel Cable Public Company Limited
Statement of Financial Position
As at 30 June 2023

	Unaudited 30 June 2023 Thousand Baht	Audited 30 September 2022 Thousand Baht
Liabilities and equity (Cont'd)		
Equity		
Share capital		
Authorised share capital		
268,500,000 ordinary shares of par Baht 1 each	268,500	268,500
Issued and paid-up share capital		
259,800,000 ordinary shares of paid-up Baht 1 each	259,800	259,800
Premium on paid-up capital	464,870	464,870
Retained earnings		
Appropriated - Legal reserve	26,850	26,850
Unappropriated	742,060	786,065
Other components of equity	4,209	8,029
Total equity	1,497,789	1,545,614
Total liabilities and equity	2,173,823	2,378,105

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

Thai Steel Cable Public Company Limited
Statement of Income (Unaudited)
For the three-month period ended 30 June 2023

		2023	2022
	Note	Thousand Baht	Thousand Baht
Revenues from sales		656,716	620,820
Costs of sales		(533,045)	(510,200)
Gross profit		123,671	110,620
Other income		3,989	8,418
Selling and distribution expenses		(7,139)	(9,048)
Administrative expenses		(52,271)	(49,539)
Gain on exchange rate, net		2,146	1,837
Profit before finance costs and income tax expense		70,396	62,288
Finance costs		(46)	(318)
Profit before income tax expense		70,350	61,970
Income tax expense	15	(1,312)	(2,800)
Profit for the period		69,038	59,170
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		369	(422)
Remeasurements of employee benefit obligations		(474)	-
Total items that will not be reclassified to profit or loss		(105)	(422)
Total comprehensive income for the period		68,933	58,748
Earnings per share - owners of the Company			
Basic earnings per share (Baht per share)		0.27	0.23

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

Thai Steel Cable Public Company Limited
Statement of Income (Unaudited)
For the nine-month period ended 30 June 2023

		2023	2022
	Note	Thousand Baht	Thousand Baht
Revenues from sales		2,166,225	1,887,886
Costs of sales		(1,784,539)	(1,598,629)
Gross profit		381,686	289,257
Other income		9,472	15,128
Selling and distribution expenses		(27,448)	(26,670)
Administrative expenses		(149,690)	(137,523)
Gain on exchange rate, net		5,014	4,528
Profit before finance costs and income tax expense		219,034	144,720
Finance costs		(664)	(957)
Profit before income tax expense		218,370	143,763
Income tax expense	15	(2,105)	(3,996)
Profit for the period		216,265	139,767
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		(3,820)	(2,946)
Remeasurements of employee benefit obligations		(474)	-
Total items that will not be reclassified to profit or loss		(4,294)	(2,946)
Total comprehensive income for the period		211,971	136,821
Earnings per share - owners of the Company			
Basic earnings per share (Baht per share)		0.83	0.54

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

Thai Steel Cable Public Company Limited
Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 June 2023

	Retained earnings			Other comprehensive income		Equity attributable to owners of the Company Thousand Baht
	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Appropriated - Legal reserve Thousand Baht	Unappropriated Thousand Baht	Measurement of equity investments at fair value through other comprehensive income Thousand Baht	
Opening balance as at 1 October 2021	259,800	464,870	26,850	828,131	11,629	1,591,280
Change in equity for the year						
Profit for the period	-	-	-	139,767	-	139,767
Other comprehensive expenses for the period	-	-	-	-	(2,946)	(2,946)
Dividend payment	-	-	-	(259,794)	-	(259,794)
Closing balance as at 30 June 2022	259,800	464,870	26,850	708,104	8,683	1,468,307
Opening balance as at 1 October 2022	259,800	464,870	26,850	786,065	8,029	1,545,614
Change in equity for the year						
Profit for the period	-	-	-	216,265	-	216,265
Other comprehensive expenses for the period	-	-	-	(474)	(3,820)	(4,294)
Dividend payment	-	-	-	(259,796)	-	(259,796)
16						
Closing balance as at 30 June 2023	259,800	464,870	26,850	742,060	4,209	1,497,789

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

Thai Steel Cable Public Company Limited
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 June 2023

		2023	2022
	Note	Thousand Baht	Thousand Baht
Cash flows from operating activities			
Profit before income tax expense		218,370	143,763
Adjustments for:			
Depreciation and amortisation		82,530	84,595
Reversal of inventory to net realisable value		(293)	(1,982)
Losses (gains) on disposal and write-off of assets		68	(269)
Write-off of import duty refundable		-	6,434
Increase in provision for product warranty	14	275	1,008
Increase in employee benefit obligation		5,746	5,662
Unrealised foreign exchange losses (gains)		251	(1,447)
Interest income		(2,247)	(1,736)
Interest expenses		664	957
Profit from operating activities before changes in operating assets and liabilities		305,364	236,985
Changes in operating assets and liabilities:			
- Trade and other receivables		74,960	(2,770)
- Inventories		(13,382)	(23,143)
- Other current assets		(788)	892
- Other non-current assets		5,170	(28,962)
- Trade and other payables		(72,312)	24,354
- Other current liabilities		(1,528)	1,259
- Other non-current liabilities		(7)	(480)
Cash generated from operating activities		297,477	208,135
Employee benefit obligation paid		(490)	-
Provisions for product warranty paid	14	(572)	(650)
Interest paid		(667)	(823)
Income tax paid		(7,937)	(5,921)
Net cash generated from operating activities		287,811	200,741

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

Thai Steel Cable Public Company Limited
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 June 2023

		2023	2022
	Note	Thousand Baht	Thousand Baht
Cash flows from investing activities			
Decrease in short-term fixed deposit		160,822	62,471
Purchases of investment properties		(40,390)	-
Purchases of property, plant and equipment		(50,168)	(24,939)
Purchases of intangible assets		(5,081)	(9,137)
Proceeds from disposals of property, plant and equipment		3,933	278
Interest received		2,524	3,468
Net cash generated from investing activities		71,640	32,141
Cash flows from financing activities			
Repayment of short-term loan from a financial institution		(100,000)	-
Payments for lease liabilities		(5,392)	(2,076)
Cash paid for dividend	16	(259,796)	(259,794)
Net cash used in financing activities		(365,188)	(261,870)
Net decrease in cash and cash equivalents		(5,736)	(28,988)
Cash and cash equivalents at the beginning of the period		197,930	177,518
Cash and cash equivalents at the end of the period		<u>192,194</u>	<u>148,530</u>
Non-cash transactions			
- Payable for purchase of assets		30,871	7,889
- Equipment increased from transfer of non-current assets		31,093	1,314
- Equipment increased from lease liabilities		3,682	603

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

1 General information

Thai Steel Cable Public Company Limited (the Company) is a public company limited incorporated in Thailand. The address of its registered office is located at 700/737, Moo 1, Panthong, Panthong, Chonburi, Thailand.

The principal business of the Company is to engage in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles.

This interim financial information was authorised for issue by the Company's management on 8 August 2023.

This interim financial information is presented in Thai Baht, unless otherwise stated.

2 Basis of preparation accounting policies

The interim financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting and other financial reporting requirements issued under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2022.

An English version of these interim financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The Company reclassified comparative figures to conform with the current period presentation as described below.

Statement of comprehensive income for the nine-month period ended 30 June 2022.

	Financial information		
	Previously reported	Reclassified	As reclassified
	Thousand Baht	Thousand Baht	Thousand Baht
Revenues from sales	1,887,368	518	1,887,886
Other income	44,687	(29,559)	15,128
Costs of sales	(1,623,142)	24,513	(1,598,629)
Gain on exchange rate, net	-	4,528	4,528

3 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 30 September 2022.

New and amended Thai Financial Reporting Standards effective for the accounting periods beginning on or after 1 January 2022 do not have material impact on the Company.

4 Segment and revenue 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.

The timing of revenue recognition is at a point in time for all revenues.

Major customers

For the nine-month period ended 30 June 2023, the Company had revenues from 4 major customers, totalling of Baht 1,156 million, equivalent to 53% of the total revenue (For the nine-month period ended 30 June 2022, 4 major customers, totalling of Baht 1,020 million, equivalent to 54% of the total revenue).

5 Fair value

The following table presents financial assets and liabilities that are measured at fair value, excluding where its fair value is approximating the carrying amount.

	Level 3	
	30 June 2023 Thousand Baht	30 September 2022 Thousand Baht
Financial assets measured at fair value through other comprehensive income (FVOCI)		
Investment in equity Instruments of non-listed company (Note 8)	30,966	35,740

The Company applied adjusted net-book value to measure fair value level 3. There were no changes in valuation techniques and no transfers between fair value level during the period.

The Company's valuation processes

The Company's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes are held between the Chief Financial Officer and the valuation team at least once every quarter, in line with the Company's quarterly reporting dates.

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For nine-month period ended 30 June 2023

The following table shows classification of the financial assets and liabilities by category.

	FVOCI	Amortised cost	Total
	Thousand Baht	Thousand Baht	Thousand Baht
As at 30 June 2023			
Financial assets			
Cash and cash equivalents	-	192,193	192,193
Trade and other receivables, net	-	476,265	476,265
Short-term fixed deposit	-	135,345	135,345
Investment in equity instrument of non-listed company	30,966	-	30,966
	<u>30,966</u>	<u>803,803</u>	<u>834,769</u>
Financial liabilities			
Trade and other payables	-	527,968	527,968
Lease liabilities	-	3,682	3,682
	<u>-</u>	<u>531,650</u>	<u>531,650</u>
As at 30 September 2022			
Financial assets			
Cash and cash equivalents	-	197,930	197,930
Trade and other receivables, net	-	550,780	550,780
Short-term fixed deposit	-	296,167	296,167
Investment in equity instrument of non-listed company	35,740	-	35,740
	<u>35,740</u>	<u>1,044,877</u>	<u>1,080,617</u>
Financial liabilities			
Trade and other payables	-	581,998	581,998
Short-term borrowings from financial institutions	-	100,000	100,000
Lease liabilities	-	5,392	5,392
	<u>-</u>	<u>687,390</u>	<u>687,390</u>

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

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For nine-month period ended 30 June 2023

6 Trade and other receivables

As at	30 June 2023 Thousand Baht	30 September 2022 Thousand Baht
Trade receivables - related parties		
Not yet due	44,278	52,350
Within 3 months	2,866	8,803
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade receivables - related parties (Note 18 b)	47,144	61,153
Trade receivables - third parties		
Not yet due	418,761	483,975
Within 3 months	8,944	3,752
3 - 6 months	-	156
6 - 12 months	-	80
Over 12 months	-	2
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade receivables - third parties	427,705	487,965
Other receivables - related parties (Note 18 b)	23	24
Other receivables - third parties	1,393	1,638
Total trade and other receivables	476,265	550,780

7 Inventories, net

As at	30 June 2023 Thousand Baht	30 September 2022 Thousand Baht
Finished goods	61,466	46,202
Work in process	34,407	31,884
Raw materials	94,227	106,662
Goods in transit	24,612	17,384
Spare parts and factory supplies	5,655	4,853
	220,367	206,985
<u>Less</u> Allowance for obsolescence	(3,501)	(3,794)
Total inventories, net	216,866	203,191

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For nine-month period ended 30 June 2023

8 Financial assets measured at fair value through other comprehensive income

Details of financial assets measured at fair value through other comprehensive income (FVOCI) as of 30 June 2023 and 30 September 2022 are as follows:

Company's name	Country of incorporation	Shareholding percentage		Cost		Carrying amount at fair value	
		30 June 2023	30 September 2022	30 June 2023	30 September 2022	30 June 2023	30 September 2022
		%	%	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
HI-LEX Vietnam Co., Ltd.	Vietnam	6.28	6.28	25,704	25,704	30,966	35,740

The movements of financial assets measured at FVOCI during the period are as follows:

For the nine-month period ended 30 June 2023

	Thousand Baht
Opening net book value	35,740
Remeasurement at FVOCI	(4,774)
Closing net book value	30,966

9 Investment properties

Movement of investment properties for the nine-month period ended 30 June 2023 are as follows:

For the nine-month period ended 30 June 2023

	Thousand Baht
Opening net book value	116,818
Additions	65,439
Depreciation	(1,391)
Closing net book value	180,866

10 Property, plant and equipment, net

Movements of property, plant, equipment for the nine-month period ended 30 June 2023 are as follows:

	Right-of-use assets	Property, plant and equipment	Total
	Thousand Baht	Thousand Baht	Thousand Baht
For the nine-month period ended 30 June 2023			
Opening net book value	5,274	889,794	895,068
Additions	-	46,082	46,082
Disposals, net	-	(3,695)	(3,695)
Write-offs, net	-	(289)	(289)
Transfer from other non-current assets (mold)	-	31,093	31,093
Depreciation	(1,711)	(77,345)	(79,056)
Closing net book value	3,563	885,640	889,203

11 Intangible assets, net

Movement of intangible assets for the nine-month period ended 30 June 2023 are as follows:

For the nine-month period ended 30 June 2023	Thousand Baht
Opening net book value	13,687
Additions	5,111
Write-offs, net	(16)
Amortisation	(2,083)
Closing net book value	16,699

12 Short-term loans from a financial institution

		Thousand Baht
	Interest rate (% per annum)	30 June 2023 30 September 2022
Promissory note	1.10 - 1.50	- 100,000

The short-term loan from a financial institution is unsecured loan and denominated in Thai Baht.

13 Trade and other payables

As at	30 June 2023	30 September 2022
	Thousand Baht	Thousand Baht
Trade payables - related parties (Note 18 b)	112,605	82,041
Trade payables - third parties	300,158	382,753
Other payables - related parties (Note 18 b)	638	632
Other payables - third parties	38,906	26,906
Accrued expenses - related parties (Note 18 b)	7,687	4,926
Accrued expenses - third parties	67,974	84,740
Total trade and other payables	527,968	581,998

14 Provision for product warranty

Movement of provisions for nine-month period ended 30 June 2023 are as follows:

	Thousand Baht
Opening balance	73,978
Increase in provision for product warranty	275
Provisions for product warranty paid	(572)
Closing balance	73,681

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

15 Income tax expenses

The interim income tax is accrued based on management's estimate using the tax rate that would be applicable to the expected total annual earnings. For the nine-month period ended 30 June 2023, The weighted average applicable tax rate of the Company was 0.97% (For the nine-month period ended 30 June 2022: 2.86%).

16 Dividend payment

On 24 January 2023, the Annual General meeting of the Company has passed a resolution to pay the dividend to its shareholders from its net operating profit for the year 2022 at the rate of Baht 1 per share, totaling of Baht 259.80 million. However, on 10 May 2022, the Board of Directors' meeting of the Company passed a resolution to pay an interim dividend from the operating profit for the nine-month period ended 30 June 2022 at the rate of Baht 0.40 per share, totaling of Baht 103.92 million. Such dividend was paid on 9 June 2022. The remaining dividend was at the rate of Baht 0.60 per share, totaling of Baht 155.88 million. The Company had paid such dividend on 24 February 2023.

On 9 May 2023, the Board of Directors' meeting of the Company has passed a resolution to pay the interim dividend to its shareholders from its net operating profit for the nine-month period ended 30 June 2023 at the rate of Baht 0.40 per share, totaling of Baht 103.92 million. The Company had paid such dividend on 8 June 2023.

17 Commitments and contingent liabilities

17.1 Capital commitments

As at 30 June 2023 and 30 September 2022, capital expenditure contracted but not recognised as liabilities is as follows:

	30 June 2023	30 September 2022
	Thousand Baht	Thousand Baht
Investment properties and property, plant and equipment	44,271	75,762

17.2 Short-term Lease and service commitments

As at 30 June 2023 and 30 September 2022, the Company had future minimum payments under short-term leases, lease of low-value assets and service agreements as follows:

	30 June 2023	30 September 2022
	Thousand Baht	Thousand Baht
Within a year	16,798	16,120
1 - 5 years	2,342	3,881
Total	19,140	20,001

17.3 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 obligate to pay the fee twice a year at a rate as stipulated in the agreement.

17.4 Litigation

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

Currently, the Company received some compensation for all lots, and the remaining amount is in requesting process.

18 Related parties transactions

a) Transactions with related parties

Transactions with related parties for the nine-month ended 30 June are as follows:

	2023 Thousand Baht	2022 Thousand Baht	Pricing policies
Sales of goods and services			
Other related parties - common directors	51,338	63,089	Cost plus margin
Purchases of goods and services			
Other related parties - common directors	139,676	103,616	Cost plus margin
Other transactions			
Purchase of assets - common directors	169	4,076	Mutually agreed

b) Outstanding balances arising from sales and purchases of goods and services

The outstanding balances at the end of the reporting period in relation to transactions with related parties are as follows:

	30 June 2023 Thousand Baht	30 September 2022 Thousand Baht
Receivables		
Trade receivables - related parties - common directors	47,144	61,153
Other receivables - related parties - common directors	23	24
Payables		
Trade payables - related parties - common directors	112,605	82,041
Other payables - related parties - common directors	638	632
Accrued license fee- related parties - common directors	7,687	4,926

c) Key management compensation

Key management includes directors (executive and non-executive), members of the executive committee. The compensation paid or payable to key management are as follows:

	2023	2022
	Thousand Baht	Thousand Baht
For the nine-month period ended 30 June		
Salaries and other short-term employee benefits	38,037	51,642
Post-employment benefits	1,383	3,538
Total	39,420	55,180