

Kumwell Corporation Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month and six-month periods ended 30 June 2023

1. General information

1.1 Corporate information

Kumwell Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in production and distribution in electrical equipment, graphite mould, metal powder and ground wire.

On 27 April 2023, the Annual General Meeting of the Company’s shareholders passed a resolution to approve an amendment of the Memorandum of Association. The new registered office of the Company is at 358 Liang Mueang Nonthaburi, Bang Kraso, Muang Nonthaburi, Nonthaburi.

1.2 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 financial statements.

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Kumwell Corporation Public Company Limited (“the Company”) and its subsidiary company (“the subsidiary”) (collectively as “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, with no significant change in the composition of the Group during the current period.

1.4 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. Such transactions, which were summarised below, arose in the ordinary course of business. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summarised significant business transactions with related parties are as follows.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Transactions with subsidiary</u>				
(eliminated from the consolidated financial statements)				
Rental and service expenses	-	-	1	1
<u>Transactions with related companies</u>				
Revenues from sales and services	3	-	3	-
Purchases of goods and services	1	-	1	-
Rental and service expenses	-	1	-	1

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Transactions with subsidiary</u>				
(eliminated from the consolidated financial statements)				
Rental and service expenses	-	-	2	2
<u>Transactions with related companies</u>				
Revenues from sales and services	3	-	3	-
Purchases of goods and services	1	3	1	3
Rental and service expenses	1	2	1	2

The balances of the accounts between the Group and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Audited)		(Audited)	
<u>Trade and other receivables - related parties</u>				
<u>Trade receivable - related party (Note 3)</u>				
Related company (Common shareholders/directors)	2,748	9	2,748	9
Total trade receivable - related party	2,748	9	2,748	9
<u>Accrued income - related party (Note 3)</u>				
Subsidiary	-	-	1	2
Total accrued income - related party	-	-	1	2
Total trade and other receivables - related parties	2,748	9	2,749	11
<u>Trade and other payables - related parties</u>				
<u>Trade payable - related party (Note 5)</u>				
Subsidiary	-	-	321	321
Total trade payable - related party	-	-	321	321
<u>Other payables - related parties (Note 5)</u>				
Related companies (Common shareholders/directors)	95	899	95	899
Management and directors	560	904	560	904
Total other payables - related parties	655	1,803	655	1,803
<u>Accrued expenses - related party (Note 5)</u>				
Subsidiary	-	-	25	85
Total accrued expenses - related party	-	-	25	85
Total trade and other payables - related parties	655	1,803	1,001	2,209
<u>Lease liabilities - related parties</u>				
Subsidiary	-	-	2,362	4,091
Related company (Common shareholders/directors)	-	4,851	-	4,851
Total lease liabilities - related parties	-	4,851	2,362	8,942

Short-term loans to related party

During the period, movements in short-term loans to related party between the Company and related company are as follows:

(Unit: Thousand Baht)

Loans to	Separate financial statements		
	Balance as at 1 January 2023	Decrease during the period	Balance as at 30 June 2023
<u>Subsidiary</u>			
Kumwell-Nowcast Company Limited	2,587	(1,453)	1,134
Total	2,587	(1,453)	1,134

The above loans are repayable on demand, unsecured, and carry interest at the rate of MLR - 2 percent per annum (31 December 2022: MLR - 2 percent per annum).

Directors and management's remuneration

For the three-month and six-month periods ended 30 June 2023 and 2022, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June	
	Consolidated financial statements/ Separate financial statements	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	4,481	5,994
Post-employment benefits	185	244
Total	4,666	6,238

(Unit: Thousand Baht)

	For the six-month periods ended 30 June	
	Consolidated financial statements/ Separate financial statements	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	8,963	9,709
Post-employment benefits	370	508
Total	9,333	10,217

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
		(Audited)		(Audited)
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	37	9	37	9
Past due up to 3 months	2,711	-	2,711	-
Total trade receivable - related party	2,748	9	2,748	9
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	52,859	79,216	52,859	79,216
Past due				
Up to 3 months	57,153	65,719	57,153	65,719
3 - 6 months	11,340	957	11,340	957
6 - 12 months	3,910	5,765	3,910	5,765
Over 12 months	9,934	6,039	9,934	6,039
Total	135,196	157,696	135,196	157,696
Less: Allowance for expected credit losses	(11,382)	(11,382)	(11,382)	(11,382)
Total trade receivables - unrelated parties, net	123,814	146,314	123,814	146,314
Total trade receivables - net	126,562	146,323	126,562	146,323
<u>Other receivables</u>				
Other receivables - unrelated parties	160	252	160	252
Accrued income - related party	-	-	1	2
Accrued income - unrelated parties	2,911	1,127	2,911	1,127
Total	3,071	1,379	3,072	1,381
Less: Allowance for expected credit losses	(157)	(157)	(157)	(157)
Total other receivables - net	2,914	1,222	2,915	1,224
Trade and other receivables - net	129,476	147,545	129,477	147,547

4. Property, plant and equipment

Movements of property, plant and equipment account for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	452,532	452,035
Acquisitions during the period - at cost	33,868	33,868
Disposal/Write-off during the period - net book value as at disposal/write-off date	(1,047)	(1,047)
Depreciation for the period	(13,172)	(12,997)
Net book value as at 30 June 2023	472,181	471,859

5. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
				(Audited)
Trade payable - unrelated party	-	-	321	321
Trade payables - unrelated parties	10,883	14,861	10,882	14,860
Other payables - related parties	655	1,803	655	1,803
Other payables - unrelated parties	13,544	63,132	13,542	63,131
Accrued expenses - related party	-	-	25	85
Accrued expenses - unrelated parties	13,821	4,007	13,765	3,927
Total trade and other payables	38,903	83,803	39,190	84,127

6. Long-term loans from financial institutions

Movements of long-term loans from financial institutions account for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2023	217,594
Additional borrowings	64,638
Repayments	(24,377)
Balance as at 30 June 2023	257,855
Less: Current portion	(47,772)
Long-term loans from financial institutions	
- net of current portion	<u>210,083</u>

Long-term loans from financial institutions are secured as described in Note 7 to the interim consolidated financial statements.

7. Credit facilities

Credit facilities granted to the Group by financial institutions, as described in Note 6 to the interim consolidated financial statements, are secured by the following:

- a) The guarantee provided by Thai Credit Guarantee Corporation.
- b) The mortgages of certain items of property of management and directors.
- c) The mortgages of certain items of property and plant of the company. As at 30 June 2023, net book value of the guaranteed property and plant totaled Baht 177 million (31 December 2022: Baht 178 million).

8. Leases

8.1 Right-of-use assets

Movements of right-of-use assets account for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2023	11,686	15,488
Additions	762	762
Decrease by terminating the contract	(3,620)	(3,620)
Depreciation for the period	(1,415)	(3,044)
Net book value as at 30 June 2023	<u>7,413</u>	<u>9,586</u>

8.2 Lease liabilities

Movements of lease liabilities account for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2023	13,538	17,629
Additions	762	762
Decrease by terminating the contract	(4,082)	(4,082)
Accretion of interest	344	416
Repayments	(1,856)	(3,657)
Balance as at 30 June 2023	<u>8,706</u>	<u>11,068</u>
Less: Current portion	(4,716)	(7,078)
Lease liabilities - net of current portion	<u>3,990</u>	<u>3,990</u>

9. Income tax

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

Income tax expenses for the three-month and six month periods ended 30 June 2023 and 2022 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax:				
Interim corporate income tax charge	2,824	2,596	2,623	2,596
Deferred tax:				
Relating to origination and reversal of temporary differences	261	131	53	(5)
Income tax expenses reported in profit or loss	<u>3,085</u>	<u>2,727</u>	<u>2,676</u>	<u>2,591</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax:				
Interim corporate income tax charge	4,618	6,503	4,417	6,503
Deferred tax:				
Relating to origination and reversal of temporary differences	330	76	8	(222)
Income tax expenses reported in profit or loss	<u>4,948</u>	<u>6,579</u>	<u>4,425</u>	<u>6,281</u>

10. Segment information

The Group is organised into business units based on their products and services. The Group is principally engaged in production and distribution electrical equipment, graphite mould, metal powder and ground wire. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

During the current period, the Group has not changed the organisation of their reportable segments from the last annual financial statements.

11. Dividends

Dividends declared during the six-month periods ended 30 June 2023 and 2022 consisted of the follows:

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2022	Annual General Meeting of the shareholders on 27 April 2023	30,100	0.07
Total for 2023		<u>30,100</u>	<u>0.07</u>
Final dividends for 2021	Annual General Meeting of the shareholders on 27 April 2022	25,800	0.06
Total for 2022		<u>25,800</u>	<u>0.06</u>

12. Commitments and contingent liabilities

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	30 June 2023	31 December 2022
		(Audited)
Capital commitments		
Building construction agreements	-	14
Guarantee and contingent liabilities		
Bank guarantee for purchases of goods from overseas (30 June 2023: USD 0.7 million 31 December 2022: USD 0.4 million)	24	14
Bank guarantees for contractual performance	1	7

13. Foreign currency risk

As at 30 June 2023 and 31 December 2022, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements/ Separate financial statements			
	Financial assets		Average buying rate	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1	1	35.4297	34.3913

14. Financial instruments

14.1 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

14.2 Fair value hierarchy

As at 30 June 2023 and 31 December 2022, the Group had the financial assets that were measured at fair value, using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements/Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Assets measured at fair value								
Other non-current financial assets	-	-	14	20	-	-	14	20

(Audited)

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

15. Reclassification

During the current period, certain amounts in the statement of financial position as at 31 December 2022 have been reclassified to conform to the current year's classifications.

The reclassifications are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Assets				
Trade and other receivables	147,545	158,160	147,547	157,672
Inventories	236,184	234,706	236,267	234,789
Other current assets	7,178	699	6,688	699
Property, plant and equipment	452,532	450,573	452,035	450,076
Other non-current assets	2,078	1,379	2,078	1,379
Liabilities				
Trade and other payables	83,803	88,484	84,127	88,786
Current portion of provision for long-term employee benefits	-	199	-	199
Other current liabilities	4,580	-	4,558	-
Net current portion of provision for long-term employee benefits	15,023	14,824	15,023	14,824
Other non-current liabilities	101	-	101	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2023.