

THAI STEEL CABLE PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 DECEMBER 2022

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

To the Management 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 31 December 2022, the related statements of comprehensive income, changes in equity and cash flows for the three-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.

Pongtavee Ratanakoses

Certified Public Accountant (Thailand) No. 7795
Bangkok, Thailand
7 February 2023

Thai Steel Cable Public Company Limited
Statement of Financial Position
As at 31 December 2022

		Unaudited	Audited
		31 December	30 September
		2022	2022
	Notes	Thousand Baht	Thousand Baht
Assets			
Current assets			
Cash and cash equivalents		250,485	197,930
Trade and other receivables	6	486,335	550,780
Inventories, net	7	226,996	203,191
Short-term fixed deposit		296,167	296,167
Other current assets		14,801	12,784
Total current assets		1,274,784	1,260,852
Non-current assets			
Investment in equity instrument of a non-listed company	8	31,514	35,740
Investment properties, net	9	116,353	116,818
Property, plant and equipment, net	10	914,044	895,068
Intangible assets, net	11	17,353	13,687
Deferred tax assets		8,034	6,661
Other non-current assets		22,496	49,279
Total non-current assets		1,109,794	1,117,253
Total assets		2,384,578	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 31 December 2022

		Unaudited	Audited
		31 December	30 September
		2022	2021
	Notes	Thousand Baht	Thousand Baht
Liabilities and equity			
Current liabilities			
Short-term loan from a financial institution	12	100,000	100,000
Trade and other payables	13	525,345	581,998
Current portion of finance lease liabilities, net		2,048	2,213
Income tax payable		6,172	5,887
Other current liabilities		13,369	14,728
Total current liabilities		646,934	704,826
Non-current liabilities			
Lease liabilities, net		2,780	3,179
Employee benefit obligations		52,694	49,988
Provision for product warranty	14	74,295	73,978
Other non-current liabilities		526	520
Total non-current liabilities		130,295	127,665
Total liabilities		777,229	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 31 December 2022

	Unaudited	Audited
	31 December	30 September
	2022	2021
	Thousand Baht	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	851,181	786,065
Other components of equity	4,648	8,029
Total equity	1,607,349	1,545,614
Total liabilities and equity	2,384,578	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 31 December 2022

	Note	2022 Thousand Baht	2021 Thousand Baht
Revenues from sales		727,125	629,583
Costs of sales		(608,945)	(547,819)
Gross profit		118,180	81,764
Other income		1,897	3,922
Selling and distribution expenses		(9,960)	(8,887)
Administrative expenses		(46,090)	(41,744)
Gain on exchange rate, net		1,866	1,181
Profit before finance costs and income tax expense		65,893	36,236
Finance costs		(383)	(327)
Profit before income tax expense		65,510	35,909
Income tax expense	14	(394)	(481)
Profit for the period		<u>65,116</u>	<u>35,428</u>
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		(3,381)	(1,124)
Total items that will not be reclassified to profit or loss		(3,381)	(1,124)
Total comprehensive income for the period		<u>61,735</u>	<u>34,304</u>
Earnings per share - owners of the Company			
Basic earnings per share (Baht)		<u>0.25</u>	<u>0.14</u>

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

Thai Steel Cable Public Company Limited
Statement of Changes in Equity
For the three-month period ended 31 December 2022

	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Retained earnings		Other comprehensive income	Equity attributable to owners of the Company 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						
Total comprehensive income for the period	-	-	-	35,428	(1,124)	34,304
Closing balance						
as at 31 December 2021	259,800	464,870	26,850	863,559	10,505	1,625,584
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						
Total comprehensive income for the period	-	-	-	65,116	(3,381)	61,735
Closing balance						
as at 31 December 2022	259,800	464,870	26,850	851,181	4,648	1,607,349

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

Thai Steel Cable Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 December 2022

	Note	2022 Thousand Baht	2021 Thousand Baht
Cash flows from operating activities			
Profit before income tax expense		65,510	35,909
Adjustments for:			
Depreciation and amortisation		27,290	28,763
Reduction (reversal) of inventory to net realisable value		572	(2,022)
Loss on disposal and write-off of assets		307	326
Increase in provision for product warranty	14	541	79
Increase in employee benefit obligation		2,706	2,034
Unrealised foreign exchange losses		2,022	186
Interest income		(699)	(753)
Interest expenses		383	327
Profit from operating activities before changes in operating assets and liabilities		98,632	64,849
Changes in operating assets and liabilities:			
- Trade and other receivables		62,394	(3,930)
- Inventories		(24,377)	16,496
- Other current assets		(2,017)	(1,533)
- Other non-current assets		(1,127)	(7,012)
- Trade and other payables		(52,245)	(38,650)
- Other current liabilities		(1,359)	1,709
- Other non-current liabilities		6	-
Cash generated from operating activities		79,907	31,929
Provisions for product warranty paid	14	(224)	(213)
Interest paid		(378)	(324)
Income tax paid		(637)	(40)
Net cash generated from operating activities		78,668	31,352

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

Thai Steel Cable Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 December 2022

	2022	2021
	Thousand Baht	Thousand Baht
Cash flows from investing activities		
Purchases of property, plant and equipment	(21,547)	(1,102)
Purchases of intangible assets	(4,368)	(5,871)
Proceeds from disposals of property, plant and equipment	3,653	278
Interest received	1,541	2,278
Net cash used in investing activities	<u>(20,721)</u>	<u>(4,417)</u>
Cash flows from financing activities		
Payments for lease liabilities	<u>(5,392)</u>	<u>(5,814)</u>
Net cash used in financing activities	<u>(5,392)</u>	<u>(5,814)</u>
Net increase in cash and cash equivalents	52,555	21,121
Cash and cash equivalents at the beginning of the period	<u>197,930</u>	<u>177,518</u>
Cash and cash equivalents at the end of the period	<u><u>250,485</u></u>	<u><u>198,639</u></u>
Non-cash transactions		
Payable for purchase of property, plant and equipment	8,334	7,084
Equipment increased from lease liabilities	4,828	147
Equipment increased from transfer of non-current assets	27,910	-

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 7 February 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.

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 three-month period ended 31 December 2022, the Company had revenues from four major customers, totalling of Baht 410 million, equivalent to 56% of the total revenue (31 December 2021, four major customers, totalling of Baht 358 million, equivalent to 57% of the total revenue).

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For three-month period ended 31 December 2022

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	
	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Financial assets measured at fair value through other comprehensive income (FVOCI)		
Investment in equity Instruments of non-listed company (Note 8)	31,514	35,740

The Company utilises 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.

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 31 December 2022			
Financial assets			
Cash and cash equivalents	-	250,485	250,485
Trade and other receivables, net	-	486,335	486,335
Fixed deposit held at banks	-	296,197	296,197
Investment in equity instrument of non-listed company	31,514	-	31,514
	31,514	1,032,987	1,064,531
Financial liabilities			
Trade and other payables	-	525,345	525,345
Short-term borrowings from financial institutions	-	100,000	100,000
Lease liabilities	-	4,828	4,828
	-	630,173	630,173

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For three-month period ended 31 December 2022

	FVOCI Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
As at 30 September 2022			
Financial assets			
Cash and cash equivalents	-	197,930	197,930
Trade and other receivables, net	-	550,780	550,780
Fixed deposits held at bank	-	296,167	296,167
Investment in equity instrument of non-listed company	35,740	-	35,740
	35,740	1,044,877	1,080,617
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
	-	687,390	687,390

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.

6 Trade and other receivables

As at	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Trade receivables - related parties		
Not yet due	34,668	52,350
Within 3 months	6,719	8,803
3 - 6 months	-	-
6 - 12 months	-	-
Over 12 months	-	-
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade receivables - related parties	41,387	61,153
Trade receivables - third parties		
Not yet due	439,245	483,975
Within 3 months	3,923	3,752
3 - 6 months	-	156
6 - 12 months	1	80
Over 12 months	2	2
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade receivables - third parties	443,171	487,965
Other receivables - related parties	30	24
Other receivables - third parties	1,747	1,638
Total trade and other receivables	486,335	550,780

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For three-month period ended 31 December 2022

7 Inventories, net

As at	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Finished goods	70,105	46,202
Work in process	31,441	31,884
Raw materials	97,973	106,662
Goods in transit	26,693	17,384
Spare parts and factory supplies	5,150	4,853
	231,362	206,985
<u>Less</u> Allowance for obsolesces	(4,366)	(3,794)
Total inventories, net	226,996	203,191

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 31 December 2022 and 30 September 2022 are as follows:

Company's name	Country of incorporation	Shareholding percentage		Cost		Carrying amount at fair value	
		31 December 2022	30 September 2022	31 December 2022	30 September 2022	31 December 2022	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	31,514	35,740

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

For the three-month period ended 31 December 2022	Thousand Baht
Opening net book value	35,740
Remeasurement at FVOCI	(4,226)
Closing net book value	31,514

9 Investment properties

Movements of investment properties for the three-month period ended 31 December 2022 are as follows:

For the three-month period ended 31 December 2022	Thousand Baht
Opening net book value	116,818
Depreciation	(465)
Closing net book value	116,353

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For three-month period ended 31 December 2022

10 Property, plant and equipment, net

Movements of property, plant, equipment for the three-month period ended 31 December 2022 are as follows:

	Right-of-use assets Thousand Baht	Property, plant and equipment Thousand Baht	Total Thousand Baht
For the three-month period ended 31 December 2022			
Opening net book value	5,274	889,794	895,068
Additions	-	21,149	21,149
Disposals, net	-	(3,689)	(3,689)
Write-offs, net	-	(255)	(255)
Transfer from other non-current assets (mold)	-	27,910	27,910
Depreciation	(577)	(25,562)	(26,139)
Closing net book value	4,697	909,347	914,044

11 Intangible assets, net

Movement of intangible assets for the three-month period ended 31 December 2022 are as follows:

For the three-month period ended 31 December 2022	Thousand Baht
Opening net book value	13,687
Additions	4,368
Write-offs, net	(16)
Amortisation	(686)
Closing net book value	17,353

12 Short-term loans from a financial institution

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

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

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For three-month period ended 31 December 2022

13 Trade and other payables

As at	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Trade payables - related parties	99,238	82,041
Trade payables - third parties	370,892	382,753
Other payables	18,788	27,538
Accrued expenses	36,427	89,666
Total trade and other payables	525,345	581,998

14 Provision for product warranty

Movements of provisions for three-month period ended 31 December 2022 are as follows:

	Thousand Baht
Opening balance	73,978
Increase in provision for product warranty	541
Provisions for product warranty paid	(224)
Closing balance	74,295

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 three-month period ended 31 December 2022. The weighted average applicable tax rate of the Company was -0.6% (2021: -1.34%).

16 Commitments and contingent liabilities

16.1 Capital commitments

As at 31 December 2022 and 30 September 2022, capital expenditure contracted but not recognised as liabilities is as follows:

	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Property, plant and equipment	50,187	75,762

16.2 Short-term Lease and service commitments

As at 31 December 2022 and 30 September 2022, the Company had future minimum payments under short-term leases, lease of low-value assets and service agreements as follows:

	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Payable:		
Within a year	22,246	16,120
1 - 5 years	3,019	3,881
Total	25,265	20,001

16.3 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. The fees for the period ended 31 December 2022 amounting to Baht 10 million (30 September 2022: Baht 5 million). The Company recognised an expense during this three-month period of Baht 6 million (2021: Baht 5 million).

16.4 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.

Lot 1

In September 2017, the Central Tax Court delivered a judgment to revoke the assessment of import duty and surcharges. The Company has no authority to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeals in accordance with Section 30 of the Revenue Code. Subsequently, on 3 December 2018, the special court of appeal upheld the judgment of the Central Tax Court. On 18 January 2021, 8 February 2021, 22 March 2021 and 7 June 2021, the Central Tax Court has read the judgement of the Supreme Court for all 14 cases of which the judgement was to revoke the assessment of import duty and VAT assessment on those import duties.

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
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Currently, the Company received some compensation, and the remaining amount is in requesting process.

Lot 2

In December 2018, the Central Tax Court delivered a judgment to revoke only the assessment of import duty and surcharges. The Company has no authority to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeals in accordance with Section 30 of the Revenue Code. On 30 September 2019, the special court of appeal upheld the judgment of the Central Tax Court. The Supreme Court permitted the Custom Department to file its appeal. On 18 February 2021, the Company submitted an amendment to the Supreme Court.

On 2 May 2022, the Supreme Court judged that the Company won the case and had the right to request an import duty refund. On 26 July 2022, the Company submitted a notice to refund import duty with the Customs Department.

Lot 3

In December 2019, the Central Tax Court delivered a judgment to revoke, only the assessment of import duty and surcharges. The Company has no authority to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeals in accordance with Section 30 of the Revenue Code. On 21 September 2020, the special court of appeal upheld the judgment of the Central Tax Court. The Supreme Court permitted the Custom Department to file its appeal. On 9 July 2021, the Company submitted an amendment to the Supreme Court.

On 5 September 2022, the Supreme Court judged that the Company won the case and had the right to request an import duty refund. On 16 September 2022, the Company submitted a notice to refund import duty with the Customs Department.

17 Related parties transactions

a) Transactions with related parties

Transactions with related parties for the three-month ended 31 December are as follows:

	2022	2021	
	Thousand	Thousand	
	Baht	Baht	Pricing policies
Sales of goods and services			
Other related parties – common directors	41,131	37,227	Cost plus margin
Purchases of goods and services			
Other related parties – common directors	120,507	92,823	Cost plus margin
Other transactions			
Purchase of assets – common directors	1,471	1,209	Mutually agreed

Thai Steel Cable Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For three-month period ended 31 December 2022

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:

	31 December 2022	30 September 2022
	Thousand Baht	Thousand Baht
Receivables		
Trade receivables - related parties – common directors	41,387	32,333
Other receivables – related parties – common directors	30	24
Payables		
Trade payables - related parties – common directors	99,238	1,297
Other payables – related parties – common directors	968	632
Accrued license fee- related parties – common directors	10,415	4,909

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 for the three-month period ended 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
	Thousand Baht	Thousand Baht
Salaries and other short-term employee benefits	11,939	13,994
Post-employment benefits	461	1,116
Total	12,400	15,110