

Kulthorn Kirby Public Company Limited and  
its subsidiaries  
Report and consolidated financial statements  
31 December 2021

## **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 2021, 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 2021, 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 2021, the Group's total current liabilities exceed its total current assets by Baht 2,447 million (The Company only: Baht 2,833 million) and the Group has deficit of Baht 2,794 million (the Company only: Baht 1,947 million). In addition, the Group's equity is less than 50% of paid-up share capital, which causes the Company's securities marked with "C" (Caution) sign. 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 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 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.

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 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 5 and Note 9 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 11 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 through 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: 25 February 2022



**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	7	19,314,611	28,864,272	1,023,363	13,225,520
Trade and other receivables	8	1,062,210,082	1,095,835,595	576,390,004	726,440,625
Short-term loans to related parties	6	-	-	10,000,000	30,000,000
Inventories	9	1,565,871,148	1,239,335,329	976,574,276	802,364,443
Current tax assets		13,398,796	6,547,822	848,636	829,099
VAT receivable		42,047,137	33,293,709	37,404,795	24,086,969
Other current assets	10	85,720,477	91,346,952	47,324,218	38,598,461
Total current assets		2,788,562,251	2,495,223,679	1,649,565,292	1,635,545,117
Non-current assets					
Investments in subsidiaries	11	-	-	2,086,872,497	2,086,872,497
Property, plant and equipment	12	3,766,776,239	4,047,319,499	2,284,042,244	2,418,861,893
Right-of-use assets	18	64,858,273	80,796,211	2,241,255	5,957,377
Goodwill on business combination	13	-	-	-	-
Other intangible assets	14	67,007,870	80,117,860	40,744,052	47,542,982
Deferred tax assets	26	33,439,404	28,561,969	11,814,521	7,176,101
Other non-current assets		1,054,144	1,061,492	882,428	882,428
Total non-current assets		3,933,135,930	4,237,857,031	4,426,596,997	4,567,293,278
Total assets		6,721,698,181	6,733,080,710	6,076,162,289	6,202,838,395

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 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	15	3,670,903,296	3,550,847,254	2,028,050,264	2,119,739,220
Trade and other payables	16	1,095,919,790	751,506,914	1,279,469,666	1,127,025,344
Short-term loans from related parties	6	-	-	736,000,000	481,000,000
Current portion of long-term loans	17	420,000,000	400,000,000	420,000,000	400,000,000
Current portion of lease liabilities	18	15,947,404	21,362,459	2,818,929	3,668,189
Dividend payable		891,124	891,124	887,083	887,083
Other current financial liabilities		3,111,445	488,523	3,111,445	488,523
Other current liabilities	19	28,639,646	22,375,868	12,263,198	17,474,127
Total current liabilities		5,235,412,705	4,747,472,142	4,482,600,585	4,150,282,486
Non-current liabilities					
Long-term loans, net of current portion	17	682,850,488	675,300,000	682,850,488	675,300,000
Lease liabilities, net of current portion	18	20,092,788	31,055,302	688,867	3,507,799
Deferred tax liabilities	26	61,633,247	43,820,015	-	-
Provision for long-term employee benefits	20	220,090,212	244,335,042	106,368,138	106,994,177
Total non-current liabilities		984,666,735	994,510,359	789,907,493	785,801,976
Total liabilities		6,220,079,440	5,741,982,501	5,272,508,078	4,936,084,462
Shareholders' equity					
Share capital					
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	22	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		(2,913,838,887)	(2,431,900,639)	(2,066,975,342)	(1,619,155,196)
Other components of shareholders' equity		887,559,679	895,100,899	550,629,553	565,909,129
Total shareholders' equity		501,618,741	991,098,209	803,654,211	1,266,753,933
Total liabilities and shareholders' equity		6,721,698,181	6,733,080,710	6,076,162,289	6,202,838,395

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 2021

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	6, 23, 27, 29	6,670,331,221	5,580,112,810	3,378,037,005	3,177,643,376
Rental income		2,326,003	1,766,000	13,099,420	13,579,420
Other income		41,701,691	17,597,593	61,388,821	17,816,513
<b>Total revenues</b>		<u>6,714,358,915</u>	<u>5,599,476,403</u>	<u>3,452,525,246</u>	<u>3,209,039,309</u>
<b>Expenses</b>					
Cost of sales and services	6	6,515,850,134	5,406,294,538	3,451,999,647	3,112,105,210
Selling and distribution expenses		81,742,741	81,653,334	39,634,337	41,353,186
Administrative expenses		411,121,743	454,242,533	258,817,825	287,723,043
Loss on exchange		35,024,909	20,489,681	33,807,546	8,363,872
Impairment loss on assets	12	-	65,941,611	-	55,303,530
<b>Total expenses</b>		<u>7,043,739,527</u>	<u>6,028,621,697</u>	<u>3,784,259,355</u>	<u>3,504,848,841</u>
<b>Operating loss</b>		<u>(329,380,612)</u>	<u>(429,145,294)</u>	<u>(331,734,109)</u>	<u>(295,809,532)</u>
Finance income		52,307	76,606	939,502	1,811,070
Finance cost	24	<u>(183,856,878)</u>	<u>(202,167,997)</u>	<u>(139,669,127)</u>	<u>(157,599,141)</u>
<b>Loss before income tax</b>		<u>(513,185,183)</u>	<u>(631,236,685)</u>	<u>(470,463,734)</u>	<u>(451,597,603)</u>
Income tax	26	<u>(8,139,461)</u>	<u>(6,965,299)</u>	<u>5,183,538</u>	<u>937,395</u>
<b>Loss for the year</b>		<u>(521,324,644)</u>	<u>(638,201,984)</u>	<u>(465,280,196)</u>	<u>(450,660,208)</u>

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 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
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		9,286,670	1,918,405	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		9,286,670	1,918,405	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods:					
Actuarial gain	20	28,088,743	-	2,725,593	-
Less: Income tax effect	26	(5,530,237)	-	(545,119)	-
		22,558,506	-	2,180,474	-
Revaluation surplus on assets	12	-	1,129,373,578	-	719,055,541
Less: Income tax effect	26	-	(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		22,558,506	900,130,667	2,180,474	575,244,433
Other comprehensive income for the year		31,845,176	902,049,072	2,180,474	575,244,433
Total comprehensive income for the year		(489,479,468)	263,847,088	(463,099,722)	124,584,225
Basic loss per share					
Loss attributable to equity holders of the Company	28	(0.35)	(0.43)	(0.31)	(0.30)

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 2021

(Unit: Baht)

	Consolidated financial statements									
						Other components of shareholders' equity				
						Other comprehensive income				
						Exchange differences on translation of financial statements in foreign currency		Revaluation surplus on assets	Total other components of shareholders' equity	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings						
				Appropriated	Unappropriated					
Balance as at 1 January 2020	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 21)	-	-	-	-	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	
Balance as at 1 January 2021	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	
Loss for the year	-	-	-	-	(521,324,644)	-	-	-	(521,324,644)	
Other comprehensive income for the year	-	-	-	-	22,558,506	9,286,670	-	9,286,670	31,845,176	
Total comprehensive income for the year	-	-	-	-	(498,766,138)	9,286,670	-	9,286,670	(489,479,468)	
Transfer revaluation surplus on assets to retained earnings (Note 21)	-	-	-	-	16,827,890	-	(16,827,890)	(16,827,890)	-	
Balance as at 31 December 2021	1,500,000,000	700,000,000	207,897,949	120,000,000	(2,913,838,887)	16,722,017	870,837,662	887,559,679	501,618,741	

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 2021

(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 2020	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 21)	-	-	-	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
Balance as at 1 January 2021	1,500,000,000	700,000,000	120,000,000	(1,619,155,196)	565,909,129	1,266,753,933
Loss for the year	-	-	-	(465,280,196)	-	(465,280,196)
Other comprehensive income for the year	-	-	-	2,180,474	-	2,180,474
Total comprehensive income for the year	-	-	-	(463,099,722)	-	(463,099,722)
Transfer revaluation surplus on assets to retained earnings (Note 21)	-	-	-	15,279,576	(15,279,576)	-
Balance as at 31 December 2021	1,500,000,000	700,000,000	120,000,000	(2,066,975,342)	550,629,553	803,654,211

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 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>				
Loss before tax	(513,185,183)	(631,236,685)	(470,463,734)	(451,597,603)
Adjustments to reconcile loss before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	383,785,693	351,026,612	185,827,276	164,868,315
Allowance for impairment loss on non-financial assets (reversal)	(150,415)	65,941,611	-	55,303,530
Depreciation of right-of-use assets	19,676,663	21,645,095	3,716,122	4,699,953
Allowance for expected credit losses (reversal)	(2,617,921)	2,618,746	2,723,590	(423,700)
Reduction of inventory to net realisable value (reversal)	(4,298,680)	(50,247,830)	14,505,719	(24,817,859)
Loss (gain) on sales of property, plant and equipment	3,144,101	(3,095,661)	(594,723)	(1,437,842)
Loss on write-off property, plant and equipment	2,431,726	404	-	-
Transfer machine under installation to expense	-	6,976,285	25,318	6,976,285
Loss on modification and termination of lease contracts	96,233	15,868,317	-	-
Write-off withholding tax	1,796,170	2,415,291	-	-
Amortise deferred revenue from sales and lease back	(222,014)	(222,014)	-	-
Provision for long-term employee benefits	26,671,855	26,442,227	11,027,754	11,134,513
Subsidies income from government grants	(1,375,174)	(3,859,308)	(1,375,173)	(3,859,308)
Unrealised loss on exchange	20,981,465	3,269,485	21,642,424	1,555,669
Loss on fair value adjustments of financial instruments	2,622,922	809,508	2,622,922	809,508
Dividend income	(6,729)	(3,805)	(6,729)	(3,805)
Finance income	(52,307)	(76,606)	(939,502)	(1,811,070)
Finance cost	183,856,878	202,167,997	139,669,127	157,599,141
Gain (loss) from operating activities before				
changes in operating assets and liabilities	123,155,283	10,439,669	(91,619,609)	(81,004,273)
Operating assets (increase) decrease				
Trade and other receivables	37,964,778	(166,884,522)	127,203,288	(168,430,203)
Inventories	(322,237,139)	384,501,006	(188,715,553)	162,224,666
Other current assets	285,529	(28,209,458)	(21,214,484)	(14,994,114)
Other non-current assets	7,348	301,701	-	245,210
Operating liabilities increase (decrease)				
Trade and other payables	338,096,192	148,877,582	160,267,408	371,311,478
Other current liabilities	7,860,966	(4,902,807)	(3,835,756)	(754,075)
Cash flows from operating activities	185,132,957	344,123,171	(17,914,706)	268,598,689
Cash paid for long-term employee benefits	(22,360,942)	(43,267,867)	(8,461,200)	(24,742,947)
Interest received	52,307	76,606	1,091,337	2,051,805
Tax refund received	3,127,607	18,201,411	-	5,486,427
Interest paid	(183,969,007)	(206,071,757)	(137,913,019)	(161,661,719)
Corporate income tax paid	(14,124,963)	(7,297,863)	(848,636)	(829,099)
<b>Net cash flows from (used in) operating activities</b>	<b>(32,142,041)</b>	<b>105,763,701</b>	<b>(164,046,224)</b>	<b>88,903,156</b>

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 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment and intangible assets	(90,682,156)	(469,134,522)	(58,200,521)	(387,976,205)
Proceeds from sales of property, plant and equipment and intangible assets	6,294,926	3,864,615	6,206,846	1,643,826
Dividend income	6,729	3,805	6,728	3,805
Decrease in short-term loans to related parties	-	-	20,000,000	20,000,000
<b>Net cash flows used in investing activities</b>	<u>(84,380,501)</u>	<u>(465,266,102)</u>	<u>(31,986,947)</u>	<u>(366,328,574)</u>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	9,773,196,496	9,406,162,009	3,803,992,268	3,318,637,949
Decrease in bank overdrafts and short-term loans from financial institutions	(9,617,031,180)	(9,102,370,820)	(3,859,043,550)	(3,044,736,195)
Increase in short-term loans from related parties	-	-	255,000,000	-
Decrease in short-term loans from related parties	-	-	-	(31,000,000)
Repayment of long-term loans	(12,449,512)	-	(12,449,512)	-
Payment of principal portion of lease liabilities	(21,789,473)	(43,750,294)	(3,668,192)	(3,676,812)
Dividend paid	-	(38)	-	(38)
<b>Net cash flows from financing activities</b>	<u>121,926,331</u>	<u>260,040,857</u>	<u>183,831,014</u>	<u>239,224,904</u>
<b>Decrease in translation adjustments</b>	<u>(14,953,450)</u>	<u>(9,590,544)</u>	-	-
<b>Net decrease in cash and cash equivalents</b>	<u>(9,549,661)</u>	<u>(109,052,088)</u>	<u>(12,202,157)</u>	<u>(38,200,514)</u>
Cash and cash equivalents at beginning of year	<u>28,864,272</u>	<u>137,916,360</u>	<u>13,225,520</u>	<u>51,426,034</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>19,314,611</u></u>	<u><u>28,864,272</u></u>	<u><u>1,023,363</u></u>	<u><u>13,225,520</u></u>
	-	-	-	-
<b>Supplement cash flows information</b>				
1) Non-cash related transaction for investing activities				
Trust receipt and payable from acquisitions of fixed assets	3,126,543	16,792,605	574,745	10,500,151
Other receivable from sales of fixed assets	-	-	13,800,000	35,847,499
Revaluation surplus on assets	-	1,129,373,581	-	719,055,541
Transfer right-of-use assets to fixed assets	1,855,244	6,631,221	-	-
Increase in right-of-use assets	5,411,904	8,889,560	-	1,000,000
Offset other receivable from sales of fixed assets with trade payable	934,163	-	20,476,477	28,533,391
Transfer promissory notes to long-term loan from debt restructuring	40,000,000	-	40,000,000	-
2) Non-cash related transaction for financing activities				
Dividend payable	891,124	891,124	887,083	887,083

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 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 loss for a number of consecutive years, and as at 31 December 2021, the Group's total current liabilities exceeded its total current assets by Baht 2,447 million (the Company only: Baht 2,833 million) and the Group has deficit of Baht 2,794 million (the Company only: Baht 1,947 million). In addition, the Group's equity is less than 50% of paid-up share capital, which causes the Company's securities marked with “C” (Caution) sign. 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. Management has therefore decided that it is correct and appropriate to prepare the Group's financial statements for year ended 31 December 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 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 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, 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	
			2021 Percent	2020 Percent
<u>Subsidiaries held by the Company</u>				
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
<u>Subsidiaries held directly and indirectly by Kulthorn Materials and Controls Company Limited</u>				
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**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, 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.

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

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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. Significant accounting policies**

##### **4.1 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.

##### **4.2 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.

##### **4.3 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.

##### **4.4 Investments in subsidiaries**

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

#### 4.5 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.

#### **4.6 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.

#### **4.7 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 the straight-line 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:

	<u>Useful lives</u>
Computer software	3 - 10 years

#### **4.8 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.

## 4.9 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.

## 4.10 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**

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, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located 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.

### **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.

## **4.11 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 associates, 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.



#### **4.12 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.

#### **4.13 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 assets, 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.

#### **4.14 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.

#### **4.15 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.

#### **4.16 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.

#### **4.17 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.

#### **4.18 Financial instruments**

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 or for which at contract inception the Group expected payment by the customer less than one year and the Group has applied the practical expedient regarding not to adjust the effects of 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 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 as credit impaired or 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.

ECLs are calculated 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.

#### **4.19 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.

#### **4.20 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.

## **5. 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 receivables, 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.

**6. 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				Pricing policy
	Consolidated financial statements		Separate financial statements		
	2021	2020	2021	2020	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	858	787	Market price
Sales and service income and scraps sales	-	-	184	120	Approximate market price
Interest expenses	-	-	23	24	Interest rate at 4.60 - 6.13 percent per annum
Interest income	-	-	1	2	Interest rate at 4.25 percent per annum
Other income	-	-	13	7	Mutually agreed price as stipulated in the contract
Rental income	-	-	13	13	Mutually agreed price as stipulated in the contract
Other expenses	-	-	11	6	Mutually agreed price as stipulated in the contract
<u>Transactions with related companies</u>					
Sales and service income and scraps sales	550	513	195	234	Approximate market price
Purchases of goods	32	43	32	42	Market price
Rental expenses	3	3	-	-	Mutually agreed price as stipulated in the contract
Other expenses	13	10	3	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 2021 and 2020 between the Group and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Subsidiaries	-	-	215,212	219,533
Related companies (related by common director/shareholder)	145,780	134,340	15,913	46,158
<b>Total trade and other receivables - related parties</b>	<b>145,780</b>	<b>134,340</b>	<b>231,125</b>	<b>265,691</b>
<b><u>Trade and other payables - related parties (Note 16)</u></b>				
Subsidiaries	-	-	650,925	719,335
Related companies (related by common director/shareholder)	6,441	13,340	3,012	11,325
<b>Total trade and other payables - related parties</b>	<b>6,441</b>	<b>13,340</b>	<b>653,937</b>	<b>730,660</b>

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

As at 31 December 2021 and 2020, 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 2020	Increase during the year	Decrease during the year	Balance as at 31 December 2021
<b><u>Short-term loans to subsidiary</u></b>				
Kulthorn Materials and Controls Co., Ltd.	30,000	-	(20,000)	10,000
<b>Total</b>	<u>30,000</u>	<u>-</u>	<u>(20,000)</u>	<u>10,000</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2020	Increase during the year	Decrease during the year	Balance as at 31 December 2021
<b><u>Short-term loans from subsidiaries</u></b>				
Kulthorn Premier Co., Ltd.	461,000	-	-	461,000
Kulthorn Kirby Foundry Co., Ltd.	20,000	151,000	(16,000)	155,000
Kulthorn Materials and Controls Co., Ltd.	-	7,500	(7,500)	-
Kulthorn Steel Co., Ltd.	-	120,000	-	120,000
<b>Total</b>	<u>481,000</u>	<u>278,500</u>	<u>(23,500)</u>	<u>736,000</u>

### **Directors and management's remuneration**

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	39	29	13	9
Post-employment benefits	6	5	4	4
<b>Total</b>	<u>45</u>	<u>34</u>	<u>17</u>	<u>13</u>

### **Guarantee obligations with related parties**

The Group has outstanding guarantee obligations with its related parties, as described in Note 31.3 to the financial statements.

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	4,200	3,707	383	2,334
Bank deposits	15,115	25,157	640	10,892
Total	19,315	28,864	1,023	13,226

As at 31 December 2021, bank deposits in savings accounts carried interests at the rate between 0.05 and 0.37 percent per annum (2020: between 0.05 and 0.37 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Trade receivables - related parties</u>				
Not yet due	127,516	99,889	24,175	68,599
Overdue				
Less than 3 months	15,403	28,198	25,661	17,040
3 - 6 months	-	223	8,061	-
6 - 12 months	-	1,037	1,325	-
Total	142,919	129,347	59,222	85,639
Less: Allowance for expected credit losses	-	-	(3,286)	(1,464)
Total trade receivables - related parties	142,919	129,347	55,936	84,175
<u>Trade receivables - unrelated parties</u>				
Not yet due	754,229	837,808	300,968	432,986
Overdue				
Less than 3 months	160,015	128,124	43,764	27,856
3 - 6 months	787	750	787	-
6 - 12 months	507	3,898	304	-
Over 12 months	13,036	7,957	2,431	2,184
Total	928,574	978,537	348,254	463,026
Less: Allowance for expected credit losses	(15,817)	(18,435)	(3,310)	(2,409)
Total trade receivables - unrelated parties	912,757	960,102	344,944	460,617
Total trade receivables - net	1,055,676	1,089,449	400,880	544,792
<u>Other receivables</u>				
Other receivables - related parties	2,861	4,993	175,189	181,516
Other receivables - unrelated parties	3,673	1,394	321	133
Total other receivables	6,534	6,387	175,510	181,649
Total trade and other receivables - net	1,062,210	1,095,836	576,390	726,441

The normal credit term is 7 to 90 days.

Set out below is the movements in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Beginning balance	18,435	15,816	3,873	4,297
Allowance for expected credit losses				
(reversal)	<u>(2,618)</u>	<u>2,619</u>	<u>2,723</u>	<u>(424)</u>
Ending balance	<u>15,817</u>	<u>18,435</u>	<u>6,596</u>	<u>3,873</u>

## 9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	412,394	360,926	(68,012)	(85,380)	344,382	275,546
Work in process	357,501	283,498	(37,527)	(35,502)	319,974	247,996
Raw materials	889,766	672,785	(59,058)	(48,014)	830,708	624,771
Goods in transit	<u>70,807</u>	<u>91,022</u>	<u>-</u>	<u>-</u>	<u>70,807</u>	<u>91,022</u>
Total	<u>1,730,468</u>	<u>1,408,231</u>	<u>(164,597)</u>	<u>(168,896)</u>	<u>1,565,871</u>	<u>1,239,335</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	172,404	145,104	(20,320)	(21,622)	152,084	123,482
Work in process	234,319	188,156	(29,597)	(24,099)	204,722	164,057
Raw materials	594,859	460,305	(42,020)	(31,710)	552,839	428,595
Goods in transit	<u>66,929</u>	<u>86,230</u>	<u>-</u>	<u>-</u>	<u>66,929</u>	<u>86,230</u>
Total	<u>1,068,511</u>	<u>879,795</u>	<u>(91,937)</u>	<u>(77,431)</u>	<u>976,574</u>	<u>802,364</u>

During the current year, the Group reversed the write-down of cost of inventories by Baht 4.3 million (2020: Baht 50.2 million) (The Company only: reduced cost of inventories by Baht 14.5 million, 2020: reversed by Baht 24.8 million), and reduced the amount of inventories recognised as expenses during the year.

## 10. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Advance payment	18,787	21,911	18,609	12,167
Income tax refundable	25,213	26,736	18,829	18,000
Others	41,720	42,700	9,886	8,431
Total	85,720	91,347	47,324	38,598

## 11. Investments in subsidiaries

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

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

## 12. Property, plant and equipment

(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
<b>Cost/ Revalued amount</b>								
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 18)	-	-	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
Additions	-	-	2,363	353	716	561	72,990	76,983
Transfer in (out)	-	87,708	467,261	9,321	3,704	-	(567,994)	-
Transfer from right-of-use assets								
(Note 18)	-	-	1,829	-	-	26	-	1,855
Disposals/write-off	-	-	(38,530)	(1,858)	(566)	(3,238)	(2,712)	(46,904)
Translation adjustment	-	37,422	34,134	-	1,080	851	-	73,487
As at 31 December 2021	952,142	2,779,465	8,766,657	1,335,164	211,956	119,091	283,776	14,448,251
<b>Accumulated depreciation</b>								
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
Depreciation for the year	-	104,136	233,325	21,796	8,981	1,950	-	370,188
Disposals/ write-off	-	-	(28,750)	(1,856)	(566)	(2,928)	-	(34,100)
Translation adjustment	-	20,005	27,905	-	989	691	-	49,590
As at 31 December 2021	-	1,622,729	7,391,664	1,283,984	191,882	115,479	-	10,605,738
<b>Allowance for impairment loss</b>								
As at 1 January 2020	-	-	(8,079)	-	(646)	(571)	-	(9,296)
Decrease (increase) 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)
Decrease (increase) during the year	-	-	(7)	-	-	158	-	151
Translation adjustment	-	-	(264)	-	(90)	(83)	-	(437)
As at 31 December 2021	-	(62,948)	(11,510)	-	(743)	(536)	-	(75,737)
<b>Net book value</b>								
As at 31 December 2020	952,142	1,092,799	1,129,177	63,304	23,891	4,514	781,492	4,047,319
As at 31 December 2021	952,142	1,093,788	1,363,483	51,180	19,331	3,076	283,776	3,766,776
<b>Depreciation for the year</b>								
2020 (Baht 308 million included in manufacturing cost, and the balance in administrative expenses)								337,711
2021 (Baht 341 million included in manufacturing cost, and the balance in administrative expenses)								369,966

	Separate financial statements							
	Revaluation basis		Cost basis					
		Land improvement		Plant	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
	Land	and plant	Machineries	equipment	equipment	vehicles		
Cost/ Revalued amount								
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
Additions	-	-	2,233	-	216	280	41,580	44,309
Transfer in (out)	-	72,906	184,631	4,098	516	-	(262,176)	(25)
Disposals/write-off	-	-	-	-	(67)	(1,239)	-	(1,306)
As at 31 December 2021	740,746	1,161,896	4,172,373	832,112	105,759	48,934	292,473	7,354,293
Accumulated depreciation								
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
Depreciation for the year	-	47,032	114,764	10,155	6,725	352	-	179,028
Disposals/write-off	-	-	-	-	(66)	(1,164)	-	(1,230)
As at 31 December 2021	-	560,181	3,499,294	813,789	93,408	48,275	-	5,014,947
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)
As at 31 December 2021	-	(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
As at 31 December 2021	740,746	546,411	673,079	18,323	12,351	659	292,473	2,284,042
Depreciation for the year								
2020 (Baht 141 million included in manufacturing cost, and the balance in administrative expenses)								158,561
2021 (Baht 162 million included in manufacturing cost, and the balance in administrative expenses)								179,028



The Group arranged for an independent professional valuer to appraise the value of its land and buildings in 2020 on an asset-by-asset basis. The basis of the revaluation was as follows:

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

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 2021 and 2020 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	360,213	360,213	223,544	223,544
Land improvement and building	694,821	726,497	345,762	367,545

During the year ended 31 December 2021, there were no borrowing cost capitalised as part of machine under construction (2020: Baht 1.5 million).

As at 31 December 2021, 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 6,193 million (2020: Baht 6,188 million) (The Company only: Baht 3,910 million, 2020:p Baht 3,777 million).

The Group pledged their land and buildings thereon, of which net book value amounted to approximately Baht 1,103 million (2020: Baht 1,132 million) (The Company's: Baht 685 million 2020: Baht 685 million), with financial institutions as collateral to secure loans as discussed in Note 17.

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 15.

### 13. Goodwill on business combination

(Unit: Thousand Baht)

	Consolidated financial statements	
	2021	2020
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

### 14. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2021		
Cost	187,536	106,344
Less: Accumulated amortisation	(120,528)	(65,600)
Net book value	67,008	40,744
As at 31 December 2020		
Cost	187,211	106,344
Less: Accumulated amortisation	(107,093)	(58,801)
Net book value	80,118	47,543

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate Financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	80,118	86,708	47,543	47,585
Acquisition during the year	31	6,265	-	6,265
Amortisation	(13,598)	(13,093)	(6,799)	(6,307)
Translation adjustment	457	238	-	-
Net book value at end of year	67,008	80,118	40,744	47,543

## 15. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Bank overdrafts	5.82 - 5.88	137,101	124,682	21,582	29,943
Short-term loans	4.20 - 4.59	1,045,000	1,085,000	770,000	810,000
Trust receipts	2.15 - 4.75	1,596,541	1,257,847	664,927	624,500
Packing credit	2.10 - 5.70	892,261	1,083,318	571,541	655,296
Total		<u>3,670,903</u>	<u>3,550,847</u>	<u>2,028,050</u>	<u>2,119,739</u>

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.

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade payables - related parties	2,971	10,936	638,883	722,278
Trade payables - unrelated parties	588,978	478,739	256,575	251,013
Other payables - related parties	3,470	2,404	11,109	6,456
Other payables - unrelated parties	406,436	176,498	318,537	111,843
Accrued interest expenses to related parties	-	-	3,945	1,926
Accrued interest expenses to unrelated parties	1,736	1,894	732	995
Accrued expenses - unrelated parties	92,329	81,036	49,689	32,514
Total trade and other payables	<u>1,095,920</u>	<u>751,507</u>	<u>1,279,470</u>	<u>1,127,025</u>

## 17. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2021	2020
Long-term loans	1,102,850	1,075,300
Less: current portion	(420,000)	(400,000)
Long-term loans, net of current portion	682,850	675,300

Movements of the long-term loan account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2021	2020
Beginning balance	1,075,300	1,075,300
Addition from debt restructuring	40,000	-
Repayments	(12,450)	-
Ending balance	1,102,850	1,075,300

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.

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 and December 2021, the Group received waiver letters 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 as at 31 December 2020 and 2021.

As at 31 December 2020 and 2021, the Group was able to comply with all conditions as specified in the waiver letters 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, during the year 2021, the Company entered into debt restructuring agreements with a financial institution to convert the outstanding principal and interest obligations under the promissory notes that were due totaling Baht 40 million into 24 monthly installment payments. The debt is divided into 2 parts whereby the first half totaling Baht 20 million shall be paid in the first installment on 20 January 2021 and the latter half totaling Baht 20 million shall be paid in the first installment on 20 October 2021. The loan is subject to interest at a prime rate of 1.5% per annum.

## **18. Leases**

### **18.1 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

Movements of right-of-use assets for the years ended 31 December 2021 and 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 and termination during the year	(15,479)	(390)	-	-	(15,869)
Transfer to fixed assets (Note 12)	-	(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
Additions	5,412	-	-	-	5,412
Decrease from lease termination during the year	-	-	(96)	-	(96)
Transfer to fixed assets (Note 12)	-	(1,829)	-	(26)	(1,855)
Depreciation for the year	(6,786)	(10,967)	(1,216)	(708)	(19,677)
Translation adjustment	278	-	-	-	278
31 December 2021	14,698	49,232	928	-	64,858

(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
Depreciation for the year	(1,875)	(1,165)	(676)	(3,716)
31 December 2021	1,314	927	-	2,241

## b) Lease liabilities

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Lease payments	39,038	57,572	3,651	7,625
Less: Deferred interest expenses	(2,998)	(5,154)	(143)	(449)
Total	36,040	52,418	3,508	7,176
Less: Portion due within one year	(15,947)	(21,363)	(2,819)	(3,668)
Lease liabilities - net of current portion	<u>20,093</u>	<u>31,055</u>	<u>689</u>	<u>3,508</u>

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	52,418	87,279	7,176	9,853
Additions	5,412	8,890	-	1,000
Lease modification and termination	(96)	(15,869)	-	-
Accretion of interest	2,743	3,326	306	535
Repayments	(24,437)	(31,208)	(3,974)	(4,212)
Balance at end of year	<u>36,040</u>	<u>52,418</u>	<u>3,508</u>	<u>7,176</u>

A maturity analysis of lease payments is disclosed in Note 33.2 under the liquidity risk.

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	19,677	21,645	3,716	4,700
Interest expense on lease liabilities	2,743	3,326	306	535
Expense relating to short-term leases	5,995	10,242	1,203	4,156
Expense relating to leases of low-value assets	95	278	9	10

#### d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 30.5 million, (2020: Baht 41.7 million) (the Company only: Baht 5.2 million, 2020: Baht 8.4 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

### 19. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Warranty reserve	4,015	7,475	3,867	7,244
Deferred income	8,396	10,230	8,396	10,230
Others	16,229	4,671	-	-
Total	28,640	22,376	12,263	17,474

### 20. 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		Long service		Total	
	plan		awards plan			
	2021	2020	2021	2020	2021	2020
<b>Provision for long-term employee benefits</b>						
<b>at beginning of year</b>	239,439	263,352	4,896	4,395	244,335	267,747
Included in profit or loss:						
Current service cost	19,912	19,180	387	398	20,299	19,578
Interest cost	6,953	6,761	98	103	7,051	6,864
Actuarial loss (gain) arising from						
Financial assumptions changes	-	-	82	-	82	-
Demographic assumptions changes	-	-	34	-	34	-
Experience adjustments	-	-	(794)	-	(794)	-
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Financial assumptions changes	4,304	-	-	-	4,304	-
Demographic assumptions changes	2,149	-	-	-	2,149	-
Experience adjustments	(34,542)	-	-	-	(34,542)	-
Benefits paid during the year	(21,624)	(43,268)	(737)	-	(22,361)	(43,268)
Reclassify the portion due to accrued expenses	-	(6,586)	(467)	-	(467)	(6,586)
<b>Provision for long-term employee benefits</b>						
<b>at end of year</b>	216,591	239,439	3,499	4,896	220,090	244,335



(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits		Long service			
	plan		awards plan		Total	
	2021	2020	2021	2020	2021	2020
Provision for long-term employee benefits						
at beginning of year	103,306	117,305	3,688	3,298	106,994	120,603
Included in profit or loss:						
Current service cost	7,717	7,629	303	313	8,020	7,942
Interest cost	3,222	3,115	75	77	3,297	3,192
Actuarial loss (gain) arising from						
Financial assumptions changes	-	-	43	-	43	-
Demographic assumptions changes	-	-	15	-	15	-
Experience adjustments	-	-	(347)	-	(347)	-
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Financial assumptions changes	1,383	-	-	-	1,383	-
Demographic assumptions changes	533	-	-	-	533	-
Experience adjustments	(4,642)	-	-	-	(4,642)	-
Benefits paid during the year	(7,871)	(24,743)	(590)	-	(8,461)	(24,743)
Reclassify the portion due to accrued expenses	-	-	(467)	-	(467)	-
Provision for long-term employee benefits						
at end of year	103,648	103,306	2,720	3,688	106,368	106,994

The Group expects to pay Baht 15.6 million of long-term employee benefits during the next year (Separate financial statements: Baht 7.7 million) (2020: Baht 20.3 million, separate financial statements: Baht 7.3 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 8 years (Separate financial statements: 8 years) (2020: 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	
	2021	2020	2021	2020
Discount rate	1.7	1.8	1.7	1.8
Future salary increase rate				
(depending on age)	4.5 - 6.0	5.0 - 7.0	4.5 - 6.0	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 2021 and 2020 are summarised below:

(Unit: Million Baht)

	As at 31 December 2021			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(16.6)	19.0	(7.6)	8.7
Future salary increase rate	18.0	(16.1)	8.2	(7.4)

(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)

## 21. Revaluation surplus

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance - beginning of year	887,666	-	565,909	-
Add: Revaluation	-	900,131	-	575,244
Less: Amortisation	(16,828)	(12,465)	(15,279)	(9,335)
Balance - end of year	<u>870,838</u>	<u>887,666</u>	<u>550,630</u>	<u>565,909</u>

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

## 22. 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.

## 23. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Type of goods or service:</b>				
Sales of goods	6,574,067	5,497,867	3,366,091	3,170,349
Service income	69,196	59,481	8,383	4,095
Income from scrap sales	27,068	22,765	3,563	3,199
Total revenue from contracts with customers - recognised at a point in time	<u>6,670,331</u>	<u>5,580,113</u>	<u>3,378,037</u>	<u>3,177,643</u>

## 24. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expenses on borrowings	180,457	198,842	139,363	157,064
Interest expenses on lease liabilities	3,400	3,326	306	535
<b>Total</b>	<u>183,857</u>	<u>202,168</u>	<u>139,669</u>	<u>157,599</u>

## 25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Raw materials and consumables used	4,919,817	3,421,564	3,207,055	2,523,756
Increase (decrease) in inventories of finished goods and work in progress	(125,471)	169,210	(73,463)	85,400
Salaries, wages and other employee benefits	778,893	788,115	348,469	365,660
Depreciation and amortisation expenses	403,462	372,672	189,543	169,568
Rental expenses	6,090	10,520	1,212	4,166

## 26. Income tax

Income tax for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>				
Current income tax charge	734	689	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	7,405	6,276	(5,184)	(937)
<b>Income tax expenses (revenue) reported in profit or loss</b>	<u>8,139</u>	<u>6,965</u>	<u>(5,184)</u>	<u>(937)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax on revaluation surplus of land and buildings	-	229,243	-	143,811
Deferred tax relating to actuarial gain	5,530	-	545	-
	<u>5,530</u>	<u>229,243</u>	<u>545</u>	<u>143,811</u>

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

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
Accounting loss before tax	(513,185)	(631,237)	(470,464)	(451,598)
Applicable tax rate	20, 25%	20, 25%	20%	20%
Accounting loss before tax multiplied by income tax rate	(103,293)	(128,162)	(94,093)	(90,320)
Effects of:				
Promotional privileges (Note 27)	(569)	(2,335)	-	-
Non-deductible expenses	7,414	7,564	3,852	2,588
Additional expense deductions allowed	(3,187)	(5,289)	(449)	(464)
Others	650	(938)	(2,263)	1,433
Total	4,308	(998)	1,140	3,557
Unrecognised tax loss	101,572	124,769	87,769	85,826
Reversal of deferred tax assets	5,552	11,356	-	-
<b>Income tax expenses (revenue) reported in profit or loss</b>	<b>8,139</b>	<b>6,965</b>	<b>(5,184)</b>	<b>(937)</b>

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
<b>Deferred tax assets</b>				
Allowance for expected credit losses	3,789	3,834	1,319	775
Allowance for diminution in value of inventories	32,402	33,311	18,387	15,486
Warranty reserve	602	1,103	573	1,057
Provision for long-term employee benefits	30,112	39,638	16,235	16,746
Deferred income	1,679	2,046	1,679	2,046
Unused tax losses	112,098	117,650	102,050	102,050
Allowance for asset impairment	9,702	11,621	8,353	10,153
Lease	-	-	253	244
Others	13,297	12,881	623	96
Total	203,681	222,084	149,472	148,653
<b>Deferred tax liabilities</b>				
Revaluation surplus of land and building	222,458	226,230	137,657	141,477
Lease liabilities	9,417	11,112	-	-
Total	231,875	237,342	137,657	141,477

As at 31 December 2021, the Group has unused tax losses totaling Baht 2,313 million (2020: Baht 2,469 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 3,215 million will expire by the year 2026.

## 27. Promotional privileges

**27.1** 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 3,378 million for the year ended 31 December 2021 (2020: Baht 3,177.6 million) included revenue from manufacturing and sales derived from promoted operations of approximately Baht 876 million (2020: Baht 858.5 million).

**27.2** 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 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 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.	-	From 5 March 2021 until 4 March 2026
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	5 March 2021

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

**27.3** 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.



**27.4** 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.

## 28. 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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<u>Consolidated financial statements</u>						
<b>Basic loss per share</b>						
Loss attributable to equity holders of the Company	(521,325)	(638,202)	1,500,000	1,500,000	(0.35)	(0.43)
<u>Separate financial statements</u>						
<b>Basic loss per share</b>						
Loss attributable to equity holders of the Company	(465,280)	(450,660)	1,500,000	1,500,000	(0.31)	(0.30)

## **29. 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 2021 and 2020:

	(Unit: Thousand Baht)							
	Compressors	Enameled		Steel coil		Total	Adjustments	
<b>For the year ended 31 December 2021</b>	and parts	wire	Steel sheet	center	Others	reportable segments	and eliminations	Consolidated
Revenue from external customers	3,457,829	1,396,824	1,194,654	621,024	-	6,670,331	-	6,670,331
Inter-segment revenue	257,850	250,650	439,493	210,034	323	1,158,350	(1,158,350)	-
Interest income	22,172	50	138	1,379	-	23,739	(23,687)	52
Interest expense	(143,379)	(41,418)	(19,557)	(3,487)	-	(207,841)	23,984	(183,857)
Depreciation and amortisation	(233,855)	(57,473)	(55,712)	(74,341)	(200)	(421,581)	18,119	(403,462)
Income tax revenue (expenses)	(3,663)	(953)	(3,951)	537	-	(8,030)	(109)	(8,139)
Gain (loss) on exchange	(33,370)	751	(2,273)	(133)	-	(35,025)	-	(35,025)
<b>Segment profit (loss)</b>	<b>(552,295)</b>	<b>(22,575)</b>	<b>99,043</b>	<b>(58,754)</b>	<b>18</b>	<b>(534,563)</b>	<b>13,238</b>	<b>(521,325)</b>
<b>Segment total assets</b>								
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	213,968	30,268	(29,306)	(61,495)	(201)	(335,238)	25,639	(309,599)
<b>Segment total liabilities</b>	<b>5,582,527</b>	<b>1,124,857</b>	<b>827,955</b>	<b>331,166</b>	<b>159</b>	<b>7,866,664</b>	<b>(1,646,585)</b>	<b>6,220,079</b>

(Unit: Thousand Baht)

	Compressors	Enameled		Steel coil		Total	Adjustments	
For the year ended 31 December 2020	and parts	wire	Steel sheet	center	Others	reportable segments	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)	(52,190)	(56,455)	(34)	(386,612)	13,940	(372,672)
Income tax revenue (expenses)	(5,458)	8,454	(10,405)	2,222	-	(5,187)	(1,778)	(6,965)
Gain (loss) on exchange	(8,398)	(11,890)	266	(468)	-	(20,490)	-	(20,490)
Impairment loss	(55,486)	-	-	(10,456)	-	(65,942)	-	(65,942)
<b>Segment profit (loss)</b>	<b>(554,237)</b>	<b>(67,613)</b>	<b>(4,571)</b>	<b>(30,725)</b>	<b>(6,079)</b>	<b>(663,225)</b>	<b>25,023</b>	<b>(638,202)</b>
<b>Segment total assets</b>								
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
<b>Segment total liabilities</b>	<b>5,167,788</b>	<b>1,060,632</b>	<b>750,910</b>	<b>251,279</b>	<b>6,635</b>	<b>7,237,244</b>	<b>(1,495,261)</b>	<b>5,741,983</b>

### Geographic information

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Revenue from external customers		
Thailand	4,268,358	3,233,025
Hong Kong	1,354,897	1,448,091
China	304,349	211,406
Australia	32,417	59,984
Indonesia	29,563	33,134
Saudi Arabia	81,272	114,740
Others	599,475	479,733
Total	<u>6,670,331</u>	<u>5,580,113</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,715,913	4,030,459
China	183,783	178,836
Total	<u>3,899,696</u>	<u>4,209,295</u>

### Major customers

For the year 2021, the Group has revenue from two major customers in amount of Baht 1,336 million and Baht 1,290 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment (2020: 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).

### **30. 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 2021 of the Group amounting to approximately Baht 12.4 million (2020: Baht 16.6 million) the Company only: Baht 5.4 million (2020: Baht 5.9 million) were recognised as expenses.

## 31. Commitment and contingent liabilities

### 31.1 Capital commitments

As at 31 December 2021, the Group has capital commitments of approximately Baht 8.7 million (2020: Baht 17.8 million) (the Company only: Baht 8.1 million, 2020: Baht 11.0 million), relating to the construction of factory building and installation of machinery.

### 31.2 Long-term service commitments

- a) As at 31 December 2021 and 2020, the Group has commitments relating to service agreements payable in the future as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Payable:</u>				
In up to 1 year	15.4	9.7	5.0	3.0
In over 1 year	7.8	-	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.

### 31.3 Guarantees

- a) As at 31 December 2021, 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 319 million (2020: RMB 60 million or equivalent to Baht 282 million).
- b) As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 53 million (2020: Baht 49.3 million) (the Company only: Baht 20 million (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 included letters of guarantee to guarantee electricity usage amounting to Baht 40 million (2020: Baht 36.3 million) (the Company only: Baht 7.2 million (2020: Baht 7.2 million)), and to guarantee import duty, natural gas agreements and others amounting to Baht 13 million (2020: Baht 13.0 million) (the Company only: Baht 12.8 million (2020: Baht 12.8 million)).

### 32. Fair values hierarchy

As at 31 December 2021 and 2020, 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 2021	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
<b>Assets measured at fair value</b>		
Land	952.1	740.7
Land improvement and buildings	1,093.8	546.4
<b>Liabilities measured at fair value</b>		
Derivatives		
Foreign currency forward contracts	(3.1)	(3.1)

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

### 33. Financial instruments

#### 33.1 Derivatives

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2021</u>	<u>2020</u>
<b>Derivative liabilities</b>		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	3,111	489
<b>Total derivative liabilities</b>	3,111	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.

#### 33.2 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 one year 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, foreign 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 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

As at 31 December 2021						
Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements			
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	7	20	6	11	33.2469	33.5929
Japanese yen	-	13	-	8	0.2869	0.2944
Euro	-	0.2	-	-	37.5083	38.2813
RMB	0.5	15	-	37	5.1828	5.3185

As at 31 December 2020						
Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements			
	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

### Forward exchange contracts

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

As at 31 December 2021					
Consolidated and separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	3.2	3.3	9 February - 23 May 2022	33.03 - 33.23	32.36 - 33.20

As at 31 December 2020

Consolidated and separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		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

### *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 2021 and 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	2021		2020	
	Change in FX rate	Effect on profit before tax	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US dollar	+5	(22,736)	+5	3,769
	- 5	22,736	- 5	(3,769)

### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its long-term loans from financial institutions. 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.

As at 31 December 2021 and 2020, 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 2021

	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	3	-	11	5	19	0.05 - 0.37
Trade and other receivables	-	-	-	1,062	1,062	-
	3	-	11	1,067	1,081	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial						
institutions	3,534	-	137	-	3,671	2.15 - 5.88
Trade and other payables	-	-	-	1,096	1,096	-
Lease liabilities	16	20	-	-	36	2.65 - 6.85
Long-term loans	-	-	1,103	-	1,103	THBFIX+3%
	3,550	20	1,240	1,096	5,906	

(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)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	5	24	29	0.05 - 0.37
Trade and other receivables	-	-	-	1,096	1,096	-
	-	-	5	1,120	1,125	
<u>Financial liabilities</u>						
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	THBFIX+3%
	3,447	31	1,200	752	5,430	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2021

	Fixed interest rates		Floating			Effective
	Within		Interest	Non-interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	-	1	1	-
Trade and other receivables	-	-	-	576	576	-
Short-term loans to related parties	10	-	-	-	10	4.25
	10	-	-	577	587	

**Financial liabilities**

Bank overdrafts and short-term loans from

financial institutions	2,006	-	22	-	2,028	2.15 - 5.88
Trade and other payables	-	-	-	1,280	1,280	-
Short-term loans from related parties	736	-	-	-	736	4.60 - 6.13
Lease liabilities	3	1	-	-	4	2.65 - 6.85
Long-term loans	-	-	1,103	-	1,103	THBFIX+3%
	2,745	1	1,125	1,280	5,151	

(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)
<u>Financial assets</u>						
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	

### *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 from financial institutions affected as at 31 December 2021 and 2020.

Currency	2021		2020	
	Change in	Effect on profit	Change in	Effect on profit
	FX rate	before tax	FX rate	before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Baht	+1	(11,029)	+1	(10,753)
	- 1	11,029	- 1	10,753

The above analysis has been prepared assuming that the amounts of the floating rate loans from financial institutions 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 2021 (2020: 86%) (the Company only: 87% 2020: 86%) 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 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)			
Consolidated financial statements			
As at 31 December 2021			
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	3,670,903	-	3,670,903
Trade and other payables	1,095,920	-	1,095,920
Lease liabilities	17,738	21,300	39,038
Long-term loans	420,000	682,850	1,102,850
<b>Total non-derivatives</b>	<b>5,204,561</b>	<b>704,150</b>	<b>5,908,711</b>
<b>Derivatives</b>			
Derivative liabilities: gross settled			
Cash inflows	363	-	363
Cash outflows	(3,474)	-	(3,474)
<b>Total derivatives</b>	<b>(3,111)</b>	<b>-</b>	<b>(3,111)</b>

(Unit: Thousand Baht)			
Consolidated financial statements			
As at 31 December 2020			
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	3,550,847	-	3,550,847
Trade and other payables	751,507	-	751,507
Lease liabilities	24,014	33,558	57,572
Long-term loans	400,000	675,300	1,075,300
<b>Total non-derivatives</b>	<b>4,726,368</b>	<b>708,858</b>	<b>5,435,226</b>
<b>Derivatives</b>			
Derivative liabilities: gross settled			
Cash inflows	2,303	-	2,303
Cash outflows	(2,792)	-	(2,792)
<b>Total derivatives</b>	<b>(489)</b>	<b>-</b>	<b>(489)</b>

(Unit: Thousand Baht)

Separate financial statements			
As at 31 December 2021			
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	2,028,050	-	2,028,050
Trade and other payables	1,279,470	-	1,279,470
Short-term loans from related parties	736,000	-	736,000
Lease liabilities	2,924	727	3,651
Long-term loans	420,000	682,850	1,102,850
<b>Total non-derivatives</b>	<b>4,466,444</b>	<b>683,577</b>	<b>5,150,021</b>
<b>Derivatives</b>			
Derivative liabilities: gross settled			
Cash inflows	363	-	363
Cash outflows	(3,474)	-	(3,474)
<b>Total derivatives</b>	<b>(3,111)</b>	<b>-</b>	<b>(3,111)</b>

(Unit: Thousand Baht)

Separate financial statements			
As at 31 December 2020			
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	2,119,739	-	2,119,739
Trade and other payables	1,127,025	-	1,127,025
Short-term loans from related parties	481,000	-	481,000
Lease liabilities	3,975	3,650	7,625
Long-term loans	400,000	675,300	1,075,300
<b>Total non-derivatives</b>	<b>4,131,739</b>	<b>678,950</b>	<b>4,810,689</b>
<b>Derivatives</b>			
Derivative liabilities: gross settled			
Cash inflows	2,303	-	2,303
Cash outflows	(2,792)	-	(2,792)
<b>Total derivatives</b>	<b>(489)</b>	<b>-</b>	<b>(489)</b>



### **33.3 Fair values of financial instruments**

Since the majority of the Group'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 counterparty credit risk when determining the fair value of derivatives

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

### **34. 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 2021 and 2020.

### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 25 February 2022.