

Kulthorn Kirby Public Company Limited  
and its subsidiaries  
Review report and interim financial information  
For the three-month period ended 31 March 2023

## **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 2023, 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.

### **Basis for Disclaimer of Conclusion**

As disclosed in Note 1.2 to the interim consolidated financial statements, regarding the Group's ability to continue its operations as a going concern, the Group has sustained operating losses for a number of consecutive years. The Group had net loss from operation in the consolidated statements of comprehensive income for the three-month period ended 31 March 2023 of Baht 185 million (the Company only: Baht 201 million). As at 31 March 2023, the Group's total current liabilities exceeded its total current assets by Baht 3,405 million (the Company only: Baht 4,030 million) and the Group had deficit of Baht 3,586 million (the Company only: Baht 2,762 million). The major current liabilities of the Group consisted of the followings:

- Bank overdraft and short-term loans from financial institutions amounting to Baht 3,499 million (the Company only: Baht 2,179 million),
- Trade and other payables amounting to Baht 612 million (the Company only: Baht 917 million), and
- Current portion of long-term loans from financial institutions amounting to Baht 1,091 million (the Company only: Baht 1,080 million), which became payable on demand since the Group was unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 11 to the interim consolidated financial statements.

In addition, the Group's equity was less than 50% of paid-up capital, which causes the Company's securities will be marked with "C" (Caution) sign.

Up to the present, the Group has suffered from a lack of financial liquidity and working capital for purchasing raw materials for productions to fulfill purchase orders from customers and settling liabilities that will come due. The Group's management has implemented various plans, including negotiating with financial institutions to obtain additional working capital, planning to dispose of or rent out assets that are not core assets in its operations, selling lease agreements to Real Estate Investment Trust (REIT). In addition, the Group is considering adjusting the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group's liquidity. Currently, these plans are still in progress.

These factors indicate significant uncertainties which may has potential interaction of the uncertainties and their possible cumulative effect on the financial statements which cast significant doubt to the Group's ability to continue as a going concern. These depend on the success of plans to seek additional sources of funds, settle liabilities within due dates and improve business operations of the Group.

#### **Disclaimer of Conclusion**

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of my report, to consolidated financial information of Kulthorn Kirby Public Company Limited and its subsidiaries, and the separate financial information of Kulthorn Kirby Public Company Limited as at 31 March 2023 and for the three-month period then ended, I do not express a conclusion on the interim financial information referred to above.

Natteera Pongpinitpinyo  
Certified Public Accountant (Thailand) No. 7362

EY Office Limited  
Bangkok: 15 May 2023

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

**Statements of financial position**

**As at 31 March 2023**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at	As at	As at	As at
	<u>Note</u> <u>31 March 2023</u> (Unaudited but reviewed)	<u>31 December 2022</u> (Audited)	<u>31 March 2023</u> (Unaudited but reviewed)	<u>31 December 2022</u> (Audited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	24,564	21,436	14,729	4,360
Trade and other receivables	2, 3 628,974	608,974	189,255	205,167
Short-term loan to related party	2 -	-	-	60,885
Short-term loan to unrelated party	4 49,731	-	49,731	-
Inventories	5 1,017,161	1,162,838	600,215	668,085
Current tax assets	2,348	8,075	119	1,443
VAT receivable	41,624	72,950	34,920	67,146
Other current assets	78,506	80,590	39,452	39,009
<b>Total current assets</b>	<b>1,842,908</b>	<b>1,954,863</b>	<b>928,421</b>	<b>1,046,095</b>
<b>Non-current assets</b>				
Investments in subsidiaries	6 -	-	2,017,233	2,017,233
Property, plant and equipment	7 4,645,383	4,959,882	2,839,414	2,923,011
Right-of-use assets	58,714	65,999	4,603	4,998
Goodwill on business combination	8 -	-	-	-
Other intangible assets	46,589	53,240	31,780	33,566
Deferred tax assets	15,808	17,066	-	-
Other non-current assets	1,058	1,097	803	870
<b>Total non-current assets</b>	<b>4,767,552</b>	<b>5,097,284</b>	<b>4,893,833</b>	<b>4,979,678</b>
<b>Total assets</b>	<b>6,610,460</b>	<b>7,052,147</b>	<b>5,822,254</b>	<b>6,025,773</b>

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 2023

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2023</u>	<u>31 December 2022</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	9	3,498,691	3,706,320	2,178,794	2,196,868
Trade and other payables	2, 10	611,948	666,177	916,805	890,144
Short-term loans from related parties	2	-	-	766,000	766,000
Current portion of long-term loans	11	1,090,853	1,088,148	1,080,114	1,082,803
Current portion of lease liabilities		18,290	18,624	1,648	1,620
Dividend payable		888	888	884	884
Other current financial liabilities		-	79	-	-
Other current liabilities		27,256	25,226	14,149	12,693
<b>Total current liabilities</b>		<u>5,247,926</u>	<u>5,505,462</u>	<u>4,958,394</u>	<u>4,951,012</u>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	11	50,238	21,576	-	-
Lease liabilities, net of current portion		13,798	18,469	2,984	3,406
Deferred tax liabilities		342,551	373,912	175,516	186,623
Provision for long-term employee benefits		225,779	221,407	109,848	107,996
<b>Total non-current liabilities</b>		<u>632,366</u>	<u>635,364</u>	<u>288,348</u>	<u>298,025</u>
<b>Total liabilities</b>		<u>5,880,292</u>	<u>6,140,826</u>	<u>5,246,742</u>	<u>5,249,037</u>

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 2023**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at <u>31 March 2023</u> (Unaudited but reviewed)	As at <u>31 December 2022</u> (Audited)	As at <u>31 March 2023</u> (Unaudited but reviewed)	As at <u>31 December 2022</u> (Audited)
<b>Liabilities and shareholders' equity (continued)</b>				
<b>Shareholders' equity</b>				
Share capital				
Registered				
1,500,000,000 ordinary shares of Baht 1 each	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid up				
1,500,000,000 ordinary shares of Baht 1 each	1,500,000	1,500,000	1,500,000	1,500,000
Share premium	700,000	700,000	700,000	700,000
Surplus from business combination				
under common control	207,898	207,898	-	-
Retained earnings (deficits)				
Appropriated - statutory reserve	120,000	120,000	120,000	120,000
Unappropriated	(3,706,441)	(3,638,575)	(2,882,402)	(2,723,066)
Other components of shareholders' equity	<u>1,908,711</u>	<u>2,021,998</u>	<u>1,137,914</u>	<u>1,179,802</u>
<b>Total shareholders' equity</b>	<u>730,168</u>	<u>911,321</u>	<u>575,512</u>	<u>776,736</u>
<b>Total liabilities and shareholders' equity</b>	<u>6,610,460</u>	<u>7,052,147</u>	<u>5,822,254</u>	<u>6,025,773</u>

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 2023**

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

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	13	1,049,823	1,834,940	429,891	873,559
Rental income		688	48	3,311	3,330
Gain on exchange		-	42,169	-	37,902
Gain on disposal of investment in indirect subsidiary	6	106,685	-	-	-
Other income		4,379	488	7,223	9,976
<b>Total revenues</b>		<b>1,161,575</b>	<b>1,877,645</b>	<b>440,425</b>	<b>924,767</b>
<b>Expenses</b>					
Cost of sales and services		1,134,774	1,823,676	483,515	916,059
Selling and distribution expenses		16,986	19,193	8,107	9,181
Administrative expenses		160,896	94,990	103,761	65,966
Loss on exchange		1,333	-	2,347	-
<b>Total expenses</b>		<b>1,313,989</b>	<b>1,937,859</b>	<b>597,730</b>	<b>991,206</b>
<b>Operating loss</b>		<b>(152,414)</b>	<b>(60,214)</b>	<b>(157,305)</b>	<b>(66,439)</b>
Finance income		-	-	-	49
Finance cost		(62,529)	(47,397)	(55,026)	(38,823)
<b>Loss before income tax</b>		<b>(214,943)</b>	<b>(107,611)</b>	<b>(212,331)</b>	<b>(105,213)</b>
Income tax		30,103	2,225	11,107	1,852
<b>Loss for the period</b>		<b>(184,840)</b>	<b>(105,386)</b>	<b>(201,224)</b>	<b>(103,361)</b>
<b>Other comprehensive income:</b>					
<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)	-	-
Exchange differences on translation of financial statements in foreign currency recycled to profit or loss due to loss of control		3,687	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		3,687	(23,462)	-	-
<b>Other comprehensive income for the period</b>		<b>3,687</b>	<b>(23,462)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(181,153)</b>	<b>(128,848)</b>	<b>(201,224)</b>	<b>(103,361)</b>
<b>Basic loss per share (Baht)</b>					
Loss attributable to equity holders of the Company	12	(0.12)	(0.07)	(0.13)	(0.07)

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 2023

(Unit: Thousand Baht)

## Consolidated financial statements

	Issued and fully paid-up share capital		Share premium	Surplus from business combination under common control	Retained earnings (deficits)		Other components of shareholders' equity			
					Appropriated	Unappropriated	Other comprehensive income			
							Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	
									Total shareholders' equity	
<b>Balance as at 1 January 2022</b>	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 (deficits)	-	-	-	-	3,545	-	(3,545)	(3,545)	-	
<b>Balance as at 31 March 2022</b>	<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>	
<b>Balance as at 1 January 2023</b>	1,500,000	700,000	207,898	120,000	(3,638,575)	(3,687)	2,025,685	2,021,998	911,321	
Loss for the period	-	-	-	-	(184,840)	-	-	-	(184,840)	
Other comprehensive income for the period	-	-	-	-	-	3,687	-	3,687	3,687	
Total comprehensive income for the period	-	-	-	-	(184,840)	3,687	-	3,687	(181,153)	
Transfer revaluation surplus on assets to retained earnings (deficits)	-	-	-	-	116,974	-	(116,974)	(116,974)	-	
<b>Balance as at 31 March 2023</b>	<u>1,500,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(3,706,441)</u>	<u>-</u>	<u>1,908,711</u>	<u>1,908,711</u>	<u>730,168</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 2023**

(Unit: Thousand Baht)

<b>Separate financial statements</b>						
					Other components of shareholders' equity	
					Other comprehensive income	
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficits)		Revaluation surplus on assets	Total shareholders' equity
			Appropriated	Unappropriated		
<b>Balance as at 1 January 2022</b>	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 (deficits)	-	-	-	3,732	(3,732)	-
<b>Balance as at 31 March 2022</b>	<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>
<b>Balance as at 1 January 2023</b>	1,500,000	700,000	120,000	(2,723,066)	1,179,802	776,736
Loss for the period	-	-	-	(201,224)	-	(201,224)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(201,224)	-	(201,224)
Transfer revaluation surplus on assets to retained earnings (deficits)	-	-	-	41,888	(41,888)	-
<b>Balance as at 31 March 2023</b>	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(2,882,402)</u>	<u>1,137,914</u>	<u>575,512</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 2023**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>				
Loss before tax	(214,943)	(107,611)	(212,331)	(105,213)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange	1,209	(18,017)	2,370	(18,536)
Gain on fair value adjustments of financial instrument	(79)	(3,128)	-	(3,112)
The reduction of inventory to net realisable value (reversa	(3,096)	(3,979)	2,949	(2,146)
Allowance for expected credit losses	2,787	2,134	2,810	2,772
Depreciation and amortisation	155,543	92,659	81,323	47,455
Amortise right-of-use assets	3,520	4,379	395	605
Amortise deferred revenue from sales and lease back	-	(56)	-	-
Loss (gain) on sales of property, plant and equipment	1,741	-	-	(438)
Loss on write-off of property, plant and equipment	70	52	-	52
Loss from termination of lease contracts	374	-	-	-
Provision for long-term employee benefits	5,037	4,997	2,270	2,285
Gain on disposal of investment in indirect subsidiary	(106,685)	-	-	-
Dividend income	-	(20)	-	-
Subsidies income from government grants	(458)	(458)	(458)	(458)
Finance income	-	-	-	(49)
Finance cost	62,529	47,397	55,026	38,823
Profit (loss) from operating activities before changes in operating assets and liabilities	(92,451)	18,349	(65,646)	(37,960)
Operating assets (increase) decrease				
Trade and other receivables	(23,821)	(35,859)	4,274	147,188
Inventories	134,437	156,046	70,073	92,501
Other current assets	40,032	1,647	33,226	(3,683)
Other non-current assets	39	-	67	-
Operating liabilities increase (decrease)				
Trade and other payables	(15,137)	(161,365)	38,132	(283,190)
Other current liabilities	5,863	285	1,915	11

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 2023**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities (continued)</b>				
Cash flows from (used in) operating activities	48,962	(20,897)	82,041	(85,133)
Cash paid for long-term employee benefits	(665)	(178)	(418)	-
Interest received	-	-	-	127
Interest paid	(56,207)	(47,717)	(49,066)	(39,810)
Corporate income tax paid	(1,056)	(3,208)	(119)	(499)
<b>Net cash flows from (used in) operating activities</b>	<u>(8,966)</u>	<u>(72,000)</u>	<u>32,438</u>	<u>(125,315)</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	280	-	-	-
Acquisition of property, plant and equipment and intangible assets	(2,160)	(3,356)	(912)	(1,242)
Decrease in short-term loans to related parties	-	-	-	10,000
Decrease in cash from disposal of investment in indirect subsidiary	(266,767)	-	-	-
Dividend income	-	20	-	-
<b>Net cash flows from (used in) investing activities</b>	<u>(268,647)</u>	<u>(3,336)</u>	<u>(912)</u>	<u>8,758</u>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	2,565,296	2,939,100	799,692	984,590
Decrease in bank overdrafts and short-term loans from financial institutions	(2,300,615)	(2,834,832)	(817,765)	(862,307)
Cash received from long-term loan	35,803	-	-	-
Repayment of long-term loans	(4,436)	(5,005)	(2,689)	(5,005)
Payment of principal portion of lease liabilities	(5,004)	(5,102)	(395)	(764)
<b>Net cash flows from (used in) financing activities</b>	<u>291,044</u>	<u>94,161</u>	<u>(21,157)</u>	<u>116,514</u>
<b>Decrease in translation adjustments</b>	<u>(10,303)</u>	<u>(23,314)</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>3,128</u>	<u>(4,489)</u>	<u>10,369</u>	<u>(43)</u>
Cash and cash equivalents at beginning of period	<u>21,436</u>	<u>19,315</u>	<u>4,360</u>	<u>1,023</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>24,564</u></u>	<u><u>14,826</u></u>	<u><u>14,729</u></u>	<u><u>980</u></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 (continued)**

**For the three-month period ended 31 March 2023**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Supplemental disclosures of cash flows information</b>				
1) Non-cash related transactions for investing activities				
Other payable from acquisitions of fixed assets	168	1,321	360	30
Other receivables from sales of fixed assets	-	-	4,500	13,800
Transfer fixed assets to inventories	5,152	-	5,152	-
Transfer right-of-use assets to fixed assets	1,347	-	-	-
Transfer short-term loan to related party				
to short-term loan to unrelated party	60,885	-	60,885	-
Offset short-term loans to unrelated party				
with trade and other payables	4,207	-	4,207	-
Offset other receivables from sales of fixed assets				
with trade and other payables	5	-	9,300	438
Increase in right-of-use assets	-	12,868	-	-
2) Non-cash related transactions for financing activities				
Dividend payable	888	888	884	884

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

**Kulthorn Kirby Public Company Limited and its subsidiaries**  
**Notes to interim consolidated financial statements**  
**For the three-month period ended 31 March 2023**

**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. The Group had net loss from operation in the consolidated statements of comprehensive income for the three-month period ended 31 March 2023 of Baht 185 million (the Company only: Baht 201 million). As at 31 March 2023, the Group’s total current liabilities exceeded its total current assets by Baht 3,405 million (the Company only: Baht 4,030 million) and the Group had deficit of Baht 3,586 million (the Company only: Baht 2,762 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,499 million (the Company only: Baht 2,179 million), trade and other payables amounting to Baht 612 million (the Company only: Baht 917 million), and current portion of long-term loans from financial institutions amounting to Baht 1,091 million (the Company only: Baht 1,080 million), which became payable on demand since the Group was unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 11.

In addition, the Group’s equity was less than 50% of paid-up capital, which causes the Company’s securities will be marked with “C” (Caution) sign.

Up to the present, the Group has suffered from a lack of financial liquidity and working capital for purchasing raw materials for productions to fulfill purchase orders from customers and settling liabilities that will come due. The Group’s management has implemented various plans, including negotiating with financial institutions to obtain additional working capital, planning to dispose of or rent out assets that are not core assets in its operations, selling lease agreements to Real Estate Investment Trust (REIT). In addition, the Group is considering adjusting the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group’s liquidity. Currently, these plans are still in progress and the Group’s ability to continue as a going concern depends on the success of the plans. However, the Group’s management believes that the Group will be able to continue as a going concern. Management has therefore decided to prepare the Group’s interim financial statements under the going concern basis. Accordingly, such financial statements do not include any adjustments relating to the value of assets at expected sale price and the amount of liabilities to be repaid, as well as reclassifications, which may be necessary should the Group be unable to continue its operations as a going concern.

### **1.3 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.

### **1.4 Basis of consolidation**

The interim consolidated financial statements included the financials 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 2022. However, during the period, there was change in the composition of its subsidiary as described in Note 6.

### **1.5 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 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, 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.

Significant business transactions with related parties are summarised below.

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<i>Transactions with subsidiaries</i>				
<i>(eliminated from the consolidated financial statements)</i>				
Purchases of goods	-	-	100,714	206,355
Sales and service income and scrap sales	-	-	19,047	41,256
Other income	-	-	2,909	3,567
Rental income	-	-	3,259	3,280
Interest expenses	-	-	13,095	9,326
Other expenses	-	-	14,853	9,824
<i>Transactions with related parties</i>				
Sales and service income and scrap sales	97,240	159,660	31,516	45,995
Purchases of goods	4,111	6,037	3,976	6,025
Other expenses	1,903	4,481	375	866

The outstanding balances of the accounts as at 31 March 2023 and 31 December 2022 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 3)</b>				
Subsidiary companies	-	-	30,950	24,724
Related companies (related by common director/ shareholder)	87,692	87,243	3,441	3,305
<b>Total trade and other receivables - related parties</b>	<b>87,692</b>	<b>87,243</b>	<b>34,391</b>	<b>28,029</b>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 10)</b>				
Subsidiary companies	-	-	588,957	528,501
Related companies (related by common director/ shareholder)	10,708	8,807	7,811	6,640
<b>Total trade and other payables - related parties</b>	<b>10,708</b>	<b>8,807</b>	<b>596,768</b>	<b>535,141</b>

**Short-term loan to related party**

During the three-month period ended 31 March 2023, short-term loan to related party had the following movements:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2023
	Balance as at	Increase during the period	Decrease during the period	
	1 January			
	2023			
<b><u>Short-term loan to subsidiary</u></b>				
Suzhou Kulthorn Magnet Wire Co., Ltd.	60,885	-	(60,885)	-

During the three-month period ended 31 March 2023, short-term loan to subsidiary was reclassified to short-term loan to unrelated party as a result of disposal on investment in such subsidiary during the period as described in Note 6.

**Short-term loans from related parties**

During the three-month period ended 31 March 2023, short-term loans from related parties had the following movements:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2023
	Balance as at	Increase during the period	Decrease during the period	
	1 January			
	2023			
<b><u>Short-term loans from subsidiaries</u></b>				
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
Kulthorn Materials and Controls Co., Ltd.	30,000	-	-	30,000
Total	766,000	-	-	766,000

**Directors and management's remuneration**

During the three-month period ended 31 March 2023 and 2022, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	11,054	9,837	5,010	3,174
Post-employment benefits	384	1,323	218	983
Total	<u>11,438</u>	<u>11,160</u>	<u>5,228</u>	<u>4,157</u>

**Guarantee obligations with related parties**

The Group has outstanding guarantee obligations with its related parties, as described in Note 15.2.

**3. Trade and other receivables**

The outstanding balance of trade accounts receivable as at 31 March 2023 and 31 December 2022 categorised by their aging from due dates are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Trade receivables - related parties</u>				
Not yet due	78,360	71,274	13,374	4,246
Overdue				
Less than 3 months	9,116	15,784	637	462
3 - 6 months	216	63	216	63
Total	<u>87,692</u>	<u>87,121</u>	<u>14,227</u>	<u>4,771</u>
Less: Allowance for expected credit losses	-	-	(34)	(7)
Total trade receivables - related parties	<u>87,692</u>	<u>87,121</u>	<u>14,193</u>	<u>4,764</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
<u>Trade receivables - unrelated parties</u>				
Not yet due	406,603	383,395	72,443	110,373
Overdue				
Less than 3 months	125,005	136,371	82,143	66,749
3 - 6 months	631	2,082	361	486
6 - 12 months	742	131	480	-
Over 12 months	13,480	13,320	2,541	2,575
Total	546,461	535,299	157,968	180,183
Less: Allowance for expected credit losses	(14,903)	(14,649)	(3,322)	(3,072)
Total trade receivables - unrelated parties	531,558	520,650	154,646	177,111
Total trade receivables - net	619,250	607,771	168,839	181,875
<u>Other receivables</u>				
Other receivables - related parties	-	122	20,198	23,265
Other receivables - unrelated parties	9,724	1,081	218	27
Total other receivables	9,724	1,203	20,416	23,292
Total trade and other receivables - net	628,974	608,974	189,255	205,167

#### 4. Short-term loans to unrelated party

As at 31 March 2023, the Group has short-term loan to Suzhou Kulthorn Magnet Wire Co., Ltd. which due for repayment within April 2023.

Movements of the short-term loans to unrelated party during the three-month period ended 31 March 2023 are summarised below:

	Consolidated and separated financial statements
Balance as at 1 January 2023	-
Transferred from short-term loan to related party	60,885
Offset with trade and other payable	(4,207)
Unrealised loss on Exchange Rate	(4,414)
Total	52,264
Less: Allowance for expected credit losses	(2,533)
Balance as at 31 March 2023	49,731

**5. 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 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2023	169,745	97,413
Reduction of inventory to net realisable value during the period (reversal)	(3,096)	2,949
Balance as at 31 March 2023	<u>166,649</u>	<u>100,362</u>

**6. Investments in subsidiaries**

As at 31 March 2023 and 31 December 2022, the Company has long-term investments in ordinary share of the following companies:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2023	2022	2023	2022	2023	2022
			(%)	(%)		
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>(1,612,646)</u>	<u>(1,612,646)</u>
Total investments in subsidiaries - net					<u>2,017,233</u>	<u>2,017,233</u>

The company did not received dividend during the three-month period ended 31 March 2023 and 2022.

**Disposal of investment in indirect subsidiary**

On 14 January 2023, the subsidiaries entered into share transfer and loan agreements detailed as follow:

1. Kulthorn Materials and Controls Co., Ltd., (a subsidiary) to transfer all shares of Suzhou Kulthorn Magnet Wire Co., Ltd. (another subsidiary held by Phelps Dodge Suzhou Holding, Inc.) to Good Lucky Corporation Limited at a price of CNY 0.

2. Suzhou Kulthorn Magnet Wire Co., Ltd. (the subsidiary) borrowed from Suzhou Yangmeigu Investment Co., Ltd. amounting to CNY 55 million (or equivalent to Baht 273 million) with 6-month period and interest of 10 percent per annum. The loan is secured by mortgage of such subsidiary's land and factory building.

The subsidiary has already transferred its shares in Suzhou Kulthorn Magnet Wire Co., Ltd. to the buyer on 23 February 2023. The Group realised gain on disposal of such investment in the consolidated financial statements totaling Baht 107 million.

The net asset value of Suzhou Kulthorn Magnet Wire Co., Ltd. on the disposal date (23 February 2023), is as follow:

(Unit: Thousand Baht)

<u>Asset</u>	
Cash and cash equivalents	266,767
Trade accounts receivable - net	1,360
Inventories - net	19,488
Property, plant and equipment - net	159,632
Right of use - net	2,070
Intangible assets - net	3,257
Other assets	175
Total assets	<u>452,749</u>
<u>Liabilities</u>	
Loans from financial institution	196,037
Loans from unrelated party	276,372
Loans from related party	56,784
Trade accounts payable - unrelated party	17,857
Other payables - related party	8,927
Accrued expenses - unrelated party	1,781
Interest payable - related party	6,302
Other liabilities	3,374
Total liabilities	<u>567,434</u>
Net asset value	(114,685)
Add: Exchange differences on translation of financial statements in foreign currency recycled to profit or loss due to loss of control	<u>8,000</u>
The Company's interest in the subsidiary in the consolidated financial statements	<u>(106,685)</u>
Selling price	-
Less: The Company's interest in the subsidiary in the consolidated financial statements	<u>(106,685)</u>
Gain on disposal of investment in indirect subsidiary in consolidated financial statements	<u>106,685</u>

## 7. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2023</b>	4,959,882	2,923,011
Acquisitions during the period - at cost	1,258	1,092
Transfer from right-of-use assets	1,347	-
Transfer out to inventories	(5,152)	(5,152)
Decrease from disposal of investment in indirect subsidiary	(159,632)	-
Write-off during the period - net book value at write-off date	(2,083)	-
Depreciation for the period	(152,113)	(79,537)
Translation adjustment	1,876	-
<b>Net book value as at 31 March 2023</b>	<u>4,645,383</u>	<u>2,839,414</u>

The Group pledged their land and buildings thereon with financial institutions as collateral to secure loans as discussed in Note 11.

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 9.

## 8. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2023	31 December 2022
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	<u>-</u>	<u>-</u>

**9. 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 2023	31 December 2022	31 March 2023	31 December 2022
Bank overdrafts	6.34 - 7.14	165,113	124,968	48,297	31,091
Short-term loans	4.20 - 6.65	1,120,000	1,120,000	845,000	845,000
Trust receipts	3.25 - 6.45	1,349,684	1,321,700	566,423	567,048
Packing credit	3.25 - 5.79	863,894	1,139,652	719,074	753,729
<b>Total</b>		<b>3,498,691</b>	<b>3,706,320</b>	<b>2,178,794</b>	<b>2,196,868</b>

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. 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.

**10. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Trade payables - related parties	6,496	5,401	579,146	524,030
Trade payables - unrelated parties	352,381	420,639	160,543	210,833
Other payables - related parties	4,212	3,406	7,889	6,882
Other payables - unrelated parties	156,048	148,222	106,906	93,579
Accrued interest expenses to related parties	-	-	9,733	4,229
Accrued interest expenses to unrelated parties	1,484	1,423	1,263	808
Accrued expenses - unrelated parties	91,327	87,086	51,325	49,783
<b>Total trade and other payables</b>	<b>611,948</b>	<b>666,177</b>	<b>916,805</b>	<b>890,144</b>

(Unaudited but reviewed)

## 11. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
Long-term loans	1,141,091	1,109,724	1,080,114	1,082,803
Less: Current portion	(1,090,853)	(1,088,148)	(1,080,114)	(1,082,803)
Long-term loans, net of current portion	50,238	21,576	-	-

Movement of long-term loans during the three-month period ended 31 March 2023 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
<b>Balance as at 1 January 2023</b>	1,109,724	1,082,803
Increase during the period	35,803	-
Less: Repayment during the period	(4,436)	(2,689)
<b>Balance as at 31 March 2023</b>	1,141,091	1,080,114

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.

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

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

As at 31 December 2022 and 31 March 2023 the Group was unable to maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio, as specified in the Credit Facility Agreement, resulting in the long-term becoming payable on demand. The Group therefore classified total balance of loan as current portion due within one year. The classification of such liabilities to current liabilities is in accordance with Thai Financial Reporting Standards.

On 17 March 2023, the Group submitted a request to three financial institutions for a one-year extension of the principal repayment period, starting from 31 March 2024. The financial institutions are currently considering the request. As of 31 March 2023, the long-term loans totaling Baht 100 million are due to be repaid but have not been paid yet.

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.

During the year 2022, Kulthorn Steel Co., Ltd. (a subsidiary) entered into machines sales and leaseback agreement with a financial institution, which was deemed to be a financing transaction and is not true sell. The agreement has principle of Baht 29.6 million and monthly repayment for 60 periods. The first payment was in July 2022 and it is subject to interest at 3.25% per annum.

On 23 February 2023, Kulthorn Premier Co., Ltd. (a subsidiary) entered into a long-term loan agreement with a financial institution to obtain loan amounting to Baht 35.8 million. The agreement term of such loan is 10 years and is secured by mortgage of the subsidiary's land thereon.

**12. 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.

**13. Revenue from contracts with customers**

(Unit: Thousand Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Type of goods or service:</b>				
Sales of goods	1,016,503	1,805,772	428,185	871,565
Service income	24,583	24,368	1,066	1,324
Income from scrap sales	8,737	4,800	640	670
Total revenue from contracts with customers				
- recognised at a point in time	<u>1,049,823</u>	<u>1,834,940</u>	<u>429,891</u>	<u>873,559</u>

(Unaudited but reviewed)

#### 14. 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 2023 and 2022, respectively

(Unit: Million Baht)

	For the three-month period ended 31 March												Consolidated	
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Total Segments		Adjustments and eliminations		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenue</b>														
External customers	471	903	234	388	202	368	143	176	1,050	1,835	-	-	1,050	1,835
Inter-segment	31	50	21	51	76	115	33	59	161	275	(161)	(275)	-	-
<b>Total revenue</b>	<u>502</u>	<u>953</u>	<u>255</u>	<u>439</u>	<u>278</u>	<u>483</u>	<u>176</u>	<u>235</u>	<u>1,211</u>	<u>2,110</u>	<u>(161)</u>	<u>(275)</u>	<u>1,050</u>	<u>1,835</u>
<b>Operating results</b>														
<b>Segment gross profit (loss)</b>	(92)	(54)	4	18	3	26	(7)	12	(92)	2	7	9	(85)	11
Gain on disposal of investment in indirect subsidiary													107	-
Other income													4	1
Gain (loss) on exchange													(1)	42
Selling and distribution expenses													(17)	(19)
Administrative expenses													(161)	(95)
Finance cost													(62)	(47)
<b>Loss before income tax</b>													(215)	(107)
Income tax													30	2
<b>Loss for the period</b>													<u>(185)</u>	<u>(105)</u>

## **15. Commitment and contingent liabilities**

### **15.1 Capital commitments**

As at 31 March 2023, the Group has capital commitments of approximately Baht 21.5 million (31 December 2022: Baht 21.4 million) (the Company only: Baht 20.9 million, 31 December 2022: Baht 20.8 million), relating to the construction of factory building and purchase and installation of machinery.

### **15.2 Guarantees**

As at 31 March 2023, there were outstanding bank guarantees of approximately Baht 55 million (31 December 2022: Baht 55 million), the Company only: Baht 20 million (31 December 2022: 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 42 million (31 December 2022: Baht 42 million), the Company only: Baht 7.2 million (31 December 2022: Baht 7.2 million) and to guarantee import duty, natural gas agreements and others amounting to Baht 13 million (31 December 2022: Baht 13 million), the Company only: Baht 12.8 million (31 December 2022: Baht 12.8 million).

## **16. Financial Instrument**

### **16.1 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.

## **17. Event after the reporting period**

On 10 May 2023, the Board of Director's Meeting considered seeking a corrective action for the Company's situation and compliance with the regulations of the Stock Exchange of Thailand in the event that the Company's securities will be marked with "C" (Caution) sign. In this regard, the Company will propose an approach to solve the situation to the meeting in order to provide information to investors and related parties (Public Presentation).

## **18. Approval of interim financial statements**

These interim financial statements have been authorised for issue by the Company's authorised directors on 15 May 2023.