

TSN WIRES COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2022

Independent auditor's report

To the Shareholders of TSN Wires Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of TSN Wires Company Limited (the Company) as at 31 March 2022, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2022;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers ABAS Ltd.

Varaporn Vorathitikul

Certified Public Accountant (Thailand) No. 4474

Bangkok

[] June 2022

TSN Wires Company Limited
Statement of Financial Position
As at 31 March 2022

	<u>Notes</u>	<u>2022 Baht</u>	<u>2021 Baht</u>
Assets			
Current assets			
Cash and cash equivalents	4	22,678,877	13,664,028
Trade and other receivables, net	5	143,765,628	119,682,547
Inventories, net	6	230,092,305	127,226,091
Other current assets		<u>661,407</u>	<u>2,516,426</u>
Total current assets		<u>397,198,217</u>	<u>263,089,092</u>
Non-current assets			
Property, plant and equipment, net	7	546,024,238	581,115,330
Intangible assets, net	8	<u>4,087,635</u>	<u>5,166,579</u>
Total non-current assets		<u>550,111,873</u>	<u>586,281,909</u>
Total assets		<u><u>947,310,090</u></u>	<u><u>849,371,001</u></u>

Director

The accompanying notes page 7 to 19 are an integral part of these financial statements.

TSN Wires Company Limited
Statement of Financial Position
As at 31 March 2022

	Notes	2022 Baht	2021 Baht
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	10	277,511,174	233,802,200
Trade and other payables	11	184,435,287	168,903,452
Current portion of finance lease liabilities	12	1,786,890	1,508,306
Short-term loans from a related company	13	28,000,000	28,000,000
Other current liabilities		503,990	405,832
Total current liabilities		492,237,341	432,619,790
Non-current liabilities			
Lease liabilities	12	3,919,616	2,571,285
Long-term loan from a related company	14	300,000,000	307,000,000
Provision for employee benefit	15	12,843,602	7,778,831
Total non-current liabilities		316,763,218	317,350,116
Total liabilities		809,000,559	749,969,906
Equity			
Share capital			
Authorised share capital			
7,000,000 ordinary shares of par value			
Baht 100 each		700,000,000	700,000,000
Issued and paid-up share capital			
7,000,000 ordinary shares fully paid-up of			
Baht 100 each		700,000,000	700,000,000
Deficits		(561,690,469)	(600,598,905)
Total equity		138,309,531	99,401,095
Total liabilities and equity		947,310,090	849,371,001

The accompanying notes page 7 to 19 are an integral part of these financial statements.

TSN Wires Company Limited
Statement of Income
For the year ended 31 March 2022

	Note	2022 Baht	2021 Baht
Revenue			
Revenues from sales	16	1,424,660,585	974,577,453
Gain on foreign exchange rate, net		5,110,693	1,458,319
Other income		3,950,390	1,178,057
Total revenue		1,433,721,668	977,213,829
Expenses			
Cost of sales		(1,308,778,676)	(890,896,169)
Selling expenses		(21,812,893)	(19,780,543)
Administrative expenses		(54,197,481)	(49,664,517)
Other expenses		(73,817)	(31,236)
Total expenses		(1,384,862,867)	(960,372,465)
Net profit before finance costs		48,858,801	16,841,364
Finance costs		(9,950,365)	(10,817,938)
Net profit for the year		38,908,436	6,023,426

The accompanying notes page 7 to 19 are an integral part of these financial statements.

TSN Wires Company Limited
Statement of Changes in Equity
For the year ended 31 March 2022

	Issued and paid-up share capital Baht	Deficits Baht	Total Baht
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Beginning balance as at 1 April 2020	700,000,000	(606,622,331)	93,377,669
Net profit for the year	-	6,023,426	6,023,426
Ending balance as at 31 March 2021	<u>700,000,000</u>	<u>(600,598,905)</u>	<u>99,401,095</u>
Beginning balance as at 1 April 2021	700,000,000	(600,598,905)	99,401,095
Net profit for the year	-	38,908,436	38,908,436
Ending balance as at 31 March 2022	<u>700,000,000</u>	<u>(561,690,469)</u>	<u>138,309,531</u>

The accompanying notes page 7 to 19 are an integral part of these financial statements.

1 General information

TSN Wires Company Limited (the Company) is a limited company incorporated and resident in Thailand. The address of the Company's registered factory and office are as follows;

Factory - 199 Moo 11, WHA Rayong Industrial Land , Nonglalom, Bankhai, Rayong 21120.

Office - 555 Rasa Tower, 14th floor, Phaholyothin Road, Chatuchak, Bangkok 10900.

The principal business operation of the Company is the manufacture and sales of steel wires and galvanised steel wire products.

The Company's major shareholder are The Siam Industrial Wire Company Limited which is incorporated in Thailand and owns 60.00% of the Company's shares and Nichia Steel Works Ltd., which is incorporated in Japan and owns 40.00% of the Company's shares.

The Company's financial statements were authorised for issue by the authorised directors on [] June 2022.

2 Financial position

As at 31 March 2022, the Company had current liabilities in excess of current assets by Baht 95.04 million (2021: Baht 169.53 million). However, the Company's shareholders confirmed to provide financial support to the Company for the next 12 months. In addition, a related company confirmed to extend the repayment period of a long-term loan of Baht 300.00 million to 30 September 2023 (Note 14). Therefore, these financial statements have been prepared on a going concern basis.

3 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

3.1 Basis of preparation

These financial statements have been prepared in accordance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions. Additional recognition and disclosures are made following the principle concept of Thai Financial Reporting Standards ;

- Income Taxes

The financial statements have been prepared under the historical cost convention.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3 Accounting policies (Cont'd)

3.2 Foreign currency translation

Items included in the financial statements of the Company are measured using Thai Baht. The financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, foreign currency monetary balances are translated by using the exchange rate at the closing rate. Monetary assets denominated in foreign currency are translated to Thai Baht by using a bank's buying rate and monetary liabilities denominated in foreign currency are translated to Thai Baht by using a bank's selling rate. Non-monetary balances denominated in a foreign currency are carried at cost using the exchange rate at the date of transaction.

Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

3.3 Cash and cash equivalents

Cash comprises cash on hand, deposit held at call with banks but excludes deposits with banks that are held to maturity, certificates of deposit issued by commercial banks and financial institutions, and restricted deposits. Cash equivalents comprise short-term highly liquid investments with maturities of three months or less from the date of acquisition.

3.4 Trade accounts receivable

Trade accounts receivable are initially recognised at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income.

3.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. The amount of any write down of inventories to net realisable value is recognised as an expense in the period the write down occurs and presented as cost of sales.

3 Accounting policies (Cont'd)

3.6 Property, plant and equipment

An item of property, plant and equipment is stated at cost less any accumulated depreciation and any accumulated allowance for decrease in value (if any).

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes (after deducting trade discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the initial estimate of costs of dismantling and removing the item, and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period.

The cost of replacing parts of property, plant and equipment is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the carrying amount of those replaced parts is derecognised. Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Land improvement	15 - 20 years
Buildings	10 - 20 years
Building improvement	10 - 20 years
Machinery and equipment	5 - 20 years
Tools and spare parts	5 - 10 years
Furniture, fixtures and office equipment	3 - 5 years

The assets' residual value, useful lives, and depreciation method are regularly reviewed.

Whenever there is any indication showing a permanent decrease in the amount of property, plant, and equipment; such as an evidence of obsolescence or physical damage of an asset, significant changes in the manner in which an asset is used or is expected to be used, the Company shall recognised loss on decrease in value of property, plant and equipment in statement of income where the carrying amount of asset is higher than the recoverable amount. The recoverable amount of asset is the higher of its fair value less costs to sell and its value in use.

3.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. An entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs as an expense in the period in which it incurs them.

3 Accounting policies (Cont'd)

3.8 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line basis over their estimated useful lives of 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

3.9 Leases - where a Company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the period of the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

3.10 Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. If the borrowings do not meet the criteria as aforementioned, the borrowings are classified as non-current liabilities.

Borrowing costs are recognised by using the effective interest method.

3.11 Provident fund

The Company established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530 by joining a registered-pooled fund. The fund are held in a separate trustee - administered fund.

Under the provident fund plan, all employees are member of the provident fund and must contribute 2.00 to 15.00 percent of their basic salary and the Company also contributes 3.00 to 10.00 percent of their basic salary depend on year of service. The fund appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulations issued under the Provident Fund Act B.E. 2530.

The Company's contributions to the provident fund are charged to the statement of income in the year to which they relate.

3 Accounting policies (Cont'd)

3.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.13 Provisions

3.13.1 Provision for employee benefits

a) Short-term employee benefits

The Company recognises a liability and expense for bonuses, and other liabilities for short-term employee benefit where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Post-employment benefits

The Company provides for post employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and year of service of the respective employees. The liability arising as a result of such policy is recorded as the present value of estimated future cash outflows using interest rates which have terms to maturities approximating the terms of the related liabilities.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

3 Accounting policies (Cont'd)

3.13 Provisions (Cont'd)

3.13.1 Provision for employee benefits (Cont'd)

(c) Other long-term employee benefits

The Company provides long-service award to employee who works for the specified year of service, the award provided is gold depending on the years of service of the respective employees. The Company estimates a provision at the end of reporting period, which calculation is based on employee turnover and working period of employees. The Company estimates a provision at the end of reporting period using an independent actuary. The benefit is charged to the statement of income in the period to which it relates.

3.13.2 Provisions - others

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

3.14 Revenue recognition

Revenue comprises the fair value for consideration received or receivable for the sale of goods and service net of value added tax, returns, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Services income is recognised as revenue in the period in which they are rendered.

Interest income and other revenues are recognised on an accrual basis.

3.15 Accounting for derivatives

The Company is party to derivative financial instruments, foreign currency forward contracts. Foreign currency forward contracts protect the Company from movements in foreign exchange rates. The Company recognised gain or loss from the adjustment in the value of such forward contracts incurred from the difference between the forward exchange contract rate and the reference rates as determined by the Bank of Thailand at the date of the statement of financial position as income or expense in the statement of income.

4 Cash and cash equivalents

	2022	2021
	Baht	Baht
Cash on hand	-	22,780
Deposits held at call with banks - saving accounts	20,588,231	13,432,227
- current accounts	2,090,646	209,021
Total	<u>22,678,877</u>	<u>13,664,028</u>

TSN Wires Company Limited
Notes to Financial Statements
For the year ended 31 March 2022

5 Trade and other receivables, net

	2022	2021
	Baht	Baht
Trade accounts receivable - other companies	127,062,505	105,777,834
<u>Less</u> Allowance for doubtful debts	<u>(564,961)</u>	<u>(640,461)</u>
Trade accounts receivable - other companies, net	126,497,544	105,137,373
- related parties	939,358	7,062,620
Other accounts receivable - other companies	3,357,007	2,233,009
- related companies	678,320	721,107
Revenue department receivables	11,181,843	3,646,345
Prepaid expenses	1,111,556	882,093
Total	<u>143,765,628</u>	<u>119,682,547</u>

6 Inventories, net

	2022	2021
	Baht	Baht
Raw materials	151,453,179	50,033,770
Work in process	9,210,586	8,112,076
Finished goods	34,377,761	50,317,291
Spare parts and supplies	10,135,648	9,792,474
	<u>205,177,174</u>	<u>118,255,611</u>
<u>Less</u> Allowance for obsoleted inventories	<u>(382,592)</u>	<u>(4,299,511)</u>
Inventories, net	204,794,582	113,956,100
Goods in transit	25,297,723	13,269,991
Total	<u>230,092,305</u>	<u>127,226,091</u>

During the year 2022, the Company reversed an allowance for obsoleted inventories of Baht 3.92 million (2021: reversed an allowance for obsoleted inventories of Baht 2.99 million) to the statement of income.

TSN Wires Company Limited
Notes to the Financial Statements
For the year ended 31 March 2022

7 Property, plant and equipment, net

	Land Baht	Land improvement Baht	Buildings and building improvement Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Vehicle Baht	Asset under installation Baht	Total Baht
At 1 April 2021								
Cost	75,500,000	13,910,000	260,922,646	510,724,570	30,202,809	6,593,924	4,737,811	902,591,760
<u>Less</u> Accumulated depreciation	-	(11,014,278)	(107,558,952)	(184,156,174)	(16,349,672)	(2,397,354)	-	(321,476,430)
Net book amount	<u>75,500,000</u>	<u>2,895,722</u>	<u>153,363,694</u>	<u>326,568,396</u>	<u>13,853,137</u>	<u>4,196,570</u>	<u>4,737,811</u>	<u>581,115,330</u>
For the year ended 31 March 2022								
Opening net book amount	75,500,000	2,895,722	153,363,694	326,568,396	13,853,137	4,196,570	4,737,811	581,115,330
Additions	-	-	142,432	135,100	1,888,721	3,301,716	7,379,618	12,847,587
Transfers	-	-	(107,065)	5,489,712	1,353,161	-	(6,735,808)	-
Disposals, net	-	-	-	-	(26,480)	-	-	(26,480)
Write-offs, net	-	-	-	(13,821)	(26,962)	(1)	-	(40,784)
Depreciation charge	-	(1,390,710)	(14,191,297)	(28,280,721)	(2,164,717)	(1,843,970)	-	(47,871,415)
Closing net book amount	<u>75,500,000</u>	<u>1,505,012</u>	<u>139,207,764</u>	<u>303,898,666</u>	<u>14,876,860</u>	<u>5,654,315</u>	<u>5,381,621</u>	<u>546,024,238</u>
At 31 March 2022								
Cost	75,500,000	13,910,000	260,958,013	515,131,258	32,910,407	9,596,946	5,381,621	913,388,245
<u>Less</u> Accumulated depreciation	-	(12,404,988)	(121,750,249)	(211,232,592)	(18,033,547)	(3,942,631)	-	(367,364,007)
Net book amount	<u>75,500,000</u>	<u>1,505,012</u>	<u>139,207,764</u>	<u>303,898,666</u>	<u>14,876,860</u>	<u>5,654,315</u>	<u>5,381,621</u>	<u>546,024,238</u>

Additions include Baht 3.46 million (2021: Baht 2.45 million) assets leased under finance leases (where the Company is the lessee).

7 Property, plant and equipment, net (Cont'd)

Assets leased under finance lease included above, where the Company is a lessee, comprise motor vehicles and office equipment as follows:

	2022 Baht	2021 Baht
Cost - capitalised finance leases	9,753,504	6,593,924
<u>Less</u> Accumulated depreciation	<u>(3,981,770)</u>	<u>(2,397,354)</u>
Net book amount	<u><u>5,771,734</u></u>	<u><u>4,196,570</u></u>

8 Intangible assets, net

	Computer software Baht
As at 1 April 2021	
Cost	13,114,309
<u>Less</u> Accumulated amortisation	<u>(7,947,730)</u>
Net book amount	<u><u>5,166,579</u></u>
For the year ended 31 March 2022	
Opening net book amount	5,166,579
Additions	261,340
Write-offs, net	(31,735)
Amortisation charge	<u>(1,308,549)</u>
Closing net book amount	<u><u>4,087,635</u></u>
As at 31 March 2022	
Cost	13,151,649
<u>Less</u> Accumulated amortisation	<u>(9,064,014)</u>
Net book amount	<u><u>4,087,635</u></u>

9 Deferred income taxes

As at 31 March 2022 and 2021, the Company did not recognise deferred tax assets because the Company's managements considered that it is not probable that the Company will have future taxable profit which the tax loss can be utilised.

10 Short-term borrowings from financial institutions

As at 31 March 2022, the Company has short-term borrowings from financial institutions of Baht 277.51 million. These are:

- promissory notes of Baht 172.00 million which mature on 30 June 2022, bear an interest rate of 1.51% per annum and are secured by Nichia Steel Works Ltd.
- trust receipts of Baht 87.69 million which mature on 22 April 2022, bear interest rates between 2.15% and 2.17% per annum and are unsecured
- discounted letters of credit with recourse of Baht 17.82 million which matures between 5 April 2022 and 8 July 2022 and are unsecured.

As at 31 March 2021, the Company has short-term borrowings from financial institutions of Baht 233.80 million. These are:

- promissory notes of Baht 176.00 million which mature on 30 June 2021, bear an interest rate of 1.51% per annum and are secured by Nichia Steel Works Ltd.
- trust receipts of Baht 48.81 million which mature on 2 April 2021, bear interest rates between 1.48% and 2.20% per annum and are unsecured
- discounted letters of credit with recourse of Baht 8.99 million which matures between 24 April 2021 and 19 September 2021 and are unsecured.

11 Trade and other payables

	2022	2021
	Baht	Baht
Trade accounts payable - other companies	32,621,671	33,677,857
- related companies	96,771,987	85,657,230
Other accounts payable - other companies	10,853,544	10,546,390
- related companies	11,903,349	15,312,389
Interest payable	86,924	64,789
Accrued expenses	32,197,812	23,644,797
Total	184,435,287	168,903,452

12 Finance lease liabilities

	2022	2021
	Baht	Baht
Not later than 1 year	1,894,139	1,579,309
Later than 1 year but not later than 5 years	4,055,249	2,636,321
	5,949,388	4,215,630
<u>Less</u> Future finance charge on finance lease	(242,882)	(136,039)
Present value of finance lease liabilities	<u>5,706,506</u>	<u>4,079,591</u>
Representing lease liabilities :		
- Current	1,786,890	1,508,306
- Non-current	3,919,616	2,571,285
	<u>5,706,506</u>	<u>4,079,591</u>

13 Short-term loans from a related company

As at 31 March 2022, the Company has short-term loans from a related company of Baht 28 million (2021: Baht 28.00 million) which represent unsecured loans and are due for repayment of the principle and interest one time on maturity dates between 24 April 2022 and 30 June 2022 (2021: 24 April 2021 and 30 June 2021), bearing interest rates 1.51% per annum (2021: bearing interest rates between 1.51% per annum).

14 Long-term loan from a related company

As at 31 March 2022, the Company has a long-term loan from a related company of Baht 300 million (2021: Baht 307 million). On 30 March 2022, the related company extended the repayment period to 30 September 2023, the loan represents an unsecured loan, and is due for repayment of the interest every 3 months, bearing interest rate at 1.51% per annum (2021: 1.51% per annum).

15 Provision for employee benefits

	2022	2021
	Baht	Baht
Opening balance	7,778,831	7,454,753
Increased during the year	5,210,309	426,991
Paid during the year	(145,538)	(102,913)
Ending balance	<u>12,843,602</u>	<u>7,778,831</u>

16 Promotional privileges

The Company received the following promotional privileges from the Board of Investment:

BOI Certificate No.	Name of Product	Production volume	Date of approval	The date income is first derived	Period of income tax exemption of 100.00%	Period of income tax exemption of 50.00%
1735(2)/2555	Steel wires and steel galvanised wire products	45,964 Tons	22 November 2011	20 April 2013	8 years	5 years

16 Promotional privileges (Cont'd)

Sales in the statements of income classified by BOI and Non BOI businesses are as follows:

	2022		
	BOI promoted activities which are under corporate income tax exemption Baht	Non BOI promoted activities Baht	Total Baht
Export sales	-	185,365,622	185,365,622
Domestic sales	-	1,239,294,963	1,239,294,963
Total sales	-	1,424,660,585	1,424,660,585

	2021		
	BOI promoted activities which are under corporate income tax exemption Baht	Non BOI promoted activities Baht	Total Baht
Export sales	208,588,414	2,268,320	210,856,734
Domestic sales	695,071,148	68,649,571	763,720,719
Total sales	903,659,562	70,917,891	974,577,453

17 Bank guarantees

As at 31 March 2022, there were outstanding bank guarantees issued by a local commercial bank on behalf of the Company in respect of port service usage and compliance with business contracts of Baht 13.16 million (2021: Baht 11.80 million).

18 Commitments

Capital commitments

As at 31 March 2022, there were capital expenditure in respect of the purchase of equipment and machine contracted for but not recognised in the financial statements of Baht 1.40 million (2021: Baht 3.42 million).

Operating lease commitments

As at 31 March 2022 and 2021, the Company has entered into lease agreements relating to office equipment, vehicles and other services. The future minimum lease payments under non-cancellable operating lease agreements are as follows:

	2022 Baht	2021 Baht
Not later than 1 year	3,399,540	3,197,746
Later than 1 year but not later than 5 years	1,872,640	3,919,660
	5,272,180	7,117,406

19 Financial instruments

In order to manage the risks arising from fluctuation in foreign currency exchange rates, the Company makes use of the following derivative financial instruments.

Forward foreign exchange contracts

As at 31 March 2022, the outstanding forward exchange contract are as follows:

<u>Amount in contract</u>	<u>Contractual currency</u>	<u>Amount in Baht</u>	<u>Contractual exchange rate (Baht/Contractual currency)</u>	<u>Maturities</u>	<u>Fair value</u>	<u>Gain on fair value</u>
Selling contract						
410,872	US Dollars	13,694,347	33.35	April 2022	13,615,994	78,353
Buying contract						
270,000	US Dollars	8,685,900	32.17	June 2022	9,032,931	347,031

As at 31 March 2021, the outstanding forward exchange contract are as follows:

<u>Amount in contract</u>	<u>Contractual currency</u>	<u>Amount in Baht</u>	<u>Contractual exchange rate (Baht/Contractual currency)</u>	<u>Maturities</u>	<u>Fair value</u>	<u>Loss on fair value</u>
Selling contract						
492,040	US Dollars	14,878,360	29.97 - 30.64	April 2021 - May 2021	15,338,604	(460,244)