

Thai Steel Cable Public Company Limited  
Review report and interim financial information  
For the three-month and six-month periods ended  
31 March 2021

## **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 31 March 2021, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-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 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: 10 May 2021

**Thai Steel Cable Public Company Limited****Statement of financial position****As at 31 March 2021**

		(Unit: Thousand Baht)	
	Note	31 March 2021	30 September 2020
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		118,043	475,852
Current investments	2	-	15,000
Trade and other receivables	4	481,061	377,701
Inventories	5	183,704	147,713
Other current financial assets	6	358,638	-
Other current assets		22,045	20,986
<b>Total current assets</b>		<b>1,163,491</b>	<b>1,037,252</b>
<b>Non-current assets</b>			
Long-term investment	2	-	25,704
Investment in equity instrument of a non-listed company	7	38,140	-
Investment properties	8	119,760	120,784
Property, plant and equipment	9	951,954	953,197
Intangible assets	10	9,357	10,201
Deferred tax assets		1,099	414
Other non-current assets		39,347	30,249
<b>Total non-current assets</b>		<b>1,159,657</b>	<b>1,140,549</b>
<b>Total assets</b>		<b>2,323,148</b>	<b>2,177,801</b>

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

**Thai Steel Cable Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2021**

		(Unit: Thousand Baht)	
	Note	31 March 2021	30 September 2020
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loan from a bank	11	100,000	100,000
Trade and other payables	12	485,109	404,519
Current portion of finance lease payables	2	-	574
Current portion of lease liabilities		2,942	-
Income tax payable		5,849	-
Other current liabilities		15,150	11,877
<b>Total current liabilities</b>		<b>609,050</b>	<b>516,970</b>
<b>Non-current liabilities</b>			
Finance lease payables - net of current portion	2	-	165
Lease liabilities - net of current portion		3,919	-
Provision for long-term employee benefits	13	50,030	46,680
Provision for product warranty	14	73,759	39,091
Deferred tax liability		2,487	-
Other non-current liabilities		526	1,473
<b>Total non-current liabilities</b>		<b>130,721</b>	<b>87,409</b>
<b>Total liabilities</b>		<b>739,771</b>	<b>604,379</b>

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

**Thai Steel Cable Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2021**

	(Unit: Thousand Baht)	
	31 March 2021	30 September 2020
	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>		
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	821,908	821,902
Other component of shareholders' equity	9,949	-
<b>Total shareholders' equity</b>	<b>1,583,377</b>	<b>1,573,422</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,323,148</b>	<b>2,177,801</b>
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The accompanying notes are an integral part of the financial statements.

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Directors

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(Unaudited but reviewed)

**Thai Steel Cable Public Company Limited**

**Statement of comprehensive income**

**For the three-month period ended 31 March 2021**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2021	2020
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales	15	707,914	649,317
Other income		3,380	4,741
<b>Total revenues</b>		<u>711,294</u>	<u>654,058</u>
<b>Expenses</b>			
Cost of sales		566,776	537,871
Selling and distribution expenses		10,577	7,772
Administrative expenses		48,423	54,288
<b>Total expenses</b>		<u>625,776</u>	<u>599,931</u>
<b>Profit from operating activities</b>		<u>85,518</u>	<u>54,127</u>
Finance income		785	538
Finance cost		(429)	(27)
<b>Profit before income tax expenses</b>		<u>85,874</u>	<u>54,638</u>
Income tax expenses	16	(4,680)	(2,328)
<b>Profit for the period</b>		<u>81,194</u>	<u>52,310</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Gain on changes in value of equity investments designated at fair value through other comprehensive income - net of income tax	16	1,479	-
Other comprehensive income for the period		1,479	-
<b>Total comprehensive income for the period</b>		<u>82,673</u>	<u>52,310</u>
<b>Earnings per share</b>	17		
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.31</u>	<u>0.20</u>
Weighted average number of ordinary shares (Thousand shares)		<u>259,800</u>	<u>259,800</u>

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

(Unaudited but reviewed)

**Thai Steel Cable Public Company Limited**  
**Statement of comprehensive income**  
**For the six-month period ended 31 March 2021**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2021	2020
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales	15	1,385,853	1,268,549
Other income		7,695	11,457
<b>Total revenues</b>		<u>1,393,548</u>	<u>1,280,006</u>
<b>Expenses</b>			
Cost of sales		1,147,537	1,063,782
Selling and distribution expenses		21,457	17,132
Administrative expenses		89,975	108,263
<b>Total expenses</b>		<u>1,258,969</u>	<u>1,189,177</u>
<b>Profit from operating activities</b>		134,579	90,829
Finance income		1,397	1,549
Finance cost		(876)	(79)
<b>Profit before income tax expenses</b>		135,100	92,299
Income tax expenses	16	(5,194)	(4,715)
<b>Profit for the period</b>		<u>129,906</u>	<u>87,584</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Gain on changes in value of equity investments designated at fair value through other comprehensive income - net of income tax	16	348	-
Other comprehensive income for the period		348	-
<b>Total comprehensive income for the period</b>		<u>130,254</u>	<u>87,584</u>
<b>Earnings per share</b>	17		
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.50</u>	<u>0.34</u>
Weighted average number of ordinary shares (Thousand shares)		<u>259,800</u>	<u>259,800</u>

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

(Unaudited but reviewed)

**Thai Steel Cable Public Company Limited**

**Cash flows statement**

**For the six-month period ended 31 March 2021**

	(Unit: Thousand Baht)	
	2021	2020
<b>Cash flows from operating activities</b>		
Profit before tax	135,100	92,299
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	59,859	59,724
Reduction of inventory to net realisable value (reversal)	933	(5,735)
Gain on disposal/write-off of equipment	(95)	(255)
Provisions (reversal)	35,257	(692)
Provision for long-term employee benefits	3,350	3,837
Unrealised gain on exchange	(610)	(108)
Finance income	(1,397)	(1,549)
Finance cost	876	79
Profit from operating activities before changes in operating assets and liabilities	233,273	147,600
Operating assets (increase) decrease		
Trade and other receivables	(101,779)	43,813
Inventories	(36,924)	29,006
Other current assets	(1,059)	8,578
Other non-current assets	(9,098)	(2,427)
Operating liabilities increase (decrease)		
Trade and other payables	79,399	(133,649)
Other current liabilities	3,273	(273)
Other non-current liabilities	(947)	(543)
Cash flows from operating activities	166,138	92,105
Cash paid for provision for long-term employee benefits	-	(8,493)
Cash paid for provision for product warranty	(589)	-
Cash paid for interest expenses	(723)	(79)
Cash paid for income tax	(30)	(1,047)
<b>Net cash flows from operating activities</b>	<b>164,796</b>	<b>82,486</b>

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



(Unaudited but reviewed)

**Thai Steel Cable Public Company Limited**

**Cash flows statement (continued)**

**For the six-month period ended 31 March 2021**

(Unit: Thousand Baht)

	2021	2020
<b>Cash flows from investing activities</b>		
Increase in other current financial assets	(343,638)	(60,154)
Cash paid for purchase of equipment	(48,060)	(24,644)
Cash paid for purchase of intangible assets	-	(1,020)
Proceeds from sales of equipment	132	3,840
Interest received	711	1,545
<b>Net cash flows used in investing activities</b>	<b>(390,855)</b>	<b>(80,433)</b>
<b>Cash flows from financing activities</b>		
Payment of principal portion of lease liabilities	(1,850)	(1,767)
Dividend paid	(129,900)	(155,880)
<b>Net cash flows used in financing activities</b>	<b>(131,750)</b>	<b>(157,647)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(357,809)</b>	<b>(155,594)</b>
Cash and cash equivalents at beginning of period	475,852	443,499
<b>Cash and cash equivalents at end of period</b>	<b>118,043</b>	<b>287,905</b>
	-	
Non-cash items		
Increase in other payables from purchase of equipment	906	2,947
Transfer other non-current assets to equipment	-	10,366

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

(Unaudited but reviewed)

**Thai Steel Cable Public Company Limited**

**Statement of changes in shareholders' equity**

**For the six-month period ended 31 March 2021**

(Unit: Thousand Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income - Fair value reserve	
<b>Balance as at 1 October 2019</b>	259,800	464,870	26,850	892,735	-	1,644,255
Dividend paid (Note 19)	-	-	-	(155,880)	-	(155,880)
Total comprehensive income for the period	-	-	-	87,584	-	87,584
<b>Balance as at 31 March 2020</b>	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>824,439</u>	<u>-</u>	<u>1,575,959</u>
<b>Balance as at 1 October 2020</b>	259,800	464,870	26,850	821,902	-	1,573,422
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	9,601	9,601
<b>Balance as at 1 October 2020 - as restated</b>	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>821,902</u>	<u>9,601</u>	<u>1,583,023</u>
Profit for the period	-	-	-	129,906	-	129,906
Other comprehensive income for the period	-	-	-	-	348	348
Total comprehensive income for the period	-	-	-	129,906	348	130,254
Dividend paid (Note 19)	-	-	-	(129,900)	-	(129,900)
<b>Balance as at 31 March 2021</b>	<u>259,800</u>	<u>464,870</u>	<u>26,850</u>	<u>821,908</u>	<u>9,949</u>	<u>1,583,377</u>

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

## **Thai Steel Cable Public Company Limited**

### **Notes to interim financial statements**

#### **For the three-month and six-month periods ended 31 March 2021**

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

### **1.2 Basis for the preparation of interim financial information**

These interim financial information are prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial information. 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 information is 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 information should therefore be read in conjunction with the latest annual financial statements.

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

### **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 (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. 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. However, the new standard involves changes to key principles, which are summarised below:

## **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Company's financial statements is as follows.

- Classification and measurement of investment in equity instrument of a non-listed company - The Company has decided to measure this investment at fair value and classify it as financial asset at fair value through other comprehensive income.
- Recognition of expected credit losses - The Company recognises an allowance for expected credit losses on its debt instruments measured at amortised cost or fair value through other comprehensive income, and it is no longer necessary for a credit-impaired event to have occurred.

The Company recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings and other component of shareholders' equity as at 1 October 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the financial statements.

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 October 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the financial statements.

### **b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of 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 management of the Company has evaluated that the adoption of these financial reporting standards do not have any significant impact on the Company's financial statements.

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

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

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

#### **1.4 Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the year ended 30 September 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to identification of asset impairment indicator.

During the first quarter of 2021, the Company has assessed financial impacts on the valuation of assets arising from uncertainty of the COVID-19 Pandemic and therefore discontinues to apply the temporary relief measure on accounting alternative in the financial statements for the three-month and six-month periods ended 31 March 2021 which does not have any significant impact on the Company's financial statements.

#### **1.5 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 2020 except the changes in accounting policies related to financial instruments and leases adopted since 1 October 2020.

##### **1.5.1 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 in 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. It is 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.

### **1.5.2 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 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.

Right-of-use assets of the Company are motor vehicles. 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 which are between 1 and 4 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.

## **2. Cumulative effects of change in accounting policy due to the adoption of new financial reporting standard**

As described in Note 1.3 to the financial statements, during the current period, the Company has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings and other component of shareholders' equity as at 1 October 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position as at 1 October 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

The impacts of

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(Unaudited but reviewed)

	30 September 2020	Financial reporting standards related to financial instruments	TFRS 16	1 October 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investment	15,000	(15,000)	-	-
Other current financial asset	-	15,000	-	15,000
<b>Non-current assets</b>				
Long-term investment	25,704	(25,704)	-	-
Investment in equity instrument of a non-listed company	-	37,705	-	37,705
Property, plant and equipment	953,197	-	7,819	961,016
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of finance lease payables	574	-	(574)	-
Current portion of lease liabilities	-	-	3,379	3,379
<b>Non-current liabilities</b>				
Finance lease payables - net of current portion	165	-	(165)	-
Lease liabilities - net of current portion	-	-	5,179	5,179
Deferred tax liability	-	2,400	-	2,400
<b>Shareholders' equity</b>				
Other component of shareholders' equity	-	9,601	-	9,601

## 2.1 Financial instruments

(Unaudited but reviewed)

As at 1 October 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income	Amortised cost	Total
<b>Financial assets as at 1 October 2020</b>				
Cash and cash equivalents	475,852	-	475,852	475,852
Trade and other receivables	377,701	-	377,701	377,701
Other current financial asset	15,000	-	15,000	15,000
Investment in equity instrument of a non-listed company	25,704	37,705	-	37,705
<b>Total financial assets</b>	<b>894,257</b>	<b>37,705</b>	<b>868,553</b>	<b>906,258</b>

As at 1 October 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

## 2.2 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 October 2020. For leases that previously classified as finance leases, the Company recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Operating lease commitments as at 30 September 2020	28,090
Less: Short-term leases and leases of low-value assets	(1,980)
Less: Contracts reassessed as service agreements	(17,779)
Less: Deferred interest expenses	(512)
Increase in lease liabilities due to TFRS 16 adoption	7,819
Liabilities under finance lease agreements as at	
30 September 2020	739
Lease liabilities as at 1 October 2020	8,558
Weighted average incremental borrowing rate (percent per annum)	3.75
Comprise of:	
Current lease liabilities	3,379
Non-current lease liabilities	5,179
	8,558

The adjustment of right-of-use assets due to TFRS 16 adoption as at 1 October 2020 is related to motor vehicles.

### 3. 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 six-month		Transfer Pricing Policy
	periods ended		periods ended		
	31 March		31 March		
	2021	2020	2021	2020	
<u>Transactions with related companies</u>					
Sales of goods	44.9	30.8	85.5	66.1	Cost plus margin
Other income	0.6	0.3	1.2	0.6	Cost plus margin
Purchases of raw materials and					
finished goods	94.9	91.0	201.9	176.6	Cost plus margin
Purchases of assets	0.4	-	0.7	0.2	Agreed upon basis
Royalty fee	4.6	4.8	9.8	9.9	2% on the net sales amount

(Unaudited but reviewed)

As at 31 March 2021 and 30 September 2020, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	31 March 2021	30 September 2020
<b>Trade and other receivables - related parties (Note 4)</b>		
<u>Trade receivables - related parties</u>		
Related companies	39,424	16,696
<u>Other receivables - related parties</u>		
Related companies	74	262
<b>Trade and other payables - related parties (Note 12)</b>		
<u>Trade payables - related parties</u>		
Related companies	69,798	54,596
<u>Other payables - related parties</u>		
Related companies	589	550
<u>Accrued royalty fee - related party</u>		
Related company	4,672	3,959

Directors and management's benefits

During the three-month and six-month periods ended 31 March 2021 and 2020, the Company provided employee benefit expenses to its directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March		For the six-month periods ended 31 March	
	2021	2020	2021	2020
Short-term employee benefits	19,978	19,961	35,352	38,536
Post-employee benefits	1,089	1,071	1,896	2,151
Total	21,067	21,032	37,248	40,687

(Unaudited but reviewed)

#### 4. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2021	30 September 2020
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	34,073	16,696
Past due up to 3 months	5,351	-
Total trade receivables - related parties	39,424	16,696
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	438,221	360,179
Past due		
Up to 3 months	1,849	2
3 - 6 months	1	-
Total trade receivables - unrelated parties	440,071	360,181
Total trade receivables	479,495	376,877
<u>Other receivables</u>		
Other receivables - related parties	74	262
Other receivables - unrelated parties	1,492	562
Total other receivables	1,566	824
Total trade and other receivables	481,061	377,701

#### 5. Allowance for diminution in value of inventories

Movements in the allowance for diminution in value of inventories account during the six-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2020	4,198
Add: Reduction of inventory to net realisable value	933
Balance as at 31 March 2021	5,131

(Unaudited but reviewed)

## 6. 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.

## 7. Investment in equity instrument of a non-listed company

Company's name	Paid-up capital		Shareholding percentage		Balance as at	
	31 March	30 September	31 March	30 September	31 March	30 September
	2021	2020	2021	2020	2021	2020
			(%)	(%)	(Thousand Baht)	(Thousand Baht)
HI-LEX Vietnam Co., Ltd.	VND 211,092	VND 211,092				
	million or USD	million or USD				
	11.15 million	11.15 million	6.28	6.28	25,704	25,704
Add: Adjustment of fair value due to adoption of financial reporting standards related to financial instruments					12,001	-
Less: Gain on changes in fair value through other comprehensive income					435	-
Total					<u>38,140</u>	<u>25,704</u>

## 8. Investment properties

Movements of the investment properties account during the six-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 October 2020	120,784
Depreciation for the period	<u>(1,024)</u>
Net book value as at 31 March 2021	<u>119,760</u>

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 October 2020	953,197
Adjustment of right-of-use assets due to TFRS 16 adoption	7,819
Acquisitions during the period - at cost	48,078
Disposal/write-off during the period - net book value at disposal/write-off dates	<u>(37)</u>
Depreciation for the period	<u>(57,103)</u>
Net book value as at 31 March 2021	<u>951,954</u>



(Unaudited but reviewed)

## 10. Intangible assets

Movements of intangible assets account during the six-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 October 2020	10,201
Acquisitions during the period - at cost	888
Amortisation for the period	<u>(1,732)</u>
Net book value as at 31 March 2021	<u>9,357</u>

## 11. Short-term loan from bank

		(Unit: Thousand Baht)	
	Interest rate (% per annum)	31 March 2021	30 September 2020
Promissory note	1.45	<u>100,000</u>	<u>100,000</u>

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

## 12. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2021	30 September 2020
Trade payables - related parties	69,798	54,596
Trade payables - unrelated parties	346,824	283,056
Other payables	24,226	23,383
Accrued expenses	44,261	43,484
Total	<u>485,109</u>	<u>404,519</u>

## 13. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)
Balance as at 1 October 2020	46,680
Current service cost	2,940
Interest cost	<u>410</u>
Balance as at 31 March 2021	<u>50,030</u>

(Unaudited but reviewed)

#### 14. Provision for product warranty

Movements during the six-month period ended 31 March 2021 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2020	39,091
Increase during the period	36,030
Utilised	(589)
Reversal of provision	(773)
Balance as at 31 March 2021	<u>73,759</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.

#### 15. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	For the three-month		For the six-month	
	periods ended 31 March	periods ended 31 March	periods ended 31 March	periods ended 31 March
	2021	2020	2021	2020
<b>Type of goods</b>				
Automobile control cables	499,634	451,719	946,852	869,585
Motorcycle control cables	101,715	108,403	207,788	223,640
Automobile window regulators	82,069	73,597	184,710	145,883
Others	25,127	17,381	47,134	33,613
Total	<u>708,545</u>	<u>651,100</u>	<u>1,386,484</u>	<u>1,272,721</u>
Less: Consideration payable to a customer	<u>(631)</u>	<u>(1,783)</u>	<u>(631)</u>	<u>(4,172)</u>
<b>Total revenue from contracts with customers</b>	<u>707,914</u>	<u>649,317</u>	<u>1,385,853</u>	<u>1,268,549</u>

**16. 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 six-month periods ended 31 March 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March		For the six-month periods ended 31 March	
	2021	2020	2021	2020
<b>Current income tax:</b>				
Interim corporate income tax charge	5,230	2,180	5,879	3,154
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(550)	148	(685)	1,561
<b>Income tax expenses reported in profit or loss</b>	<u>4,680</u>	<u>2,328</u>	<u>5,194</u>	<u>4,715</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 31 March 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March		For the six-month periods ended 31 March	
	2021	2020	2021	2020
Deferred tax on gain from the change in value of financial assets measured at FVOCI	370	-	87	-
Total	<u>370</u>	<u>-</u>	<u>87</u>	<u>-</u>

**17. 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.

**18. 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.

**19. Dividend**

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for the year ended 30 September 2019	The Annual General Meeting of the Company's shareholders on 21 January 2020	155,880	0.60
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

**20. Commitments and contingent liabilities****20.1 Capital commitments**

As at 31 March 2021, the Company had capital commitments of approximately Baht 44 million and USD 0.1 million (30 September 2020: Baht 28 million and USD 0.07 million), relating to the purchase of equipment.

**20.2 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)
	31 March 2021
Payable:	
In up to 1 year	20
In over 1 year and up to 5 years	14
Total	34

### **20.3 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 six-month periods ended 31 March 2021 amounting to approximately Baht 5 million and Baht 10 million, respectively (31 March 2020: Baht 5 million and Baht 10 million, respectively) was recognised as an expense.

### **20.4 Guarantees**

As at 31 March 2021 and 30 September 2020, there was outstanding bank guarantee of approximately Baht 3 million issued by a bank on behalf of the Company to guarantee electricity use.

### **20.5 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 and 22 March 2021, the Central Tax Court has read the judgement of the Supreme Court for 13 cases of which the judgement was to revoke the assessment of import duty and VAT assessment on those import duties. The Company expects that the court decision of the remaining 1 case will be consistent with the previous decision of 13 cases.

(Unaudited but reviewed)

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. As at 31 March 2021, the cases are in consideration of the Supreme Court.

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 Customs Department is in the process of submitting an appeal request to the Supreme Court. However, the Company filed an opposition on 25 January 2021 and the cases are under consideration by the Supreme Court.

The Company's management has assessed the cases and believes that the Company is not liable for the import duty and VAT shortfalls, including penalties and surcharges, because the Company correctly paid import duty in accordance with the Customs Tariffs Decree B.E. 2530. Considering legal opinions and the opinions of customs tariff experts, the imported products are classified according to the product definitions specified in the customs tariff schedule. The Company therefore did not record a provision for the contingent liabilities as a result of this litigation in the financial statements.

## 21. Financial Instrument

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

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

(Unit: Million Baht)

31 March 2021		30 September 2020	
Carrying amount	Fair value	Carrying amount	Fair value

(Unaudited but reviewed)

(Unit: Million Baht)

	31 March 2021		30 September 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Asset</b>				
Non-quoted equity investments	26	38	26	38

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.

## **22. Event after the reporting period**

On 10 May 2021, the Company's Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.40 per share from the earnings of the first half of 2021, or a total of Baht 103.92 million, to be paid in June 2021.

## **23. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 May 2021.