

Kumwell Corporation Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2024

1. General information

1.1 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.

1.2 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 2023, with no significant change in the composition of the Group during the current period.

1.3 Accounting policies

The interim financial statements are prepared 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. 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Transactions with subsidiary</u>				
(eliminated from the consolidated financial statements)				
Rental and service expenses	-	-	1	1
<u>Transactions with related company</u>				
Rental and service expenses	-	1	-	1

The balances of the accounts between the Group and those related companies 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>
	(Audited)		(Audited)	
<u>Trade receivable - related party</u>				
<u>Trade receivable - related party (Note 3)</u>				
Related company (Common shareholders/directors)	6,143	5,964	6,143	5,964
Total trade receivable - related party	<u>6,143</u>	<u>5,964</u>	<u>6,143</u>	<u>5,964</u>
<u>Trade and other payables - related parties</u>				
<u>Trade payable - related party (Note 5)</u>				
Subsidiary	-	-	-	321
Total trade payable - related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>321</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2024	2023	2024	2023
		(Audited)		(Audited)
<u>Other payables - related parties (Note 5)</u>				
Related companies (Common shareholders/directors)	-	24	-	24
Management and directors	35	22	35	22
Total other payables - related parties	35	46	35	46
<u>Accrued expenses - related party (Note 5)</u>				
Subsidiary	-	-	-	53
Total accrued expenses - related party	-	-	-	53
Total trade and other payables - related parties	35	46	35	420
<u>Lease liabilities - related party</u>				
Subsidiary	-	-	-	597
Total lease liabilities - related party	-	-	-	597

Directors and management's remuneration

For the three-month periods ended 31 March 2024 and 2023, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2024	2023
Short-term employee benefits	3,911	4,481
Post-employment benefits	195	185
Total	4,106	4,666

3. Trade and other receivables

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	31 March 2024	31 December 2023
		(Audited)
<u>Trade receivable - related party</u>		
Aged on the basis of due dates		
Not yet due	180	3,430
Past due		
Up to 3 months	3,429	-
6 - 12 months	2,534	2,534
Total trade receivable - related party	6,143	5,964
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	55,415	45,609
Past due		
Up to 3 months	57,539	63,971
3 - 6 months	14,666	2,627
6 - 12 months	2,197	2,164
Over 12 months	9,526	9,808
Total	139,343	124,179
Less: Allowance for expected credit losses	(10,286)	(10,286)
Total trade receivables - unrelated parties, net	129,057	113,893
Total trade receivables - net	135,200	119,857
<u>Other receivables</u>		
Other receivables - unrelated parties	166	157
Accrued income - unrelated parties	1,458	357
Total	1,624	514
Less: Allowance for expected credit losses	(157)	(157)
Total other receivables - net	1,467	357
Total trade and other receivables - net	136,667	120,214

4. Property, plant and equipment

Movements of property, plant and equipment account for 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	458,899	458,722
Acquisitions during the period - at cost	6,421	6,421
Disposal/Write-off during the period - net book value as at disposal/write-off date	(75)	(75)
Depreciation for the period	(6,856)	(6,828)
Net book value as at 31 March 2024	458,389	458,240

5. 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
				(Audited)
Trade payable - related party	-	-	-	321
Trade payables - unrelated parties	30,218	10,734	30,217	10,732
Other payables - related parties	35	46	35	46
Other payables - unrelated parties	5,550	5,288	5,548	5,287
Accrued expenses - related party	-	-	-	53
Accrued expenses - unrelated parties	6,730	3,100	6,655	3,050
Total trade and other payables	42,533	19,168	42,455	19,489

6. Long-term loans from financial institutions

Movements of long-term loans from financial institutions account for the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
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Balance as at 1 January 2024	234,238
Repayments	(12,274)
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Balance as at 31 March 2024	221,964
Less: Current portion	(46,448)
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Long-term loans from financial institutions	
- net of current portion	<hr/> <hr/> 175,516

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 31 March 2024, net book value of the guaranteed property and plant totaled Baht 174 million (31 December 2023: Baht 175 million).

8. Leases**8.1 Right-of-use assets**

Movements of right-of-use assets account for the three-month period ended 31 March 2024 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2024	6,632	7,175
Depreciation for the period	(384)	(927)
Net book value as at 31 March 2024	<u>6,248</u>	<u>6,248</u>

8.2 Lease liabilities

Movements of lease liabilities account for 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	7,997	8,594
Accretion of interest	113	116
Repayments	(470)	(1,070)
Balance as at 31 March 2024	7,640	7,640
Less: Current portion	(2,262)	(2,262)
Lease liabilities - net of current portion	<u>5,378</u>	<u>5,378</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 periods ended 31 March 2024 and 2023 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current income tax:				
Interim corporate income tax charge	1,965	1,794	1,936	1,794
Deferred tax:				
Relating to origination and reversal of temporary differences	75	69	81	(45)
Income tax expenses reported in profit or loss	<u>2,040</u>	<u>1,863</u>	<u>2,017</u>	<u>1,749</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. Commitments and contingent liabilities

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	31 March 2024	31 December 2023 (Audited)
Guarantee and contingent liabilities		
Bank guarantee for purchases of goods from overseas (31 March 2024: USD 0.1 million 31 December 2023: USD 0.2 million)	2	6
Bank guarantees for contractual performance	1	1

12. Foreign currency risk

As at 31 March 2024 and 31 December 2023, the balances of financial assets denominated in foreign currency are summarised below.

Foreign currency	Consolidated financial statements/ Separate financial statements		Average buying rate	
	Financial assets		31 March 2024	31 December 2023
	31 March 2024 (Million)	31 December 2023 (Million) (Audited)	31 March 2024 (Baht per 1 foreign currency unit)	31 December 2023
US dollar	0.7	0.9	36.2983	34.0590

13. Financial instruments**13.1 Fair values of financial instruments**

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

13.2 Fair value hierarchy

As at 31 March 2024 and 31 December 2023, 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	
31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023
(Audited)							

Assets measured at fair value

Other non-current financial assets	-	-	12	14	-	-	12	14
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During the current period, there were no changes in the methods and assumptions used to estimate the fair value of financial instruments and there were no transfers within the levels of the fair value hierarchy.

14. Events after the reporting period

On 26 April 2024, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a final dividend for the year 2023 to its shareholders at the rate of Baht 0.05 per share, calculated based on the 430 million registered and paid-up shares, or a total of Baht 22 million. The Company will pay and record such dividend in the second quarter of the year.

15. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 May 2024.