**Thai Rayon Public Company Limited**

Financial statements for the year ended

31 March 2021

and

Independent Auditor’s Report

**Independent Auditor’s Report**

**To the Shareholders of Thai Rayon Public Company Limited**

*Opinion*

I have audited the financial statements in which the equity method is applied and separate financial statements of Thai Rayon Public Company Limited (the “Company”), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 March 2021, the statement of income in which the equity method is applied and separate statement of income, the statement of comprehensive income in which the equity method is applied and separate statement of comprehensive income, the statement of changes in equity in which the equity method is applied and separate statement of changes in equity and the statement of cash flows in which the equity method is applied and separate statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements in which the equity method is applied and separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

*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 in which the equity method is applied and Separate Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements in which the equity method is applied and separate 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.

*Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements in which the equity method is applied and separate financial statements of the current period. These matters were addressed in the context of my audit of the financial statements in which the equity method is applied and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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| Valuation of investments in joint venture and associates in the separate financial statements | |
| Refer to Notes 4 and 11 to the financial statements. | |
| **The key audit matter** | **How the matter was addressed in the audit** |
| Joint-venture and associates of the Company incurred continuing operational loss. Management considered that this factor is an impairment indicator of investments in joint venture and associates in the separate financial statements.  In assessing an impairment of these investments, management is required to estimate the recoverable amount based on the value in use. Those values were estimated by an independent valuer of joint-venture and associates of the Company using the discounted cash flow method. Significant management’s judgment was applied in determining key assumptions such as growth rate and discount rate. Additionally, there is an inherent uncertainty in estimating the future cash flows. Therefore, I considered this to be the key audit matter. | My audit procedures included:   * Inquired management and obtained a sample of related documents to understand the process by which management has identified the impairment indicators and the methodology applied in determining the recoverable amount of the investments; * Evaluated the independence and competence of the independent valuer; * Evaluated the key assumptions based on internal and external information and approaches used in estimating the cash flows; * Tested mathematical accuracy of the cash flows projection; * Performed retrospective review by comparing estimated cash flows prepared by the independence valuer in the previous year against the actual financial performance; * Performed sensitivity analysis of key assumptions such as growth rate and discount rate; * Considered the disclosures in accordance with the Thai Financial Reporting Standards. |

*Emphasis of Matters*

I draw attention to Note 3 to the financial statements which describes the impact of the following matters:

- The adoption of certain new accounting policies from 1 April 2020.

- The retrospective adjustment of the carrying value of investment in Thai Polyphosphate & Chemicals Company Limited which are included in investments in associates presented in the statement of financial position in which the equity method is applied as at 31 March 2020 and the statement of income in which the equity method is applied for the year then ended which are included as comparative information and are components of the financial statements which were audited by another auditor who expressed a qualified opinion as described in Other Matters.

My opinion is not modified in respect of these matters.

*Other Matters*

The financial statements in which the equity method is applied and separate financial statements of Thai Rayon Public Company Limited for the year ended 31 March 2020 which are included as comparative information, were audited by another auditor who expressed a qualified opinion thereon on the financial statements in which the equity method is applied in her report dated 26 June 2020 for the inability to obtain sufficient appropriate audit evidence on the value of investments in associates under the equity method and share of profit of associates namely, Aditya Birla Chemicals (Thailand) Limited (“ABCT”), Birla Carbon (Thailand) Public Company Limited (“BCT”) and Thai Polyphosphate & Chemicals Company Limited (“TPC”) (in which the Company holds 29.98%, 24.98% and 49.00% interests, respectively), amounting to Baht 4,255 million, Baht 5,018 million and Baht 3,354 million, respectively.

Nevertheless, the auditor of ABCT expressed an unqualified opinion in his audit report dated 13 August 2020 on the financial statements for the year ended 31 March 2020 and the auditor of BCT expressed an unqualified opinion in her auditor’s report dated 29 May 2020 on the financial statements for the year ended 31 March 2020. As a consequence, and after further communication with the auditors of ABCT and BCT, I am able to conclude that no adjustments are necessary to the carrying amount of the investments accounted for using equity method and share of profit of associates in these two associates as at and for the year ended 31 March 2020.

For an investment in another associate, Thai Polyphosphate & Chemicals Company Limited, I was able to perform other audit procedures to satisfy myself regarding the carrying value of investment in this associate, share of profit and exchange differences on translating financial statements from this associate accounted for using the equity method as at and for the year ended 31 March 2020 and concluded that adjustments are necessary to the carrying amount of the investments in this associate as described in note 3 to the financial statements.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements in which the equity method is applied and separate financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor’s report.

My opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements in which the equity method is applied and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements in which the equity method is applied and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements*

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

In preparing the financial statements in which the equity method is applied and separate 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.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

*Auditor’s Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate 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 in which the equity method is applied and separate financial statements.

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 in which the equity method is applied and separate 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 in which the equity method is applied and separate 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 in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Chanarat Chanwa)

Certified Public Accountant

Registration No. 9052

KPMG Phoomchai Audit Ltd.

Bangkok

31 May 2021