

13.0 Significant Financial Information

13.1 Revenue Structure

EXTERNAL SALES REVENUE (Million Baht)	Consolidated Financial Statements				
	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Sales Revenue by Company					
Ingress Autoventures Co., Ltd	984.7	972.6	1,021.5	876.3	564.3
Fine Components (Thailand) Co., Ltd	178.6	165	182.2	151.2	140.1
Ingress Precision Sdn Bhd	370.8	319	311.7	316.2	300.4
Ingress Technologies Sdn Bhd	1,132.20	1,217.70	1,214.30	1,046.50	878.8
Ingress AOI Technologies Sdn. Bhd	-	-	-	-	1.6
Talent Synergy Sdn Bhd	9.4	12.6	17	26.7	6.6
PT Ingress Malindo Ventures	239.7	188.8	228.8	226.8	100.8
PT Ingress Technologies Indonesia	0.5	0.3	0	0	0
Ingress Autoventures (India) Pvt Ltd*	-	36.9	223.8	194.4	160.7
	2,915.9	2,912.9	3,199.3	2,838.1	2,153.3
Sales Revenue by Country					
Thailand	1,163.3	1,137.6	1,194.8	1,027.5	704.4
Malaysia	1,512.4	1,549.3	1,542.5	1,389.4	1,187.4
Indonesia	240.2	189.1	238.3	226.8	100.8
India	-	36.9	223.7	194.4	160.7
	2,915.9	2,912.9	3,199.3	2,838.1	2,153.3
Sales Revenue by Products					
Rollforming products	1,595.2	1,517.3	1,785.8	1,613.7	1,126.2
Stamping products	1,311.3	1,383.0	1,396.5	1,197.7	1,020.5
Automation solution	9.4	12.6	17.0	26.7	6.6
	2,915.9	2,912.9	3,199.3	2,838.1	2,153.3

*Ingress Autoventures (India) Pvt Ltd become a subsidiary of INGRS effective from 13 November 2017.

13.2 Financial Highlights

	Consolidated Financial Statements				
	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Statement of Financial Position					
(Million Baht)					
Current Assets	1,362.3	1,259.4	1,179.4	1,270.4	1,480.2
Non-current Assets	3,163.0	3,221.8	2,962.0	2,854.6	3,410.9
Current Liabilities	1,302.5	1,155.5	1,020.5	1,200.7	1,775.5
Non-current liabilities	957.7	780.7	552.9	462.0	943.4
Paid up capital	1,185.4	1,446.9	1,446.9	1,446.9	1,446.9
Shareholder's Equity	1,444.3	1,739.5	1,758.4	1,594.6	1,329.6
Total Equity	2,265.1	2,544.9	2,568.1	2,462.3	2,172.2
Statement of Comprehensive Income (Million Baht)					
Sales Revenue	2,915.9	2,912.9	3,199.3	2,838.1	2,153.3
Gross Profit	636.4	644.3	633	546.4	243.4
Other Revenue	137.7	65.6	92.1	87.8	71.7
EBITDA	586.3	516.1	464.8	388.7	117.3
Net Profit (Loss) Before Tax	193.4	142.8	99.5	48.2	(249.8)
Net (Loss)/Profit After Tax	210.4	147.2	76.4	(79.3)	(259.9)
Net (Loss)/Profit After Tax Attributable to Equity Holders	169.6	97.1	54.1	(76.1)	(221.9)
(Loss)/Earning per share	0.14	0.07	0.04	(0.05)	(0.15)
Dividend paid - interim	37.9	94.4	37.6	37.6	-
Dividend paid - final	37.9	37.6	37.6	-	-
Financial Ratios					
Current Ratio (times)	1.05	1.09	1.16	1.07	0.83
Gross Profit Margin	21.8%	22.1%	19.8%	19.3%	11.3%
Net Profit Before Tax Margin	6.6%	4.9%	3.1%	1.7%	(11.6)%
Net (Loss)/Profit After Tax Margin	7.2%	5.1%	2.4%	(2.8)%	(12.1)%
Return on Total Assets	3.7%	2.2%	1.3%	(1.8)%	(4.5)%
Return on Equity	7.5%	3.8%	2.1%	(3.1)%	(10.2)%
Debt to Equity Ratio (times)	1.00	0.76	0.61	0.68	1.25
Dividend payout (% of Net (Loss)/Profit After Tax Attributable to Equity Holders)	44.7%	135.9%	139.0%	(98.8)%	-

14.0 Management Discussion and Analysis

14.1 Basis for analysis of the operating results and financial position of the Group

Ingress Industrial (Thailand) Public Company Limited ("the Company") or ("the Group") is a public company incorporated and domiciled in Thailand. The Company is an investment holding company whose subsidiaries are principally engaged in the manufacturing and distribution of automotive components. The registered office of the Company is 9/141, 14th Floor, Unit A1, UM Tower Building, Ramkhamhaeng Road, Suanluang, Bangkok 10250, Thailand. The Group's factories and facilities are located in four countries, namely Thailand, Malaysia, Indonesia and India.

The analysis for the Group's business performance, financial position and cash flow is based on the Company's consolidated financial statements for the financial year ended 31 January 2021.

14.2 Overall operating results

For both financial years ended 31 January 2021 ("FY2020/21") and 31 January 2020 (FY2019/20"), the Group's registered sales revenue of Baht 2,153.3 million and Baht 2,838.1 million respectively, a reduction of Baht 684.8 million or 24.1% from FY2019/20. The drop in sales revenue was mainly as a result of significant drop in the Total Industry Production ("TIP") volume for Thailand by 28.7%, Malaysia by 27.4%, Indonesia by 49.4%, and India by 24.0% markets experienced in the year 2020. The impact of the Covid-19 pandemic in all markets that slow down all economies and reducing the public purchasing power across the world was seen as the main contributor to the decline in the TIP.

As a result of the reduction of revenue in FY2020/21, the Group recorded lower gross profit margin of Baht 243.4 million or 11.3% of revenue as compared to Baht 546.4 million or 19.3% of revenue recorded in FY2019/20. In FY2019/20, the Group recorded a loss before taxation at Baht 249.8 million as compared to profit before tax of Baht 48.1 million in FY2019/20.

The Group registered loss after taxation and minority interest ("LATMI") of Baht 221.9 million in FY2020/21 as compared to a loss of Baht 76.1 million in FY2019/20 which represents an unfavorable variance of Baht 145.8 million. Largely, the decrease was mainly due to the following:

- a) Lower revenue generation from the lower TIP causing a few operations in Thailand, Indonesia and India not reaching their breakeven point;
- b) Recognition of pre-operating expenses from the two new subsidiaries which are yet to start the operation namely IATSB in Malaysia and PTIII in Indonesia

For FY2020/21, the Group LATMI margin was (10.3%) as compared to a LATMI of (2.7%) in FY2019/20.

14.3 Analysis of the operating results

14.3.1 Sales revenue

The Group is principally engaged in the sales of two major types of automotive components manufacturing of roll forming products and stamping products, as well as die making and automation solution service to the automotive industry. Most of the subsidiaries in each country manufactured and sold their products to local Original Equipment Manufacturers ("OEMs") in local currencies (unless advised by the OEM).

The sales revenue structure of the Group by countries and products are as follows:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Sales Revenue by Country				
Thailand	704.4	32.7	1,027.5	36.2
Malaysia	1,187.5	55.2	1,389.4	49.0
Indonesia	100.8	4.7	226.8	8.0
India	160.6	7.4	194.4	6.8
Total Sales Revenue	2,153.3	100.0	2,838.1	100.0
Sales Revenue by Products				
Roll Forming Products	1,126.2	52.3	1,613.7	56.9
Stamping Products	1,020.5	47.4	1,197.7	42.2
Automation Solution Provider	6.6	0.3	26.7	0.9
Total Sales Revenue	2,153.3	100.0	2,838.1	100.0

Based on the above table, Malaysia is still the main contributor for the sales revenue for FY2020/21, accounted for 55.2% (FY2019/20 was 49.0%) from the total Group's sales revenue followed by Thailand, India and Indonesia operations with the contribution of 32.7%, 7.4% and 4.7% respectively.

The roll forming products was the main contributor of the sales revenue for FY2020/21 to the Group, accounted for 52.3% from the total Group's sales revenue while stamping products and automation solution provider contributes sales revenue of 47.4% and 0.3% respectively. As the overall production took a steep decline in FY2020/21, the automation solution division has to focus on internal revenue generation within the Group, resulting a lower revenue contribution to the external party Baht 20.1 million as compared to FY2019/20.

14.3.2 Other income

Other income consists of scrap sale, foreign exchange gain (net of losses), interest income, gain on disposal, etc. The details of other income are as follows:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Exchange (loss)/gain	(25.8)	(56.2)	7.8	8.9
Scrap sales	53.2	115.9	70.1	79.9
Miscellaneous income	18.5	40.3	9.8	11.2
Total other income	45.9	100.00	87.7	100.00

For FY2020/21 and FY2019/20, the total other income of the Group were Baht 45.9 million and Baht 87.7 million respectively accounted for 2.1% and 3.1% respectively of the Group's total revenues. Large portion

of the other income consist of the revenues from scrap from the production of automotive parts, accounts for 115.9% and 79.9% of the total other income for FY2020/21 and FY2019/20 respectively.

The Group recognized the foreign exchange loss of Baht 25.8 million in FY2020/21 mainly due to the loss recorded on the elimination of intercompany balances within the Group on the exchange rate fluctuation between local and foreign currency at the end of the financial year as compared to the transaction date. In addition to foreign exchange loss, the Group also recognized other revenues related to the business such as the interest income that the Group obtained from short-term investment, gain on disposal of plant, machinery and equipment, etc.

14.3.3 Cost of sales

The cost of sales comprises mainly the following:

1. Direct variable costs – materials, purchase parts, indirect materials, sub-contractor costs, consumables, factory sales and distribution, royalty fees, direct labour and factory utility expenses;
2. Fixed overhead costs – indirect labour factory, factory maintenance, factory rental, insurance and other factory expenses; and
3. Depreciation and amortisation for factory, plant and machinery.

The components of the Group's cost of sales are as follows:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Direct variable costs	1,407.3	73.68	1,776.2	77.5
Fixed overhead costs	265.1	13.88	274.3	12.0
Depreciation and amortisation	237.5	12.44	241.2	10.5
Total Cost of Sales	1,909.9	100.0	2,291.7	100.0

The cost of sales of the Group classified by countries and products are as follows:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Cost of Sales by Country				
Thailand	696.0	36.5	799.9	34.9
Malaysia	938.4	49.1	1,161.3	50.7
Indonesia	118.3	6.2	193.8	8.5
India	157.2	8.2	136.7	5.9
Total Cost of Sales	1,909.9	100.0	2,291.7	100.0

Over the years, the Group continued to have a strict cost and operating expenses control policy to achieve the earning target as well as to adapt with a challenging business environment and the demand by the

OEMs to be competitive. In terms of the production cost management, the Group negotiated with manufacturers and distributors of raw materials including some OEMs to change the type of raw materials but maintained same product qualities in accordance with Value Added Value Engineering (“VAVE”) which resulted in the reduction on the production costs benefiting the Group apart from the customers obtained automotive components in more reasonable price. The Group also managed to increase the efficient production processes and reduce overall production costs through lower rejection, wastages and overtime costs.

14.3.4 Gross profit and gross profit margin

The gross profit and gross profit margin of the Group classified by countries and products are as following:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Gross Profit Million Baht	Profit Margin Percent	Gross Profit Million Baht	Profit Margin Percent
Gross Profit/Margin by Country				
Thailand	123.1	17.5	227.5	19.9
Malaysia	144.2	12.1	228.1	20.0
Indonesia	(41.4)	(41.1)	33.0	14.6
India	17.5	10.9	57.8	15.7
Group Gross Profit/Margin	243.4	11.3	546.4	19.3

For FY2020/21 and FY2019/20, the Group's gross profits were Baht 243.4 million and Baht 546.4 million respectively, which represented a margin of 11.3% and 19.3% respectively. The significant reduction of the gross profit margin in FY2020/21 mainly due to:

- i. Significantly lower revenue from PTIMV in Indonesia which resulting inability to cover the fixed overhead costs
- ii. Additional pre-operating costs for IATSB in Malaysia and PTIII in Indonesia as both companies are yet to start generating revenue

14.3.5 Selling expenses

Selling expenses of the Group consisted of distribution, staff and other expenses which classified as following:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Distribution costs	27.2	73.9	39.7	74.6
Staff costs	8.0	21.7	12.9	24.3
Other expenses	1.6	4.4	0.6	1.1
Total Selling Expenses	36.8	100.0	53.2	100.0

Overall selling expenses especially distribution costs posted a reduction in FY2020/21 as compared to FY2019/20 impacting from lower revenue.

14.3.6 Administrative Expenses

The Group's administrative expenses consist of staff costs, depreciation & amortization of office assets, management fees and general administrative expenses, such as consulting fees, office expenses, office rental and office maintenance fees. Most of the administrative expenses are personnel expenses. The table below shows the Group's administrative expenses classified by type of expenses.

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Staff costs	192.4	44.1	277.2	57.4
General administrative expenses	207.7	47.6	169.4	35.1
Depreciation and amortization of office assets	36.5	8.3	36.3	7.5
Total Administrative Expenses	436.6	100.0	482.9	100.0

For FY2020/21, the Group registered a lower administrative expense by Baht 46.3 million as compared to Baht 482.9 million in FY2019/20. The savings mostly derived from the Group's focused effort in cost reduction activities after the Covid-19 pandemic started in March 2020. The cancellation of non-essential capital expenditures, freezing the recruitment as well as limiting personnel related costs has shown some savings to cushion the impact of lower gross profit.

14.3.7 Finance cost

The Group's financial expenses consist of interests from overdrafts and short-term borrowings from financial institutions, interest from hire purchase, financial lease and long-term loans from financial institutions. For FY2020/21 and FY2019/20, the Group's financial expenses were Baht 65.7 million and Baht 49.9 million respectively. The higher finance costs mainly due to higher long-term loan outstanding, that Baht 431.9 million additional recorded in FY2020/21. The additional borrowings are to support the development of projects in IATSB and PTIII.

14.3.8 Income Tax Expenses

The income tax of the Group in FY2020/21 were Baht 10.0 million, decreased by Baht 117.5 million as compared to Baht 127.5 million recorded in FY2019/20. The income tax shown in the statement of comprehensive income was different from the profit before tax multiplied by the applicable tax rate due to the improvements related to the tax calculation, which comprised of the following:

- a) Adjustment of corporate income tax expense of the previous year;
- b) Difference in income tax rate which was not equal in the Group;

- c) Promotional privileges enjoyed by IAV granted by the Board of Investment (BOI) for the manufacture of auto parts under the promotional certificates with the exemption from corporate income tax for promoted businesses for a period of 8 years commencing from the first earning operating income;
- d) Adjustment on the non-allowable expenses and tax exempt income;
- e) Deferred tax recognition on temporary differences and adjustment item of the previous year; and
- f) Other items.

The income tax expenses/(income) of the Group for FY2020/21 and FY2019/20 are as follows:

	Financial Year Ended			
	31 January 2021		31 January 2020	
	Million Baht	Percent	Million Baht	Percent
Current income tax				
Current income tax charge	1.6	30.2	20.7	104.5
Adjustment in respect of tax/(income) expenses of previous year	3.7	69.8	(0.9)	(4.5)
Total current income tax	5.3	100.0	19.8	100.0
Deferred tax				
Relating to origination and reversal of temporary differences	4.9	104.3	106.2	98.6
Adjustment in respect of deferred tax of previous year	(0.2)	(4.3)	1.5	1.4
Total deferred tax	4.7	100.0	107.7	100.0
Tax expense reported in the statement of comprehensive income	10.0	100.0	127.5	100.0

Notes:

- Items considered for tax purposes of the Group were mainly related to Capital Allowance ("CA") and Reinvestment Tax Allowance ("RA") which are tax deductions related to capital expenditure in accordance with Malaysian Law.
- Companies in Malaysia that used the CA deductions would need to invest in capital expenditures for business purposes. The type of fixed assets that a Malaysian company had invested in and would receive a CA tax benefit must be the assets that complied with the qualifying capital expenditure according to Malaysian Qualifying Law by which tax deduction from CA was subject to the relevant laws of Malaysia and CA that had not been used for unutilized CA purposes would be recognized as deferred tax assets on the statement of financial position since the unutilized CA could reduce the tax liabilities of its subsidiary in Malaysia in the future. This was in accordance with the terms and conditions of using the CA of Malaysian Tax Law.
- RA was an additional tax relief in addition to the Malaysian CA for a Malaysian company investing in a qualifying capital expenditure with the purpose to expand the existing production capacity, diversification of business into related products or increase the capacity of modernization or automation of the production facilities. The primary objective in providing RA was to promote the business of the manufacturing sectors in Malaysia. However, the Malaysian authorities also considered RA for agricultural business operators in said countries. The calculation and usage of tax deductions from RA shall be in accordance with the relevant laws of Malaysia and RA that had not been used for unutilized RA purposes, were recognized as deferred tax assets on statement of financial position as well as unutilized CA.
- For accounting purposes, the unutilised CA and RA is recognised to the extent that there will be taxable profit in the future for the tax benefits can be utilised.

14.3.9 Net Loss and Net Loss Margin

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2021	31 January 2020	Million Baht	Percent
Net loss for the financial year	(259.9)	(79.3)	(180.60)	227.7%
Non-controlling interests	(38.0)	(3.2)	(34.80)	1087.5%
Net profit attributable to equity holders of the Company	(221.9)	(76.1)	(145.80)	191.6%
Loss per share (Baht)	(0.15)	(0.05)	(0.10)	200.0%

For FY2020/21, the Group registered net loss for the financial year of Baht 259.9 million as compared to net loss in FY2019/20 of Baht 79.3 million. The increase in net loss were mainly due to the following:

- Lower sales revenue from Thailand, Indonesia and India markets as a result of lower Total Industry Volume ("TIV") and Total Industry Production ("TIP"), impacting a lower contribution margin; and
- Additional pre-operating costs for IATSB in Malaysia and PTIII in Indonesia as both companies are yet to start generating revenue

14.4 Financial position analysis

As at 31 January 2021, the Group has total assets of Baht 4,891.1 million, total liabilities of Baht 2,718.9 and total shareholders' equity of Baht 2,172.2 million.

14.4.1 Assets

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2021	31 January 2020	Million Baht	Percent
Trade and other receivables	491.5	522.2	(30.7)	(5.9)%
Inventories	242.9	272.4	(29.5)	(10.8)%
Cash and cash equivalents	534.7	403.4	131.3	32.5%
Property, plant and equipment	2,719.4	2,623.7	95.7	3.6%
Deferred tax assets	73.2	92.5	(19.3)	(20.9)%
Other assets	829.4	210.8	618.6	293.5%
Total assets	4,891.1	4,125.0	766.1	18.6%

As at 31 January 2021, the total assets increased by Baht 766.1 million or 18.6% in comparison to total assets as at 31 January 2020. The significant increase are a results of investment in machineries and equipment for new projects as well as from the advance payment to purchase a manufacturing plant in Indonesia during the year.

14.4.2 Liabilities

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2021	31 January 2020	Million Baht	Percent
Trade and other payables	692.4	444.3	248.1	55.8%
Bank overdrafts and short-term loans from financial institution	653.6	523.7	129.9	24.8%
Long-term loans	827.5	472.2	355.3	75.2%
Deferred tax liabilities	61.4	75.3	(13.9)	(18.5)%
Other liabilities	484.0	147.2	336.8	228.8%
Total liabilities	2,718.9	1,662.7	1,056.2	63.5%

As at 31 January 2021, the total liabilities increased by Baht 1,056.2 million or 63.5% in comparison to total liabilities as at 31 January 2020 largely due to the higher new short-term and long-term loans and overdraft utilization by Baht 653.6 million. In conformity with the increase of total assets, higher borrowings were withdrawn in FY2020/21 to support the capital expenditures.

14.4.3 Shareholders' equity

Total shareholders' equity reduced by Baht 290.1 million, from Baht 2,462.3 million as at 31 January 2020 to Baht 2,172.2 million as at 31 January 2021. The decrease was mainly due to the impact of the net loss incurred in FY2020/21. The deterioration of foreign currencies especially Indonesian Rupiah and Indian Rupees has further reduced the Group's foreign translation reserve as at 31st January 2021.

14.5 Key financial performance

14.5.1 Profitability ratio

	FY2020/21	FY2019/20	Increase/(decrease)
Return on assets ("ROA") (%)	(4.5%)	(1.8%)	(2.7%)
Return on equity ("ROE") (%)	(10.2%)	(3.1%)	(7.1%)

Due to the net losses recorded in FY2020/21, the ROA and ROE were at negative 4.5% and 10.2% respectively, decreased by 2.7% and 7.1% respectively in comparison to FY2019/20.

14.5.2 Liquidity ratio

	FY2020/21	FY2019/20	Increase/ (decrease)
Accounts receivable days	64.5	60.8	3.7
Inventory days	48.6	43.0	5.6
Accounts payable days	75.5	52.5	23.0
Cash conversion cycle (days)	37.6	51.3	(13.7)

Average collection period, inventory days and accounts payable days recorded an increasing trend from 60.8, 43.0 and 52.5 days in FY2019/20 to 64.5, 48.6 and 75.5 days in FY2020/21 respectively. Overall, the cash conversion cycle improved by 13.7 days from 51.3 days in FY2019/20 to 37.6 days in FY2020/21. This is as a result of stringent collection and recoveries from the trade debtors to support the working capital during the temporary stop of production in Q1 and Q2 FY2020/21.

14.5.3 Leverage ratio

	FY2020/21	FY2019/20	Increase/ (decrease)
Debt to Equity ratio (times)	1.25	0.68	0.57
Current ratio (times)	0.83	1.07	(0.24)

The interest-bearing debt to equity ratio has shown an increasing trend to 0.57 times from 0.68 times in FY2019/20 from the higher borrowings. The current ratio has also shown an unfavorable variance of 0.24 times, closing at 0.83 times as at 31st January 2021.

14.6 Cash flow analysis

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2021	31 January 2020	Million Baht	Percent
Net cash flows from operating activities	274.6	350.8	(76.2)	(21.7%)
Net cash flows used in investing activities	(641.8)	(219.4)	(422.4)	192.5%
Net cash flows from financing activities	364.3	41.6	322.7	775.7%
Translation adjustments	7.0	(0.6)	7.6	(1266.7%)
Net increase in cash and cash equivalents	4.1	172.4	(168.3)	(97.6%)
Cash and cash equivalents at beginning of the financial year	387.0	214.6	172.4	80.3%
Cash and cash equivalents at end of the financial year	391.1	387.0	4.1	1.1%

The balance of cash and cash equivalents as at 31 January 2021 increased by Baht 4.1 million as compared to FY2019/20 to Baht 391.1 million. Despite the higher cash used in investing activities, the Group is still maintaining a higher liquidity as compared to FY2019/20.

14.7 Major factors and influence potentially affecting future operations or financial position

The Group's performance is greatly dependent to the development of the automotive industry and economy in the country that we operate namely Thailand, Malaysia, Indonesia and India. The vehicle production volume is an important driver for the manufacture of automotive parts business in Thailand, Malaysia, Indonesia and India, where the Group's revenue tends to move in the same trend as the industry's performance. Apart from the industry's performance, the other factors that would affect the performance of the Group are as follows:

14.7.1 Exchange rate

Although the Group's policy for subsidiaries in Thailand, Malaysia, Indonesia and India is to manufacture and distribute to local OEMs in local currency, some subsidiaries in the Group might have intercompany transactions occurred during the period. The Group's income statement over the past years had been recognized on foreign exchange gain and loss mainly due to the elimination of intercompany transactions in local currency and foreign currency at the end of the period as compared to the transaction date in the future. If the exchange rate fluctuated, net profit of the Group might be affected by the recognition of foreign exchange gains or losses arising from the exchange rate when eliminating of intercompany transactions. In some cases, the Group might need to buy raw materials and equipment for manufacturing from other countries which would have affected the Group by exchange rate changes as well.

14.7.2 Interest rate

The Group's exposures to interest rate risk relates primarily to cash at banks, current investment, short-term and long-term loans to related parties, bank overdrafts and short-term loans from financial institutions, short-term and long-term loans from related party, liabilities under hire-purchase and lease arrangements and long-term loans. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 January 2021, the Group had long-term loans from financial institutions amounting to Baht 827.5 million. These loan agreements include fixed rates ranging from 2.00% to 9.78% and floating interest rates of MLR - 1.50, COF + 1.25% and COF + 1.75%.

14.7.3 Coronavirus (Covid-19) Pandemic

The Coronavirus (Covid-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more. This situation significantly affects the Group's business activities in terms of sales and services income, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future.

The Group is continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

The Group has outlined various strategies, mainly Cash flow preservations as an integral element of a company's overall COVID-19 risk assessment as well as managing the supply chain disruptions

caused by the slowdown of economic activities. The developments of future projects are also the Group's focus in line with the strategies imposed by most of the customers.

In view of the volatility and increased uncertainties in the economy globally, the Group will continue its close monitoring of the development of the automotive industry in key major markets. In preparation of the challenges ahead, the Group continued to focus on controlling cost activities and cost reduction measures, as well as improving efficiency and efficient use of resources across the organization. At the same time, the Group is exploring new opportunities and new markets to grow. The Group will also continue to emphasis on quality, cost, delivery, morale and safety to meet customers' high standard requirements and continuous improvement across the organization.