

Thai Steel Cable Public Company Limited
Report and financial statements
30 September 2022

Independent Auditor's Report

To the Shareholders of Thai Steel Cable Public Company Limited

Opinion

I have audited the accompanying financial statements of Thai Steel Cable Public Company Limited ("the Company"), which comprise the statement of financial position as at 30 September 2022, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2022, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for such matter are described below.

Sales

Sales are significant to the Company's financial statements and directly impact on the Company's operating results. Moreover, the Company has both domestic and overseas sales transactions under various terms and conditions. I therefore focused on the Company's recognition of sales, especially the timing of revenue recognition.

I assessed and tested the Company's internal controls related to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales transactions occurring during the year and near the period end. I reviewed credit notes issued by the Company to customers after the end of the reporting period and performed analytical review of the sales accounts.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible the audit resulting in this independent auditor's report.

Kunlapee Piyawannasuth
Certified Public Accountant (Thailand) No. 6137

EY Office Limited
Bangkok: 22 November 2022

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

		(Unit: Baht)	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	7	197,930,209	177,518,095
Trade and other receivables	8	550,780,244	427,821,088
Inventories	9	203,191,260	195,523,678
Other current financial assets	10	296,166,694	358,638,151
Other current assets		12,782,691	18,083,599
Total current assets		1,260,851,098	1,177,584,611
Non-current assets			
Investment in equity instrument of a non-listed company	11	35,739,712	40,240,754
Investment properties	12	116,817,909	118,755,447
Property, plant and equipment	13	895,068,296	931,106,987
Intangible assets	14	13,687,198	6,786,031
Deferred tax assets	23	8,667,831	8,497,442
Other non-current assets		49,278,410	37,438,269
Total non-current assets		1,119,259,356	1,142,824,930
Total assets		2,380,110,454	2,320,409,541

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 2022

		(Unit: Baht)	
	Note	2022	2021
Liabilities and shareholders' equity			
Current liabilities			
Short-term loan from a bank	15	100,000,000	100,000,000
Trade and other payables	16	581,998,198	476,461,262
Current portion of lease liabilities	17	2,212,553	2,262,508
Income tax payable		5,886,635	4,059,299
Other current liabilities		14,727,849	15,548,494
Total current liabilities		704,825,235	598,331,563
Non-current liabilities			
Lease liabilities - net of current portion	17	3,179,309	3,032,032
Provision for long-term employee benefits	18	49,988,261	50,625,065
Provision for product warranty	19	73,977,535	73,233,522
Deferred tax liability	23	2,007,142	2,907,351
Other non-current liabilities		519,600	999,600
Total non-current liabilities		129,671,847	130,797,570
Total liabilities		834,497,082	729,129,133

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 2022

		(Unit: Baht)	
	Note	2022	2021
Shareholders' equity			
Share capital			
Registered			
268,500,000 ordinary shares of Baht 1 each		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
Share premium		464,870,185	464,870,185
Retained earnings			
Appropriated - statutory reserve	20	26,850,000	26,850,000
Unappropriated		786,064,617	828,130,820
Other components of shareholders' equity		8,028,570	11,629,403
Total shareholders' equity		1,545,613,372	1,591,280,408
Total liabilities and shareholders' equity		2,380,110,454	2,320,409,541
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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
Statement of comprehensive income
For the year ended 30 September 2022

(Unit: Baht)

	Note	2022	2021
Profit or loss:			
Revenues			
Sales	21	2,644,336,329	2,602,510,377
Other income			
Compensation from import duty	29.5	36,769,949	217,651
Others		21,391,099	10,385,164
Total revenues		<u>2,702,497,377</u>	<u>2,613,113,192</u>
Expenses			
Cost of sales		2,243,734,415	2,124,354,009
Selling and distribution expenses		38,272,046	39,477,734
Administrative expenses		205,320,855	211,874,127
Total expenses		<u>2,487,327,316</u>	<u>2,375,705,870</u>
Profit from operating activities		215,170,061	237,407,322
Finance income		2,176,008	3,047,330
Finance cost		(1,275,786)	(1,574,597)
Profit before income tax expenses		216,070,283	238,880,055
Income tax expenses	23	(7,462,108)	(1,774,590)
Profit for the year		<u>208,608,175</u>	<u>237,105,465</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Gain (loss) on changes in value of equity investments designated at fair value through other comprehensive income - net of income tax	11, 23	(3,600,833)	2,028,175
Actuarial gain - net of income tax	18, 23	9,119,422	2,943,289
Other comprehensive income for the year		<u>5,518,589</u>	<u>4,971,464</u>
Total comprehensive income for the year		<u>214,126,764</u>	<u>242,076,929</u>
Earnings per share			
25			
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.80</u>	<u>0.91</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 2022**

	(Unit: Baht)	
	2022	2021
Cash flows from operating activities		
Profit before tax	216,070,283	238,880,055
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	111,073,233	119,146,568
Reduction of inventory to net realisable value (reversal)	(2,091,914)	1,687,633
Gain on disposal/write-off of equipment	(260,040)	(163,274)
Write-off of import duty refundable	6,441,792	-
Provisions	1,553,310	35,241,193
Provision for long-term employee benefits	8,715,905	6,983,801
Unrealised gain on exchange	(3,403,829)	(400,374)
Finance income	(2,176,008)	(3,047,330)
Finance cost	1,275,786	1,574,597
Profit from operating activities before changes in operating assets and liabilities	337,198,518	399,902,869
Operating assets (increase) decrease		
Trade and other receivables	(121,915,610)	(46,956,889)
Inventories	(5,575,668)	(49,497,801)
Other current assets	(1,140,884)	2,902,005
Other non-current assets	(35,239,152)	(21,275,533)
Operating liabilities increase (decrease)		
Trade and other payables	100,842,400	69,569,264
Other current liabilities	(820,645)	3,671,448
Other non-current liabilities	(480,000)	(473,400)
Cash flows from operating activities	272,868,959	357,841,963
Cash paid for provision for product warranty	(809,297)	(1,099,192)
Cash paid for interest expenses	(1,272,772)	(1,574,597)
Cash paid for income tax	(6,038,448)	(5,893,503)
Net cash flows from operating activities	264,748,442	349,274,671

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 2022

	(Unit: Baht)	
	2022	2021
Cash flows from investing activities		
Decrease (increase) in other current financial assets	62,471,457	(343,638,151)
Cash paid for purchase of equipment	(60,127,827)	(67,858,263)
Cash paid for purchase of intangible assets	(9,137,705)	-
Proceeds from sales of equipment	21,236,480	310,692
Interest received	3,468,106	797,931
Net cash flows from (used in) investing activities	17,910,511	(410,387,791)
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(2,453,039)	(3,401,093)
Dividend paid	(259,793,800)	(233,819,800)
Net cash flows used in financing activities	(262,246,839)	(237,220,893)
Net increase (decrease) in cash and cash equivalents	20,412,114	(298,334,013)
Cash and cash equivalents at beginning of year	177,518,095	475,852,108
Cash and cash equivalents at end of year (Note 7)	197,930,209	177,518,095
	-	-
Supplemental cash flows information		
Increase in other payables from purchase of equipment	5,759,707	1,859,316
Transfer other non-current assets to equipment	23,399,011	14,086,000
Equipment increased from lease liabilities	2,550,361	137,588

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 2022

(Unit: Baht)

	Issued and paid-up		Retained earnings		Other component of	Total
	share capital	Share premium	Appropriated - statutory reserve	Unappropriated	shareholders' equity Other comprehensive income - Fair value reserve	
Balance as at 1 October 2020	259,800,000	464,870,185	26,850,000	821,901,866	9,601,228	1,583,023,279
Profit for the year	-	-	-	237,105,465	-	237,105,465
Other comprehensive income for the year	-	-	-	2,943,289	2,028,175	4,971,464
Total comprehensive income for the year	-	-	-	240,048,754	2,028,175	242,076,929
Dividend paid (Note 28)	-	-	-	(233,819,800)	-	(233,819,800)
Balance as at 30 September 2021	259,800,000	464,870,185	26,850,000	828,130,820	11,629,403	1,591,280,408
Balance as at 1 October 2021	259,800,000	464,870,185	26,850,000	828,130,820	11,629,403	1,591,280,408
Profit for the year	-	-	-	208,608,175	-	208,608,175
Other comprehensive income for the year	-	-	-	9,119,422	(3,600,833)	5,518,589
Total comprehensive income for the year	-	-	-	217,727,597	(3,600,833)	214,126,764
Dividend paid (Note 28)	-	-	-	(259,793,800)	-	(259,793,800)
Balance as at 30 September 2022	259,800,000	464,870,185	26,850,000	786,064,617	8,028,570	1,545,613,372
	-	-	-	-	-	-
	-	-	-	-	-	-

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 2022

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 700/737, Moo 1, Tambol Panthong, Amphur Panthong, Chonburi.

2. Basis of 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, 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 financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, 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.

3.2 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 the adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable after deducting any consideration payable to customers, excluding value added tax.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 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.

4.3 Inventories

Finished goods and work in process are valued at the lower of cost under the first-in, first-out method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes raw material costs, labour costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.4 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 year when the asset is derecognised.

4.5 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	-	20, 40 years
Building improvement	-	5 - 25 years
Machinery and factory equipment	-	3 - 20 years
Tools	-	1 - 20 years
Molds	-	1 - 10 years
Motor vehicles	-	10 years
Furniture, fixtures and office equipment	-	3 - 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.

4.6 Intangible assets

The intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line 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:

Computer software	-	3 - 10 years
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No amortisation is provided on computer software under installation.

4.7 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Office equipment	-	5 years
Motor vehicles	-	1 - 5 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right of use are presented as property, plant and equipment in the financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.8 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 associates and individuals or enterprises 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.

4.9 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.

4.10 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties 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.

4.11 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 benefit

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. 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 are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income and actuarial gains and losses arising from other long-term benefit are recognised in profit and loss.

4.12 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.

4.13 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.

4.14 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from obsolete and slow-moving inventories based upon aging profile of inventories and the prevailing economic condition.

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

Assurance-type warranty to customers

The management estimates the warranty expenses for product return and repair of which sales are incurred during the year and are under warranty policy. The estimation is based on past experience and the history of actual claim.

Litigation

The Company has contingent liabilities as a result of litigation. This requires judgements from management to assess of the results of the litigation.

6. Related party transactions

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)		
	2022	2021	Transfer Pricing Policy
<u>Transactions with related companies</u>			
Sales of goods	198	159	Cost plus margin
Other income	3	10	Cost plus margin
Purchases of raw materials and finished goods	406	381	Cost plus margin
Purchases of assets	8	3	Agreed upon basis
Royalty fee	18	17	2% on the net sales amount

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

	(Unit: Thousand Baht)	
	2022	2021
Trade and other receivables - related parties (Note 8)		
<u>Trade receivables - related parties</u>		
Related companies	61,153	35,060
<u>Other receivables - related parties</u>		
Related companies	24	25
Trade and other payables - related parties (Note 16)		
<u>Trade payables - related parties</u>		
Related companies	82,041	70,566
<u>Other payables - related parties</u>		
Related companies	632	1,398
<u>Accrued royalty fee - related party</u>		
Related company	4,909	3,803
<u>Directors and management's benefits</u>		

During the years ended 30 September 2022 and 2021, the Company provided employee benefit expenses to its directors and management as below.

	(Unit: Thousand Baht)	
	2022	2021
Short-term employee benefits	84,256	82,791
Post-employee benefits	5,290	4,131
Total	89,546	86,922

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2022	2021
Cash	306	411
Bank deposits	197,624	177,107
Total	197,930	177,518

As at 30 September 2022 and 2021, bank deposits in savings accounts and fixed deposits carried interest at the rates between 0.05% and 0.25% per annum.

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2022	2021
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	52,350	30,828
Past due up to 3 months	8,803	4,232
Total trade receivables - related parties	61,153	35,060
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	483,975	379,727
Past due		
Up to 3 months	3,752	6,615
3 - 6 months	156	124
6 - 12 months	80	4
Over 12 months	2	-
Total trade receivables - unrelated parties	487,965	386,470
Total trade receivables - net	549,118	421,530
<u>Other receivables</u>		
Other receivables - related parties	24	25
Other receivables - unrelated parties	1,638	6,266
Total other receivables - net	1,662	6,291
Total trade and other receivables - net	550,780	427,821

The normal credit term is 30 to 60 days.

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
	Finished goods	46,202	42,418	(769)	(553)	45,433
Work in process	31,884	37,056	(301)	(449)	31,583	36,607
Raw materials	106,662	102,456	(2,724)	(4,884)	103,938	97,572
Goods in transit	17,384	17,133	-	-	17,384	17,133
Spare parts and factory supplies	4,853	2,347	-	-	4,853	2,347
Total	206,985	201,410	(3,794)	(5,886)	203,191	195,524

During the year 2022, the Company reversed the write-down of cost of inventories by Baht 2 million and reduced the amount of inventories recognised as expenses during the year.

During the year 2021, the Company reduced cost of inventories by Baht 2 million, to reflect the net realisable value. This was included in cost of sales.

10. 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.

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost	
			2022	2021	2022	2021	2022	2021
					(%)	(%)	(Thousand Baht)	(Thousand Baht)
HI-LEX Vietnam Co., Ltd.	Manufacture automobile parts	Vietnam	VND 211,092 million or equivalent to USD 11.15 million	VND 211,092 million or equivalent to USD 11.15 million	6.28	6.28	40,241	37,705
Add: Gain (loss) on changes in fair value through other comprehensive income							(4,501)	2,536
							<u>35,740</u>	<u>40,241</u>

12. Investment properties

The net book value of investment properties as at 30 September 2022 and 2021 are presented below.

	(Unit: Thousand Baht)		
	Land and land improvement	Building and building improvement	Total
30 September 2022:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(134,493)	(138,569)
Net book value	<u>89,434</u>	<u>27,384</u>	<u>116,818</u>
30 September 2021:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(132,556)	(136,632)
Net book value	<u>89,434</u>	<u>29,321</u>	<u>118,755</u>

A reconciliation of the net book value of investment properties for the years 2022 and 2021 are presented below.

	(Unit: Thousand Baht)	
	2022	2021
Net book value at beginning of year	118,755	120,784
Depreciation	(1,937)	(2,029)
Net book value at end of year	<u>116,818</u>	<u>118,755</u>

The fair value of investment properties as at 30 September 2022 and 2021 stated below:

	(Unit: Thousand Baht)	
	2022	2021
Land	332,400	332,400
Buildings	68,400	68,400
Total	<u>400,800</u>	<u>400,800</u>

The fair value of the investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the buildings has been determined using the replacement cost approach. Their fair value hierarchy are at Level 2.

13. Property, plant and equipment

(Unit: Thousand Baht)

	2022	2021
Net book value		
Property, plant and equipment	889,794	926,068
Right-of-use assets (Note 17)	5,274	5,039
Total	895,068	931,107

(Unit: Thousand Baht)

	Land and land improvement	Building and building improvement	Machinery, factory equipment, tools and molds	Motor vehicles	Furniture, fixtures and office equipment	Asset under installation and construction	Total
Cost							
1 October 2020	142,981	627,028	1,329,788	8,748	72,870	79,145	2,260,560
Additions	-	55	6,530	-	1,392	61,806	69,783
Disposals/write-off	-	(885)	(16,440)	-	(826)	-	(18,151)
Transfers in (out)	-	114	36,503	-	1,162	(23,694)	14,085
30 September 2021	142,981	626,312	1,356,381	8,748	74,598	117,257	2,326,277
Additions	-	226	1,602	-	524	63,535	65,887
Disposals/write-off	-	-	(39,722)	-	(14,863)	-	(54,585)
Transfers in (out)	-	51,092	79,104	-	307	(107,104)	23,399
30 September 2022	142,981	677,630	1,397,365	8,748	60,566	73,688	2,360,978
Accumulated depreciation							
1 October 2020	242	226,163	1,018,391	2,269	60,298	-	1,307,363
Depreciation for the year	36	16,562	87,826	1,004	5,357	-	110,785
Depreciation on disposals/ write-off	-	(885)	(16,258)	-	(796)	-	(17,939)
30 September 2021	278	241,840	1,089,959	3,273	64,859	-	1,400,209
Depreciation for the year	36	18,101	80,961	1,004	4,481	-	104,583
Depreciation on disposals/ write-off	-	-	(18,750)	-	(14,858)	-	(33,608)
30 September 2022	314	259,941	1,152,170	4,277	54,482	-	1,471,184
Net book value							
30 September 2021	142,703	384,472	266,422	5,475	9,739	117,257	926,068
30 September 2022	142,667	417,689	245,195	4,471	6,084	73,688	889,794

Depreciation for the year

2021 (Baht 103 million included in cost of sales, and the remaining balance in selling and administrative expenses)	110,785
2022 (Baht 98 million included in cost of sales, and the remaining balance in selling and administrative expenses)	104,583

As at 30 September 2022, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 735 million (2021: Baht 615 million).

14. Intangible assets

The net book value of intangible assets as at 30 September 2022 and 2021 are presented below.

	(Unit: Thousand Baht)		
	Computer software	Computer software under installation	Total
30 September 2022:			
Cost	88,150	9,047	97,197
Less: Accumulated amortization	(83,510)	-	(83,510)
Net book value	<u>4,640</u>	<u>9,047</u>	<u>13,687</u>
30 September 2021:			
Cost	88,660	-	88,660
Less: Accumulated amortisation	(81,874)	-	(81,874)
Net book value	<u>6,786</u>	<u>-</u>	<u>6,786</u>

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 are presented below.

	(Unit: Thousand Baht)	
	2022	2021
Net book value at beginning of year	6,786	10,201
Additions	9,138	-
Amortisation	(2,237)	(3,415)
Net book value at end of year	<u>13,687</u>	<u>6,786</u>

15. Short-term loan from a bank

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

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

16. Trade and other payables

	(Unit: Thousand Baht)	
	2022	2021
Trade payables - related parties	82,041	70,566
Trade payables - unrelated parties	382,753	293,588
Other payables	27,538	20,156
Accrued expenses	89,666	92,151
Total	<u>581,998</u>	<u>476,461</u>

17. Leases

The Company as a lessee

The Company has lease contracts for various items of office equipment and motor vehicles used in its operations. Leases generally have lease terms between 1 - 5 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 30 September 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)		
	Office equipment	Motor vehicles	Total
As at 1 October 2020	-	7,819	7,819
Additions	-	138	138
Depreciation for the year	-	(2,918)	(2,918)
As at 30 September 2021	-	5,039	5,039
Additions	457	2,094	2,551
Depreciation for the year	(54)	(2,262)	(2,316)
As at 30 September 2022	<u>403</u>	<u>4,871</u>	<u>5,274</u>

b) Lease liabilities

	(Unit: Thousand Baht)	
	2022	2021
Lease payments	5,799	5,566
Less: Deferred interest expenses	(407)	(271)
Total	<u>5,392</u>	<u>5,295</u>
Less: Portion due within one year	<u>(2,213)</u>	<u>(2,263)</u>
Portion due more than one year	<u>3,179</u>	<u>3,032</u>

Movements of the lease liability account during the years ended 30 September 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)	
	2022	2021
Balance at beginning of year	5,295	8,558
Additions	2,551	138
Accretion of interest	179	273
Repayments	(2,633)	(3,674)
Balance at end of year	<u>5,392</u>	<u>5,295</u>

A maturity analysis of lease payments is disclosed in Note 30.1 to the financial statements under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	For the years ended	
	30 September	
	2022	2021
Depreciation expense of right-of-use assets	2,316	2,918
Interest expense on lease liabilities	179	273
Expense relating to short-term leases	393	678
Expense relating to leases of low-value assets	7,973	3,544

d) Others

The Company had total cash outflows for leases for the year ended 30 September 2022 of Baht 9 million (2021: Baht 7 million), including the cash outflow related to short-term lease and leases of low-value assets. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 3 million (2021: Baht 0.1 million).

18. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Provision for retirement benefits	Provision for other long-term benefits	Total
Balance as at 1 October 2020	41,253	5,427	46,680
Included in profit or loss:			
Current service cost	6,230	760	6,990
Interest cost	966	70	1,036
Actuarial gain	-	(1,043)	(1,043)
Included in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumptions changes	4,078	-	4,078
Financial assumptions changes	(5,079)	-	(5,079)
Experience adjustments	(2,037)	-	(2,037)
Balance as at 30 September 2021	45,411	5,214	50,625
Included in profit or loss:			
Current service cost	7,587	965	8,552
Interest cost	1,161	85	1,246
Actuarial gain	-	(1,082)	(1,082)
Included in other comprehensive income:			
Actuarial gain arising from financial assumptions changes	(9,353)	-	(9,353)
Balance as at 30 September 2022	44,806	5,182	49,988

During the years 2022 and 2021, the Company expects no long-term employee benefits payment during the next year.

As at 30 September 2022, the weighted average duration of the liabilities for long-term employee benefit is 19 years (2021: 17 years).

Significant actuarial assumptions are summarised below:

	2022 (% per annum)	2021 (% per annum)
Discount rate	2.28 - 4.11	0.51 - 2.82
Salary increase rate	2.5 - 5.5	2.5 - 5.5
Employee turnover rate (depending on age of employee)	3.0 - 17.0	3.0 - 17.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 September 2022 are summarised below:

	(Unit: Thousand Baht)	
	2022	
	Increase 1%	Decrease 1%
Discount rate	(7,297)	8,727
Salary increase rate	9,055	(7,616)
	Increase 10%	Decrease 10%
	depending on age	depending on age
Turnover rate	(2,842)	3,041

	(Unit: Thousand Baht)	
	2021	
	Increase 1%	Decrease 1%
Discount rate	(6,473)	7,722
Salary increase rate	8,004	(6,725)
	Increase 10%	Decrease 10%
	depending on age	depending on age
Turnover rate	(2,548)	2,703

19. Provision for product warranty

Movements during the years ended 30 September 2022 and 2021 were summarised below.

	(Unit: Thousand Baht)
As at 1 October 2020	39,092
Increase during the year	36,925
Utilised	(1,099)
Reversal of provisions	(1,684)
As at 30 September 2021	73,234
Increase during the year	1,946
Utilised	(809)
Reversal of provisions	(393)
As at 30 September 2022	73,978

Provisions 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.

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

21. Revenue from contracts with customers

	(Unit: Thousand Baht)	
	2022	2021
Type of goods and services		
Automobile control cables	1,766,113	1,815,156
Motorcycle control cables	389,708	358,977
Automobile window regulators	341,095	329,719
Part and product testing	1,481	7,619
Others	147,792	93,295
Total	2,646,189	2,604,766
Less: Consideration payable to a customer	(1,853)	(2,256)
Total revenue from contracts with customers	2,644,336	2,602,510

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2022	2021
Salaries and wages and other employee benefits	485,818	472,628
Depreciation	108,836	115,732
Amortisation	2,237	3,415
Provision for product warranty	1,553	35,241
Rental expenses	8,366	6,999
Raw materials and consumables used	1,407,870	1,360,384
Changes in finished goods and work in process	1,388	(20,572)
Reduction of inventories to net realisable value (reversal)	(2,092)	1,688
Packaging expenses	10,807	10,954

23. Income tax

Income tax expenses for the years ended 30 September 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)	
	2022	2021
Current income tax:		
Current income tax charge	7,866	9,953
Deferred tax:		
Relating to origination and reversal of temporary differences	(404)	(8,178)
Income tax expenses reported in profit or loss	<u>7,462</u>	<u>1,775</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 30 September 2022 and 2021 are as follows:

	(Unit: Thousand Baht)	
	2022	2021
Deferred tax on gain (loss) from the change in value of financial assets measured at FVOCI	(900)	507
Deferred tax relating to actuarial gain	233	95
Total	<u>(667)</u>	<u>602</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	2022	2021
Accounting profit before tax	<u>216,070</u>	<u>238,880</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	43,214	47,776
Recording of previously unrecognised deferred tax assets	(203)	(7,876)
Effects of:		
Promotional privileges (Note 24)	(36,605)	(37,889)
Non-deductible expenses	2,840	969
Additional expense deductions allowed	(1,784)	(1,205)
Total	<u>(35,549)</u>	<u>(38,125)</u>
Income tax expenses reported in profit or loss	<u>7,462</u>	<u>1,775</u>

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

(Unit: Thousand Baht)

	As at 30 September 2022	As at 30 September 2021
Deferred tax assets		
Allowance for diminution in value of inventories	94	123
Provision for long-term employee benefits	8,821	8,840
Provision for product warranty	99	97
Others	178	286
Accumulated depreciation - investment properties	(521)	(556)
Advance payments tax	-	(291)
Lease	(3)	(2)
Total	8,668	8,497
Deferred tax liabilities		
Unrealised fair value gain on investments	2,007	2,907
Total	2,007	2,907

24. Promotional privileges

The Company has received promotional privileges from the Board of Investment for various operations. Subject to certain imposed conditions, as at 30 September 2022, the important privileges 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	1539(2)/2557	Expired	7 years	2 March 2016
Manufacture of control cable of vehicles and window regulator of automobiles	60-0797-0-00-1-0	Expire on 19 January 2023	7 years	4 May 2017
Manufacture of control cable of vehicles and component and window regulator of automobiles and component	61-1445-1-04-1-0	Expire on 13 December 2021	3 years	2 April 2019
Manufacture of control cable, window regulator and component	63-0564-1-04-1-0	Expire on 27 May 2023	3 years	2 July 2020
Manufacture of control cable of	60-0798-0-00-1-0	Expire on	7 years	8 November 2021

	Investment promotion certificate no.	Exemption from import duty on machines	Exemption from corporate income tax for the periods	Commencing from
vehicles and window regulator of automobiles		19 January 2023		
Manufacture of control cable of vehicles and window regulator of automobiles	60-0799-0-00-1-0	Expire on 19 January 2023	7 years	Not yet commencing

The Company's operating revenues for the years ended 30 September 2022 and 2021, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2022	2021	2022	2021	2022	2021
Sales						
Domestic sales	2,277,751	2,157,203	220,868	320,090	2,498,619	2,477,293
Export sales	36,794	48,020	108,923	77,197	145,717	125,217
Total sales	2,314,545	2,205,223	329,791	397,287	2,644,336	2,602,510

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

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

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 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.

Major customers

For the year 2022, the Company has revenues from 4 major customer groups in amount of Baht 441 million, Baht 386 million, Baht 334 million and Baht 266 million, respectively. (2021: 4 major customer groups in amount of Baht 476 million, Baht 383 million, Baht 307 million and Baht 253 million, respectively).

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% 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. The contributions for the year 2022 amounting to Baht 7 million (2021: Baht 5 million) were recognised as expenses.

28. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(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 Directors Meeting on 10 May 2021	103,920	0.40
Total dividends for 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 Directors Meeting on 10 May 2022	103,918	0.40
Total dividends for year 2022		<u>259,794</u>	<u>1.00</u>

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 30 September 2022, the Company had capital commitments of approximately Baht 70 million and USD 0.16 million (2021: Baht 45 million and USD 0.22 million), relating to the purchase of equipment.

29.2 Lease commitments

As at 30 September 2022 and 2021, the Company has future short-term lease, leases of low-value assets and service agreement payments required under these non-cancellable contracts as follows.

	(Unit: Million Baht)	
	2022	2021
Payable		
In up to 1 year	16	30
In over 1 year and up to 5 years	4	15
Total	<u>20</u>	<u>45</u>

29.3 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 fees for the year ended 30 September 2022 amounting to Baht 18 million (2021: Baht 17 million) were recognised as expenses.

29.4 Guarantees

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

29.5 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.

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.

30. Financial instruments

30.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade and other receivables, financial assets, investments in equity, short-term loans and trade and other payables. 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 maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Company does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Financial instruments and cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors and may be subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Market risk

There are two types of market risk comprising currency risk and interest rate risk.

Foreign currency risk

The Company's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies.

As at 30 September 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	1.3	0.9	1.0	0.6	37.91	33.92
JPY	8.0	4.3	91.7	104.3	0.26	0.30

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in US dollar and Japanese yen exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 30 September 2022 and 2021.

Currency	2022		2021	
	Change in FX rate	Effect on profit before tax	Change in FX rate	Effect on profit before tax
	(%)	(Million Baht)	(%)	(Million Baht)
USD	+12	1.1	+12	0.8
	-12	(1.1)	-12	(0.8)
JPY	+7	(2.6)	+7	(3.6)
	-7	2.6	-7	3.6

This information is not a forecast or prediction of future market conditions and should be used with care.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and short-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 30 September 2022 and 2021, 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)

	2022					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalent	-	-	118.9	79.0	197.9	0.05 - 0.25
Trade and other receivables	-	-	-	550.8	550.8	-
Other current financial assets	296.2	-	-	-	296.2	0.55 - 0.60
Investment in equity instrument of a non-listed company	-	-	-	35.7	35.7	-
	<u>296.2</u>	<u>-</u>	<u>118.9</u>	<u>665.5</u>	<u>1,080.6</u>	
Financial liabilities						
Short-term loan from a bank	100.0	-	-	-	100.0	1.10
Trade and other payables	-	-	-	582.0	582.0	-
Lease liabilities	2.2	3.2	-	-	5.4	3.75 and 5.02
	<u>102.2</u>	<u>3.2</u>	<u>-</u>	<u>582.0</u>	<u>687.4</u>	

(Unit: Million Baht)

	2021					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalent	-	-	113.7	63.8	177.5	0.05 - 0.25
Trade and other receivables	-	-	-	427.8	427.8	-
Other current financial assets	358.6	-	-	-	358.6	0.55 - 0.95
Investment in equity instrument of a non-listed company	-	-	-	40.2	40.2	-
	<u>358.6</u>	<u>-</u>	<u>113.7</u>	<u>531.8</u>	<u>1,004.1</u>	
Financial liabilities						
Short-term loan from a bank	100.0	-	-	-	100.0	1.10
Trade and other payables	-	-	-	476.5	476.5	-
Lease liabilities	2.3	3.0	-	-	5.3	3.75
	<u>102.3</u>	<u>3.0</u>	<u>-</u>	<u>476.5</u>	<u>581.8</u>	

Liquidity risk

The Company monitors liquidity risks and maintains levels of cash and cash equivalents. The management considers that it is sufficient to finance its operation. The Company has sufficient access to a variety of sources of funds to reduce the impact of cash flow fluctuations.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at 30 September 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	2022		
	Less than 1 year	1 - 5 years	Total
Non-derivatives			
Short-term loans from financial institutions	100,271	-	100,271
Trade and other payables	581,998	-	581,998
Lease liabilities	2,403	3,396	5,799
Total non-derivatives	684,672	3,396	688,068

(Unit: Thousand Baht)

	2021		
	Less than 1 year	1 - 5 years	Total
Non-derivatives			
Short-term loans from financial institutions	100,271	-	100,271
Trade and other payables	476,461	-	476,461
Lease liabilities	2,418	3,148	5,566
Total non-derivatives	579,150	3,148	582,298

30.2 Fair values of financial instruments

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.

The estimated fair value of financial instrument, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	As at 30 September 2022		As at 30 September 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in equity instrument of a non-listed company	26	36	26	40

The method used in estimating the fair value of Investment in equity instrument of a non-listed company is adjusted net book value. Its fair value hierarchy is categorised within Level 3.

During the current year, 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.

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 2022, the Company's debt-to-equity ratio was 0.54:1 (2021: 0.46:1).

32. Event after the reporting period

On 22 November 2022, a meeting of Company's Board of Directors passed a resolution to propose the payment of a dividend for the year 2022 of Baht 0.60 per share, or a total of Baht 155.9 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 2023.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 November 2022.