Kulthorn Kirby Public Company Limited and its subsidiaries

Report and consolidated financial statements

31 December 2020

Independent Auditor's Report

To the Shareholders of Kulthorn Kirby Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kulthorn Kirby Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kulthorn Kirby Public Company Limited and its subsidiaries and of Kulthorn Kirby Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements regarding the ability of the Group to continue as a going concern. The Group has sustained operating losses for a number of consecutive years, and as at 31 December 2020, the Group's total current liabilities exceed its total current assets by Baht 2,252 million (The Company only: Baht 2,515 million) and the Group has deficit of Baht 2,312 million (the Company only: Baht 1,499 million). Currently, the Group is in the process of implementing operational plans to change its strategies and future business model and seeking additional sources of funds. The Group's management believes that the Group will be able to continue as a going concern.

Additionally, Note 1.3 to the financial statements, the Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation significantly affects the Group's business activities in terms of supply chains and operational delays, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future, including compliance with debt covenants. The Group's management has continuously monitored ongoing developments and is evaluating the impact on the financial statements. The impact subject to changes in circumstances in the future.

The above circumstances indicate that there are significant uncertainties which may raise substantial doubt about the Group's ability to continue as a going concern. This will depend on the success of plans to improve future operations and seeking additional sources of funds, including the impact of the COVID-19 situation.

My opinion is not modified in respect of this matter.

Emphasis of Matter

I draw attention to Note 5 to the financial statements, during the current year, the Group changed its accounting policy for recording of land, land improvement and building from cost model to revaluation model. In addition, the Group changed its accounting estimates with respect to the useful lives of land improvement and building.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The revenue amount is material and has a significant impact on the financial statements as the Group has a large number of both local and export sales transactions. In addition, there have been more intense competition in the manufacture and distribution of compressor industry as well as current environmental awareness. Therefore, I draw a special attention to the revenue recognition of the Group.

I examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I applied a sampling method to select sales to assess whether revenue recognition was consistent with the conditions of sales and in compliance with the Group's policy. On a sampling basis, I examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period. I reviewed credit notes that the Group had issued after the period end as well as performed analytical procedures to detect possible irregularities in sales transactions throughout the period.

Allowance for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in the Note 7 and Note 11 to the financial statements, is an area of significant management judgement, particularly with regard to the estimation of provision for the lower of cost and net realisable value, slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the fluctuation of material's price, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.

- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product.
- Comparing historical data of actual losses on sales and write-offs of inventory with the provision for diminution in value of inventory recorded at the preceding year-end.

Investments in subsidiaries

The Company recorded allowance for impairment loss on investments in subsidiaries amounting to Baht 1,543 million in the separate financial statements as disclosed in Note 13 to the financial statements. The consideration of value of investments, especially for impairment assessment, is a significant accounting estimate requiring the management to exercise a high degree of judgement in forecasting of business and operation results, and setting an appropriate discount rate as well as other significant assumptions. There are thus risks with respect to the value of investments in subsidiaries.

I assessed the management's consideration regarding the impairment of investments in subsidiaries by gaining an understanding of the management's decision-making process in valuing the expected recoverable amount. In this regard, I assessed the method applied in determining the fair value of investments as well as the financial models selected by the management in determining cash flows expected to be realised from investments. In addition, I tested the significant assumptions applied by the management in making estimates of the cash flows expected to be realised from investments in such subsidiaries, by comparing these assumptions with information from both internal and external sources of the Company and comparing past cash flow projections with actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projection. I also evaluated the discount rate applied by the management though an analysis of the average cost of capital and other information of the Company and of the industry, tested the calculation of the realisable value from those investments using the selected financial model, as well as considered the impact of changes in key assumptions on those realisable values of cash flow projection.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Sarinda Hirunprasurtwutti
Certified Public Accountant (Thailand) No. 4799

EY Office Limited
Bangkok: 24 February 2021

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	*9*	28,864,272	137,916,360	13,225,520	51,426,034
Trade and other receivables	*10*	1,095,835,595	938,945,781	726,440,625	589,156,922
Short-term loans to related parties	*8*	-	-	30,000,000	50,000,000
Inventories	*11*	1,239,335,329	1,573,588,505	802,364,443	939,771,250
Current tax assets		6,547,822	6,460,604	829,099	880,967
VAT receivable		33,293,709	26,636,854	24,086,969	17,820,198
Other current assets	*12*	91,346,952	88,316,745	38,598,461	35,678,530
Total current assets		2,495,223,679	2,771,864,849	1,635,545,117	1,684,733,901
Non-current assets					
Investments in subsidiaries	*13*	-	-	2,086,872,497	2,086,872,497
Property, plant and equipment	*14*	4,047,319,499	3,177,220,804	2,418,861,893	1,788,600,861
Right-of-use assets	*20*	80,796,211	-	5,957,377	-
Goodwill on business combination	*15*	-	-	-	-
Other intangible assets	*16*	80,117,860	86,708,289	47,542,982	47,585,329
Advance payment for purchase of fixed assets		-	5,322,761	-	5,322,761
Deferred tax assets	*29*	28,561,969	220,261,494	7,176,101	150,049,814
Other non-current assets		1,061,492	1,363,193	882,428	1,127,638
Total non-current assets		4,237,857,031	3,490,876,541	4,567,293,278	4,079,558,900
Total assets		6,733,080,710	6,262,741,390	6,202,838,395	5,764,292,801

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	*17*	3,550,847,254	3,485,579,349	2,119,739,220	2,085,734,038
Trade and other payables	*18*	751,506,914	616,780,348	1,127,025,344	799,938,262
Short-term loans from related parties	*8*	-	-	481,000,000	512,000,000
Current portion of long-term loans	*19*	400,000,000	1,075,300,000	400,000,000	1,075,300,000
Current portion of liabilities under financial lease agreements	*20*	-	15,826,548	-	568,257
Current portion of lease liabilities	*20*	21,362,459	-	3,668,189	-
Dividend payable		891,124	891,162	887,083	887,121
Income tax payable		-	61,369	-	-
Other current financial liabilities		488,523	-	488,523	-
Other current liabilities	*21*	22,375,868	31,359,997	17,474,127	22,087,510
Total current liabilities		4,747,472,142	5,225,798,773	4,150,282,486	4,496,515,188
Non-current liabilities					
Long-term loans, net of current portion	*19*	675,300,000	-	675,300,000	-
Liabilities under financial lease agreements, net of current portion	*20*	-	30,147,508	-	938,613
Lease liabilities, net of current portion	*20*	31,055,302	-	3,507,799	-
Deferred tax liabilities	*29*	43,820,015	-	-	-
Provision for long-term employee benefits	*22*	244,335,042	267,746,826	106,994,177	120,602,611
Total non-current liabilities		994,510,359	297,894,334	785,801,976	121,541,224
Total liabilities		5,741,982,501	5,523,693,107	4,936,084,462	4,618,056,412

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Shareholders' equity					
Share capital	*23*				
Registered					
1,500,000,000 ordinary shares of Baht 1 each		1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Issued and fully paid up					
1,500,000,000 ordinary shares of Baht 1 each		1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Share premium		700,000,000	700,000,000	700,000,000	700,000,000
Surplus from business combination under common control		207,897,949	207,897,949	-	-
Retained earnings (deficits)					
Appropriated - statutory reserve	*25*	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		(2,431,900,639)	(1,794,366,608)	(1,619,155,196)	(1,173,763,611)
Other components of shareholders' equity		895,100,899	5,516,942	565,909,129	-
Total shareholders' equity		991,098,209	739,048,283	1,266,753,933	1,146,236,389
Total liabilities and shareholders' equity		6,733,080,710	6,262,741,390	6,202,838,395	5,764,292,801

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

Directors

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenue from contracts with customers	*8, 26, 30, 32*	5,580,112,810	5,939,976,371	3,177,643,376	2,947,917,841
Rental income		1,766,000	1,589,000	13,579,420	13,378,457
Other income		17,597,593	12,660,904	17,816,513	20,368,062
Gain on exchange		-	7,074,002	-	-
Total revenues		5,599,476,403	5,961,300,277	3,209,039,309	2,981,664,360
Expenses					
Cost of sales and services	*8*	5,406,294,538	6,148,503,832	3,112,105,210	3,099,322,658
Selling and distribution expenses		81,653,334	93,436,274	41,353,186	46,726,335
Administrative expenses		454,242,533	596,403,735	287,723,043	389,169,451
Loss on exchange		20,489,681	-	8,363,872	1,744,476
Impairment loss on assets	*14*	65,941,611	6,275,612	55,303,530	-
Impairment loss on investment in subsidiary	*13*	-	-	-	500,000,000
Total expenses		6,028,621,697	6,844,619,453	3,504,848,841	4,036,962,920
Operating loss		(429,145,294)	(883,319,176)	(295,809,532)	(1,055,298,560)
Finance income		76,606	257,950	1,811,070	3,282,693
Finance cost	*27*	(202,167,997)	(207,371,304)	(157,599,141)	(167,870,074)
Loss before income tax		(631,236,685)	(1,090,432,530)	(451,597,603)	(1,219,885,941)
Income tax	*29*	(6,965,299)	(33,296,755)	937,395	(3,697,073)
Loss for the year		(638,201,984)	(1,123,729,285)	(450,660,208)	(1,223,583,014)

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency		1,918,405	7,669,272	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		1,918,405	7,669,272	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods:					
Actuarial loss	*22*	-	(16,102,300)	-	(10,778,962)
Less: Income tax effect	*29*	-	2,914,663	-	2,155,792
		-	(13,187,637)	-	(8,623,170)
Revaluation surplus on assets	*5*	1,129,373,578	-	719,055,541	-
Less: Income tax effect	*5, 29*	(229,242,911)	-	(143,811,108)	-
		900,130,667	-	575,244,433	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		900,130,667	(13,187,637)	575,244,433	(8,623,170)
Other comprehensive income for the year		902,049,072	(5,518,365)	575,244,433	(8,623,170)
Total comprehensive income for the year		263,847,088	(1,129,247,650)	124,584,225	(1,232,206,184)
Basic loss per share	*31*				
Loss attributable to equity holders of the Company		(0.43)	(0.88)	(0.30)	(0.95)

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements								
						Other components of shareholders' equity			
						Other comprehensive income			
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	Total shareholders' equity
				Appropriated	Unappropriated				
Balance as at 1 January 2019	1,200,000,000	700,000,000	207,897,949	120,000,000	(657,449,686)	(2,152,330)	-	(2,152,330)	1,568,295,933
Loss for the year	-	-	-	-	(1,123,729,285)	-	-	-	(1,123,729,285)
Other comprehensive income for the year	-	-	-	-	(13,187,637)	7,669,272	-	7,669,272	(5,518,365)
Total comprehensive income for the year	-	-	-	-	(1,136,916,922)	7,669,272	-	7,669,272	(1,129,247,650)
Increase share capital (Note 23)	300,000,000	-	-	-	-	-	-	-	300,000,000
Balance as at 31 December 2019	1,500,000,000	700,000,000	207,897,949	120,000,000	(1,794,366,608)	5,516,942	-	5,516,942	739,048,283
Balance as at 1 January 2020	1,500,000,000	700,000,000	207,897,949	120,000,000	(1,794,366,608)	5,516,942	-	5,516,942	739,048,283
Comulative effect of change in accounting policy (Note 4)	-	-	-	-	(11,797,162)	-	-	-	(11,797,162)
Balance as at 1 January 2020 - as restated	1,500,000,000	700,000,000	207,897,949	120,000,000	(1,806,163,770)	5,516,942	-	5,516,942	727,251,121
Loss for the year	-	-	-	-	(638,201,984)	-	-	-	(638,201,984)
Other comprehensive income for the year	-	-	-	-	-	1,918,405	900,130,667	902,049,072	902,049,072
Total comprehensive income for the year	-	-	-	-	(638,201,984)	1,918,405	900,130,667	902,049,072	263,847,088
Transfer revaluation surplus on assets to retained earnings (Note 24)	-	-	-	-	12,465,115	-	(12,465,115)	(12,465,115)	-
Balance as at 31 December 2020	1,500,000,000	700,000,000	207,897,949	120,000,000	(2,431,900,639)	7,435,347	887,665,552	895,100,899	991,098,209

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements					
					Other components of shareholders' equity	
					Other comprehensive income	
	Issued and fully paid-up share capital	Share premium	Retained earnings		Revaluation surplus on assets	Total shareholders' equity
			Appropriated	Unappropriated		
Balance as at 1 January 2019	1,200,000,000	700,000,000	120,000,000	58,442,573	-	2,078,442,573
Loss for the year	-	-	-	(1,223,583,014)	-	(1,223,583,014)
Other comprehensive income for the year	-	-	-	(8,623,170)	-	(8,623,170)
Total comprehensive income for the year	-	-	-	(1,232,206,184)	-	(1,232,206,184)
Increase share capital (Note 23)	300,000,000	-	-	-	-	300,000,000
Balance as at 31 December 2019	1,500,000,000	700,000,000	120,000,000	(1,173,763,611)	-	1,146,236,389
Balance as at 1 January 2020	1,500,000,000	700,000,000	120,000,000	(1,173,763,611)	-	1,146,236,389
Comulative effect of change in accounting policy (Note 4)	-	-	-	(4,066,681)	-	(4,066,681)
Balance as at 1 January 2020 - as restated	1,500,000,000	700,000,000	120,000,000	(1,177,830,292)	-	1,142,169,708
Loss for the year	-	-	-	(450,660,208)	-	(450,660,208)
Other comprehensive income for the year	-	-	-	-	575,244,433	575,244,433
Total comprehensive income for the year	-	-	-	(450,660,208)	575,244,433	124,584,225
Transfer revaluation surplus on assets to retained earnings (Note 24)		-	-	9,335,304	(9,335,304)	-
Balance as at 31 December 2020	1,500,000,000	700,000,000	120,000,000	(1,619,155,196)	565,909,129	1,266,753,933

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss before tax	(631,236,685)	(1,090,432,530)	(451,597,603)	(1,219,885,941)
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	351,026,612	363,119,710	164,868,315	156,014,097
Allowance for impairment loss on property,				
plant and equipment	65,941,611	6,275,612	55,303,530	-
Amortise right-of-use assets	21,645,095	-	4,699,953	-
Allowance for impairment loss on investment in subsidiaries	-	-	-	500,000,000
Reversal of allowance for doubtful accounts	-	(6,570,336)	-	(8,025,492)
Allowance for expected credit losses (reversal)	2,618,746	-	(423,700)	-
Bad debt	-	10,441,276	-	10,441,276
Reversal of the reduction of inventory to net realisable value	(50,247,830)	(18,161,799)	(24,817,859)	(11,097,582)
Loss (gain) on sales of property, plant and equipment	(3,095,661)	1,304,099	(1,437,842)	(165,060)
Loss on write-off property, plant and equipment	404	235,071	-	115
Transfer machine under installation to expense	6,976,285	-	6,976,285	-
Write-off withholding tax	2,415,291	1,334,280	-	528,838
Amortise deferred revenue from sales and lease back	(222,014)	(129,508)	-	-
Provision for long-term employee benefits	26,442,227	85,427,597	11,134,513	40,225,983
Subsidies income from Government grants	(3,859,308)	(4,527,740)	(3,859,308)	(4,527,740)
Unrealised loss (gain) on exchange	3,269,485	(3,430,061)	1,555,669	(1,995,112)
Loss on fair value adjustments of financial instruments	809,508	-	809,508	-
Dividend income	(3,805)	(2,727)	(3,805)	(2,727)
Finance income	(76,606)	(257,950)	(1,811,070)	(3,282,693)
Finance cost	202,167,997	207,371,304	157,599,141	167,870,074
Loss from operating activities before				
changes in operating assets and liabilities	(5,428,648)	(448,003,702)	(81,004,273)	(373,901,964)
Operating assets (increase) decrease				
Trade and other receivables	(166,884,522)	211,718,219	(168,430,203)	40,387,825
Inventories	384,501,006	788,422,280	162,224,666	505,563,038
Other current assets	(28,209,458)	78,244,489	(14,994,114)	53,441,358
Other non-current assets	301,701	(4,497)	245,210	14,000
Operating liabilities increase (decrease)				
Trade and other payables	148,877,582	(156,513,936)	371,311,478	107,480,873
Other current liabilities	(4,902,807)	2,762,497	(754,075)	1,182,079
Cash flows from operating activities	328,254,854	476,625,350	268,598,689	334,167,209
Cash paid for long-term employee benefits	(43,267,867)	(32,350,349)	(24,742,947)	(20,543,850)
Interest received	76,606	257,950	2,051,805	3,366,279
Tax refund received	18,201,411	-	5,486,427	-
Interest paid	(206,071,757)	(219,331,509)	(161,661,719)	(179,559,174)
Corporate income tax paid	(7,297,863)	(7,589,459)	(829,099)	(880,967)
Net cash flows from operating activities	89,895,384	217,611,983	88,903,156	136,549,497

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Acquisition of property, plant and equipment				
and intangible assets	(469,134,522)	(524,462,400)	(387,976,205)	(421,067,484)
Proceeds from sales of property, plant and equipment				
and intangible assets	3,864,615	611,342	1,643,826	203,859
Dividend income	3,805	2,727	3,805	2,727
Decrease in short-term loans to related parties	-	-	20,000,000	20,000,000
Net cash flows used in investing activities	(465,266,102)	(523,848,331)	(366,328,574)	(400,860,898)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions	9,406,162,009	4,719,488,440	3,318,637,949	2,949,360,885
Decrease in bank overdrafts and short-term loans				
from financial institutions	(9,102,370,820)	(4,284,517,763)	(3,044,736,195)	(2,498,944,852)
Decrease in short-term loans from related parties	-	-	(31,000,000)	(102,493,365)
Repayment of long-term loans	-	(400,000,000)	-	(400,000,000)
Payment of principal portion of lease liabilities	(27,881,977)	(60,041,815)	(3,676,812)	(944,495)
Preceed from sales and lease back	-	52,967,451	-	-
Proceed from increase share capital	-	300,000,000	-	300,000,000
Dividend paid	(38)	-	(38)	-
Net cash flows from financing activities	275,909,174	327,896,313	239,224,904	246,978,173
Increase (decrease) in translation adjustments	(9,590,544)	19,293,459	-	-
Net increase (decrease) in cash and cash equivalents	(109,052,088)	40,953,424	(38,200,514)	(17,333,228)
Cash and cash equivalents at beginning of year	137,916,360	96,962,936	51,426,034	68,759,262
Cash and cash equivalents at end of year	28,864,272	137,916,360	13,225,520	51,426,034
Supplement cash flows information				
1) Non-cash related transaction for investing activities				
Trust receipt and payable from acquisitions of fixed assets	16,792,605	277,508,027	10,500,151	265,471,434
Other receivable from sales of fixed assets	-	-	35,847,499	64,380,890
Revaluation surplus on assets	1,129,373,581	-	719,055,541	-
Transfer right-of-use assets to fixed assets	6,631,221	-	-	-
Offset other receivable from sales of fixed assets				
with trade payable	-	-	28,533,391	
2) Non-cash related transaction for financing activities				
Dividend payable	891,124	891,162	887,083	887,121
Assets acquired under lease liabilities	-	38,821,291	-	-

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

Kulthorn Kirby Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2020

1. General information

1.1 Corporate information

Kulthorn Kirby 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 hermetic compressors. The registered address of the Company is 126 Soi Chalongkrung 31, Chalongkrung Road, Khwaeng Lamplatew, Khet Latkrabang, Bangkok.

1.2 Fundamental accounting assumptions

The Group has sustained operating loss for a number of consecutive years, and as at 31 December 2020, the Group's total current liabilities exceeded its total current assets by Baht 2,252 million (the Company only: Baht 2,515 million) and the Group has deficit of Baht 2,312 million (the Company only: Baht 1,499 million). Currently, the Group is in the process of implementing operational plans to change its strategies and future business model and seek additional sources of funds. Management believes that the Group will be able to continue as a going concern. Management has therefore decided that it is correct and appropriate to prepare the Group's financial statements for year ended 31 December 2020 under the going concern basis. Accordingly, such financial statements do not include any adjustments relating to the realisation of the recoverable amount and classification of the assets or the amount and classification of liabilities that might be necessary should the Group be unable to continue its operations as a going concern.

1.3 Coronavirus disease 2019 Pandemic

The COVID-19 pandemic is adversely impacting most businesses and industries. This situation significantly affects the Group's business activities in terms of supply chains and operational delays, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Kulthorn Kirby Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
			Percent	Percent
Subsidiaries held by the Company				
Kulthorn Kirby Foundry Company Limited	Manufacturing and sales of iron castings for compressor parts and automotives parts	Thailand	100	100
Kulthorn Premier Company Limited	Manufacturing and sales of hermetic compressors for compressor parts	Thailand	100	100
Kulthorn Steel Company Limited	Slitting of electrical steel for compressor	Thailand	100	100
Kulthorn Materials and Controls Company Limited	Manufacturing and sales of enameled copper wires and thermostat used in air conditioners and refrigerators	Thailand	100	100
Kulthorn Research and Development Company Limited	Provision of services with respect to technology research and development for products and manufacturing	Thailand	100	100
Subsidiaries held directly and indirectly by Kulthorn Materials and Controls Company Limited				
Kulthorn Metal Products Company Limited	Manufacture and sell forging, machining and heat treatment metal parts	Thailand	100	100
Suzhou Kulthorn Magnet Wire Company Limited (held by Phelps Dodge Suzhou Holdings, Inc.)	Manufacture and sell enameled copper wire	China	100	100

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group 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 Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

The 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. They also include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

- Recognition of expected credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measures them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

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

The cumulative effect of the change is described in Note 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 impacts 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 period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, fair value measurement of property, plant and equipment, impairment of assets and reversal of deferred tax assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group’s financial statements.

(b) Financial reporting standards that will become 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 Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group 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 as at 1 January 2020. Therefore, the comparative information was not restated.

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

(Unit: Thousand Baht)

	Consolidated financial statements			
		The impacts of		
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Trade and other receivables	938,946	(9,611)	-	929,335
Non-current assets				
Property, plant and equipment	3,177,221	-	(74,610)	3,102,611
Right-of-use assets	-	-	115,914	115,914
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under financial lease agreements	15,827	-	(15,827)	-
Current portion of lease liabilities	-	-	36,040	36,040
Other current financial liabilities	-	2,186	-	2,186
Non-current liabilities				
Liabilities under financial lease agreements, net of current portion	30,148	-	(30,148)	-
Lease liabilities, net of current portion	-	-	51,239	51,239
Shareholders' equity				
Deficit - unappropriated	(1,794,367)	(11,797)	-	(1,806,164)

(Unit: Thousand Baht)

	Separate financial statements			
		The impacts of		
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Trade and other receivables	589,157	(1,881)	-	587,276
Non-current assets				
Property, plant and equipment	1,788,601	-	(1,311)	1,787,290
Right-of-use assets	-	-	9,657	9,657
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under financial lease agreements	568	-	(568)	-
Current portion of lease liabilities	-	-	3,633	3,633
Other current financial liabilities	-	2,186	-	2,186
Non-current liabilities				
Liabilities under financial lease agreements, net of current portion	939	-	(939)	-
Lease liabilities, net of current portion	-	-	6,220	6,220
Shareholders' equity				
Deficit - unappropriated	(1,173,764)	(4,067)	-	(1,177,831)

4.1 Financial instruments

a) Details of the impact on retained earnings as at 1 January 2020 due to the first time adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Recognition of an allowance for expected credit losses on financial assets	(9,611)	(1,881)
Recognition of derivatives at fair value through profit or loss	(2,186)	(2,186)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(11,797)	(4,067)

b) As at 1 January 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)

	Consolidated financial statements	
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9
		Amortised cost
Financial assets as at 1 January 2020		
Cash and cash equivalents	137,916	137,916
Trade and other receivables	938,946	929,335
Total financial assets	1,076,862	1,067,251

(Unit: Thousand Baht)

	Separate financial statements	
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9
		Amortised cost
Financial assets as at 1 January 2020		
Cash and cash equivalents	51,426	51,426
Trade and other receivables	589,157	587,276
Short-term loans to related parties	50,000	50,000
Total financial assets	690,583	688,702

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 2.2 million (Separate financial statements: Baht 2.2 million).

4.2 Leases

On adoption of TFRS 16, the Group 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 Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group 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.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	37,435	-
Less: Short-term leases and leases of low-value assets	(2,132)	-
Add: Option to extend lease term	9,213	9,213
Less: Deferred interest expenses	(3,212)	(867)
Increase in lease liabilities due to TFRS 16 first time adoption	41,304	8,346
Liabilities under finance lease agreements as at 31 December 2019	45,975	1,507
Lease liabilities as at 1 January 2020	87,279	9,853
Incremental borrowing rate (percent per annum)	2.65 - 6.85	2.65 - 6.85
Comprise of:		
Current lease liabilities	36,040	3,633
Non-current lease liabilities	51,239	6,220
	87,279	9,853

The adjustments of right-of-use assets due to TFRS 16 first time adoption as at 1 January 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Land and land improvement	37,948	-
Machinery and equipment	72,864	5,166
Office equipment	3,445	3,180
Motor vehicles	1,657	1,311
Total right-of-use assets	115,914	9,657

5. Change in accounting policy for land and land improvement and building from cost model to revaluation model and change in accounting estimates

On 30 June 2020, the Group reviewed and changed its accounting policy on the value of property, plant and equipment for land and land improvement and building from cost model to revaluation model to reflect appropriate present value.

Regarding the change in the accounting policy, the Group has complied with TAS 8. This is considered a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require that the change be applied retrospectively. Therefore, the Group applied the change prospectively.

In addition, the Group changed its accounting estimates with respect to the useful lives of land improvement and building from 10 and 20 years to 10, 20, 30, 35, 40 and 45 years. The management of the Group believes that the new useful lives of assets are more appropriate and consistent with their expected economic benefits provided to the Group.

The Group applied the change in accounting estimates prospectively.

The effects of the change in accounting policy and the change in accounting estimates to the statements of financial position as at 31 December 2020 and as at 30 June 2020 and the statement of comprehensive income for the year ended 31 December 2020 are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
Statement of financial position:				
Increase in property, plant and equipment	1,118,807	1,129,374	711,993	719,056
Increase in deferred tax liabilities	226,230	229,243	141,478	143,811
Increase in surplus on revaluation of asset	887,666	900,131	565,909	575,244
Decrease in deficits - unappropriated	4,911	-	4,605	-

	(Unit: Thousand Baht) For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Statement of comprehensive income:		
Profit or loss		
Impact to depreciation		
Increase in depreciation in cost of sales and services	(11,940)	(9,153)
Decrease in depreciation in administrative expenses	1,373	2,090
Decrease in income tax	3,013	2,333
Other comprehensive income:		
Increase in gain on revaluation of asset (net of income tax)	916,972	575,244
Increase in basic loss per share (Baht)	(0.005)	(0.003)

6. Significant accounting policies

6.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

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

Finance cost

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

Dividends

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

6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

6.3 Inventories

Finished goods, work in process and raw materials are valued at the lower of cost (under the first-in, first-out method) and net realisable value. Cost of finished goods and work in process includes cost of materials, labour and overheads.

6.4 Investments in subsidiaries

Investments in the subsidiaries are accounted for in the separate financial statements using the cost method.

6.5 Property, plant and equipment and depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Land improvement and plant	-	10, 20, 30, 35, 40, 45	years
Machineries	-	5, 8, 10, 15	years
Plant equipment	-	5	years
Furniture, fixtures and office equipment	-	3, 5, 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress and machine under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

6.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Computer software	3 - 10 years

6.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

6.9 Warranty reserve

Warranty reserve is estimated by reference to actual warranty expenses incurred and calculated at a percentage of cost of sales and quantities of products under warranty.

6.10 Leases

At inception of contract, the Group 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 Group as a lessee

Accounting policies adopted since 1 January 2020

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

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

Land and land improvement	3, 33	years
Machinery and equipment	2 - 5	years
Office equipment	3 - 5	years
Motor vehicles	4 - 6	years

If ownership of the leased asset is transferred to the Group 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.

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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group'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.

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

6.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

6.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.13 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where property and plant were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plan. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gain and loss arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gain and loss arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

6.15 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and that the Company will comply with the conditions attaching to them. Government grants related to assets are presented as deferred income and are recognised in profit or loss on a systematic basis over the useful life of the assets. Government grants related to income are recognised in profit or loss in the period which the Company is eligible to the grants, presented with the net amount of related expenses.

6.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6.18 Financial instruments

Accounting policies adopted since 1 January 2020

The Group 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 or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group 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 at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group'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 Group takes into account any discounts or premiums on acquisition and 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 Group has transferred substantially all the risks and rewards of the asset, or the Group 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 Group 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 Group 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 Group 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 Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group 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.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Investments

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

6.19 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

6.20 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

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

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

7. Significant accounting judgements and estimates

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

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in inventory value

In determining allowance for diminution in inventory value, the management needs to exercise judgement and make estimates based upon, among other things, market conditions and the condition of the inventory.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Warranty reserve

In determining warranty reserve, the management needs to exercise judgement to make estimate, based upon historical warranty expense data and the quantities of products under warranty.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to investment in subsidiaries and property, plant and equipment recognised by the Group.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

8. Related party transactions

During the years, the Group had significant business transactions with related parties mainly in respect of purchases and sales of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Group and those related parties, are summarised below.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated financial statements		Separate financial statements		Pricing policy
	2020	2019	2020	2019	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	787	630	Market price
Sales and service income and scraps sales	-	-	120	95	Approximate market price
Interest expenses	-	-	24	26	Interest rate at 4.60 - 7.25 percent per annum
Interest income	-	-	2	3	Interest rate at 4.25 percent per annum
Other income	-	-	7	14	Mutually agreed price as stipulated in the contract
Rental income	-	-	13	13	Mutually agreed price as stipulated in the contract
Other expenses	-	-	6	4	Mutually agreed price as stipulated in the contract
Transactions with related companies					
Sales and service income and scraps sales	513	567	234	282	Approximate market price
Purchases of goods	43	32	42	31	Market price
Rental expenses	3	14	-	-	Mutually agreed price as stipulated in the contract
Other expenses	10	10	4	4	Mutually agreed price as stipulated in the contract
Other income	1	1	-	-	Mutually agreed price as stipulated in the contract

The balances of the accounts as at 31 December 2020 and 2019 between the Group and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade and other receivables - related parties (Note 10)				
Subsidiary companies	-	-	219,533	238,617
Related companies (related by common director/shareholder)	134,340	125,959	46,158	40,364
Total trade and other receivables - related parties	134,340	125,959	265,691	278,981
Trade and other payables - related parties (Note 18)				
Subsidiary companies	-	-	719,335	472,299
Related companies (related by common director/ shareholder)	13,340	25,072	11,325	8,906
Total trade and other payables - related parties	13,340	25,072	730,660	481,205

Short-term loans to and short-term loans from related parties

As at 31 December 2020 and 2019, the balance of short-term loans between the Company and its subsidiaries, and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2020
Short-term loans to subsidiary				
Kulthorn Materials and Controls Co., Ltd.	50,000	-	(20,000)	30,000
Total	50,000	-	(20,000)	30,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2020
Short-term loans from subsidiaries				
Kulthorn Premier Co., Ltd.	492,000	8,000	(39,000)	461,000
Kulthorn Kirby Foundry Co., Ltd.	20,000	-	-	20,000
Total	512,000	8,000	(39,000)	481,000

Directors and management's remuneration

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	29	42	9	21
Post-employment benefits	5	3	4	1
Total	34	45	13	22

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 34.3 to the financial statements.

9. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	3,707	800	2,334	411
Bank deposits	25,157	137,116	10,892	51,015
Total	28,864	137,916	13,226	51,426

As at 31 December 2020, bank deposits in savings accounts carried interests at the rate between 0.05 and 0.37 percent per annum (2019: between 0.10 and 0.63 percent per annum).

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade receivables - related parties				
Not yet due	99,889	92,416	68,599	41,477
Overdue				
Less than 3 months	28,198	13,481	17,040	18,203
3 - 6 months	223	-	-	4
6 - 12 months	1,037	-	-	-
Over 12 months	-	4,449	-	-
Total	129,347	110,346	85,639	59,684
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	-	-	(1,464)	-
Total trade receivables - related parties	129,347	110,346	84,175	59,684
Trade receivables - unrelated parties				
Not yet due	837,808	652,602	432,986	266,323
Overdue				
Less than 3 months	128,124	152,699	27,856	43,474
3 - 6 months	750	890	-	1,204
6 - 12 months	3,898	431	-	-
Over 12 months	7,957	10,612	2,184	1,147
Total	978,537	817,234	463,026	312,148
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(18,435)	(6,205)	(2,409)	(2,416)
Total trade receivables - unrelated parties	960,102	811,029	460,617	309,732
Total trade receivables - net	1,089,449	921,375	544,792	369,416
Other receivables				
Other receivables - related parties	4,993	15,613	181,516	219,297
Other receivables - unrelated parties	1,394	1,958	133	444
Total other receivables	6,387	17,571	181,649	219,741
Total trade and other receivables - net	1,095,836	938,946	726,441	589,157

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	15,816	4,297
Provision for expected credit losses (reversal)	2,619	(424)
As at 31 December 2020	18,435	3,873

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	360,926	470,195	(85,380)	(114,767)	275,546	355,428
Work in process	283,498	343,439	(35,502)	(34,409)	247,996	309,030
Raw materials	672,785	923,364	(48,014)	(69,967)	624,771	853,397
Goods in transit	91,022	55,734	-	-	91,022	55,734
Total	1,408,231	1,792,732	(168,896)	(219,143)	1,239,335	1,573,589

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	145,104	198,069	(21,622)	(38,250)	123,482	159,819
Work in process	188,156	220,591	(24,099)	(10,872)	164,057	209,719
Raw materials	460,305	573,823	(31,710)	(53,127)	428,595	520,696
Goods in transit	86,230	49,537	-	-	86,230	49,537
Total	879,795	1,042,020	(77,431)	(102,249)	802,364	939,771

During the current year, the Group reversed the write-down of cost of inventories by Baht 50.2 million (2019: Baht 18.2 million) (The Company only: Baht 24.8 million, 2019: Baht 11.1 million), and reduced the amount of inventories recognised as expenses during the year.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Advance payment	21,911	7,562	12,167	2,944
Income tax refundable	26,736	37,979	18,000	21,575
Others	42,700	42,776	8,431	11,160
Total	91,347	88,317	38,598	35,679

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2020	2019	2020	2019	2020	2019
			(%)	(%)		
Kulthorn Kirby Foundry Company Limited	575,000	575,000	100	100	739,999	739,999
Kulthorn Premier Company Limited	1,260,000	1,260,000	100	100	1,936,751	1,936,751
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999
kulthorn Materials and Controls Company Limited	650,000	650,000	100	100	540,630	540,630
Kulthorn Research and Development Company Limited	12,500	12,500	100	100	12,500	12,500
Total					3,629,879	3,629,879
Less: Allowance for impairment loss on investments in subsidiaries					(1,543,007)	(1,543,007)
Total investments in subsidiaries - net					2,086,872	2,086,872

The company did not received dividend during the year ended 31 December 2020 and 2019.

During the year 2019, the Company recognises an impairment loss for investment in subsidiaries amounting to Baht 500 million (2020: Nil) as expenses in the separate statement of comprehensive income. The Company has determined the recoverable amounts of its investment in subsidiaries based on the higher of fair value less costs of disposal or value in use, using cash flow projections from financial estimation approved by management covering a 5-year period.

Key assumptions used in value in use calculations are as follows:

(Unit: percent per annum)

	2020	2019
Discount rate	8.5	8.3
Terminal growth rate	1.0	1.7

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost								
As at 1 January 2019	349,728	2,035,965	7,887,596	1,303,536	203,844	147,954	538,235	12,466,858
Additions	-	301	247	6,483	4,426	281	792,074	803,812
Capitalised interest	-	-	-	-	-	-	11,066	11,066
Transfer in (out)	-	30,830	70,307	4,693	12,126	769	(118,725)	-
Disposals/write-off	-	-	(12,686)	(2,568)	(14,160)	(44)	(41,441)	(70,899)
Translation adjustments	-	(18,097)	(21,933)	-	(723)	(556)	-	(41,309)
As at 31 December 2019	349,728	2,048,999	7,923,531	1,312,144	205,513	148,404	1,181,209	13,169,528
Accumulated depreciation								
As at 1 January 2019	-	1,319,463	6,829,926	1,218,323	177,779	133,505	-	9,678,996
Depreciation for the year	-	84,660	218,728	30,175	10,917	5,937	-	350,417
Disposals/ write-off	-	-	(1,878)	(499)	(14,156)	(44)	-	(16,577)
Translation adjustment	-	(11,488)	(17,177)	-	(659)	(501)	-	(29,825)
As at 31 December 2019	-	1,392,635	7,029,599	1,247,999	173,881	138,897	-	9,983,011
Allowance for impairment loss								
As at 1 January 2019	-	-	(1,974)	-	(707)	(625)	-	(3,306)
Increase during the year	-	-	(6,276)	-	-	-	-	(6,276)
Translation adjustment	-	-	171	-	61	54	-	286
As at 31 December 2019	-	-	(8,079)	-	(646)	(571)	-	(9,296)
Net book value								
As at 31 December 2019	349,728	656,364	885,853	64,145	30,986	8,936	1,181,209	3,177,221
Depreciation for the year								
2019 (Baht 318 million included in manufacturing cost, and the balance in administrative expenses)								350,288

(Unit: Thousand Baht)

	Consolidated financial statements							
	Revaluation basis		Cost basis					
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost/ Revalued amount								
As at 31 December 2019	349,728	2,048,999	7,923,531	1,312,144	205,513	148,404	1,181,209	13,169,528
Adjustment due to first time adoption of TFRS 16 (Note 4)	-	(11,504)	(69,610)	(2,248)	-	(6,083)	-	(89,445)
As at 1 January 2020	349,728	2,037,495	7,853,921	1,309,896	205,513	142,321	1,181,209	13,080,083
Additions	-	265	2,420	885	885	439	202,584	207,478
Reclassify	3,185	(3,185)	-	-	-	-	-	-
Revaluations	599,229	530,145	-	-	-	-	-	1,129,374
Capitalised interest	-	-	-	-	-	-	1,501	1,501
Transfer in (out)	-	72,431	497,461	24,950	1,807	-	(603,625)	(6,976)
Transfer from right-of-use assets (Note 20)	-	-	6,631	-	-	-	-	6,631
Disposals/write-off	-	-	(77,239)	(8,383)	(1,722)	(22,283)	(188)	(109,815)
Translation adjustment	-	17,184	16,406	-	539	414	11	34,554
As at 31 December 2020	952,142	2,654,335	8,299,600	1,327,348	207,022	120,891	781,492	14,342,830
Accumulated depreciation								
As at 31 December 2019	-	1,392,635	7,029,599	1,247,999	173,881	138,897	-	9,983,011
Adjustment due to first time adoption of TFRS 16 (Note 4)	-	(2,307)	(7,809)	(293)	-	(4,426)	-	(14,835)
As at 1 January 2020	-	1,390,328	7,021,790	1,247,706	173,881	134,471	-	9,968,176
Depreciation for the year	-	99,227	201,253	24,721	9,779	2,953	-	337,933
Disposals/ write-off	-	-	(76,965)	(8,383)	(1,666)	(22,031)	-	(109,045)
Translation adjustment	-	9,033	13,106	-	484	373	-	22,996
As at 31 December 2020	-	1,498,588	7,159,184	1,264,044	182,478	115,766	-	10,220,060
Allowance for impairment loss								
As at 1 January 2020	-	-	(8,079)	-	(646)	(571)	-	(9,296)
(Increase) decrease during the year	-	(62,948)	(3,033)	-	39	-	-	(65,942)
Translation adjustment	-	-	(127)	-	(46)	(40)	-	(213)
As at 31 December 2020	-	(62,948)	(11,239)	-	(653)	(611)	-	(75,451)
Net book value								
As at 31 December 2020	952,142	1,092,799	1,129,177	63,304	23,891	4,514	781,492	4,047,319
Depreciation for the year								
2020 (Baht 308 million included in manufacturing cost, and the balance in administrative expenses)								337,711

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost								
As at 1 January 2019	221,024	793,590	3,516,897	812,516	97,717	66,693	357,922	5,866,359
Additions	-	301	-	1,867	3,307	281	614,211	619,967
Capitalised interest	-	-	-	-	-	-	11,066	11,066
Transfer in (out)	-	24,637	5,514	3,109	11,530	-	(44,790)	-
Disposals/write-off	-	-	-	(7)	(9,348)	(44)	-	(9,399)
As at 31 December 2019	221,024	818,528	3,522,411	817,485	103,206	66,930	938,409	6,487,993
Accumulated depreciation								
As at 1 January 2019	-	442,016	3,190,253	783,364	81,906	61,241	-	4,558,780
Depreciation for the year	-	29,727	97,147	12,994	7,212	2,930	-	150,010
Disposals/write-off	-	-	-	(7)	(9,347)	(44)	-	(9,398)
As at 31 December 2019	-	471,743	3,287,400	796,351	79,771	64,127	-	4,699,392
Net book value								
As at 31 December 2019	221,024	346,785	235,011	21,134	23,435	2,803	938,409	1,788,601
Depreciation for the year								
2019 (Baht 131 million included in manufacturing cost, and the balance in administrative expenses)								150,010

(Unit: Thousand Baht)

	Separate financial statements							
	Revaluation basis		Cost basis					
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost/ Revalued amount								
As at 31 December 2019	221,024	818,528	3,522,411	817,485	103,206	66,930	938,409	6,487,993
Adjustment due to first time adoption of TFRS 16 (Note 4)	-	-	-	-	-	(4,645)	-	(4,645)
As at 1 January 2020	221,024	818,528	3,522,411	817,485	103,206	62,285	938,409	6,483,348
Additions	-	-	-	350	771	439	130,503	132,063
Reclassify	2,520	(2,520)	-	-	-	-	-	-
Revaluations	517,202	201,853	-	-	-	-	-	719,055
Capitalised interest	-	-	-	-	-	-	1,501	1,501
Transfer in (out)	-	71,129	463,098	14,836	1,305	-	(557,344)	(6,976)
Disposals/write-off	-	-	-	(4,657)	(188)	(12,831)	-	(17,676)
As at 31 December 2020	740,746	1,088,990	3,985,509	828,014	105,094	49,893	513,069	7,311,315
Accumulated depreciation								
As at 31 December 2019	-	471,743	3,287,400	796,351	79,771	64,127	-	4,699,392
Adjustment due to first time adoption of TFRS 16 (Note 4)	-	-	-	-	-	(3,334)	-	(3,334)
As at 1 January 2020	-	471,743	3,287,400	796,351	79,771	60,793	-	4,696,058
Depreciation for the year	-	41,406	97,130	11,941	7,166	918	-	158,561
Disposals/write-off	-	-	-	(4,658)	(188)	(12,624)	-	(17,470)
As at 31 December 2020	-	513,149	3,384,530	803,634	86,749	49,087	-	4,837,149
Allowance for impairment loss								
As at 1 January 2020	-	-	-	-	-	-	-	-
Increase during the year	-	(55,304)	-	-	-	-	-	(55,304)
As at 31 December 2020	-	(55,304)	-	-	-	-	-	(55,304)
Net book value								
As at 31 December 2020	740,746	520,537	600,979	24,380	18,345	806	513,069	2,418,862
Depreciation for the year								
2020 (Baht 141 million included in manufacturing cost, and the balance in administrative expenses)								158,561

During the current year, the Group arranged for an independent professional valuer to appraise the value of its land and buildings. The basis of the revaluation is as follows:

- Land was revalued using the market approach.
- Land improvement and buildings were revalued using the depreciated replacement cost approach.

The result of the revaluations showed increases of Baht 599.2 million and Baht 530.2 million (the Company only: Baht 517.2 million and Baht 201.9 million) in the net book value of the Group's Land and Land improvement and building, respectively. The Company recorded the revaluation increase in other comprehensive income and the cumulative increase is recognised as the "Revaluation surplus on assets" in the shareholders' equity.

Had the land and land improvement and building been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2020 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Land	360,213	223,544
Land improvement and building	726,497	367,545

During the year ended 31 December 2020, borrowing cost totaling approximately Baht 1.5 million (2019: Baht 11.1 million) were capitalised as part of machine under construction. The weighted average rate used to determine the amount of borrowing cost eligible for capitalisation was 4.20 - 4.64 percent per annum. (2019: 4.20 - 4.56 percent per annum)

As at 31 December 2020, certain items of plant and equipment of the Group were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 6,188 million (The Company only: Baht 3,777 million) (2019: Baht 6,776.3 million in the consolidated financial statements and Baht 3,881.4 million in the separate financial statements).

The Group pledged their land and buildings thereon, of which net book value amounted to approximately Baht 1,188 million (2019: Baht 392 million) (The Company's: Baht 741 million 2019: Baht 221 million), with financial institutions as collateral to secure loans as discussed in Note 19.

In addition, the Group has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Group is not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as discussed in Note 17.

15. Goodwill on business combination

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

16. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2020		
Cost	187,211	106,344
Less: Accumulated amortisation	(107,093)	(58,801)
Net book value	80,118	47,543
As at 31 December 2019		
Cost	180,424	100,079
Less: Accumulated amortisation	(93,716)	(52,494)
Net book value	86,708	47,585

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate Financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	86,708	86,988	47,585	45,203
Acquisition during the year	6,265	12,759	6,265	8,386
Amortisation	(13,093)	(12,702)	(6,307)	(6,004)
Translation adjustment	238	(337)	-	-
Net book value at end of year	80,118	86,708	47,543	47,585

17. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Bank overdrafts	5.82 - 5.88	124,682	108,582	29,943	24,367
Short-term loans	3.75 - 6.87	1,085,000	1,047,145	810,000	772,145
Trust receipts	2.24 - 4.70	1,257,847	1,408,039	624,500	692,932
Packing credit	3.25 - 6.87	1,083,318	921,813	655,296	596,290
Total		3,550,847	3,485,579	2,119,739	2,085,734

The Group has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under the agreements, the Group is required to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio not exceeding 5:1 for the consolidated financial statements and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1. The Group is not allowed to dispose, transfer, mortgage or provide any lien on their assets, both existing and to be acquired in the future, except to use as collateral for the syndicated loan to pay off the debt to those financial institutions.

As at 31 December 2019, the Group could not maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio as specified in the Credit Facility Agreement, which resulted in the loan becoming payable on demand, as disclosed in Note 19.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade payables - related parties	10,936	7,860	722,278	449,250
Trade payables - unrelated parties	478,739	357,868	251,013	198,802
Other payables - related parties	2,404	17,212	6,456	29,707
Other payables - unrelated parties	176,498	166,096	111,843	94,007
Accrued interest expenses to related parties	-	-	1,926	2,248
Accrued interest expenses to unrelated parties	1,894	1,898	995	1,049
Accrued expenses - unrelated parties	81,036	65,846	32,514	24,875
Total trade and other payables	751,507	616,780	1,127,025	799,938

19. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2020	2019
Long-term loans	1,075,300	1,075,300
Less: current portion	(400,000)	(1,075,300)
Long-term loans, net of current portion	675,300	-

In December 2016, the Group entered into a Credit Facility Agreement with three financial institutions to obtain long-term syndicated loans facility amounting to Baht 2,000 million.

In December 2016, the Company drew down a Baht 1,000 million loans from financial institutions, and the loan shall be repaid within the year 2021. The repayment of the principal is to be made in 20 quarterly installments, of Baht 50 million each, with the first installment to be paid in March 2017.

During the year 2018, the Company drew down additional totaling Baht 925.3 million loans from financial institutions, and the loan shall be repaid within the year 2023. The repayment of the principal is to be made in 19 quarterly installments, of Baht 50 million for the first 18 installments and Baht 25.3 million for the last installment, with the first installment to be paid in December 2018.

During the year 2020, the Group entered into the Amendment Agreement to the Credit Facility Agreement to extend the repayment period of the outstanding principal for one year, starting from 31 March 2020. Therefore, the financial maturity date of the loan which had been drawn down in 2016 and 2018 shall be repaid within the year 2022 and 2024, respectively.

The loan is subject to interest at the rate with reference to THBFIX+3%, and interest is to be paid on a monthly basis.

Under the loan agreement, the Group has to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio for the consolidated financial statements not exceeding 5:1 and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1, based on the financial statements as at 30 June and 31 December.

As at 31 December 2019, the Group was unable to maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio as specified in the Credit Facility Agreement, resulting in the long-term loan becoming payable on demand. The Group therefore classified total balance of loan as current portion due within one year. The classification of such liabilities as at 31 December 2019 to current liabilities is in accordance with Thai Financial Reporting Standards.

In December 2020, the Group received a waiver letter from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio and debt to equity ratio for the year ended 31 December 2020.

As at 31 December 2020, the Group was able to comply with all conditions as specified in the waiver letter and the loan agreement.

The above long-term loans from financial institutions are secured by mortgage of the Group's properties and plant thereon.

20. Leases

20.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 6 years and 33 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land and land improvement	Machinery and equipment	Office equipment	Motor vehicles	Total
1 January 2020	37,948	72,864	3,445	1,657	115,914
Additions	-	7,890	-	1,000	8,890
Decrease from lease modification during the year	(15,479)	-	-	-	(15,479)
Decrease from termination of lease contract during the year	-	(390)	-	-	(390)
Transfer to fixed assets (Note 14)	-	(6,631)	-	-	(6,631)
Depreciation for the year	(6,812)	(11,705)	(1,205)	(1,923)	(21,645)
Translation adjustment	137	-	-	-	137
31 December 2020	15,794	62,028	2,240	734	80,796

(Unit: Thousand Baht)

	Separate financial statements			
	Machinery and equipment	Office equipment	Motor vehicles	Total
1 January 2020	5,166	3,180	1,311	9,657
Additions	-	-	1,000	1,000
Depreciation for the year	(1,977)	(1,088)	(1,635)	(4,700)
31 December 2020	3,189	2,092	676	5,957

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Lease payments	57,572	51,383	7,625	1,623
Less: Deferred interest expenses	(5,154)	(5,408)	(449)	(116)
Total	52,418	45,975	7,176	1,507
Less: Portion due within one year	(21,363)	(15,827)	(3,668)	(568)
Lease liabilities - net of current portion	31,055	30,148	3,508	939

A maturity analysis of lease payments is disclosed in Note 36.2 under the liquidity risk.

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

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	21,645	4,700
Interest expense on lease liabilities	3,326	535
Expense relating to short-term leases	10,242	4,156
Expense relating to leases of low-value assets	278	10

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 41.7 million, including the cash outflow related to short-term lease and leases of low-value assets.

21. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Warranty reserve	7,475	8,178	7,244	8,004
Deferred income	10,230	14,084	10,230	14,084
Others	4,671	9,098	-	-
Total	22,376	31,360	17,474	22,088

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees' retirement and long service awards, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Retirement benefits plan		Long service awards plan		Total	
	2020	2019	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	263,352	198,055	4,395	1,105	267,747	199,160
Included in profit or loss:						
Current service cost	19,180	19,216	398	419	19,578	19,635
Interest cost	6,761	6,502	103	109	6,864	6,611
Past service costs	-	55,710	-	2,981	-	58,691
Actuarial loss arising from						
Financial assumptions changes	-	-	-	356	-	356
Experience adjustments	-	-	-	135	-	135
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	-	15,192	-	-	-	15,192
Experience adjustments	-	910	-	-	-	910
Benefits paid during the year	(43,268)	(32,233)	-	(117)	(43,268)	(32,350)
Reclassify the portion due to accrued expenses	(6,586)	-	-	(593)	(6,586)	(593)
Provision for long-term employee benefits at end of year	239,439	263,352	4,896	4,395	244,335	267,747

(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits plan		Long service awards plan		Total	
	2020	2019	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	117,305	89,630	3,298	1,105	120,603	90,735
Included in profit or loss:						
Current service cost	7,629	7,630	313	325	7,942	7,955
Interest cost	3,115	2,991	77	80	3,192	3,071
Past service costs	-	26,819	-	1,890	-	28,709
Actuarial loss arising from						
Financial assumptions changes	-	-	-	356	-	356
Experience adjustments	-	-	-	135	-	135
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	-	9,332	-	-	-	9,332
Experience adjustments	-	1,447	-	-	-	1,447
Benefits paid during the year	(24,743)	(20,544)	-	-	(24,743)	(20,544)
Reclassify the portion due to accrued expenses	-	-	-	(593)	-	(593)
Provision for long-term employee benefits at end of year	103,306	117,305	3,688	3,298	106,994	120,603

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was in effect from 5 May 2019. This change was considered a post-employment benefits plan amendment and the Group had additional long-term employee benefit liabilities of Baht 55.7 million (The Company only: Baht 26.8 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the profit or loss of the year 2019.

The Group expects to pay Baht 20.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 7.3 million) (2019: Baht 16.4 million, separate financial statements: Baht 6.7 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2019: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions used for the valuation are as follows:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.8	1.8	1.8	1.8
Future salary increase rate (depending on age)	5.0 - 7.0	5.0 - 7.0	5.0 - 7.0	5.0 - 7.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(19.1)	21.8	(8.8)	9.9
Future salary increase rate	20.8	(18.7)	9.4	(8.5)

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(18.3)	20.9	(8.4)	9.6
Future salary increase rate	19.9	(17.9)	9.1	(8.2)

23. Share capital

On 4 September 2019, the Extraordinary Meeting of the Shareholders of the Company passed a resolution to increase the registered share capital of the Company from Baht 1,200 million (1,200 million ordinary shares of Baht 1 each) to Baht 1,500 million (1,500 million ordinary shares of Baht 1 each), though an issuance of 300 million new ordinary shares with a par value of Baht 1 per share, to be used in the business operation and to support the Company's expansion as well as to be used as working capital. The Company registered the increase in its share capital with the Ministry of Commerce on 30 September 2019.

24. Revaluation surplus

This represents surplus arising from revaluation of land and land improvement and building. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	2020	
	Consolidated financial statements	Separate financial statements
Balance - beginning of year	-	-
Add: Revaluation	900,131	575,244
Less: Amortisation	(12,465)	(9,335)
Balance - end of year	887,666	565,909

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

25. Statutory reserve

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

26. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Type of goods or service:				
Sales of goods	5,497,867	5,848,249	3,170,349	2,943,892
Service income	59,481	67,134	4,095	2,143
Income from scrap sales	22,765	24,593	3,199	1,883
Total revenue from contracts with customers - recognised at a point in time	5,580,113	5,939,976	3,177,643	2,947,918

27. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest expenses on borrowings	198,842	204,410	157,064	167,795
Interest expenses on lease liabilities	3,326	2,961	535	75
Total	202,168	207,371	157,599	167,870

28. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Raw materials and consumables used	4,401,222	7,407,209	2,523,756	3,255,894
Decrease in inventories of finished goods and work in progress	169,210	577,895	85,400	409,478
Salaries, wages and other employee benefits	788,115	1,022,837	365,660	437,567
Depreciation and amortisation expenses	372,449	362,990	169,568	156,014
Rental expenses	10,520	38,321	4,166	11,135

29. Income tax

Income tax expenses (revenue) for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	689	973	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	6,276	32,324	(937)	3,697
Income tax expenses (revenue) reported in profit or loss	6,965	33,297	(937)	3,697

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax on revaluation surplus of land and buildings	229,243	-	143,811	-
Deferred tax relating to actuarial loss	-	(2,915)	-	(2,156)
	229,243	(2,915)	143,811	(2,156)

The reconciliation between accounting loss and income tax expenses (revenue) is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting loss before tax	(631,237)	(1,090,433)	(451,598)	(1,219,886)
Applicable tax rate	20, 25%	20, 25%	20%	20%
Accounting loss before tax multiplied by income tax rate	(128,162)	(218,087)	(90,320)	(243,977)
Effects of:				
Promotional privileges (Note 30)	(2,335)	(264)	-	-
Non-deductible expenses	7,564	5,428	2,588	102,051
Additional expense deductions allowed	(5,289)	(17,465)	(464)	(658)
Others	(938)	1,306	1,433	1,106
Total	(998)	(10,995)	3,557	102,499
Unrecognised tax loss	124,769	231,345	85,826	141,420
Reversal of deferred tax assets	11,356	31,034	-	3,755
Income tax expenses (revenue) reported in profit or loss	6,965	33,297	(937)	3,697

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	3,834	2,340	775	483
Allowance for diminution in value of inventories	33,311	43,306	15,486	20,450
Warranty reserve	1,103	1,636	1,057	1,601
Provision for long-term employee benefits	39,638	46,715	16,746	22,649
Deferred income	2,046	2,817	2,046	2,817
Unused tax losses	117,650	107,650	102,050	102,050
Allowance for asset impairment	11,621	1,255	10,153	-
Lease	-	-	244	-
Others	12,881	14,542	96	-
Total	222,084	220,261	148,653	150,050
Deferred tax liabilities				
Revaluation surplus of land and building	226,230	-	141,477	-
Lease liabilities	11,112	-	-	-
Total	237,342	-	141,477	-

As at 31 December 2020, the Group has unused tax losses totaling Baht 2,469 million (2019: Baht 2,119.3 million), on which deferred tax assets have not been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 3,057 million will expire by the year 2025.

30. Promotional privileges

30.1 The Company has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 58-2173-0-00-1-0	Certificate No. 60-1261-1-05-1-0
1. Promotional privileges for	Manufacturing of compressors for electrical appliances	Manufacturing of compressors and/or motors for electrical appliances
2. The significant privileges are		
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years, commencing as from the date of earning operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 31 January 2020 until 30 January 2025	-
2.2 Exemption of corporate income tax on net profit from promotional operation which does not exceed 50 percent of investment for productivity improvement, excluding land and working capital for a period of 3 years, commencing as from the date of earning operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	-	Not yet commenced
2.3 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted	Granted
2.4 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
2.5 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
3. Date of first earning operating income.	31 January 2020	Not yet commenced

The Company has to comply with certain conditions and restrictions specified under the promotion certificates.

Sales of the Company amounting to approximately Baht 3,177.6 million for the year ended 31 December 2020 included revenue from manufacturing and sales derived from promoted operations of approximately Baht 858.5 million (2019: Nil).

30.2 Kulthorn Kirby Foundry Co., Ltd., a subsidiary company, has been granted the privileges for certain specified category of products under the Investments Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 2127(2)/2548	Certificate No. 60-0092-1-00-1-0
1. Promotional privileges for	Manufacturing of casting iron parts	Manufacturing of casting iron parts
2. The significant privileges are		
2.1 Exemption of corporate income tax on net earnings for the period of 8 years commending as from the date of earning operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 8 July 2012 until 7 July 2020	-
2.2 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	-	Not yet commenced
2.3 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
2.4 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
3. Date of first earning operating income	8 July 2012	Not yet commenced

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

30.3 Kulthorn Premier Co., Ltd., a subsidiary company, has been granted promotional privileges under the Investment Promotion Act B.E. 2520, as approved by the Board of Investment for certificate with outstanding significant privileges as follow:

	Certificate No. 2167(2)/2550
1. Promotional privileges for	Manufacturing of compressors for refrigerator
2. The significant privileges are	
2.1 Exemption of corporate income tax on net income from the promoted operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years commencing as from the date of earning first operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 14 January 2008 until 13 January 2016
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 A fifty percent reduction of corporate income tax on its net income.	From 14 January 2016 until 13 January 2023
2.4 Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose commencing as from the date of first earning operating income.	For a period of 10 years commencing as from the date of first earning operating income.
2.5 Permission to deduct 25 percent of the cost of installation and construction of facilities, in addition to normal depreciation charges.	Granted
2.6 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export.	For a period of 5 years commencing as from the date of first import.
2.7 Seventy-five percent reduction of import duty on raw materials and essential materials imported for use specifically in production for domestic sales, for a period of 1 year commencing from the date of first importation.	Granted
2.8 Exemption from import duty on items imported for re-export, for a period of 5 years commencing from the date of first importation.	Granted
3. Date of first earning operating income	14 January 2008

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

30.4 Kulthorn Steel Company Limited, a subsidiary company, has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follow:

	Certificate No. 60-0708-1-00-1-0
1. Promotional privileges for	Generate electricity from solar rooftop
2. The significant privileges are	
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years from the date the promoted operations commenced generating revenues. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 24 December 2019 until 23 December 2027
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board, which must be imported within 27 December 2019.	Granted
3. Date of first earning operating income	24 December 2019

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

31. Loss per share

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

The following table sets forth the computation of basic loss per share:

	Loss for the year		Weighted average number of ordinary shares		Loss per share	
	2020 (Thousand Baht)	2019 (Thousand Baht)	2020 (Thousand shares)	2019 (Thousand shares)	2020 (Baht)	2019 (Baht)
Consolidated financial statements						
Basic loss per share						
Loss attributable to equity holders of the Company	(638,202)	(1,123,729)	1,500,000	1,284,497	(0.425)	(0.875)
Separate financial statements						
Basic loss per share						
Loss attributable to equity holders of the Company	(450,660)	(1,223,583)	1,500,000	1,284,497	(0.300)	(0.953)

32. Segment information

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

For management purposes, the Group is organised into business units based on their products and services and have four reportable segments as follows:

1. Compressors and parts
2. Enameled wire
3. Steel sheet
4. Steel coil center

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit (loss) and total assets information regarding the Group's operating segments for the years ended 31 December 2020 and 2019:

(Unit: Thousand Baht)

For the year ended 31 December 2020	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	3,277,244	1,017,561	765,945	519,363	-	5,580,113	-	5,580,113
Inter-segment revenue	172,617	192,823	389,470	227,474	62	982,446	(982,446)	-
Interest income	24,597	60	2	1,461	-	26,120	(26,043)	77
Interest expense	(162,850)	(39,768)	(23,955)	(3,199)	-	(229,772)	27,604	(202,168)
Depreciation and amortisation	(216,183)	(61,750)	(51,967)	(56,455)	(34)	(386,389)	13,940	(372,449)
Income tax revenue (expenses)	(5,458)	8,454	(10,405)	2,222	-	(5,187)	(1,778)	(6,965)
Unrealised gain (loss) on exchange	(2,523)	(21)	27	250	-	(2,267)	-	(2,267)
Impairment loss	(55,486)	-	-	(10,456)	-	(65,942)	-	(65,942)
Segment loss	**(554,237)**	**(67,613)**	**(4,571)**	**(30,725)**	**(6,079)**	**(663,225)**	**25,023**	**(638,202)**
Segment total assets								
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	853,949	54,315	(8,300)	32,990	1,973	934,927	3,753	938,680
Segment total liabilities	**5,167,788**	**1,043,791**	**750,910**	**251,279**	**6,635**	**7,220,403**	**(1,495,261)**	**5,725,142**

(Unit: Thousand Baht)

For the year ended 31 December 2019	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	3,140,799	1,153,683	888,684	756,810	-	5,939,976	-	5,939,976
Inter-segment revenue	155,251	182,203	302,727	159,837	-	800,018	(800,018)	-
Interest income	28,471	73	11	1,081	1	29,637	(29,379)	258
Interest expense	(172,115)	(44,091)	(19,876)	(667)	(1)	(236,750)	29,379	(207,371)
Depreciation and amortisation	(206,927)	(59,748)	(52,415)	(58,132)	-	(377,222)	14,232	(362,990)
Income tax revenue (expenses)	(26,829)	(2,964)	1,155	559	111	(27,968)	(5,329)	(33,297)
Unrealised gain (loss) on exchange	409	1,075	(18)	739	-	2,205	-	2,205
Impairment loss	-	-	-	(6,276)	-	(6,276)	-	(6,276)
Segment loss	**(1,420,610)**	**(466,155)**	**(101,376)**	**(31,475)**	**(396)**	**(2,020,012)**	**896,283**	**(1,123,729)**
Segment total assets	**6,855,624**	**927,583**	**1,046,624**	**966,460**	**79,998**	**9,876,289**	**(3,613,548)**	**6,262,741**
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(160,918)	(434,575)	(12,660)	(53,841)	-	(661,994)	827,583	165,589
Segment total liabilities	**4,815,349**	**991,998**	**734,068**	**244,396**	**6,610**	**6,792,421**	**(1,268,728)**	**5,523,693**

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2020	2019
Revenue from external customers		
Thailand	3,233,025	4,082,633
Hong Kong	1,448,091	895,443
China	211,406	232,377
Australia	59,984	60,491
Indonesia	33,134	54,180
Saudi Arabia	114,740	75,383
Others	479,733	539,469
Total	5,580,113	5,939,976
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	4,030,459	3,155,457
China	178,836	115,158
Total	4,209,295	3,270,615

Major customers

For the year 2020, the Group has revenue from two major customers in amount of Baht 1,431 million and Baht 815 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment (2019: Baht 1,103.3 million and Baht 886.6 million derived from two major customers, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment).

33. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 3 - 7 percent of basic salary. The fund, which is managed by Local Asset Management Company, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 of the Group amounting to approximately Baht 16.6 million (2019: Baht 19.1 million) the Company only: Baht 5.9 million (2019: Baht 7.5 million) were recognised as expenses.

34. Commitment and contingent liabilities

34.1 Capital commitments

As at 31 December 2020, the Group has capital commitments of approximately Baht 17.8 million (2019: Baht 147.1 million) (the Company only: Baht 11.0 million, 2019: Baht 133.4 million), relating to the construction of factory building and installation of machinery.

34.2 Long-term service commitments

a) As at 31 December 2020 and 2019, the Group has commitments relating to service agreements payable in the future as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Payable:				
In up to 1 year	9.7	13.8	3.0	5.1
In over 1 year	-	7.2	-	3.0

b) The Group has commitments related to sales commissions payable to sale agents at the rate stipulated in the agreements or rate agreed between parties.

34.3 Guarantees

a) As at 31 December 2020, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Megnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 60 million or equivalent to Baht 282 million (2019: RMB 60 million or equivalent to Baht 262 million).

b) As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 49.3 million (2019: Baht 48.2 million) (the Company only: Baht 20.0 million (2019: Baht 17.0 million)) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group. These included letter of guarantee to guarantee electricity usage amounting to Baht 36.3 million (2019: Baht 38.2 million) (the Company only: Baht 7.2 million (2019: Baht 7.2 million)), and to guarantee import duty, natural gas agreements and others amounting to Baht 13.0 million (2019: Baht 10.0 million) (the Company only: Baht 12.8 million (2019: Baht 9.8 million)).

35. Fair values hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2020	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
Assets measured at fair value		
Land	952.1	740.7
Land improvement and buildings	1,092.8	520.5
Liabilities measured at fair value		
Derivatives		
Foreign currency forward contracts	(0.5)	(0.5)

(Unit: Million Baht)

	As at 31 December 2019	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
Assets measured at fair value		
Derivatives		
Foreign currency forward contracts	0.3	0.3
Liabilities for which fair value are disclosed		
Derivatives		
Interest rate swap contract	(2.2)	(2.2)

36. Financial instruments

36.1 Derivatives

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2020	2019
Derivative assets		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	-	321
Total derivative assets	-	321
Derivative liabilities		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	489	-
Total derivative liabilities	489	-

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 6 months.

36.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, loans to related party, trade and other payables, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, loans to related party and deposits with banks. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

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

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 210 days and not subject to enforcement activity.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are 3 types of market risk comprising interest rate risk, currency risk and commodity price risk. The Group enters into a foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

	As at 31 December 2020					
	Consolidated financial statements		Separate financial statements		Exchange rate	
Foreign currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	11	9	10	6	29.8674	30.2068
Japanese yen	-	18	-	12	0.2869	0.2945
Euro	-	0.2	-	0.1	36.4949	37.2578
RMB	-	0.3	-	0.3	4.5447	4.6927

	As at 31 December 2019					
	Consolidated financial statements		Separate financial statements		Exchange rate	
Foreign currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	4	9	4	2	29.9767	30.3313
Japanese yen	-	4	-	-	0.2723	0.2796
Euro	-	0.2	-	-	33.3775	34.0846

Forward exchange contracts

The Company had outstanding forward exchange contracts with maturities less than one year as follows:

As at 31 December 2020					
Consolidated and separate financial statements					
	Bought	Sold		Contractual exchange rate	
Foreign currency	amount	amount	Contractual maturity date	Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	0.6	0.5	19 January - 29 June 2021	30.03 - 31.69	29.98 - 30.13

As at 31 December 2019					
Consolidated and separate financial statements					
	Bought	Sold		Contractual exchange rate	
Foreign currency	amount	amount	Contractual maturity date	Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	0.1	3.7	6 February - 19 June 2020	30.79	30.02 - 30.08

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's loss before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Change in FX rate	Effect on loss before tax
	(%)	(Thousand Baht)
US dollar	+5	3,769
	- 5	(3,769)

Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings and enters into interest rate swaps agreement to hedge interest rate risk.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2020					
	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	5	24	29	0.05 - 0.37
Trade and other receivables	-	-	-	1,096	1,096	-
	-	-	5	1,120	1,125	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	3,426	-	125	-	3,551	2.24 - 6.87
Trade and other payables	-	-	-	752	752	-
Lease liabilities	21	31	-	-	52	2.65 - 6.85
Long-term loans	-	-	1,075	-	1,075	THBFTX+3%
	3,447	31	1,200	752	5,430	

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2019					
	Fixed interest rates		Floating			Effective
	Within		Interest	Non-interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
Financial assets						(% per annum)
Cash and cash equivalents	-	-	38	100	138	0.10 - 0.63
Trade and other receivables	-	-	-	939	939	-
	-	-	38	1,039	1,077	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	3,377	-	109	-	3,486	3.90 - 11.62
Trade and other payables	-	-	-	617	617	-
Liabilities under financial lease agreements	16	30	-	-	46	2.65 - 6.38
Long-term loans	-	-	1,075	-	1,075	THBFIX+3%
	3,393	30	1,184	617	5,224	

(Unit: Million Baht)

	Separate financial statements as at 31 December 2020					
	Fixed interest rates		Floating			Effective
	Within		Interest	Non-interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	-	13	13	-
Trade and other receivables	-	-	-	726	726	-
Short-term loans to related parties	30	-	-	-	30	4.25
	30	-	-	739	769	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	2,090	-	30	-	2,120	2.24 - 6.87
Trade and other payables	-	-	-	1,127	1,127	-
Short-term loans from related parties	481	-	-	-	481	4.60 - 7.25
Lease liabilities	4	3	-	-	7	2.65 - 6.85
Long-term loans	-	-	1,075	-	1,075	THBFIX+3%
	2,575	3	1,105	1,127	4,810	

(Unit: Million Baht)

	Separate financial statements as at 31 December 2019					
	Fixed interest rates		Floating			Effective
	Within		Interest	Non-interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	5	46	51	0.22 - 0.63
Trade and other receivables	-	-	-	589	589	-
Short-term loans to related parties	50	-	-	-	50	4.25 - 4.75
	50	-	5	635	690	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	2,062	-	24	-	2,086	4.00 - 11.62
Trade and other payables	-	-	-	800	800	-
Short-term loans from related parties	512	-	-	-	512	4.60 - 7.25
Liabilities under financial lease agreements	1	1	-	-	2	2.65
Long-term loans	-	-	1,075	-	1,075	THBFIX+3%
	2,575	1	1,099	800	4,475	

Interest rate swap contracts

In November 2017, the Company entered into an interest rate swap contract with a commercial bank for a long-term loan of Baht 850 million in order to change interest calculation from using floating interest rate of THB-THBFIX-Reuters plus 3 percent per annum to fixed interest rate at 4.65 percent per annum, calculated based on the loan principal balance as the agreed schedule.

However, the Company had already terminated the interest rate swap contract with a commercial bank on 29 April 2020, with an early termination fee of Baht 3.3 million.

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in interest rates on that portion of floating rate loans affected as at 31 December 2020.

Currency	Increase/decrease	Effect on loss before tax
	(%)	(Thousand Baht)
Baht	+1	(10,753)
	-1	10,753

The above analysis has been prepared assuming that the amounts of the floating rate loans from and all other variables remain constant over one year. Moreover, the floating legs of these loans from are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of electronic parts and therefore require a continuous supply of copper. The Group is exposed to changes in the price of copper on its forecast copper purchases.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. Approximately 87% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 99%) (the Company only: 86% 2019: 100%) based on the carrying value of borrowings reflected in the financial statements.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Bank overdraft and short-term loans from financial institutions	3,552,550	-	3,552,550
Trade and other payables	751,507	-	751,507
Lease liabilities	24,014	33,558	57,572
Long-term loans	413,347	697,512	1,110,859
Total non-derivatives	4,741,418	731,070	5,472,488
Derivatives			
Derivative liabilities: gross settled			
Cash inflows	2,303	-	2,303
Cash outflows	(2,792)	-	(2,792)
Total derivatives	(489)	-	(489)

(Unit: Thousand Baht)

	Separate financial statements		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Bank overdraft and short-term loans from financial institutions	2,120,544	-	2,120,544
Trade and other payables	1,127,025	-	1,127,025
Short-term loans from related parties	482,926	-	482,926
Lease liabilities	3,975	3,650	7,625
Long-term loans	413,347	697,512	1,110,859
Total non-derivatives	4,147,817	701,162	4,848,979
Derivatives			
Derivative liabilities: gross settled			
Cash inflows	2,303	-	2,303
Cash outflows	(2,792)	-	(2,792)
Total derivatives	(489)	-	(489)

36.3 Fair values of financial instruments

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

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and short-term loans to related parties, accounts payable and short-term loans from banks, the carrying amounts in the statement of financial position approximate their fair value.

b) The carrying amounts of long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.

c) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group considers to counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 24 February 2021.