

Kulthorn Kirby Public Company Limited
and its subsidiaries
Review report and consolidated and separate financial information
For the three-month period ended
31 March 2024

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 financial information of Kulthorn Kirby Public Company Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2024, 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 "the 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 2024 of Baht 307 million (the Company only: Baht 205 million). As at 31 March 2024, the Group's total current liabilities exceeded its total current assets by Baht 4,132 million (the Company only: Baht 4,593 million). The Group had deficit of Baht 4,688 million (the Company only: Baht 4,181 million) and capital deficit of Baht 983 million (the Company only: Baht 1,139 million). The major current liabilities of the Group consisted of the followings:

- Bank overdraft and short-term loans from financial institutions amounting to Baht 3,508 million (the Company only: Baht 2,161 million),
- Trade and other payables amounting to Baht 723 million (the Company only: Baht 1,170 million), and
- Current portion of long-term loans from financial institutions amounting to Baht 1,066 million (the Company only: Baht 1,055 million), which became payable on demand since the Group was unable to maintain certain financial ratios and failed to meet its debt repayment obligations as stipulated in the Credit Facility Agreement, as described in Note 10 to the interim consolidated financial statements.

Up to the present, the Group has suffered from a lack of financial liquidity and working capital, making it difficult to purchase raw materials, cover production expenses necessary to fulfill purchase orders from customers and settle loans and liabilities that will come due. The Group's management has implemented various plans, including negotiations with financial institutions to restructure debts, and to obtain new credit facilities from both financial institutions and directors/ shareholders. In addition, the Group has adjusted the production and distribution strategies and reduced manufacturing costs and other expenses to increase the Group's liquidity. Currently, these plans are still in progress.

These matters involve multiple significant uncertainties, which may have potential interaction and their possible cumulative effect on the financial statements, raising substantial doubt about the ability of the Group 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 2024 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: 10 July 2024

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2024

(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 2024</u> (Unaudited but reviewed)	<u>31 December 2023</u> (Audited)	<u>31 March 2024</u> (Unaudited but reviewed)	<u>31 December 2023</u> (Audited)
Assets				
Current assets				
Cash and cash equivalents	86,265	17,348	38,686	3,605
Trade and other receivables	2, 3 361,872	304,491	62,797	51,074
Inventories	4 735,504	812,588	498,354	471,782
Current tax assets	1,618	4,166	866	666
VAT receivable	31,345	31,265	25,559	23,267
Other current assets	79,823	63,336	45,328	29,753
Total current assets	1,296,427	1,233,194	671,590	580,147
Non-current assets				
Investments in subsidiaries	5 -	-	1,392,168	1,392,168
Property, plant and equipment	6 3,676,959	3,800,208	2,344,509	2,417,487
Right-of-use assets	43,961	47,643	2,845	3,378
Goodwill on business combination	7 -	-	-	-
Other intangible assets	30,446	33,049	22,029	23,599
Deferred tax assets	-	-	-	-
Other non-current assets	1,726	2,253	803	803
Total non-current assets	3,753,092	3,883,153	3,762,354	3,837,435
Total assets	5,049,519	5,116,347	4,433,944	4,417,582

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 2024

(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 2024</u> (Unaudited but reviewed)	<u>31 December 2023</u> (Audited)	<u>31 March 2024</u> (Unaudited but reviewed)	<u>31 December 2023</u> (Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	8	3,507,880	3,453,166	2,161,246	2,165,983
Trade and other payables	2, 9	723,135	623,313	1,170,201	1,034,075
Short-term loans from related parties	2	-	-	770,000	770,000
Short-term loans from major shareholder	2	98,000	-	98,000	-
Current portion of long-term loans	10	1,065,692	1,065,570	1,054,603	1,054,603
Current portion of lease liabilities		10,983	14,384	1,264	1,473
Dividend payable		888	888	884	884
Income tax payable		150	-	-	-
Other current liabilities		22,189	17,616	8,793	9,986
Total current liabilities		5,428,917	5,174,937	5,264,991	5,037,004
Non-current liabilities					
Long-term loans, net of current portion	10	40,956	43,255	-	-
Lease liabilities, net of current portion		3,000	4,402	1,609	1,933
Deferred tax liabilities		339,431	353,778	210,927	219,004
Provision for long-term employee benefits		220,185	216,112	95,112	93,502
Total non-current liabilities		603,572	617,547	307,648	314,439
Total liabilities		6,032,489	5,792,484	5,572,639	5,351,443

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 2024

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at <u>31 March 2024</u> (Unaudited but reviewed)	As at <u>31 December 2023</u> (Audited)	As at <u>31 March 2024</u> (Unaudited but reviewed)	As at <u>31 December 2023</u> (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
1,500,000,000 ordinary shares of Baht 1 each	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid up				
1,500,000,000 ordinary shares of Baht 1 each	1,500,000	1,500,000	1,500,000	1,500,000
Share premium	700,000	700,000	700,000	700,000
Surplus from business combination				
under common control	207,898	207,898	-	-
Retained earnings (deficits)				
Appropriated - statutory reserve	120,000	120,000	120,000	120,000
Unappropriated	(4,808,366)	(4,562,116)	(4,300,951)	(4,128,004)
Other components of shareholders' equity	<u>1,297,498</u>	<u>1,358,081</u>	<u>842,256</u>	<u>874,143</u>
Total shareholders' equity (capital deficit)	<u>(982,970)</u>	<u>(676,137)</u>	<u>(1,138,695)</u>	<u>(933,861)</u>
Total liabilities and shareholders' equity	<u>5,049,519</u>	<u>5,116,347</u>	<u>4,433,944</u>	<u>4,417,582</u>

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

Directors

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month period ended 31 March 2024**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit or loss:					
Revenues					
Revenue from contracts with customers	12	676,777	1,049,823	237,267	429,891
Rental income		4,370	688	6,720	3,311
Gain on disposal of investment in indirect subsidiary		-	106,685	-	-
Other income		1,515	4,379	12,925	7,223
Total revenues		<u>682,662</u>	<u>1,161,575</u>	<u>256,912</u>	<u>440,425</u>
Expenses					
Cost of sales and services		654,249	1,134,774	233,789	483,515
Selling and distribution expenses		12,734	16,986	6,377	8,107
Administrative expenses		112,024	118,400	57,323	61,265
Other expenses	13	109,320	42,496	71,356	42,496
Loss on exchange		6,042	1,333	5,384	2,347
Total expenses		<u>894,369</u>	<u>1,313,989</u>	<u>374,229</u>	<u>597,730</u>
Operating loss		<u>(211,707)</u>	<u>(152,414)</u>	<u>(117,317)</u>	<u>(157,305)</u>
Finance cost		(109,472)	(62,529)	(95,595)	(55,026)
Loss before income tax		<u>(321,179)</u>	<u>(214,943)</u>	<u>(212,912)</u>	<u>(212,331)</u>
Income tax		14,346	30,103	8,078	11,107
Loss for the period		<u>(306,833)</u>	<u>(184,840)</u>	<u>(204,834)</u>	<u>(201,224)</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
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	-	-
Other comprehensive income for the period		<u>-</u>	<u>3,687</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(306,833)</u>	<u>(181,153)</u>	<u>(204,834)</u>	<u>(201,224)</u>
Basic loss per share (Baht)					
Loss attributable to equity holders of the Company	11	<u>(0.20)</u>	<u>(0.12)</u>	<u>(0.14)</u>	<u>(0.13)</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

For the three-month period ended 31 March 2024

(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)		Exchange differences on translation of financial statements in foreign currency	Other components of shareholders' equity	Total	
	share capital	Share premium			Appropriated	Unappropriated		Revaluation surplus on assets	Total other components of shareholders' equity	
									shareholders' equity	
									shareholders' equity	
Balance as at 1 January 2023	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)	-
Balance as at 31 March 2023	<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>
Balance as at 1 January 2024	1,500,000	700,000		207,898	120,000	(4,562,116)	-	1,358,081	1,358,081	(676,137)
Loss for the period	-	-	-	-	-	(306,833)	-	-	-	(306,833)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(306,833)	-	-	-	(306,833)
Transfer revaluation surplus on assets to retained earnings (deficits)	-	-	-	-	-	60,583	-	(60,583)	(60,583)	-
Balance as at 31 March 2024	<u>1,500,000</u>	<u>700,000</u>		<u>207,898</u>	<u>120,000</u>	<u>(4,808,366)</u>	<u>-</u>	<u>1,297,498</u>	<u>1,297,498</u>	<u>(982,970)</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 2024

(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 2023	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)	-
Balance as at 31 March 2023	<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>
Balance as at 1 January 2024	1,500,000	700,000	120,000	(4,128,004)	874,143	(933,861)
Loss for the period	-	-	-	(204,834)	-	(204,834)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(204,834)	-	(204,834)
Transfer revaluation surplus on assets to retained earnings (deficits)	-	-	-	31,887	(31,887)	-
Balance as at 31 March 2024	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(4,300,951)</u>	<u>842,256</u>	<u>(1,138,695)</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 2024

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities				
Loss before tax	(321,179)	(214,943)	(212,912)	(212,331)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange	(1,392)	1,209	(1,496)	2,370
Gain on fair value adjustments of financial instrument	-	(79)	-	-
The reduction of inventory to net realisable value (reversa	(11,472)	(3,096)	(1,225)	2,949
Reversal of allowance for impairment of assets	-	-	(246)	-
Allowance for expected credit losses	2,377	2,787	2,362	2,810
Depreciation and amortisation	127,546	155,543	73,391	81,323
Amortise right-of-use assets	3,572	3,520	423	395
Loss (gain) on sales of property, plant and equipment	(131)	1,741	-	-
Loss on write-off of property, plant and equipment	-	70	-	-
Loss from termination of lease contracts	3	374	3	-
Provision for long-term employee benefits	4,570	5,037	1,970	2,270
Gain on disposal of investment in indirect subsidiary	-	(106,685)	-	-
Subsidies income from government grants	(458)	(458)	(458)	(458)
Finance cost	109,472	62,529	95,595	55,026
Loss from operating activities before changes in operating assets and liabilities	(87,092)	(92,451)	(42,593)	(65,646)
Operating assets (increase) decrease				
Trade and other receivables	(59,881)	(23,821)	(14,575)	4,274
Inventories	88,556	134,437	(25,348)	70,073
Other current assets	(14,098)	40,032	(18,895)	33,226
Other non-current assets	527	39	-	67
Operating liabilities increase (decrease)				
Trade and other payables	10,147	(15,137)	45,803	38,132
Other current liabilities	5,031	5,863	(735)	1,915

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 2024**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities (continued)				
Cash flows from (used in) operating activities	(56,810)	48,962	(56,343)	82,041
Cash paid for long-term employee benefits	(497)	(665)	(360)	(418)
Interest paid	(18,134)	(56,207)	(3,286)	(49,066)
Cash received from tax refund	1,030	-	1,030	-
Corporate income tax paid	(952)	(1,056)	(200)	(119)
Net cash flows from (used in) operating activities	<u>(75,363)</u>	<u>(8,966)</u>	<u>(59,159)</u>	<u>32,438</u>
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	131	280	2,315	-
Acquisition of property, plant and equipment and intangible assets	(1,694)	(2,160)	(912)	(912)
Decrease in cash from disposal of investment in indirect subsidiary	-	(266,767)	-	-
Net cash flows from (used in) investing activities	<u>(1,563)</u>	<u>(268,647)</u>	<u>1,403</u>	<u>(912)</u>
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	505,844	2,565,296	50,311	799,692
Decrease in bank overdrafts and short-term loans from financial institutions	(451,128)	(2,300,615)	(55,048)	(817,765)
Cash received from short-term loan from director	98,000	-	98,000	-
Cash received from long-term loan	-	35,803	-	-
Repayment of long-term loans	(2,177)	(4,436)	-	(2,689)
Payment of principal portion of lease liabilities	(4,696)	(5,004)	(426)	(395)
Net cash flows from (used in) financing activities	<u>145,843</u>	<u>291,044</u>	<u>92,837</u>	<u>(21,157)</u>
Decrease in translation adjustments	<u>-</u>	<u>(10,303)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	68,917	3,128	35,081	10,369
Cash and cash equivalents at beginning of period	17,348	21,436	3,605	4,360
Cash and cash equivalents at end of period	<u>86,265</u>	<u>24,564</u>	<u>38,686</u>	<u>14,729</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 2024

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Supplemental disclosures of cash flows information				
1) Non-cash related transactions for investing activities				
Other payable from acquisitions of fixed assets	-	168	-	360
Other receivables from sales of fixed assets	-	-	-	4,500
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
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 2024

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 2024 of Baht 307 million (the Company only: Baht 205 million). As at 31 March 2024, the Group’s total current liabilities exceeded its total current assets by Baht 4,132 million (the Company only: Baht 4,593 million). The Group had deficit of Baht 4,688 million (the Company only: Baht 4,181 million) and capital deficit of Baht 983 million (the Company only: Baht 1,139 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,508 million (the Company only: Baht 2,161 million), trade and other payables amounting to Baht 723 million (the Company only: Baht 1,170 million), and current portion of long-term loans from financial institutions amounting to Baht 1,066 million (the Company only: Baht 1,055 million), which became payable on demand since the Group was unable to maintain certain financial ratios and failed to meet its debts repayment obligations as stipulated in the Credit Facility Agreement, as described in Note 10.

Up to the present, the Group has suffered from a lack of financial liquidity and working capital, making it difficult to purchase raw materials, cover production expenses necessary to fulfill purchase orders from customers and settle loans and liabilities that will come due. The Group’s management has implemented various plans, including negotiations with financial institutions to restructure debts, and to obtain new credit facilities from both financial institutions and directors/shareholders. In addition, the Group has adjusted the production and distribution strategies and reduced 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 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 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 2023, with no change in shareholding structure of subsidiaries during the current period.

1.5 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 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, 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)

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<i><u>Transactions with subsidiaries</u></i>				
<i>(eliminated from the consolidated financial statements)</i>				
Purchases of goods	-	-	62,777	100,714
Sales and service income and scrap sales	-	-	11,508	19,047
Other income	-	-	2,187	2,909
Rental income	-	-	2,986	3,259
Interest expenses	-	-	14,515	13,095
Other expenses	-	-	15,701	14,853
<i><u>Transactions with related parties</u></i>				
Sales and service income and scrap sales	96,083	97,240	29,938	31,516
Purchases of goods	1,186	4,111	1,161	3,976
Other expenses	1,643	1,903	290	375

The outstanding balances of the accounts as at 31 March 2024 and 31 December 2023 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	43,084	25,287
Related companies (related by common director/ shareholder)	<u>57,673</u>	<u>51,572</u>	<u>1,652</u>	<u>1,435</u>
Total trade and other receivables - related parties	<u>57,673</u>	<u>51,572</u>	<u>44,736</u>	<u>26,722</u>
<u>Trade and other payables - related parties</u>				
(Note 9)				
Subsidiary companies	-	-	685,115	658,282
Related companies (related by common director/ shareholder)	<u>45,447</u>	<u>22,925</u>	<u>36,025</u>	<u>20,738</u>
Total trade and other payables - related parties	<u>45,447</u>	<u>22,925</u>	<u>721,140</u>	<u>679,020</u>

(Unaudited but reviewed)

Short-term loans from related parties

During the three-month period ended 31 March 2024, short-term loans from related parties had the following movements:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at			Balance as at
	1 January	Increase	Decrease	31 March
	2024	during the period	during the period	2024
<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.	124,000	-	-	124,000
Kulthorn Materials and Controls Co., Ltd.	30,000	-	-	30,000
Total	<u>770,000</u>	<u>-</u>	<u>-</u>	<u>770,000</u>

(Unit: Thousand Baht)

	Consolidated/separate financial statements			
	Balance as at			Balance as at
	1 January	Increase	Decrease	31 March
	2024	during the period	during the period	2024
<u>Short-term loans from related party</u>				
Major shareholder	-	98,000	-	98,000
Total	<u>-</u>	<u>98,000</u>	<u>-</u>	<u>98,000</u>

Directors and management's remuneration

During the three-month period ended 31 March 2024 and 2023, 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	
	2024	2023	2024	2023
Short-term employee benefits	8,435	11,054	4,148	5,010
Post-employment benefits	310	384	171	218
Total	<u>8,745</u>	<u>11,438</u>	<u>4,319</u>	<u>5,228</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 2024 and 31 December 2023 categorised by their aging from due dates are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
<u>Trade receivables - related parties</u>				
Not yet due	53,350	42,590	6,793	2,124
Overdue				
Less than 3 months	3,401	8,451	4,126	3,060
3 - 6 months	387	207	1,670	220
6 -12 months	535	324	547	327
Total	57,673	51,572	13,136	5,731
Less: Allowance for expected credit losses	-	-	(701)	(425)
Total trade receivables - related parties	57,673	51,572	12,435	5,306
<u>Trade receivables - unrelated parties</u>				
Not yet due	242,150	200,210	4,353	19,484
Overdue				
Less than 3 months	61,096	51,991	13,395	4,002
3 - 6 months	296	990	202	617
6 - 12 months	879	-	-	-
Over 12 months	14,529	12,647	4,551	2,550
Total	318,950	265,838	22,501	26,653
Less: Allowance for expected credit losses	(16,142)	(13,765)	(4,720)	(2,634)
Total trade receivables - unrelated parties	302,808	252,073	17,781	24,019
Total trade receivables - net	360,481	303,645	30,216	29,325
<u>Other receivables</u>				
Other receivables - related parties	-	-	32,301	21,416
Other receivables - unrelated parties	1,391	846	280	333
Total other receivables	1,391	846	32,581	21,749
Total trade and other receivables - net	361,872	304,491	62,797	51,074

(Unaudited but reviewed)

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 2024 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2024	175,082	117,958
Reduction of inventory to net realisable value during the period	(11,472)	(1,225)
Balance as at 31 March 2024	<u>163,610</u>	<u>116,733</u>

5. Investments in subsidiaries

As at 31 March 2024 and 31 December 2023, the Company has long-term investments in ordinary share of the following companies:

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht) Cost	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023
			(%)	(%)		
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>(2,237,711)</u>	<u>(2,237,711)</u>
Total investments in subsidiaries - net					<u>1,392,168</u>	<u>1,392,168</u>

The company did not received dividend during the three-month period ended 31 March 2024 and 2023.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2024	3,800,208	2,417,487
Acquisitions during the period - at cost	1,694	912
Disposal/write-off during the period - net book value at disposal/write-off date	-	(2,315)
Depreciation for the period	(124,943)	(71,821)
Reverse allowance for impairment	-	246
Net book value as at 31 March 2024	<u>3,676,959</u>	<u>2,344,509</u>

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.

During the year 2023, the Group has mortgaged machinery to secure the short-term credit facilities as described in Note 8.

7. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2024	31 December 2023
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	<u>-</u>	<u>-</u>

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 2024	31 December 2023	31 March 2024	31 December 2023
Bank overdrafts	7.52 - 7.59	202,091	173,197	50,310	54,762
Short-term loans	4.20 - 7.10	1,109,715	1,110,000	834,715	835,000
Trust receipts	6.10 - 15.00	1,303,752	1,338,147	561,099	561,099
Packing credit	6.09 - 6.60	892,322	831,822	715,122	715,122
Total		3,507,880	3,453,166	2,161,246	2,165,983

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.

In June 2023, the Group executed the Fifth Amendment Agreement to the Credit Facility Agreement. This amendment involved the mortgage of machinery to secure the short-term credit facilities with two financial institutions.

During the year 2023, the Company executed the Second and Third amendment agreement to the debt restructuring agreements with a financial institution to convert the outstanding principal and interest obligations under the promissory notes that were due totaling Baht 60 million into 6 monthly installment payments and the loan is subject to interest at a prime rate per annum. The first installment was on 30 November 2023. In March 2024, the Company executed the Fourth amendment agreement to the debt restructuring agreements to defer the first installment to be on or before 25 April 2024 while maintaining terms and interest rate.

On 1 March 2024, the Company was formally notified by a financial institution that the overdraft facility of Baht 25 million would be temporarily suspended, effective 8 March 2024. This action was taken because the Company has failed to meet its debts repayment obligations as stipulated in the loan agreement and has yet to propose a viable solution for settling its outstanding debts.

(Unaudited but reviewed)

9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Trade payables - related parties	8,288	8,654	625,966	622,782
Trade payables - unrelated parties	255,304	279,930	103,185	104,264
Other payables - related parties	37,159	14,271	50,017	25,596
Other payables - unrelated parties	212,936	204,576	179,651	165,682
Accrued interest expenses to related parties	-	-	45,157	30,642
Accrued interest expenses to unrelated parties	128,931	37,593	113,266	35,472
Accrued expenses - unrelated parties	80,517	78,289	52,959	49,637
Total trade and other payables	723,135	623,313	1,170,201	1,034,075

10. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Long-term loans	1,106,648	1,108,825	1,054,603	1,054,603
Less: Current portion	(1,065,692)	(1,065,570)	(1,054,603)	(1,054,603)
Long-term loans, net of current portion	40,956	43,255	-	-

Movement of long-term loans during the three-month period ended 31 March 2024 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2024	1,108,825	1,054,603
Less: Repayment during the period	(2,177)	-
Balance as at 31 March 2024	1,106,648	1,054,603

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.

In June 2023, the Group received a waiver letter from three financial institutions, approving an extension of the principle repayment period for an additional 9 months, starting from 31 March 2023 for the principal amount from the two financial institutions. The Group is required to start the repayment on 31 December 2023 with total amount of Baht 360 million. After that, the Group has to repay Baht 90 million on a quarterly basis, starting from 31 March 2024. The Group signed the Fifth Amendment Agreement to the Credit Facility Agreement, which allowed them to extend the repayment period with all three financial institutions on 29 June 2023.

The loan is subject to interest at the rate with reference to average MLR - 1.5% per annum, 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 2023 and 31 March 2024 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. Moreover, as at 31 December 2023 and 31 March 2024, the Company was unable to repay long-term loans including interest when they were due, resulting in the long-term loans 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 Reportion Standards.

On 1 March 2024, the Company received a dunning letter from a financial institution urging the Company to repay the debts and contact with the bank due to the Company's failure to adhere to the terms of the loan agreement. The Company is currently engaged in negotiations with the financial institutions to defer the repayment of both principal and interest.

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 - 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.

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Type of goods or service:				
Sales of goods	655,403	1,016,503	236,153	428,185
Service income	19,792	24,583	1,079	1,066
Income from scrap sales	1,582	8,737	35	640
Total revenue from contracts with customers				
- recognised at a point in time	<u>676,777</u>	<u>1,049,823</u>	<u>237,267</u>	<u>429,891</u>

13. Other expenses

During the period, the Group has suffered from a lack of financial liquidity and working capital for purchasing raw materials for productions as described in note 1.2. As a result, the Group could not produce according to normal capacity. Therefore, in order to present the production cost accurately and reasonably, the Group has allocated the idle fixed overheads cost of Baht 109.3 million (2023: Baht 42.5 million), the company only: Baht 71.4 million (2023: Baht 42.5 million) from production cost and recognised such idle conversion as other expenses in the statement of comprehensive income.

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 2024 and 2023, 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue														
External customers	293	471	161	234	102	202	121	143	677	1,050	-	-	677	1,050
Inter-segment	18	31	9	21	50	76	18	33	95	161	(95)	(161)	-	-
Total revenue	<u>311</u>	<u>502</u>	<u>170</u>	<u>255</u>	<u>152</u>	<u>278</u>	<u>139</u>	<u>176</u>	<u>772</u>	<u>1,211</u>	<u>(95)</u>	<u>(161)</u>	<u>677</u>	<u>1,050</u>
Operating results														
Segment gross profit (loss)	(18)	(92)	7	4	11	3	11	(7)	11	(92)	11	7	22	(85)
Gain on disposal of investment in indirect subsidiary													-	107
Other income													6	4
Loss on exchange													(6)	(1)
Selling and distribution expenses													(13)	(17)
Administrative expenses													(112)	(118)
Other expenses													(109)	(43)
Finance cost													(109)	(62)
Loss before income tax													(321)	(215)
Income tax													14	30
Loss for the period													<u>(307)</u>	<u>(185)</u>

15. Commitment and contingent liabilities

15.1 Capital commitments

As at 31 March 2024, the Group has capital commitments of approximately Baht 10.7 million (31 December 2023: Baht 10.8 million) (the Company only: Baht 10.2 million, 31 December 2023: Baht 10.3 million), relating to the construction of factory building and purchase and installation of machinery.

15.2 Guarantees

As at 31 March 2024, there were outstanding bank guarantees of approximately Baht 48 million (31 December 2023: Baht 50 million), the Company only: Baht 17 million (31 December 2023: Baht 17 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 38 million (31 December 2023: Baht 40 million), the Company only: Baht 7 million (31 December 2023: Baht 7 million) and to guarantee import duty, natural gas agreements and others amounting to Baht 9.9 million (31 December 2023: Baht 9.9 million), the Company only: Baht 9.7 million (31 December 2023: Baht 9.7 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. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 10 July 2024.