

Thai Steel Cable Public Company Limited
Review report and interim financial information
For the three-month and nine-month periods ended
30 June 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai Steel Cable Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Steel Cable Public Company Limited as at 30 June 2022, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 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 I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Kunlapee Piyawannasuth
Certified Public Accountant (Thailand) No. 6137

EY Office Limited
Bangkok: 4 August 2022

Thai Steel Cable Public Company Limited**Statement of financial position****As at 30 June 2022**

		(Unit: Thousand Baht)	
	Note	30 June 2022	30 September 2021
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		148,530	177,518
Trade and other receivables	3	430,287	427,821
Inventories	4	220,649	195,524
Other current financial assets	5	296,167	358,638
Other current assets		10,758	18,084
Total current assets		1,106,391	1,177,585
Non-current assets			
Investment in equity instrument of a non-listed company	6	36,558	40,241
Investment properties	7	117,290	118,755
Property, plant and equipment	8	884,418	931,107
Intangible assets	9	14,218	6,786
Deferred tax assets		9,665	8,497
Other non-current assets		65,086	37,438
Total non-current assets		1,127,235	1,142,824
Total assets		2,233,626	2,320,409

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 June 2022

		(Unit: Thousand Baht)	
	Note	30 June 2022	30 September 2021
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loan from a bank	10	100,000	100,000
Trade and other payables	11	508,683	476,461
Current portion of lease liabilities		1,941	2,262
Income tax payable		3,302	4,059
Other current liabilities		16,808	15,549
Total current liabilities		630,734	598,331
Non-current liabilities			
Lease liabilities - net of current portion		2,016	3,032
Provision for long-term employee benefits	12	56,287	50,625
Provision for product warranty	13	73,592	73,234
Deferred tax liability		2,170	2,907
Other non-current liabilities		520	1,000
Total non-current liabilities		134,585	130,798
Total liabilities		765,319	729,129

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 June 2022

	(Unit: Thousand Baht)	
	30 June 2022	30 September 2021
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
268,500,000 ordinary shares of Baht 1 each	268,500	268,500
Issued and paid-up		
259,800,000 ordinary shares of Baht 1 each	259,800	259,800
Share premium	464,870	464,870
Retained earnings		
Appropriated - statutory reserve	26,850	26,850
Unappropriated	708,104	828,131
Other component of shareholders' equity	8,683	11,629
Total shareholders' equity	1,468,307	1,591,280
Total liabilities and shareholders' equity	2,233,626	2,320,409
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The accompanying notes are an integral part of the financial statements.

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Directors

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Thai Steel Cable Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 June 2022

1. General information

1.1 Corporate information

Thai Steel Cable Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles. The registered office of the Company is at No. 700/737, Moo 1, Tambol Panthong, Amphur Panthong, Chonburi.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 New financial reporting standards

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

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

1.4 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 30 September 2021.

2. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month		For the nine-month		Transfer Pricing Policy
	periods ended		periods ended		
	30 June		30 June		
	2022	2021	2022	2021	
<u>Transactions with related companies</u>					
Sales of goods	63.1	40.8	139.2	126.3	Cost plus margin
Other income	1.6	1.3	2.1	2.5	Cost plus margin
Purchases of raw materials and					
finished goods	103.6	86.4	300.0	288.3	Cost plus margin
Purchases of assets	4.0	1.1	5.8	1.8	Agreed upon basis
Royalty fee	3.6	3.7	12.9	13.5	2% on the net sales amount

(Unaudited but reviewed)

As at 30 June 2022 and 30 September 2021, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	30 June 2022	30 September 2021
Trade and other receivables - related parties (Note 3)		
<u>Trade receivables - related parties</u>		
Related companies	<u>62,878</u>	<u>35,060</u>
<u>Other receivables - related parties</u>		
Related companies	<u>22</u>	<u>25</u>
Trade and other payables - related parties (Note 11)		
<u>Trade payables - related parties</u>		
Related companies	<u>78,699</u>	<u>70,566</u>
<u>Other payables - related parties</u>		
Related companies	<u>3,215</u>	<u>1,398</u>
<u>Accrued royalty fee - related party</u>		
Related company	<u>8,418</u>	<u>3,803</u>

Directors and management's benefits

During the three-month and nine-month periods ended 30 June 2022 and 2021, the Company provided employee benefit expenses to its directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the nine-month periods ended 30 June	
	2022	2021	2022	2021
Short-term employee benefits	<u>15,688</u>	<u>16,369</u>	<u>51,642</u>	<u>51,721</u>
Post-employee benefits	<u>1,157</u>	<u>907</u>	<u>3,538</u>	<u>2,803</u>
Total	<u>16,845</u>	<u>17,276</u>	<u>55,180</u>	<u>54,524</u>

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	30 June 2022	30 September 2021
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	43,735	30,828
Past due up to 3 months	19,143	4,232
Total trade receivables - related parties	62,878	35,060
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	362,230	379,727
Past due		
Up to 3 months	2,488	6,615
3 - 6 months	80	124
6 - 12 months	2	4
Total trade receivables - unrelated parties	364,800	386,470
Total trade receivables	427,678	421,530
<u>Other receivables</u>		
Other receivables - related parties	22	25
Other receivables - unrelated parties	2,587	6,266
Total other receivables	2,609	6,291
Total trade and other receivables	430,287	427,821

4. Allowance for diminution in value of inventories

Movements in the allowance for diminution in value of inventories account during the nine-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2021	5,886
Deduct: Reversal of write-down of cost of inventories	(1,982)
Balance as at 30 June 2022	3,904

5. Other current financial assets

It represents fixed deposits with banks with an original maturity of more than three months and are not subject to withdrawal restrictions.

6. Investment in equity instrument of a non-listed company

Company's name	Paid-up capital		Shareholding percentage		Balance as at	
	30 June	30 September	30 June	30 September	30 June	30 September
	2022	2021	2022	2021	2022	2021
			(%)	(%)	(Thousand Baht)	(Thousand Baht)
HI-LEX Vietnam Co., Ltd.	VND 211,092	VND 211,092	6.28	6.28	40,241	37,705
	million or USD	million or USD				
	11.15 million	11.15 million				
Add: Gain (loss) on changes in fair value through other comprehensive income					(3,683)	2,536
					<u>36,558</u>	<u>40,241</u>

7. Investment properties

Movements of the investment properties account during the nine-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 October 2021	118,755
Depreciation for the period	<u>(1,465)</u>
Net book value as at 30 June 2022	<u><u>117,290</u></u>

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 October 2021	931,107
Acquisitions during the period - at cost	33,431
Transfer in	1,314
Disposal/write-off during the period - net book value at disposal/write-off dates	(9)
Depreciation for the period	<u>(81,425)</u>
Net book value as at 30 June 2022	<u><u>884,418</u></u>

(Unaudited but reviewed)

9. Intangible assets

Movements of intangible assets account during the nine-month period ended 30 June 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 October 2021	6,786
Acquisitions during the period - at cost	9,137
Amortisation for the period	<u>(1,705)</u>
Net book value as at 30 June 2022	<u><u>14,218</u></u>

10. Short-term loan from a bank

		(Unit: Thousand Baht)	
	Interest rate (% per annum)	30 June 2022	30 September 2021
Promissory note	1.10	<u>100,000</u>	<u>100,000</u>

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

11. Trade and other payables

	(Unit: Thousand Baht)	
	30 June 2022	30 September 2021
Trade payables - related parties	<u>78,699</u>	<u>70,566</u>
Trade payables - unrelated parties	352,623	293,588
Other payables	25,255	20,156
Accrued expenses	<u>52,106</u>	<u>92,151</u>
Total	<u><u>508,683</u></u>	<u><u>476,461</u></u>

12. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

	(Unit: Thousand Baht)
Balance as at 1 October 2021	50,625
Included in profit or loss:	
Current service cost	4,876
Interest cost	<u>786</u>
Balance as at 30 June 2022	<u><u>56,287</u></u>

(Unaudited but reviewed)

13. Provision for product warranty

Movements during the nine-month period ended 30 June 2022 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2021	73,234
Increase during the period	1,401
Utilised during the period	(650)
Reversal of provision	(393)
Balance as at 30 June 2022	<u>73,592</u>

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

14. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the nine-month periods ended 30 June	
	2022	2021	2022	2021
Type of goods and services				
Automobile control cables	411,003	422,393	1,263,795	1,369,245
Motorcycle control cables	88,606	90,320	274,998	298,108
Automobile window regulators	66,617	67,039	249,587	251,749
Part and product testing	73	397	325	500
Others	54,603	26,305	100,516	73,439
Total	<u>620,902</u>	<u>606,454</u>	<u>1,889,221</u>	<u>1,993,041</u>
Less: Consideration payable to customers	<u>(197)</u>	<u>(551)</u>	<u>(1,853)</u>	<u>(1,182)</u>
Total revenue from contracts with customers	<u>620,705</u>	<u>605,903</u>	<u>1,887,368</u>	<u>1,991,859</u>

15. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 June 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the nine-month periods ended 30 June	
	2022	2021	2022	2021
Current income tax:				
Interim corporate income tax charge	3,352	2,033	5,164	7,912
Deferred tax:				
Relating to origination and reversal of temporary differences	(552)	(82)	(1,168)	(767)
Income tax expenses reported in profit or loss	<u>2,800</u>	<u>1,951</u>	<u>3,996</u>	<u>7,145</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 June 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the nine-month periods ended 30 June	
	2022	2021	2022	2021
Deferred tax on gain (loss) from the change in value of financial assets measured at FVOCI	(106)	150	(737)	237
Deferred tax on actuarial gain	-	95	-	95
Total	<u>(106)</u>	<u>245</u>	<u>(737)</u>	<u>332</u>

16. Earnings per share

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

(Unaudited but reviewed)

17. Segment information

The Company is principally engaged in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

18. Dividend

Dividends	Approved by	Total dividends	Dividend per share
		(Thousand Baht)	(Baht)
Dividends for the year ended 30 September 2020	The Annual General Meeting of the Company's shareholders on 19 January 2021	129,900	0.50
Interim dividends for the year ended 30 September 2021	The Board of Director Meeting on 10 May 2021	103,920	0.40
Total dividends for the year 2021		<u>233,820</u>	<u>0.90</u>
Dividends for the year ended 30 September 2021	The Annual General Meeting of the Company's shareholders on 25 January 2022	155,876	0.60
Interim dividends for the year ended 30 September 2022	The Board of Director Meeting on 10 May 2022	103,918	0.40
Total dividends for the year 2022		<u>259,794</u>	<u>1.00</u>

19. Commitments and contingent liabilities**19.1 Capital commitments**

As at 30 June 2022, the Company had capital commitments of approximately Baht 52 million and USD 0.26 million (30 September 2021: Baht 45 million and USD 0.22 million), relating to the purchase of equipment.

19.2 Short-term lease and service commitments

The Company had future minimum payments required under short-term leases and service agreements as follows:

	(Unit: Million Baht)	
	30 June 2022	30 September 2021
	<hr/>	<hr/>
Payable		
In up to 1 year	24	30
In over 1 year and up to 5 years	5	15
Total	<hr/> <hr/>	<hr/> <hr/>

19.3 License commitments

The Company has entered into license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to the manufacture and assembly of control cable of automobiles and motorcycles. Under the conditions of the agreement, the Company is to pay the fee twice a year at a rate as stipulated in the agreement. The fee for the three-month and nine-month periods ended 30 June 2022 amounting to approximately Baht 4 million and Baht 13 million, respectively (30 June 2021: Baht 4 million and Baht 14 million, respectively) was recognised as an expense.

19.4 Guarantees

As at 30 June 2022 and 30 September 2021, there was outstanding bank guarantee of approximately Baht 3 million issued by a bank on behalf of the Company to guarantee electricity use.

19.5 Litigation

The additional events from the financial statements for the year ended 30 September 2021 are summarised below.

Lot 1: Currently, the Company received some compensation and the remaining amount is in requesting process.

Lot 2: 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.

20. Financial Instrument

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

Set out below, is a comparison of the carrying amounts and fair values of financial asset:

	(Unit: Million Baht)			
	30 June 2022		30 September 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Asset				
Non-quoted equity investments	26	37	26	40

The method used in estimating the fair value of non-quoted equity investments is adjusted net book value. Its fair value hierarchy is categorised within Level 3.

During the current period, there were no changes in the methods and assumptions used by the Company estimating the fair value of financial instruments and no transfers within the fair value hierarchy.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 4 August 2022.