

Kulthorn Kirby Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended 31 March 2021

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Kulthorn Kirby Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Kulthorn Kirby Public Company Limited and its subsidiaries as at 31 March 2021, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*.

Emphasis of Matters

Material Uncertainty related to Going Concern

I draw attention to Note 1.2 to the interim consolidated 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 March 2021, the Group's total current liabilities exceed its total current assets by Baht 1,932 million (the Company only: Baht 2,230 million) and the Group has deficit of Baht 2,348 million (the Company only: Baht 1,546 million). Currently, the Group is in the process of implementing operational plans to change its strategies and business operating 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, as disclosed in Note 1.3 to the interim consolidated 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 business operations and seeking additional sources of funds, including the impact of the COVID-19 situation.

My conclusion is not modified in respect of these matters.

Sarinda Hirunprasurtwutti

Certified Public Accountant (Thailand) No. 4799

EY Office Limited

Bangkok: 12 May 2021

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2021

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		As at	As at	As at	As at
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		43,181	28,864	961	13,226
Trade and other receivables	2, 3	1,235,252	1,095,836	819,757	726,441
Short-term loans to related parties	2	-	-	25,000	30,000
Inventories	4	1,367,094	1,239,335	892,936	802,364
Current tax assets		2,713	6,548	177	829
VAT receivable		27,496	33,294	24,544	24,087
Other current assets	5	90,091	91,347	45,857	38,598
Total current assets		2,765,827	2,495,224	1,809,232	1,635,545
Non-current assets					
Investments in subsidiaries	6	-	-	2,086,872	2,086,872
Property, plant and equipment	7	3,999,091	4,047,319	2,394,375	2,418,862
Right-of-use assets	8	75,558	80,796	4,756	5,957
Goodwill on business combination	9	-	-	-	-
Other intangible assets	10	76,880	80,118	45,864	47,543
Deferred tax assets		31,759	28,562	6,706	7,176
Other non-current assets		1,074	1,061	902	883
Total non-current assets		4,184,362	4,237,856	4,539,475	4,567,293
Total assets		6,950,189	6,733,080	6,348,707	6,202,838

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 March 2021

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		As at	As at	As at	As at
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	11	3,586,454	3,550,847	2,159,111	2,119,739
Trade and other payables	2, 12	955,440	751,507	1,266,751	1,127,025
Short-term loans from related parties	2	-	-	481,000	481,000
Current portion of long-term loans	13	110,000	400,000	110,000	400,000
Current portion of lease liabilities	14	19,745	21,362	3,481	3,668
Dividend payable		891	891	887	887
Other current financial liabilities		1,577	489	1,577	489
Other current liabilities		23,725	22,376	16,433	17,474
Total current liabilities		4,697,832	4,747,472	4,039,240	4,150,282
Non-current liabilities					
Long-term loans, net of current portion	13	982,807	675,300	982,807	675,300
Lease liabilities, net of current portion	14	27,087	31,055	2,744	3,508
Deferred tax liabilities		46,118	43,820	-	-
Provision for long-term employee benefits		247,264	244,335	107,858	106,994
Total non-current liabilities		1,303,276	994,510	1,093,409	785,802
Total liabilities		6,001,108	5,741,982	5,132,649	4,936,084

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 March 2021

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at 31 March 2021 (Unaudited but reviewed)	As at 31 December 2020 (Audited)	As at 31 March 2021 (Unaudited but reviewed)	As at 31 December 2020 (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
1,500,000,000 ordinary shares of Baht 1 each	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid up				
1,500,000,000 ordinary shares of Baht 1 each	1,500,000	1,500,000	1,500,000	1,500,000
Share premium	700,000	700,000	700,000	700,000
Surplus from business combination under common control	207,898	207,898	-	-
Retained earnings (deficits)				
Appropriated - statutory reserve	120,000	120,000	120,000	120,000
Unappropriated	(2,467,797)	(2,431,901)	(1,665,811)	(1,619,155)
Other components of shareholders' equity	<u>888,980</u>	<u>895,101</u>	<u>561,869</u>	<u>565,909</u>
Total shareholders' equity	<u>949,081</u>	<u>991,098</u>	<u>1,216,058</u>	<u>1,266,754</u>
Total liabilities and shareholders' equity	<u>6,950,189</u>	<u>6,733,080</u>	<u>6,348,707</u>	<u>6,202,838</u>

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

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Directors
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(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month period ended 31 March 2021**

(Unit: Thousand Baht except loss per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Revenue from contracts with customers	17, 18	1,670,497	1,513,232	893,465	806,956
Rental income		490	350	3,375	3,495
Other income		6,012	4,064	6,985	3,527
Total revenues		1,676,999	1,517,646	903,825	813,978
Expenses					
Cost of sales and services		1,559,950	1,447,382	846,255	785,549
Selling and distribution expenses		18,032	19,644	6,400	8,599
Administrative expenses		87,542	124,557	61,087	84,082
Loss on exchange		8,900	19,519	5,940	3,466
Total expenses		1,674,424	1,611,102	919,682	881,696
Operating profit (loss)		2,575	(93,456)	(15,857)	(67,718)
Finance income		15	33	310	529
Finance cost		(44,912)	(57,601)	(34,679)	(43,993)
Loss before income tax		(42,322)	(151,024)	(50,226)	(111,182)
Income tax	15	757	(11,405)	(470)	(7,641)
Loss for the period		(41,565)	(162,429)	(50,696)	(118,823)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(452)	(136)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(452)	(136)	-	-
Other comprehensive income for the period		(452)	(136)	-	-
Total comprehensive income for the period		(42,017)	(162,565)	(50,696)	(118,823)
Basic loss per share (Baht)					
Loss attributable to equity holders of the Company	16	(0.03)	(0.11)	(0.03)	(0.08)

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Cash flow statements****For the three-month period ended 31 March 2021**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Loss before tax	(42,322)	(151,024)	(50,226)	(111,182)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	10,117	15,798	6,240	3,717
Loss on fair value adjustments of financial instrument	1,089	-	1,089	-
Reversal of the reduction of inventory to net realisable value	(17,547)	(41,053)	(6,415)	(20,394)
Allowance for expected credit losses (reversal)	(2,851)	(3,872)	668	(1,151)
Depreciation and amortisation	93,435	84,339	46,430	37,411
Amortise right-of-use assets	5,307	7,270	1,201	978
Amortise deferred revenue from sales and lease back	(56)	(56)	-	-
Loss (gain) on sales of property, plant and equipment	141	(7)	(280)	(7)
Loss on write-off of property, plant and equipment	213	-	-	-
Provision for long-term employee benefits	6,714	6,538	2,829	2,784
Subsidies income from Government grants	(458)	(1,132)	(458)	(1,132)
Finance income	(15)	(33)	(310)	(529)
Finance cost	44,912	56,301	34,679	43,132
Profit (loss) from operating activities before changes in operating assets and liabilities	98,679	(26,931)	35,447	(46,373)
Operating assets (increase) decrease				
Trade and other receivables	(124,966)	(231,479)	(100,331)	(107,473)
Inventories	(110,212)	159,685	(84,157)	78,508
Other current assets	13,460	(26,477)	(6,887)	(22,558)
Other non-current assets	(13)	116	(19)	59
Operating liabilities increase (decrease)				
Trade and other payables	194,326	163,529	152,003	190,057
Other current liabilities	1,863	3,229	(583)	1,131
Cash flows from (used in) operating activities	73,137	41,672	(4,527)	93,351
Cash paid for long-term employee benefits	(3,785)	-	(1,965)	-
Interest received	15	33	356	669
Interest paid	(43,807)	(57,479)	(34,513)	(42,895)
Corporate income tax paid	(2,713)	(2,248)	(177)	(468)
Net cash flows from (used in) operating activities	22,847	(18,022)	(40,826)	50,657

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Cash flow statements (continued)****For the three-month period ended 31 March 2021**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	350	1,587	-	-
Acquisition of property, plant and equipment and intangible assets	(37,001)	(298,596)	(22,910)	(287,246)
Decrease in short-term loans to related parties	-	-	5,000	5,000
Net cash flows used in investing activities	<u>(36,651)</u>	<u>(297,009)</u>	<u>(17,910)</u>	<u>(282,246)</u>
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	2,542,830	1,878,814	994,057	1,060,496
Decrease in bank overdrafts and short-term loans from financial institutions	(2,500,317)	(1,637,617)	(944,142)	(857,262)
Decrease in short-term loans from related parties	-	-	-	(5,200)
Repayment of long-term loans	(2,493)	-	(2,493)	-
Payment of principal portion of lease liabilities	(5,585)	(8,969)	(951)	(899)
Net cash flows from financing activities	<u>34,435</u>	<u>232,228</u>	<u>46,471</u>	<u>197,135</u>
Decrease in translation adjustments	<u>(6,314)</u>	<u>(7,431)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>14,317</u>	<u>(90,234)</u>	<u>(12,265)</u>	<u>(34,454)</u>
Cash and cash equivalents at beginning of period	<u>28,864</u>	<u>137,916</u>	<u>13,226</u>	<u>51,426</u>
Cash and cash equivalents at end of period	<u><u>43,181</u></u>	<u><u>47,682</u></u>	<u><u>961</u></u>	<u><u>16,972</u></u>

Supplemental disclosures of cash flows information

1) Non-cash related transactions for investing activities

Trust receipt and payable from acquisitions of fixed assets	16,543	58,636	7,574	40,662
Other receivable from sales of fixed assets	-	7	18,914	64,388
Transfer promissory notes to long-term loan from debt restructuring	20,000	-	20,000	-
Offset other receivable from sales of fixed assets with trade and other payables	-	-	17,213	-

2) Non-cash related transactions for financing activities

Dividend payable	891	891	887	887
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2021

(Unit: Thousand Baht)

Consolidated financial statements

	Issued and fully paid-up share capital		Share premium	Surplus from business combination under common control	Retained earnings (deficits)		Other components of shareholders' equity			
					Appropriated	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	Total shareholders' equity
							Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets		
Balance as at 1 January 2020	1,500,000	700,000	207,898	120,000	(1,806,164)	5,517	-	5,517	727,251	
Loss for the period	-	-	-	-	(162,429)	-	-	-	(162,429)	
Other comprehensive income for the period	-	-	-	-	-	(136)	-	(136)	(136)	
Total comprehensive income for the period	-	-	-	-	(162,429)	(136)	-	(136)	(162,565)	
Balance as at 31 March 2020	1,500,000	700,000	207,898	120,000	(1,968,593)	5,381	-	5,381	564,686	
Balance as at 1 January 2021	1,500,000	700,000	207,898	120,000	(2,431,901)	7,435	887,666	895,101	991,098	
Loss for the period	-	-	-	-	(41,565)	-	-	-	(41,565)	
Other comprehensive income for the period	-	-	-	-	-	(452)	-	(452)	(452)	
Total comprehensive income for the period	-	-	-	-	(41,565)	(452)	-	(452)	(42,017)	
Transfer revaluation surplus on assets to retained earnings	-	-	-	-	5,669	-	(5,669)	(5,669)	-	
Balance as at 31 March 2021	1,500,000	700,000	207,898	120,000	(2,467,797)	6,983	881,997	888,980	949,081	

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2021

(Unit: Thousand Baht)

Separate financial statements						
		<u>Retained earnings (deficits)</u>		<u>Other components of shareholders' equity</u>	<u>Other comprehensive income</u>	<u>Total shareholders' equity</u>
	<u>Issued and fully paid-up share capital</u>	<u>Share premium</u>	<u>Appropriated</u>	<u>Unappropriated</u>	<u>Revaluation surplus on assets</u>	<u>equity</u>
Balance as at 1 January 2020	1,500,000	700,000	120,000	(1,177,831)	-	1,142,169
Loss for the period	-	-	-	(118,823)	-	(118,823)
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(118,823)	-	(118,823)
Balance as at 31 March 2020	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(1,296,654)</u>	<u>-</u>	<u>1,023,346</u>
Balance as at 1 January 2021	1,500,000	700,000	120,000	(1,619,155)	565,909	1,266,754
Loss for the period	-	-	-	(50,696)	-	(50,696)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(50,696)	-	(50,696)
Transfer revaluation surplus on assets to retained earnings	-	-	-	4,040	(4,040)	-
Balance as at 31 March 2021	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(1,665,811)</u>	<u>561,869</u>	<u>1,216,058</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2021

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 losses for a number of consecutive years, and as at 31 March 2021, the Group’s total current liabilities exceed its total current assets by Baht 1,932 million (the Company only: Baht 2,230 million) and the Group has deficit of Baht 2,348 million (the Company only: Baht 1,546 million). Currently, the Group is in the process of implementing operational plans to change its strategies and business operating model and seeking 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 the three-month period ended 31 March 2021 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.

1.4 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.5 Basis of consolidation

The interim consolidated financial statements included the financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2020. There have been no change in the composition of its subsidiaries during the period.

1.6 New financial reporting standards

a) Financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

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

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

1.7 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

2. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month period ended 31 March				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	218,724	196,606	Market price
Sales and service income and scrap sales	-	-	39,105	35,769	Approximate market price
Other income	-	-	2,997	2,173	Mutually agreed price as stipulated in the contract
Rental income	-	-	3,325	3,445	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	5,536	6,134	Interest rate at 4.60 - 6.10 percent per annum (2020: 4.60 - 7.25 percent per annum)
Interest income	-	-	310	529	Interest rate at 4.25 percent per annum (2020: 4.25 percent per annum)
Other expenses	-	-	2,431	538	Mutually agreed price as stipulated in the contract
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	130,533	117,826	49,218	57,050	Approximate market price
Purchases of goods	11,160	11,156	11,108	9,933	Market price
Rental expense	667	667	-	-	Mutually agreed price as stipulated in the contract
Other expenses	5,012	1,517	1,024	728	Mutually agreed price as stipulated in the contract
Other income	37	324	30	30	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 31 March 2021 and 31 December 2020 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	218,165	219,533
Related companies (related by common director/ shareholder)	141,556	134,340	36,997	46,158
Total trade and other receivables - related parties	<u>141,556</u>	<u>134,340</u>	<u>255,162</u>	<u>265,691</u>
<u>Trade and other payables - related parties</u>				
(Note 12)				
Subsidiary companies	-	-	779,501	719,335
Related companies (related by common director/ shareholder)	16,044	13,340	13,063	11,325
Total trade and other payables - related parties	<u>16,044</u>	<u>13,340</u>	<u>792,564</u>	<u>730,660</u>

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

During the three-month period ended 31 March 2021, short-term loans between the Company and its subsidiaries had the following movements:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 1 January 2021	Increase during the period	Decrease during the period	Balance as at 31 March 2021
<u>Short-term loans to subsidiary</u>				
Kulthorn Materials and Controls Co., Ltd.	30,000	-	(5,000)	25,000
Total	<u>30,000</u>	<u>-</u>	<u>(5,000)</u>	<u>25,000</u>
<u>Short-term loans from subsidiaries</u>				
(Unit: Thousand Baht)				
	Separate financial statements			
	Balance as at 1 January 2021	Increase during the period	Decrease during the period	Balance as at 31 March 2021
Kulthorn Premier Co., Ltd.	461,000	-	-	461,000
Kulthorn Kirby Foundry Co., Ltd.	20,000	-	-	20,000
Total	<u>481,000</u>	<u>-</u>	<u>-</u>	<u>481,000</u>

(Unaudited but reviewed)

Directors and management's remuneration

During the three-month period ended 31 March 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	7,585	7,492	1,731	2,978
Post-employment benefits	1,283	1,277	1,024	1,074
Total	<u>8,868</u>	<u>8,769</u>	<u>2,755</u>	<u>4,052</u>

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 19.3.

3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 31 March 2021 and 31 December 2020 categorised by their aging from due dates are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>				
Not yet due	113,747	99,889	46,483	68,599
Overdue				
Less than 3 months	21,729	28,198	23,829	17,040
3 - 6 months	-	223	-	-
6 - 12 months	1,036	1,037	-	-
Total	<u>136,512</u>	<u>129,347</u>	<u>70,312</u>	<u>85,639</u>
Less: Allowance for expected credit losses	<u>-</u>	<u>-</u>	<u>(1,918)</u>	<u>(1,464)</u>
Total trade receivables - related parties	<u>136,512</u>	<u>129,347</u>	<u>68,394</u>	<u>84,175</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
<u>Trade receivables - unrelated parties</u>				
Not yet due	952,476	837,808	497,971	432,986
Overdue				
Less than 3 months	139,590	128,124	63,374	27,856
3 - 6 months	315	750	81	-
6 - 12 months	3,772	3,898	81	-
Over 12 months	9,089	7,957	2,279	2,184
Total	1,105,242	978,537	563,786	463,026
Less: Allowance for expected credit losses	(15,584)	(18,435)	(2,623)	(2,409)
Total trade receivables - unrelated parties	1,089,658	960,102	561,163	460,617
Total trade receivables - net	1,226,170	1,089,449	629,557	544,792
<u>Other receivables</u>				
Other receivables - related parties	5,044	4,993	186,768	181,516
Other receivables - unrelated parties	4,038	1,394	3,432	133
Total other receivables	9,082	6,387	190,200	181,649
Total trade and other receivables - net	1,235,252	1,095,836	819,757	726,441

4. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the three-month period ended 31 March 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	168,896	77,431
Reversal of reduction of inventory to net realisable value during the period	(17,547)	(6,415)
Balance as at 31 March 2021	151,349	71,016

5. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Advance payment	15,741	21,911	14,649	12,167
Income tax refundable	25,142	26,736	18,000	18,000
Others	49,208	42,700	13,208	8,431
Total	90,091	91,347	45,857	38,598

6. Investments in subsidiaries

As at 31 March 2021 and 31 December 2020, the Company has long-term investments in ordinary share of the following companies:

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2021	2020	2021	2020	2021	2020
			(%)	(%)		
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 three-month period ended 31 March 2021 and 2020.

7. Property, plant and equipment

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2021	4,047,319	2,418,862
Acquisitions during the period - at cost	36,752	20,264
Disposals during the period - net book value at disposal date	(491)	-
Write-off during the period - net book value at write-off date	(213)	-
Depreciation for the period	(90,082)	(44,751)
Translation adjustment	5,806	-
Net book value as at 31 March 2021	3,999,091	2,394,375

The Group pledged their land and buildings thereon with financial institutions as collateral to secure loans as discussed in Note 13.

(Unaudited but reviewed)

In addition, the Group entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Company and its subsidiaries are 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 described in Note 11.

8. Right-of-use assets

Movements of the right-of-use assets account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	80,796	5,957
Amortisation for the period	(5,307)	(1,201)
Translation adjustment	69	-
Net book value as at 31 March 2021	75,558	4,756

9. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2021	31 December 2020
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

(Unaudited but reviewed)

10. Other intangible assets

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	80,118	47,543
Amortisation for the period	(3,353)	(1,679)
Translation adjustment	115	-
Net book value as at 31 March 2021	76,880	45,864

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

		(Unit: Thousand Baht)			
	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
Bank overdrafts	5.82 - 5.88	132,400	124,682	53,061	29,943
Short-term loans	4.20 - 4.65	1,065,000	1,085,000	790,000	810,000
Trust receipts	2.19 - 4.53	1,405,254	1,257,847	736,238	624,500
Packing credit	3.25 - 4.53	983,800	1,083,318	579,812	655,296
Total		3,586,454	3,550,847	2,159,111	2,119,739

In March 2021, the Company entered into the debt restructuring agreement with a financial institution, to convert the outstanding obligation of principal and interest under the promissory notes that were due totaling Baht 20 million into a monthly payment of 24 installments, with the first installment starting from 20 January 2021, as described in Note 13.

The Group 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, based on the financial statements as at 30 June and 31 December. 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.

(Unaudited but reviewed)

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
Trade payables - related parties	12,927	10,936	784,433	722,278
Trade payables - unrelated parties	639,780	478,739	306,796	251,013
Other payables - related parties	3,117	2,404	6,224	6,456
Other payables - unrelated parties	223,227	176,498	144,677	111,843
Accrued interest expenses to related parties	-	-	1,907	1,926
Accrued interest expenses to unrelated parties	3,129	1,894	1,181	995
Accrued expenses - unrelated parties	73,260	81,036	21,533	32,514
Total trade and other payables	955,440	751,507	1,266,751	1,127,025

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	31 March	31 December
	2021	2020
Long-term loans	1,092,807	1,075,300
Less: Current portion	(110,000)	(400,000)
Long-term loans, net of current portion	982,807	675,300

Movement of long-term loans during the three-month period ended 31 March 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate
	financial statements
Balance as at 1 January 2021	1,075,300
Add: Addition from debt restructuring	20,000
Less: Repayment during the period	(2,493)
Balance as at 31 March 2021	1,092,807

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.

During the year 2020, the Group entered into the Second Amendment Agreement to the Credit Facility Agreement to extend the repayment period of the outstanding principal for one year, starting from 31 March 2020.

Subsequently, in March 2021, the Group received a waiver letter from three financial institutions, approving an extension of the principal repayment period for additional one year, starting from 31 March 2021. The Group executed the Third Amendment Agreement to the Credit Facility Agreement for such loan repayment extension with the three financial institutions on 30 April 2021.

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.

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.

In addition, in March 2021, the Company entered into the debt restructuring agreement with a financial institution, to convert the outstanding obligation of principal and interest under the promissory notes that were due totaling Baht 20 million into a monthly payment in 24 installments, with the first installment starting from 20 January 2021. The loan is subject to interest at Prime Rate - 1.5% per annum.

(Unaudited but reviewed)

14. Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
31 March	31 December	31 March	31 December	
2021	2020	2021	2020	
Lease payments	51,191	57,571	6,575	7,625
Less: Deferred interest expenses	(4,359)	(5,154)	(350)	(449)
Total	46,832	52,417	6,225	7,176
Less: Portion due within one year	(19,745)	(21,362)	(3,481)	(3,668)
Lease liabilities - net of current portion	27,087	31,055	2,744	3,508

The Group entered into the lease agreements for rental of land, machinery, office equipment and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 6 years.

15. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax for the three-month period ended 31 March 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month period ended 31 March			
	Consolidated		Separate	
financial statements		financial statements		
<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Current income tax:				
Interim corporate income tax charge	142	286	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(899)	11,119	470	7,641
Income tax reported in profit or loss	(757)	11,405	470	7,641

16. Loss per share

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

17. Revenue from contracts with customers

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Type of goods or service:				
Sales of goods	1,642,968	1,485,265	889,451	806,146
Service income	16,490	27,599	2,643	483
Income from scrap sales	11,039	368	1,371	327
Total revenue from contracts with customers				
- recognised at a point in time	<u>1,670,497</u>	<u>1,513,232</u>	<u>893,465</u>	<u>806,956</u>

18. Segment information

The Group is organised into business units based on its products and services. During the current period, the Group has not changed the organisation of their reportable segments.

The following tables present revenue and profit (loss) information regarding the Group's operating segments for the three-month period ended 31 March 2021 and 2020, respectively.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March

	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Total Segments		Adjustments and eliminations		Consolidated financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue														
External customers	912	844	335	261	272	237	151	171	1,670	1,513	-	-	1,670	1,513
Inter-segment	54	51	54	38	103	110	68	62	279	261	(279)	(261)	-	-
Total revenue	<u>966</u>	<u>895</u>	<u>389</u>	<u>299</u>	<u>375</u>	<u>347</u>	<u>219</u>	<u>233</u>	<u>1,949</u>	<u>1,774</u>	<u>(279)</u>	<u>(261)</u>	<u>1,670</u>	<u>1,513</u>
Operating results														
Segment gross profit (loss)	35	14	17	13	53	27	18	19	123	73	(12)	(7)	111	66
Other income													7	4
Loss on exchange													(9)	(20)
Selling and distribution expenses													(18)	(20)
Administrative expenses													(88)	(124)
Finance cost													(45)	(57)
Loss before income tax													(42)	(151)
Income tax													-	(11)
Loss for the period													<u>(42)</u>	<u>(162)</u>

19. Commitment and contingent liabilities

19.1 Capital commitments

As at 31 March 2021, the Group has capital commitments of approximately Baht 17.1 million (31 December 2020: Baht 17.8 million) (the Company only: Baht 10.6 million, 31 December 2020: Baht 11.0 million), relating to the construction of factory building and installation of machinery.

19.2 Long-term service commitments

- a) The Group has commitments relating to service agreements payable in the future as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
<u>Payable:</u>				
In up to 1 year	8.0	9.7	1.7	3.0
In over 1 year	0.3	-	-	-

- 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.

19.3 Guarantees

- a) As at 31 March 2021, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Magnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 48.6 million or equivalent to Baht 235 million (31 December 2020: RMB 60 million or equivalent to Baht 282 million).
- b) As at 31 March 2021, there were outstanding bank guarantees of approximately Baht 49.3 million (31 December 2020: Baht 49.3 million), the Company only: Baht 20.0 million (31 December 2020: Baht 20.0 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 include letter of guarantee to guarantee electricity usage amounting to Baht 36.3 million (31 December 2020: Baht 36.3 million), the Company only: Baht 7.2 million (31 December 2020: Baht 7.2 million) and to guarantee import duty, natural gas agreements and others amounting to Baht 13.0 million (31 December 2020: Baht 13.0 million), the Company only: Baht 12.8 million (31 December 2020: Baht 12.8 million).

20. Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchases and sales of goods in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts which generally mature within one year, when they consider appropriate.

Below is the summary of the Group's foreign currencies-denominated financial assets/liabilities.

As at 31 March 2021						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	10	18	10	12	31.1735	31.5052
Japanese yen	-	18	-	14	0.2797	0.2869
RMB	-	-	-	22	4.7090	4.8424

As at 31 December 2020						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	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
RMB	-	-	-	15	4.5447	4.6927

Forward exchange contracts

The Group had outstanding forward exchange contract with maturities less than one year as follows:

As at 31 March 2021					
Consolidated and Separate financial statements					
Foreign currency	Bought amount	Sold amount	Contractual maturity date	Contractual exchange rate	
	(Million)	(Million)		Bought amount	Sold amount
(Baht per one foreign currency unit)					
US Dollar	0.1	1.5	19 May - 20 September 2021	30.44	30.06 - 31.01

As at 31 December 2020					
Consolidated and Separate financial statements					
Foreign currency	Bought amount	Sold amount	Contractual maturity date	Contractual exchange rate	
	(Million)	(Million)		Bought amount	Sold amount
(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

21. Financial Instrument**21.1 Fair value of financial instrument**

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

21.2 Fair value hierarchy

As at 31 March 2021, the Group had the assets and liabilities that were measured at fair value using different level of input as follow:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	Level 2	Level 2
Assets measured at fair value		
Land	952.1	740.7
Land improvement and buildings	1,109.5	538.1
Liabilities measured at fair value		
Derivatives		
Foreign currency forward contracts	(1.6)	(1.6)

During the current period, there were no changes in the methods and assumptions used to estimate the fair value of financial instruments, and there were no transfers within the fair value hierarchy.

22. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 12 May 2021.