

Thai Steel Cable Public Company Limited
Review report and interim financial information
For the three-month period ended 31 December 2020

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 December 2020, the related statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-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: 9 February 2021

Thai Steel Cable Public Company Limited**Statement of financial position****As at 31 December 2020**

| | | (Unit: Thousand Baht) | |
|---|------|-----------------------------|-------------------|
| | Note | 31 December 2020 | 30 September 2020 |
| | | (Unaudited but reviewed) | (Audited) |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 209,525 | 475,852 |
| Current investments | 2 | - | 15,000 |
| Trade and other receivables | 4 | 452,514 | 377,701 |
| Inventories | 5 | 196,417 | 147,713 |
| Other current financial asset | 6 | 358,459 | - |
| Other current assets | | 26,131 | 20,986 |
| Total current assets | | 1,243,046 | 1,037,252 |
| Non-current assets | | | |
| Long-term investment | 2 | - | 25,704 |
| Investment in equity instrument of a non-listed company | 7 | 36,291 | - |
| Investment properties | 8 | 120,265 | 120,784 |
| Property, plant and equipment | 9 | 948,535 | 953,197 |
| Intangible assets | 10 | 9,306 | 10,201 |
| Deferred tax assets | | 549 | 414 |
| Other non-current assets | | 34,867 | 30,249 |
| Total non-current assets | | 1,149,813 | 1,140,549 |
| Total assets | | 2,392,859 | 2,177,801 |

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 December 2020

(Unit: Thousand Baht)

| | Note | 31 December 2020 | 30 September 2020 |
|---|------|-----------------------------|-------------------|
| | | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Short-term loan from a bank | 11 | 100,000 | 100,000 |
| Trade and other payables | 12 | 511,797 | 404,519 |
| Current portion of finance lease payables | 2 | - | 574 |
| Current portion of lease liabilities | | 3,289 | - |
| Income tax payable | | 626 | - |
| Other current liabilities | | 16,224 | 11,877 |
| Total current liabilities | | 631,936 | 516,970 |
| Non-current liabilities | | | |
| Finance lease payables - net of current portion | 2 | - | 165 |
| Lease liabilities - net of current portion | | 4,425 | - |
| Provision for long-term employee benefits | 13 | 48,355 | 46,680 |
| Provision for product warranty | 14 | 73,936 | 39,091 |
| Deferred tax liability | | 2,117 | - |
| Other non-current liabilities | | 1,486 | 1,473 |
| Total non-current liabilities | | 130,319 | 87,409 |
| Total liabilities | | 762,255 | 604,379 |

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 December 2020

| | (Unit: Thousand Baht) | |
|---|-----------------------------|-------------------|
| | 31 December 2020 | 30 September 2020 |
| | (Unaudited but reviewed) | (Audited) |
| Shareholders' equity | | |
| Share capital | | |
| Registered | | |
| 268,500,000 ordinary shares of Baht 1 each | 268,500 | 268,500 |
| Issued and paid-up | | |
| 259,800,000 ordinary shares of Baht 1 each | 259,800 | 259,800 |
| Share premium | 464,870 | 464,870 |
| Retained earnings | | |
| Appropriated - statutory reserve | 26,850 | 26,850 |
| Unappropriated | 870,614 | 821,902 |
| Other component of shareholders' equity | 8,470 | - |
| Total shareholders' equity | 1,630,604 | 1,573,422 |
| Total liabilities and shareholders' equity | 2,392,859 | 2,177,801 |
| | - | - |

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 December 2020

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

| | Note | 2020 | 2019 |
|--|------|----------------|----------------|
| Profit or loss: | | | |
| Revenues | | | |
| Sales | 15 | 677,939 | 619,232 |
| Interest income | | 612 | 1,011 |
| Other income | | 4,315 | 6,716 |
| Total revenues | | <u>682,866</u> | <u>626,959</u> |
| Expenses | | | |
| Cost of sales | | 580,761 | 525,911 |
| Selling and distribution expenses | | 10,880 | 9,360 |
| Administrative expenses | | 41,552 | 53,975 |
| Total expenses | | <u>633,193</u> | <u>589,246</u> |
| Profit from operating activities | | <u>49,673</u> | <u>37,713</u> |
| Finance cost | | (447) | (52) |
| Profit before income tax expenses | | <u>49,226</u> | <u>37,661</u> |
| Income tax expenses | 16 | (514) | (2,387) |
| Profit for the period | | <u>48,712</u> | <u>35,274</u> |
| Other comprehensive income: | | | |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i> | | | |
| Loss on changes in value of investment in equity designated at fair value through other comprehensive income - net of income tax | | (1,131) | - |
| Other comprehensive income for the period | | (1,131) | - |
| Total comprehensive income for the period | | <u>47,581</u> | <u>35,274</u> |
| Earnings per share | 17 | | |
| Basic earnings per share | | | |
| Profit attributable to equity holders of the Company | | <u>0.19</u> | <u>0.14</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 three-month period ended 31 December 2020

| | (Unit: Thousand Baht) | |
|---|-----------------------|-----------------|
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Profit before tax | 49,226 | 37,661 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities | | |
| Depreciation and amortisation | 30,638 | 29,925 |
| Reduction of inventory to net realisable value | 543 | 3,459 |
| Gain on disposal/write-off of equipment | (29) | (68) |
| Provisions (reversal) | 35,159 | (425) |
| Provision for long-term employee benefits | 1,675 | 1,918 |
| Unrealised loss (gain) on exchange | 321 | (371) |
| Interest income | (612) | (1,011) |
| Interest expenses | 447 | 52 |
| Profit from operating activities before changes in operating assets and liabilities | 117,368 | 71,140 |
| Operating assets (increase) decrease | | |
| Trade and other receivables | (75,108) | 63,006 |
| Inventories | (49,247) | 14,724 |
| Other current assets | (5,145) | 3,423 |
| Other non-current assets | (4,618) | (1,944) |
| Operating liabilities increase (decrease) | | |
| Trade and other payables | 104,204 | (186,703) |
| Other current liabilities | 4,347 | 925 |
| Other non-current liabilities | 13 | (232) |
| Cash flows from (used in) operating activities | 91,814 | (35,661) |
| Cash paid for provision for product warranty | (314) | - |
| Cash paid for interest expenses | (365) | (51) |
| Cash paid for income tax | (23) | (101) |
| Net cash flows from (used in) operating activities | 91,112 | (35,813) |

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 three-month period ended 31 December 2020

(Unit: Thousand Baht)

| | 2020 | 2019 |
|---|------------------|-----------------|
| Cash flows from investing activities | | |
| Increase in other current financial asset | (343,459) | (12) |
| Cash paid for purchase of equipment | (13,650) | (11,756) |
| Cash paid for purchase of intangible assets | - | (1,020) |
| Proceeds from sales of equipment | 66 | 726 |
| Interest income | 530 | 964 |
| Net cash flows used in investing activities | (356,513) | (11,098) |
| Cash flows from financing activities | | |
| Repayment of finance lease payables | - | (1,015) |
| Repayment of lease liabilities | (926) | - |
| Net cash flows used in financing activities | (926) | (1,015) |
| Net decrease in cash and cash equivalents | (266,327) | (47,926) |
| Cash and cash equivalents at beginning of period | 475,852 | 443,499 |
| Cash and cash equivalents at end of period | 209,525 | 395,573 |
| | - | |
| Non-cash items | | |
| Increase in other payables from purchase of equipment | 3,130 | 790 |
| Transfer other non-current assets to equipment | - | 6,017 |

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 three-month period ended 31 December 2020

(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 - surplus of changes in value of investment in equity instrument | |
| Balance as at 1 October 2019 | 259,800 | 464,870 | 26,850 | 892,735 | - | 1,644,255 |
| Total comprehensive income for the period | - | - | - | 35,274 | - | 35,274 |
| Balance as at 31 December 2019 | <u>259,800</u> | <u>464,870</u> | <u>26,850</u> | <u>928,009</u> | <u>-</u> | <u>1,679,529</u> |
| Balance as at 1 October 2020 | 259,800 | 464,870 | 26,850 | 821,902 | - | 1,573,422 |
| Cumulative effect of change in accounting policy (Note 2) | - | - | - | - | 9,601 | 9,601 |
| Balance as at 1 October 2020 - as restated | <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 | - | - | - | 48,712 | - | 48,712 |
| Other comprehensive income for the period | - | - | - | - | (1,131) | (1,131) |
| Total comprehensive income for the period | - | - | - | 48,712 | (1,131) | 47,581 |
| Balance as at 31 December 2020 | <u>259,800</u> | <u>464,870</u> | <u>26,850</u> | <u>870,614</u> | <u>8,470</u> | <u>1,630,604</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 period ended 31 December 2020

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 |
|--------|-------------------------------------|

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 these standards do not have any significant impact on the Company's financial statements in the year when they are adopted.

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 three-month period ended 31 December 2020, 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 period ended 31 December 2020 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)

| | 30 September 2020 | The impacts of | | 1 October 2020 |
|--|----------------------|---|---------|-------------------|
| | | Financial reporting standards related to financial instruments | TFRS 16 | |
| Statement of financial position | | | | |
| Assets | | | | |
| Current assets | | | | |
| Current investment | 15,000 | (15,000) | - | - |
| Other current financial asset | - | 15,000 | - | 15,000 |
| Non-current assets | | | | |
| 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 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | The impacts of | | | |
|---|----------------|-------------|---------|-----------|
| | 30 September | Financial | TFRS 16 | 1 October |
| | 2020 | reporting | | 2020 |
| | | standards | | |
| | | related to | | |
| | | financial | | |
| | | instruments | | |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Current portion of finance lease payables | 574 | - | (574) | - |
| Current portion of lease liabilities | - | - | 3,379 | 3,379 |
| Non-current liabilities | | | | |
| 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 |
| Shareholders' equity | | | | |
| Other component of shareholders' equity | - | 9,601 | - | 9,601 |

2.1 Financial instruments

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 |
| Financial assets as at 1 October 2020 | | | | |
| 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 |
| Total financial assets | 894,257 | 37,705 | 868,553 | 906,258 |

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 periods ended | | Transfer Pricing Policy |
|---|-----------------------------------|------|----------------------------|
| | 31 December | | |
| | 2020 | 2019 | |
| <u>Transactions with related companies</u> | | | |
| Sales of goods | 40.6 | 35.3 | Cost plus margin |
| Other income | 0.6 | 0.3 | Cost plus margin |
| Purchases of raw materials and finished goods | 107.0 | 85.6 | Cost plus margin |
| Purchases of assets | 0.3 | 0.2 | Agreed upon basis |
| Royalty fee | 5.2 | 5.1 | 2% on the net sales amount |

(Unaudited but reviewed)

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------------------|
| | 31 December 2020 | 30 September 2020 |
| Trade and other receivables - related parties (Note 4) | | |
| <u>Trade receivables - related parties</u> | | |
| Related companies | 32,190 | 16,696 |
| <u>Other receivables - related parties</u> | | |
| Related companies | 49 | 262 |
| Trade and other payables - related parties (Note 12) | | |
| <u>Trade payables - related parties</u> | | |
| Related companies | 81,834 | 54,596 |
| <u>Other payables - related parties</u> | | |
| Related companies | 687 | 550 |
| <u>Accrued royalty fee - related party</u> | | |
| Related company | 9,122 | 3,959 |
| <u>Directors and management's benefits</u> | | |

During the three-month periods ended 31 December 2020 and 2019, the Company provided employee benefit expenses to its directors and management as below.

| | (Unit: Thousand Baht) | |
|------------------------------|--|--------|
| | For the three-month periods ended 31 December | |
| | 2020 | 2019 |
| Short-term employee benefits | 15,374 | 18,575 |
| Post-employee benefits | 807 | 1,080 |
| Total | 16,181 | 19,655 |

(Unaudited but reviewed)

4. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--|-----------------------|----------------------|
| | 31 December 2020 | 30 September 2020 |
| <u>Trade receivables - related parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 31,031 | 16,696 |
| Past due up to 3 months | 1,159 | - |
| Total trade receivables - related parties | <u>32,190</u> | <u>16,696</u> |
| <u>Trade receivables - unrelated parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 417,159 | 360,179 |
| Past due up to 3 months | 1,284 | 2 |
| Total trade receivables - unrelated parties | <u>418,443</u> | <u>360,181</u> |
| Total trade receivables - net | <u>450,633</u> | <u>376,877</u> |
| <u>Other receivables</u> | | |
| Other receivables - related parties | 49 | 262 |
| Other receivables - unrelated parties | 1,832 | 562 |
| Total other receivables - net | <u>1,881</u> | <u>824</u> |
| Total trade and other receivables - net | <u>452,514</u> | <u>377,701</u> |

5. Allowance for diminution in value of inventories

Movements in the allowance for diminution in value of inventories account during the three-month period ended 31 December 2020 are summarised below.

| | (Unit: Thousand Baht) |
|---|-----------------------|
| Balance as at 1 October 2020 | 4,198 |
| Add: Reduction of inventory to net realisable value | <u>543</u> |
| Balance as at 31 December 2020 | <u>4,741</u> |

(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 December | 30 September | 31 December | 30 September | 31 December | 30 September |
| | 2020 | 2020 | 2020 | 2020 | 2020 | 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: Loss on changes in fair value through other comprehensive income | | | | | (1,414) | - |
| Total | | | | | <u>36,291</u> | <u>25,704</u> |

8. Investment properties

Movements of the investment properties account during the three-month period ended 31 December 2020 are summarised below.

(Unit: Thousand Baht)

| | |
|---------------------------------------|----------------|
| Net book value as at 1 October 2020 | 120,784 |
| Depreciation for the period | (519) |
| Net book value as at 31 December 2020 | <u>120,265</u> |

9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 December 2020 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 | 16,780 |
| Disposal/write-off during the period - net book value at disposal/write-off dates | (37) |
| Depreciation for the period | (29,224) |
| Net book value as at 31 December 2020 | <u>948,535</u> |

(Unaudited but reviewed)

10. Intangible assets

Movements of intangible assets account during the three-month period ended 31 December 2020 are summarised below.

| | (Unit: Thousand Baht) |
|---------------------------------------|-----------------------|
| Net book value as at 1 October 2020 | 10,201 |
| Amortisation for the period | <u>(895)</u> |
| Net book value as at 31 December 2020 | <u><u>9,306</u></u> |

11. Short-term loan from bank

| | (Unit: Thousand Baht) | | |
|-----------------|-----------------------|----------------|----------------|
| | Interest rate | 31 December | 30 September |
| | (% per annum) | 2020 | 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 December | 30 September |
| | 2020 | 2020 |
| Trade payables - related parties | 81,834 | 54,596 |
| Trade payables - unrelated parties | 370,589 | 283,056 |
| Other payables | 29,667 | 23,383 |
| Accrued expenses | 29,707 | 43,484 |
| Total | <u>511,797</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 | 1,470 |
| Interest cost | <u>205</u> |
| Balance as at 31 December 2020 | <u><u>48,355</u></u> |

(Unaudited but reviewed)

14. Provision for product warranty

Movements during the three-month period ended 31 December 2020 were summarised below.

| | (Unit: Thousand Baht) |
|--------------------------------|-----------------------|
| Balance as at 1 October 2020 | 39,091 |
| Increase during the period | 35,505 |
| Utilised | (314) |
| Reversal of provision | (346) |
| Balance as at 31 December 2020 | <u>73,936</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 | |
| | periods ended 31 December | |
| | <u>2020</u> | <u>2019</u> |
| Type of goods | | |
| Automobile control cables | 447,218 | 417,866 |
| Motorcycle control cables | 106,073 | 115,237 |
| Automobile window regulators | 102,641 | 72,286 |
| Others | 22,007 | 16,232 |
| Total | <u>677,939</u> | <u>621,621</u> |
| Add/Less: Consideration payable to a customer | - | (2,389) |
| Total revenue from contracts with customers | <u><u>677,939</u></u> | <u><u>619,232</u></u> |

(Unaudited but reviewed)

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 periods ended 31 December 2020 and 2019 are made up as follows:

| | (Unit: Thousand Baht) | |
|---|---|--------------|
| | For the three-month periods ended 31 December | |
| | 2020 | 2019 |
| Current income tax: | | |
| Interim corporate income tax charge | 649 | 974 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (135) | 1,413 |
| Income tax expenses reported in profit or loss | <u>514</u> | <u>2,387</u> |

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 December 2020 and 2019 are as follows:

| | (Unit: Thousand Baht) | |
|---|---|----------|
| | For the three-month periods ended 31 December | |
| | 2020 | 2019 |
| Deferred tax on on changes in value of investment in equity designated at fair value through other comprehensive income | (283) | - |
| Total | <u>(283)</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. Commitments and contingent liabilities**19.1 Capital commitments**

As at 31 December 2020, the Company had capital commitments of approximately Baht 32 million and USD 0.2 million (30 September 2020: Baht 28 million and USD 0.07 million), relating to the purchase of equipment.

19.2 Short-term lease and service commitments

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

| | (Unit: Million Baht) |
|-----------------------------|----------------------|
| | 31 December |
| | 2020 |
| Payable: | |
| In up to 1 year | 8 |
| In over 1 and up to 5 years | 5 |
| Total | <u>13</u> |

19.3 License commitments

The Company has entered into license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to the manufacture and assembly of control cable of automobiles and motorcycles. Under the conditions of the agreement, the Company is to pay the fee twice a year at a rate as stipulated in the agreement. The fee for the three-month period ended 31 December 2020 amounting to approximately Baht 5 million (31 December 2019: Baht 5 million) was recognised as an expense.

19.4 Guarantees

As at 31 December 2020 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.

19.5 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 and 8 February 2021, the Central Tax Court read the judgement of the Supreme Court in 5 cases, with the judgement being to revoke the assessment of import duty and VAT assessment on that import duty. The Company expects that the court decision in the remaining 9 cases will be consistent with the decisions made in these 5 cases.

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 Customs Department to file an appeal. As at 31 December 2020, the Company was in the process of submitting a response in opposition.

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.

20. Event after the reporting period

The Annual General Meeting of the Company's shareholders, held on 19 January 2021 passed the resolution to declare the dividend for the year 2020 at Baht 0.50 per share, or a total of Baht 129.90 million and is scheduled for payment on 19 February 2021.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 February 2021.