

**REC Systems (Thailand) Co., Ltd.**

**Financial Statements**

**For the year ended 31<sup>st</sup> December, 2021**

PKF Audit (Thailand) Ltd.



## Independent Auditor's Report

To the Shareholders of REC Systems (Thailand) Co., Ltd.

### Opinion

I have audited the financial statements of REC Systems (Thailand) Co., Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statements of income and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with Code of Ethics for Professional Accountants issued by the Thailand Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

PKF Audit (Thailand) Ltd. • 98 Sathorn Square Office Tower • 28<sup>th</sup> Fl. Unit 2812 • North Sathorn Road • Silom • Bangrak • Bangkok • 10500 • Tel +66 2 108 1591-6 • Fax +66 2 108 1599 • Email: [info@pkfthailand.asia](mailto:info@pkfthailand.asia) • Website: [www.pkfthailand.asia](http://www.pkfthailand.asia)

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PKF Audit (Thailand) Ltd.



As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Rawissada Wadwaree)  
Certified Public Accountant  
Registration No. 12026

PKF Audit (Thailand) Ltd.  
Bangkok  
8 March 2022

**REC Systems (Thailand) Co., Ltd.**  
**Statement of financial position**  
**As at 31 December 2021**

<b>Assets</b>	<i>Note</i>	2021	2020
		<i>(in Baht)</i>	
<b>Current assets</b>			
Cash and cash equivalents	4	2,950,467	2,854,475
Service income and other receivables	5	500,690	475,950
Other current assets		1,371	3,090
<b>Total current assets</b>		<b>3,452,528</b>	<b>3,333,515</b>
<b>Non-current assets</b>			
Other non-current assets		16,133	16,133
<b>Total non-current assets</b>		<b>16,133</b>	<b>16,133</b>
<b>Total assets</b>		<b>3,468,661</b>	<b>3,349,648</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Other payables	6	415,551	404,522
<b>Total current liabilities</b>		<b>415,551</b>	<b>404,522</b>
<b>Total liabilities</b>		<b>415,551</b>	<b>404,522</b>
<b>Equity</b>			
Share capital:			
Authorized share capital		12,000,000	12,000,000
612,000 ordinary shares, Baht 10 per share		6,120,000	6,120,000
588,000 preference shares, Baht 10 per share	7	5,880,000	5,880,000
Issued and paid-up share capital		12,000,000	12,000,000
612,000 ordinary shares, Baht 10 per share		6,120,000	6,120,000
588,000 preference shares, Baht 10 per share	7	5,880,000	5,880,000
Deficit		(8,946,890)	(9,054,874)
<b>Total equity</b>		<b>3,053,110</b>	<b>2,945,126</b>
<b>Total liabilities and equity</b>		<b>3,468,661</b>	<b>3,349,648</b>

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

**REC Systems (Thailand) Co., Ltd.**  
**Statement of income**  
**For the year ended 31 December 2021**

	<i>Note</i>	2021	2020
		<i>(in Baht)</i>	
<b><i>Income</i></b>			
Revenue from rendering of services	11	2,995,049	3,982,039
Interest income		-	2,665
<b>Total income</b>		<u><b>2,995,049</b></u>	<u><b>3,984,704</b></u>
<b><i>Expenses</i></b>			
Expense of rendering of services	8	<u>2,852,427</u>	<u>3,792,418</u>
<b>Total expenses</b>		<u><b>2,852,427</b></u>	<u><b>3,792,418</b></u>
<b>Profit before income tax expense</b>		<b>142,622</b>	<b>192,286</b>
Income tax expense	9	(34,638)	(49,288)
<b>Profit for the year</b>		<u><b>107,984</b></u>	<u><b>142,998</b></u>

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

**REC Systems (Thailand) Co., Ltd.**  
**Statement of changes in equity**  
**For the year ended 31 December 2021**

	Issued and paid-up share capital			Deficit	Total equity
	Ordinary shares	Preference shares	Total (in Baht)		
<b>Balance at 1 January 2020</b>	<b>6,120,000</b>	<b>5,880,000</b>	<b>12,000,000</b>	<b>(9,197,872)</b>	<b>2,802,128</b>
Profit for the year	-	-	-	142,998	142,998
<b>Balance at 31 December 2020 and 1 January 2021</b>	<b>6,120,000</b>	<b>5,880,000</b>	<b>12,000,000</b>	<b>(9,054,874)</b>	<b>2,945,126</b>
Profit for the year	-	-	-	107,984	107,984
<b>Balance at 31 December 2021</b>	<b>6,120,000</b>	<b>5,880,000</b>	<b>12,000,000</b>	<b>(8,946,890)</b>	<b>3,053,110</b>

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



**REC Systems (Thailand) Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by directors on 8 March 2022.

**1 General information**

REC Systems (Thailand) Co., Ltd., the “Company”, is incorporated in Thailand on 13 June 2012. The Company has its registered office 319 Chamchuri Square Building, 24th Floor, Unit 1-16, Phayathai Road, Pathum Wan, Pathum Wan, Bangkok, Thailand.

On 20 June 2014, the Company has obtained Certificate of Business Operation under section 17 of Foreign Business Act B.E. 2542 to be permitted to provide services to collect, analyze and report the business movement regarding the economic situation, production, marketing, investment and demand with respect to electricity from solar energy and solar cells in Thailand to REC Solar Pte. Ltd., the Company’s affiliate in the Republic of Singapore. The Company provides technical support and recommendations regarding the installation, instructions, including maintenance and repair, related to the use of solar cells, to the customers of REC Solar Pte. Ltd., the Company’s affiliate in the Republic of Singapore. The Company shall be pursuant to certain condition imposed in such Certificate of Business Operation.

The Company’s major shareholder during the financial year was REC Solar Pte. Ltd. (99.99% shareholding) which was incorporated in the Republic of Singapore.

**2 Basis of preparation of the financial statements**

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-publicly Accountable Entities (TFRS for NPAEs); guidelines promulgated by the Thailand Federation of Accounting Professions (TFAC).

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which estimates are revised and in any future periods affected.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**REC Systems (Thailand) Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**3.1 Foreign currency transactions**

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates prevailing at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

**3.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**3.3 Service income and other receivables**

Service income and other receivables are stated at their invoice value.

**3.4 Losses on decline in value**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

**3.5 Other payables**

Other payables are stated at cost.

**3.6 Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Employee benefit*

Obligation for retired benefits based on the requirement of Thai Labour Protection Act are recognised using the best estimate method at the report date.

**3.7 Shares capital**

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.



**REC Systems (Thailand) Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

*Preference shares*

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

**3.8 Revenue**

Revenue excludes value added taxes.

*Service income*

Service income is recognised in the statement of income when services are rendered.

*Interest income and other income*

Interest income and other income are recognised in the statement of income on the accrual basis.

**3.9 Expenses**

*Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

Other expenses are recognised in the statement of income on the accrual basis.

**3.10 Income tax**

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**4 Cash and cash equivalents**

	2021	2020
	<i>(in thousand Baht)</i>	
Cash at bank - current account	2,950	2,854
<b>Total</b>	<b>2,950</b>	<b>2,854</b>

**5 Service income and other receivables**

	2021	2020
	<i>(in thousand Baht)</i>	
Service income receivable	489	468
Other receivable	12	8
<b>Total</b>	<b>501</b>	<b>476</b>

**REC Systems (Thailand) Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**6 Other payables**

	2021	2020
	<i>(in thousand Baht)</i>	
Accrued expenses	197	197
Others	219	208
<b>Total</b>	<b>416</b>	<b>405</b>

**7 Preference shares**

The nature and extent of preferential rights according to the preference shares are detailed as follows:

- (a) The non-cumulative preferred shares are entitled to receive dividend payment, in priority to the ordinary shares, at the rate of 99% of the net profit in the share price (after deduction of expenses, tax and allocation of legal reserve as prescribed by the law).
- (b) In the event of liquidation of the Company, each Preferred Shareholders shall entitled the holder thereof to the right to repayment of the nominal value of each Preferred Shareholders and all arrears of dividends due in respect thereof in priority to any payment to the holders of other shares.
- (c) Each Preferred Shareholders shall have four (4) votes for each one (1) share holds.

**8 Expense of rendering of services**

	2021	2020
	<i>(in thousand Baht)</i>	
Employee benefit expenses	2,040	2,094
Rental expenses	113	926
Professional fee	607	627
Travel expenses	47	71
Others	45	74
<b>Total</b>	<b>2,852</b>	<b>3,792</b>

**9 Income tax**

Reconciliation action between tax expense and the product of accounting profit multiplied by the applicable tax rate as follows:

**REC Systems (Thailand) Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	2021		2020	
	Tax rate (%)	(in thousand Baht)	Tax rate (%)	(in thousand Baht)
Profit before income tax expense		143		192
Income tax using the Thai corporation tax rate	20	29	20	38
<i>Effect:</i>				
Expenses not deductible for tax purpose		6		11
<b>Total</b>	<b>24</b>	<b>35</b>	<b>26</b>	<b>49</b>

## 10 Commitments

The Company has entered into lease for office space and related service agreements. The term of these agreements is 1 year, terminate dated is on 31 October 2022. The rate of rental fee and service fee are Baht 11,700 per month. As at 31 December 2021, The Company has commitment under these agreements in the amount of Baht 117,000.

## 11 Significant agreement with a related party

The Company entered into service agreement with REC Solar Pte Ltd., to provide services relating to marketing business coordination and provision of technical assistance. REC Solar Pte Ltd. pays a service fee based on the actual costs incurred plus 5%. This agreement is valid from 1 July 2014 and shall be automatically extended unless either party notifies the other party in writing at least 90 days in advance.