

Kulthorn Kirby Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended
31 March 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Kulthorn Kirby Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Kulthorn Kirby Public Company Limited and its subsidiaries as at 31 March 2022, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of Matters

Material Uncertainty related to Going Concern

I draw attention to Note 1.2 to the interim consolidated financial statements regarding the ability of the Group to continue as a going concern. The Group has sustained operating losses for a number of consecutive years, and as at 31 March 2022, the Group's total current liabilities exceed its total current assets by Baht 2,190 million (the Company only: Baht 2,591 million) and the Group has deficit of Baht 2,896 million (the Company only: Baht 2,047 million). In addition, the Group's equity is less than 50% of paid-up share capital, which causes the Company's securities to be 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 interim consolidated financial statements, the Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation significantly affects the Group's business activities in terms of supply chains and operational delays, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future, including compliance with debt covenants. The Group's management has continuously monitored ongoing developments and 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 conclusion is not modified in respect of these matters.

Natteera Pongpinitpinyo

Certified Public Accountant (Thailand) No. 7362

EY Office Limited

Bangkok: 11 May 2022

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		14,826	19,315	980	1,023
Trade and other receivables	2, 3	1,094,157	1,062,210	424,498	576,390
Short-term loans to related parties	2	-	-	-	10,000
Inventories	4	1,413,804	1,565,871	886,219	976,574
Current tax assets		3,208	13,399	499	849
VAT receivable		37,875	42,047	37,727	37,405
Other current financial assets		16	-	-	-
Other current assets		101,645	85,720	51,534	47,324
Total current assets		2,665,531	2,788,562	1,401,457	1,649,565
Non-current assets					
Investments in subsidiaries	5	-	-	2,086,872	2,086,872
Property, plant and equipment	6	3,678,822	3,766,776	2,238,948	2,284,042
Right-of-use assets		73,346	64,858	1,637	2,241
Goodwill on business combination	7	-	-	-	-
Other intangible assets		63,610	67,008	39,029	40,744
Deferred tax assets		33,180	33,440	13,666	11,815
Other non-current assets		1,054	1,054	883	883
Total non-current assets		3,850,012	3,933,136	4,381,035	4,426,597
Total assets		6,515,543	6,721,698	5,782,492	6,076,162

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	8	3,774,066	3,670,903	2,148,689	2,028,050
Trade and other payables	2, 9	913,697	1,095,920	975,566	1,279,470
Short-term loans from related parties	2	-	-	736,000	736,000
Current portion of long-term loans	10	117,496	420,000	117,496	420,000
Current portion of lease liabilities		18,724	15,947	2,167	2,819
Income tax payable		2,203	-	-	-
Dividend payable		888	891	884	887
Other current financial liabilities		-	3,112	-	3,112
Other current liabilities		28,413	28,640	11,818	12,263
Total current liabilities		4,855,487	5,235,413	3,992,620	4,482,601
Non-current liabilities					
Long-term loans, net of current portion	10	980,349	682,850	980,349	682,850
Lease liabilities, net of current portion		25,082	20,093	577	689
Deferred tax liabilities		56,945	61,633	-	-
Provision for long-term employee benefits		224,909	220,090	108,653	106,368
Total non-current liabilities		1,287,285	984,666	1,089,579	789,907
Total liabilities		6,142,772	6,220,079	5,082,199	5,272,508

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2022 (Unaudited but reviewed)	As at 31 December 2021 (Audited)	As at 31 March 2022 (Unaudited but reviewed)	As at 31 December 2021 (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
1,500,000,000 ordinary shares of Baht 1 each	1,500,000	1,500,000	1,500,000	1,500,000
Issued and fully paid up				
1,500,000,000 ordinary shares of Baht 1 each	1,500,000	1,500,000	1,500,000	1,500,000
Share premium	700,000	700,000	700,000	700,000
Surplus from business combination under common control	207,898	207,898	-	-
Retained earnings (deficits)				
Appropriated - statutory reserve	120,000	120,000	120,000	120,000
Unappropriated	(3,015,680)	(2,913,839)	(2,166,604)	(2,066,975)
Other components of shareholders' equity	860,553	887,560	546,897	550,629
Total shareholders' equity	372,771	501,619	700,293	803,654
Total liabilities and shareholders' equity	6,515,543	6,721,698	5,782,492	6,076,162

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 three-month period ended 31 March 2022**

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

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Revenues					
Revenue from contracts with customers	12	1,834,940	1,670,497	873,559	893,465
Rental income		48	490	3,330	3,375
Gain on exchange		42,169	-	37,902	-
Other income		488	6,012	9,976	6,985
Total revenues		1,877,645	1,676,999	924,767	903,825
Expenses					
Cost of sales and services		1,823,676	1,559,950	916,059	846,255
Selling and distribution expenses		19,193	18,032	9,181	6,400
Administrative expenses		94,990	87,542	65,966	61,087
Loss on exchange		-	8,900	-	5,940
Total expenses		1,937,859	1,674,424	991,206	919,682
Operating gain (loss)		(60,214)	2,575	(66,439)	(15,857)
Finance income		-	15	49	310
Finance cost		(47,397)	(44,912)	(38,823)	(34,679)
Loss before income tax		(107,611)	(42,322)	(105,213)	(50,226)
Income tax		2,225	757	1,852	(470)
Loss for the period		(105,386)	(41,565)	(103,361)	(50,696)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(23,462)	(452)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(23,462)	(452)	-	-
Other comprehensive income for the period		(23,462)	(452)	-	-
Total comprehensive income for the period		(128,848)	(42,017)	(103,361)	(50,696)
Basic loss per share (Baht)					
	11				
Loss attributable to equity holders of the Company		(0.07)	(0.03)	(0.07)	(0.03)

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

Consolidated financial statements

	Issued and fully paid-up share capital		Share premium	Surplus from business combination under common control	Retained earnings (deficits)		Other components of shareholders' equity			
					Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2021	1,500,000	700,000		207,898	120,000	(2,431,901)	7,435	887,666	895,101	991,098
Loss for the period	-	-	-	-	-	(41,565)	-	-	-	(41,565)
Other comprehensive income for the period	-	-	-	-	-	-	(452)	-	(452)	(452)
Total comprehensive income for the period	-	-	-	-	-	(41,565)	(452)	-	(452)	(42,017)
Transfer revaluation surplus on assets to retained earnings	-	-	-	-	-	5,669	-	(5,669)	(5,669)	-
Balance as at 31 March 2021	<u>1,500,000</u>	<u>700,000</u>		<u>207,898</u>	<u>120,000</u>	<u>(2,467,797)</u>	<u>6,983</u>	<u>881,997</u>	<u>888,980</u>	<u>949,081</u>
Balance as at 1 January 2022	1,500,000	700,000		207,898	120,000	(2,913,839)	16,722	870,838	887,560	501,619
Loss for the period	-	-	-	-	-	(105,386)	-	-	-	(105,386)
Other comprehensive income for the period	-	-	-	-	-	-	(23,462)	-	(23,462)	(23,462)
Total comprehensive income for the period	-	-	-	-	-	(105,386)	(23,462)	-	(23,462)	(128,848)
Transfer revaluation surplus on assets to retained earnings	-	-	-	-	-	3,545	-	(3,545)	(3,545)	-
Balance as at 31 March 2022	<u>1,500,000</u>	<u>700,000</u>		<u>207,898</u>	<u>120,000</u>	<u>(3,015,680)</u>	<u>(6,740)</u>	<u>867,293</u>	<u>860,553</u>	<u>372,771</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficits)		Other components of shareholders' equity	
			Appropriated	Unappropriated	Other comprehensive income	
				Revaluation surplus on assets		
Balance as at 1 January 2021	1,500,000	700,000	120,000	(1,619,155)	565,909	1,266,754
Loss for the period	-	-	-	(50,696)	-	(50,696)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(50,696)	-	(50,696)
Transfer revaluation surplus on assets to retained earnings	-	-	-	4,040	(4,040)	-
Balance as at 31 March 2021	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(1,665,811)</u>	<u>561,869</u>	<u>1,216,058</u>
Balance as at 1 January 2022	1,500,000	700,000	120,000	(2,066,975)	550,629	803,654
Loss for the period	-	-	-	(103,361)	-	(103,361)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(103,361)	-	(103,361)
Transfer revaluation surplus on assets to retained earnings	-	-	-	3,732	(3,732)	-
Balance as at 31 March 2022	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(2,166,604)</u>	<u>546,897</u>	<u>700,293</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Cash flow statements****For the three-month period ended 31 March 2022**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities				
Loss before tax	(107,611)	(42,322)	(105,213)	(50,226)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange	(18,017)	10,117	(18,536)	6,240
Loss (gain) on fair value adjustments of financial instrument	(3,128)	1,089	(3,112)	1,089
Reversal of the reduction of inventory to net realisable value	(3,979)	(17,547)	(2,146)	(6,415)
Allowance for expected credit losses (reversal)	2,134	(2,851)	2,772	668
Depreciation and amortisation	92,659	93,435	47,455	46,430
Amortise right-of-use assets	4,379	5,307	605	1,201
Amortise deferred revenue from sales and lease back	(56)	(56)	-	-
Loss (gain) on sales of property, plant and equipment	-	141	(438)	(280)
Loss on write-off of property, plant and equipment	52	213	52	-
Provision for long-term employee benefits	4,997	6,714	2,285	2,829
Dividend income	(20)	-	-	-
Subsidies income from government grants	(458)	(458)	(458)	(458)
Finance income	-	(15)	(49)	(310)
Finance cost	47,397	44,912	38,823	34,679
Profit (loss) from operating activities before changes in operating assets and liabilities	18,349	98,679	(37,960)	35,447
Operating assets (increase) decrease				
Trade and other receivables	(35,859)	(124,966)	147,188	(100,331)
Inventories	156,046	(110,212)	92,501	(84,157)
Other current assets	1,647	13,460	(3,683)	(6,887)
Other non-current assets	-	(13)	-	(19)
Operating liabilities increase (decrease)				
Trade and other payables	(161,365)	194,326	(283,190)	152,003
Other current liabilities	285	1,863	11	(583)
Cash flows from (used in) operating activities	(20,897)	73,137	(85,133)	(4,527)
Cash paid for long-term employee benefits	(178)	(3,785)	-	(1,965)
Interest received	-	15	127	356
Interest paid	(47,717)	(43,807)	(39,810)	(34,513)
Corporate income tax paid	(3,208)	(2,713)	(499)	(177)
Net cash flows from (used in) operating activities	(72,000)	22,847	(125,315)	(40,826)

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Cash flow statements (continued)****For the three-month period ended 31 March 2022**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	-	350	-	-
Acquisition of property, plant and equipment and intangible assets	(3,356)	(37,001)	(1,242)	(22,910)
Decrease in short-term loans to related parties	-	-	10,000	5,000
Dividend income	20	-	-	-
Net cash flows from (used in) investing activities	(3,336)	(36,651)	8,758	(17,910)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	2,939,100	2,542,830	984,590	994,057
Decrease in bank overdrafts and short-term loans from financial institutions	(2,834,832)	(2,500,317)	(862,307)	(944,142)
Repayment of long-term loans	(5,005)	(2,493)	(5,005)	(2,493)
Payment of principal portion of lease liabilities	(5,102)	(5,585)	(764)	(951)
Net cash flows from financing activities	94,161	34,435	116,514	46,471
Decrease in translation adjustments	(23,314)	(6,314)	-	-
Net increase (decrease) in cash and cash equivalents	(4,489)	14,317	(43)	(12,265)
Cash and cash equivalents at beginning of period	19,315	28,864	1,023	13,226
Cash and cash equivalents at end of period	14,826	43,181	980	961

Supplemental disclosures of cash flows information

1) Non-cash related transactions for investing activities

Other payable from acquisitions of fixed assets	1,321	16,543	30	7,574
Other receivables from sales of fixed assets	-	-	13,800	18,914
Transfer promissory notes to long-term loan from debt restructuring	-	20,000	-	20,000
Offset other receivable from sales of fixed assets with trade and other payables	-	-	438	17,213
Increase in right-of-use assets	12,868	-	-	-

2) Non-cash related transactions for financing activities

Dividend payable	888	891	884	887
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The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2022

1. General information

1.1 Corporate information

Kulthorn Kirby Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of hermetic compressors. The registered address of the Company is 126 Soi Chalongkrung 31, Chalongkrung Road, Khwaeng Lamplatew, Khet Latkrabang, Bangkok.

1.2 Fundamental accounting assumptions

The Group has sustained operating losses for a number of consecutive years, and as at 31 March 2022, the Group’s total current liabilities exceed its total current assets by Baht 2,190 million (the Company only: Baht 2,591 million) and the Group has deficit of Baht 2,896 million (the Company only: Baht 2,047 million). In addition, the Group’s equity is less than 50% of paid-up share capital, which causes the Company’s securities to be 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 interim financial statements for the three-month period ended 31 March 2022 under the going concern basis. Accordingly, such financial statements do not include any adjustments relating to the realisation of the recoverable amount and classification of the assets or the amount and classification of liabilities that might be necessary should the Group be unable to continue its operations as a going concern.

1.3 Coronavirus disease 2019 Pandemic

The COVID-19 pandemic is adversely impacting most businesses and industries. This situation significantly affects the Group’s business activities in terms of supply chains and operational delays, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future 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.

1.4 Basis for the preparation of interim financial statements

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

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

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

1.5 Basis of consolidation

The interim consolidated financial statements included the financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. There have been no change in the composition of its subsidiaries during the period.

1.6 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the period, the Group had significant business transactions with related parties mainly in respect of sales and purchases of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Group and those related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

(Unaudited but reviewed)

Summaries significant business transactions with related parties as follows.

(Unit: Thousand Baht)

For the three-month period ended 31 March

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i><u>Transactions with subsidiaries</u></i>				
<i>(eliminated from the consolidated financial statements)</i>				
Purchases of goods	-	-	206,355	218,724
Sales and service income and scrap sales	-	-	41,256	39,105
Other income	-	-	3,567	2,997
Rental income	-	-	3,280	3,325
Interest expenses	-	-	9,326	5,536
Other expenses	-	-	9,824	2,431
<i><u>Transactions with related parties</u></i>				
Sales and service income and scrap sales	159,660	130,533	45,995	49,218
Purchases of goods	6,037	11,160	6,025	11,108
Other expenses	4,481	5,012	866	1,024

The outstanding balances of the accounts as at 31 March 2022 and 31 December 2021 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	68,352	215,212
Related companies (related by common director/ shareholder)	154,598	145,780	12,703	15,913
Total trade and other receivables - related parties	154,598	145,780	81,055	231,125
<u>Trade and other payables - related parties</u>				
(Note 9)				
Subsidiary companies	-	-	538,447	650,925
Related companies (related by common director/ shareholder)	10,122	6,441	5,435	3,012
Total trade and other payables - related parties	10,122	6,441	543,882	653,937

(Unaudited but reviewed)

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

During the three-month period ended 31 March 2022, short-term loans between the Company and its subsidiaries had the following movements:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at		Decrease	Balance as at
	1 January	Increase	Decrease	31 March
	2022	during the period	during the period	2022
<u>Short-term loans to subsidiary</u>				
Kulthorn Materials and Controls Co., Ltd.	10,000	-	10,000	-
Total	10,000	-	10,000	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at		Decrease	Balance as at
	1 January	Increase	Decrease	31 March
	2022	during the period	during the period	2022
<u>Short-term loans from subsidiaries</u>				
Kulthorn Premier Co., Ltd.	461,000	-	-	461,000
Kulthorn Kirby Foundry Co., Ltd.	155,000	-	-	155,000
Kulthorn Steel Co., Ltd.	120,000	-	-	120,000
Total	736,000	-	-	736,000

Directors and management's remuneration

During the three-month period ended 31 March 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Short-term employee benefits	9,837	7,585	3,174	1,731
Post-employment benefits	1,323	1,283	983	1,024
Total	11,160	8,868	4,157	2,755

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 14.2.

3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 31 March 2022 and 31 December 2021 categorised by their aging from due dates are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
<u>Trade receivables - related parties</u>				
Not yet due	124,087	127,516	9,637	24,175
Overdue				
Less than 3 months	28,018	15,403	15,643	25,661
3 - 6 months	392	-	19,716	8,061
6 - 12 months	-	-	1,334	1,325
Total	152,497	142,919	46,330	59,222
Less: Allowance for expected credit losses	-	-	(5,462)	(3,286)
Total trade receivables - related parties	152,497	142,919	40,868	55,936
<u>Trade receivables - unrelated parties</u>				
Not yet due	811,006	754,229	297,580	300,968
Overdue				
Less than 3 months	124,545	160,015	41,604	43,764
3 - 6 months	8,124	787	5,361	787
6 - 12 months	-	507	59	304
Over 12 months	13,021	13,036	2,423	2,431
Total	956,696	928,574	347,027	348,254
Less: Allowance for expected credit losses	(17,951)	(15,817)	(3,906)	(3,310)
Total trade receivables - unrelated parties	938,745	912,757	343,121	344,944
Total trade receivables - net	1,091,242	1,055,676	383,989	400,880
<u>Other receivables</u>				
Other receivables - related parties	2,101	2,861	40,187	175,189
Other receivables - unrelated parties	814	3,673	322	321
Total other receivables	2,915	6,534	40,509	175,510
Total trade and other receivables - net	1,094,157	1,062,210	424,498	576,390

4. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2022	164,597	91,937
Reversal of reduction of inventory to net realisable value during the period	(3,979)	(2,146)
Balance as at 31 March 2022	<u>160,618</u>	<u>89,791</u>

5. Investments in subsidiaries

As at 31 March 2022 and 31 December 2021, the Company has long-term investments in ordinary share of the following companies:

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
			(%)	(%)		
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					<u>3,629,879</u>	<u>3,629,879</u>
Less: Allowance for impairment loss on investments in subsidiaries					<u>(1,543,007)</u>	<u>(1,543,007)</u>
Total investments in subsidiaries - net					<u>2,086,872</u>	<u>2,086,872</u>

The company did not received dividend during the three-month period ended 31 March 2022 and 2021.

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2022	3,766,776	2,284,042
Acquisitions during the period - at cost	1,551	698
Write-off during the period - net book value at write-off date	(52)	(52)
Depreciation for the period	(89,265)	(45,740)
Translation adjustment	(188)	-
Net book value as at 31 March 2022	3,678,822	2,238,948

The Group pledged their land and buildings thereon with financial institutions as collateral to secure loans as discussed in Note 10.

In addition, the Group entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Company and its subsidiaries are not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as described in Note 8.

7. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March	31 December
	2022	2021
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
Bank overdrafts	5.82 - 5.88	171,041	137,101	54,457	21,582
Short-term loans	4.20 - 4.59	1,045,000	1,045,000	770,000	770,000
Trust receipts	2.15 - 4.75	1,654,185	1,596,541	764,769	664,927
Packing credit	2.10 - 5.70	903,840	892,261	559,463	571,541
Total		<u>3,774,066</u>	<u>3,670,903</u>	<u>2,148,689</u>	<u>2,028,050</u>

The Group entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under the agreements, the Group is required to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio not exceeding 5:1 for the consolidated financial statements and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1, based on the financial statements as at 30 June and 31 December. The Group is not allowed to dispose, transfer, mortgage or provide any lien on their assets, both existing and to be acquired in the future, except to use as collateral for the syndicated loan to pay off the debt to those financial institutions.

9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Trade payables - related parties	5,089	2,971	534,516	638,883
Trade payables - unrelated parties	557,814	588,978	203,223	256,575
Other payables - related parties	5,033	3,470	6,142	11,109
Other payables - unrelated parties	247,933	406,436	178,182	318,537
Accrued interest expenses to related parties	-	-	3,224	3,945
Accrued interest expenses to unrelated parties	1,369	1,736	466	732
Accrued expenses - unrelated parties	96,459	92,329	49,813	49,689
Total trade and other payables	<u>913,697</u>	<u>1,095,920</u>	<u>975,566</u>	<u>1,279,470</u>

(Unaudited but reviewed)

10. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	31 March 2022	31 December 2021
Long-term loans	1,097,845	1,102,850
Less: Current portion	(117,496)	(420,000)
Long-term loans, net of current portion	<u>980,349</u>	<u>682,850</u>

Movement of long-term loans during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2022	1,102,850
Less: Repayment during the period	(5,005)
Balance as at 31 March 2022	<u>1,097,845</u>

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.

In March 2022, 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 2022. The Group executed the Fourth Amendment Agreement to the Credit Facility Agreement for such loan repayment extension with the three financial institutions on 29 April 2022.

(Unaudited but reviewed)

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 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 2021.

As at 31 December 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.

11. Loss per share

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

12. Revenue from contracts with customers

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Type of goods or service:				
Sales of goods	1,805,772	1,642,968	871,565	889,451
Service income	24,368	16,490	1,324	2,643
Income from scrap sales	4,800	11,039	670	1,371
Total revenue from contracts with customers				
- recognised at a point in time	1,834,940	1,670,497	873,559	893,465

(Unaudited but reviewed)

13. Segment information

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

The following tables present revenue and profit (loss) information regarding the Group's operating segments for the three-month period ended 31 March 2022 and 2021, respectively

(Unit: Million Baht)

	For the three-month period ended 31 March													
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Total Segments		Adjustments and eliminations		Consolidated financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue														
External customers	903	912	388	335	368	272	176	151	1,835	1,670	-	-	1,835	1,670
Inter-segment	50	54	51	54	115	103	59	68	275	279	(275)	(279)	-	-
Total revenue	953	966	439	389	483	375	235	219	2,110	1,949	(275)	(279)	1,835	1,670
Operating results														
Segment gross profit (loss)	(54)	35	18	17	26	53	12	18	2	123	9	(12)	11	111
Other income													1	7
Gain (loss) on exchange													42	(9)
Selling and distribution expenses													(19)	(18)
Administrative expenses and allowance for impairment													(95)	(88)
Finance cost													(47)	(45)
Loss before income tax													(107)	(42)
Income tax													2	-
Loss for the period													(105)	(42)

14. Commitment and contingent liabilities

14.1 Capital commitments

As at 31 March 2022, the Group has capital commitments of approximately Baht 11.9 million (31 December 2021: Baht 8.7 million) (the Company only: Baht 11.4 million, 31 December 2021: Baht 8.1 million), relating to the construction of factory building and purchase and installation of machinery.

14.2 Guarantees

- a) As at 31 March 2022, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Magnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 60 million or equivalent to Baht 319 million (31 December 2021: RMB 60 million or equivalent to Baht 319 million).
- b) As at 31 March 2022, there were outstanding bank guarantees of approximately Baht 53 million (31 December 2021: Baht 53 million), the Company only: Baht 20 million (31 December 2021: Baht 20 million) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group. These include letter of guarantee to guarantee electricity usage amounting to Baht 40 million (31 December 2021: Baht 40 million), the Company only: Baht 7.2 million (31 December 2021: Baht 7.2 million) and to guarantee import duty, natural gas agreements and others amounting to Baht 13 million (31 December 2021: Baht 13 million), the Company only: Baht 12.8 million (31 December 2021: Baht 12.8 million).

15. Financial Instrument

15.1 Fair value of financial instrument

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

16. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 11 May 2022.