

Kulthorn Kirby Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2015

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Kulthorn Kirby Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Kulthorn Kirby Public Company Limited and its subsidiaries as at 30 June 2015, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2015, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Other matter

The consolidated financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries and the separate financial statements of Kulthorn Kirby Public Company Limited for the year ended 31 December 2014 were audited by another auditor of our office who, under her report dated 27 February 2015, expressed an unqualified opinion on those financial statements, but drew attention on the reclassification of long-term loan to be included in the current portion of long-term loans because as at 31 December 2014, the Company and its subsidiaries could not maintain certain financial ratio in accordance with the loan covenants.

Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 5 August 2015

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> <u>30 June 2015</u> (Unaudited but reviewed)	<u>31 December 2014</u> (Audited)	<u>30 June 2015</u> (Unaudited but reviewed)	<u>31 December 2014</u> (Audited)
Assets				
Current assets				
Cash and cash equivalents	160,471	249,262	92,775	182,546
Trade and other receivables	2, 3 2,085,848	2,179,459	1,200,506	1,032,374
Short-term loans to related parties	2 -	-	318,628	237,057
Inventories	4 2,574,561	2,660,305	1,442,573	1,246,248
Dividend receivable from related parties	2 -	-	100,050	-
VAT receivable	69,773	124,201	40,676	86,536
Other current assets	76,934	74,256	11,908	13,951
Total current assets	4,967,587	5,287,483	3,207,116	2,798,712
Non-current assets				
Investments in subsidiaries	5 -	-	2,434,372	2,434,372
Property, plant and equipment	6 3,322,527	3,517,006	1,447,560	1,544,948
Goodwill on business combination	7 -	-	-	-
Other intangible assets	8 82,697	82,174	27,119	25,685
Deferred tax assets	67,895	59,616	23,009	13,520
Other non-current assets	2,204	3,115	1,548	1,468
Total non-current assets	3,475,323	3,661,911	3,933,608	4,019,993
Total assets	8,442,910	8,949,394	7,140,724	6,818,705

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	9	3,678,297	3,785,874	1,961,775	1,907,748
Trade and other payables	2, 10	1,263,207	1,484,077	1,312,038	1,230,216
Short-term loans from related parties	2	-	-	564,769	503,611
Current portion of long-term loans	11	404,920	675,240	363,200	634,700
Current portion of liabilities under					
financial lease agreements	12	21,486	20,573	16,313	15,746
Dividend payable		33,434	500,675	33,430	500,673
Income tax payable		3,558	8,073	-	-
Other current liabilities		35,315	59,739	17,021	12,986
Total current liabilities		5,440,217	6,534,251	4,268,546	4,805,680
Non-current liabilities					
Long-term loans - net of current portion	11	210,730	183,289	48,600	-
Liabilities under financial lease agreements - net					
of current portion	12	32,866	41,650	25,995	34,296
Provision for long-term employee benefits		138,248	130,723	66,711	63,018
Total non-current liabilities		381,844	355,662	141,306	97,314
Total liabilities		5,822,061	6,889,913	4,409,852	4,902,994

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2015 (Unaudited but reviewed)	As at 31 December 2014 (Audited)	As at 30 June 2015 (Unaudited but reviewed)	As at 31 December 2014 (Audited)
Shareholders' equity				
Share capital		13		
Registered				
1,200,000,000 ordinary shares of Baht 1 each (31 December 2014: 1,000,000,000 ordinary shares of Baht 1 each)	1,200,000	1,000,000	1,200,000	1,000,000
Issued and fully paid up				
1,200,000,000 ordinary shares of Baht 1 each (31 December 2014: 1,000,000,000 ordinary shares of Baht 1 each)	1,200,000	1,000,000	1,200,000	1,000,000
Share premium	700,000	500,000	700,000	500,000
Retained earnings				
Appropriated - statutory reserve	100,000	100,000	100,000	100,000
Unappropriated	420,551	271,386	730,872	315,711
Other components of shareholders' equity	200,298	188,095	-	-
Total shareholders' equity	2,620,849	2,059,481	2,730,872	1,915,711
Total liabilities and shareholders' equity	8,442,910	8,949,394	7,140,724	6,818,705
	-	-	-	-

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

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Directors

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(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 June 2015

(Unit: Thousand Baht except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit or loss:					
Revenues					
Sales and service income	2, 16	2,756,732	3,056,725	1,680,331	1,673,520
Other income					
Income from scrap sales	2	39,928	98,413	48,360	64,133
Interest income	2	476	380	5,571	370
Gain on exchange		-	4,138	-	3,360
Dividend income		2	-	135,052	75,595
Others		1,221	1,128	3,226	2,842
Total revenues		2,798,359	3,160,784	1,872,540	1,819,820
Expenses					
Cost of sales and services	2	2,502,236	2,897,222	1,496,370	1,543,012
Selling expenses		37,454	30,353	22,250	15,600
Administrative expenses		94,100	85,171	46,601	43,538
Loss on exchange		33,017	-	11,499	-
Total expenses		2,666,807	3,012,746	1,576,720	1,602,150
Profit before finance cost and income tax		131,552	148,038	295,820	217,670
Finance cost		(55,367)	(55,173)	(38,351)	(28,831)
Profit before income tax		76,185	92,865	257,469	188,839
Income tax revenue (expenses)	14	37	(864)	2,762	696
Profit for the period		76,222	92,001	260,231	189,535
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		5,261	(3,101)	-	-
Other comprehensive income for the period		5,261	(3,101)	-	-
Total comprehensive income for the period		81,483	88,900	260,231	189,535
Basic earnings per share (Baht)					
Profit attributable to equity holders of the Company	15	0.07	0.09	0.25	0.19
Weighted average number of ordinary shares (shares)		1,046 million	1,000 million	1,046 million	1,000 million

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month period ended 30 June 2015

(Unit: Thousand Baht except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit or loss:					
Revenues					
Sales and service income	2, 16	5,573,656	5,918,554	3,366,985	3,162,559
Other income					
Income from scrap sales	2	82,652	183,542	94,215	130,443
Interest income	2	491	408	8,267	436
Gain on exchange		-	21,037	-	10,874
Dividend income		2	-	135,052	75,595
Others		5,237	2,429	8,124	6,806
Total revenues		<u>5,662,038</u>	<u>6,125,970</u>	<u>3,612,643</u>	<u>3,386,713</u>
Expenses					
Cost of sales and services	2	5,128,390	5,688,663	2,990,491	3,067,220
Selling expenses		71,891	54,528	42,197	23,958
Administrative expenses		199,331	187,203	94,931	86,610
Loss on exchange		10,741	-	7,561	-
Total expenses		<u>5,410,353</u>	<u>5,930,394</u>	<u>3,135,180</u>	<u>3,177,788</u>
Profit before finance cost and income tax		<u>251,685</u>	<u>195,576</u>	<u>477,463</u>	<u>208,925</u>
Finance cost		(106,551)	(108,201)	(71,791)	(58,879)
Profit before income tax		<u>145,134</u>	<u>87,375</u>	<u>405,672</u>	<u>150,046</u>
Income tax revenue (expenses)	14	4,031	(10,542)	9,489	(6,218)
Profit for the period		<u>149,165</u>	<u>76,833</u>	<u>415,161</u>	<u>143,828</u>
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		<u>12,203</u>	<u>(10,382)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>12,203</u>	<u>(10,382)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>161,368</u>	<u>66,451</u>	<u>415,161</u>	<u>143,828</u>
Basic earnings per share (Baht)					
Profit attributable to equity holders of the Company	15	<u>0.15</u>	<u>0.08</u>	<u>0.41</u>	<u>0.14</u>
Weighted average number of ordinary shares (shares)		<u>1,023 million</u>	<u>1,000 million</u>	<u>1,023 million</u>	<u>1,000 million</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit before tax	145,134	87,375	405,672	150,046
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	7,560	490	1,862	335
Reduction of inventory to net realisable value (reversal)	7,888	9,239	12,334	(1,564)
Allowance for doubtful accounts (reversal)	2,687	(1,095)	-	-
Depreciation and amortisation	289,923	327,431	138,388	139,819
Gains on sales of property, plant and equipment	(590)	(616)	(93)	(455)
Provision for long-term employee benefits	7,525	7,195	3,693	3,518
Dividend income	(2)	-	(135,052)	(75,595)
Deferred interest	2,049	2,639	1,646	2,154
Interest expenses	95,505	91,837	65,876	55,789
Profit from operating activities before changes in operating assets and liabilities	557,679	524,495	494,326	274,047
Operating assets (increase) decrease				
Trade and other receivables	96,669	(171,079)	(163,499)	(261,691)
Inventories	77,856	(378,018)	(208,659)	(220,713)
Other current assets	50,888	(72,313)	48,224	(70,352)
Other non-current assets	911	(1,238)	(80)	(171)
Operating liabilities increase (decrease)				
Trade and other payables	(221,060)	236,027	77,072	442,084
Other current liabilities	(24,337)	(65,935)	3,681	(26,653)
Cash flows from operating activities	538,606	71,939	251,065	136,551
Cash paid for interest expenses	(96,699)	(93,428)	(64,467)	(56,472)
Cash paid for income tax	(7,742)	(5,599)	(322)	(374)
Net cash flows from (used in) operating activities	<u>434,165</u>	<u>(27,088)</u>	<u>186,276</u>	<u>79,705</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	723	4,185	93	1,176
Acquisition of property, plant and equipment and intangible assets	(91,258)	(144,813)	(43,139)	(35,682)
Increase in short-term loans to related parties	-	-	(81,571)	(10,812)
Dividend income	2	-	35,002	75,595
Decrease in restricted bank deposit	-	410	-	-
Net cash flows from (used in) investing activities	<u>(90,533)</u>	<u>(140,218)</u>	<u>(89,615)</u>	<u>30,277</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(115,264)	567,720	51,933	278,201
Repayment of long-term loans	(242,879)	(325,000)	(222,900)	(325,000)
Increase (decrease) in short-term loans from related parties	-	-	61,158	(52,104)
Cash paid for liabilities under financial lease agreements	(12,752)	(12,835)	(9,380)	(9,683)
Cash received from increase share capital	400,000	-	400,000	-
Dividend paid	(467,241)	-	(467,243)	-
Net cash flows from (used in) financing activities	<u>(438,136)</u>	<u>229,885</u>	<u>(186,432)</u>	<u>(108,586)</u>
Increase (decrease) in translation adjustments	<u>5,713</u>	<u>(2,022)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(88,791)</u>	<u>60,557</u>	<u>(89,771)</u>	<u>1,396</u>
Cash and cash equivalents at beginning of period	<u>249,262</u>	<u>119,910</u>	<u>182,546</u>	<u>64,136</u>
Cash and cash equivalents at end of period	<u>160,471</u>	<u>180,467</u>	<u>92,775</u>	<u>65,532</u>

Supplement cash flows information

1) Non-cash related transaction for investing activities

Net increase (decrease) in trust receipts and other

accounts payable for purchases of fixed assets

Dividend receivable

(4,316)	5,858	(705)	7,356
-	-	100,050	-

2) Non-cash related transaction for financing activities

Dividend payable

Assets acquired under financial lease agreements

33,434	675	33,430	675
2,833	6,530	-	2,700

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

Consolidated financial statements

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency	Surplus from business combination under common control	
Balance as at 1 January 2014	1,000,000	500,000	100,000	713,966	(11,116)	207,898	196,782	2,510,748
Profit for the period	-	-	-	76,833	-	-	-	76,833
Other comprehensive income for the period	-	-	-	-	(10,382)	-	(10,382)	(10,382)
Total comprehensive income for the period	-	-	-	76,833	(10,382)	-	(10,382)	66,451
Balance as at 30 June 2014	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>790,799</u>	<u>(21,498)</u>	<u>207,898</u>	<u>186,400</u>	<u>2,577,199</u>
Balance as at 1 January 2015	1,000,000	500,000	100,000	271,386	(19,803)	207,898	188,095	2,059,481
Increase share capital (Note 13)	200,000	200,000	-	-	-	-	-	400,000
Profit for the period	-	-	-	149,165	-	-	-	149,165
Other comprehensive income for the period	-	-	-	-	12,203	-	12,203	12,203
Total comprehensive income for the period	-	-	-	149,165	12,203	-	12,203	161,368
Balance as at 30 June 2015	<u>1,200,000</u>	<u>700,000</u>	<u>100,000</u>	<u>420,551</u>	<u>(7,600)</u>	<u>207,898</u>	<u>200,298</u>	<u>2,620,849</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2014	1,000,000	500,000	100,000	558,779	2,158,779
Profit for the period	-	-	-	143,828	143,828
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	143,828	143,828
Balance as at 30 June 2014	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>702,607</u>	<u>2,302,607</u>
Balance as at 1 January 2015	1,000,000	500,000	100,000	315,711	1,915,711
Increase share capital (Note 13)	200,000	200,000	-	-	400,000
Profit for the period	-	-	-	415,161	415,161
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	415,161	415,161
Balance as at 30 June 2015	<u>1,200,000</u>	<u>700,000</u>	<u>100,000</u>	<u>730,872</u>	<u>2,730,872</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month and six-month periods ended 30 June 2015

1. General information

1.1 Corporate information

Kulthorn Kirby Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public company on 13 September 1994. The Company is domiciled in Thailand and principally engaged in the manufacturing and distribution of hermetic compressors, with its registered address at 126 Soi Chalongkrung 31, Chalongkrung Road, Khwaeng Lamplatew, Khet Latkrabang, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) “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 interim financial statements.

1.3 Basis of consolidation

The interim consolidated financial statements included the financials statements of Kulthorn Kirby Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014. There have been no changes in the composition of its subsidiaries during the period.

1.4 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

1.5 Significant 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 2014.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties mainly in respect of sales and purchases of goods. Such transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company, the subsidiaries and those parties. Below is a summary of those transactions.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	436,527	474,057	Market price
Sales and service income and scrap sales	-	-	112,558	115,578	Approximate market price
Dividend income	-	-	135,050	75,595	At the declared rate
Other income	-	-	2,304	3,856	Mutually agreed price as stipulated in the contract
Rental income	-	-	632	632	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	7,521	635	Interest rate at 0.25 - 6.75 percent per annum (2014: 0.25 - 3.70 percent per annum)
Interest income	-	-	5,155	49	Interest rate at 3.25 - 6.65 percent per annum (2014: 3.25 percent per annum)
Other expenses	-	-	1,293	14	Mutually agreed price as stipulated in the contract
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	147,113	152,087	91,472	87,085	Approximate market price
Sales of vehicle	350	-	-	-	Mutually agreed price
Purchases of goods	21,820	26,705	20,817	20,957	Market price
Rental expense	2,965	2,808	-	-	Mutually agreed price as stipulated in the contract
Other income	109	1	109	1	Mutually agreed price as stipulated in the contract
Other expenses	4,059	525	1,870	-	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<i><u>Transactions with subsidiaries</u></i> (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	910,573	997,170	Market price
Sales and service income and scrap sales	-	-	190,328	230,143	Approximate market price
Sales of vehicle	-	-	-	652	Mutually agreed price
Dividend income	-	-	135,050	75,595	At the declared rate
Other expenses	-	-	1,293	14	Mutually agreed price as stipulated in the contract
Other income	-	-	4,948	6,483	Mutually agreed price as stipulated in the contract
Rental income	-	-	1,265	1,265	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	12,185	1,420	Interest rate at 0.25 - 6.75 percent per annum (2014: 0.25 - 3.90 percent per annum)
Interest income	-	-	7,847	114	Interest rate at 3.25 - 6.85 percent per annum (2014: 3.25 percent per annum)
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	305,207	313,177	181,252	184,060	Approximate market price
Sales of vehicle	350	-	-	-	Mutually agreed price
Purchases of goods	43,867	50,925	42,025	37,852	Market price
Rental expense	6,674	5,615	-	-	Mutually agreed price as stipulated in the contract
Other income	168	91	168	88	Mutually agreed price as stipulated in the contract
Other expenses	8,070	1,588	5,214	-	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 June 2015 and 31 December 2014 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	121,456	29,238
Related companies (related by common director/shareholder)	135,201	107,449	79,028	58,176
Trade and other receivables - related parties	135,201	107,449	200,484	87,414
<u>Dividend receivable - related parties</u>				
Subsidiary companies	-	-	100,050	-
Dividend receivable - related parties	-	-	100,050	-
<u>Trade and other payables - related parties</u>				
(Note 10)				
Subsidiary companies	-	-	548,190	611,673
Related companies (related by common director/shareholder)	41,960	47,607	20,790	19,967
Total trade and other payables - related parties	41,960	47,607	568,980	631,640

Short-term loans to and short-term loans from related parties

During the six-month period ended 30 June 2015, short-term loans between the Company and its subsidiaries had the following movements:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 1 January 2015	Increase during the period	Balance as at 30 June 2015
<u>Short-term loan to subsidiary</u>			
Kulthorn Materials and Controls Co., Ltd.	208,000	100,000	308,000
Total	208,000	100,000	308,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	1 January 2015	during the period	during the period	30 June 2015
<u>Short-term loan from subsidiary</u>				
Kulthorn Premier Co., Ltd.	380,000	94,000	(24,000)	450,000
Total	380,000	94,000	(24,000)	450,000

On 1 August 2013, the Company entered into Liquidity Management Agreement (Cash Sweep) with its subsidiaries to balance out cash shortfalls and surpluses of each company. The Company assigns a commercial bank to transfer the balance of the Company and its subsidiaries to the specified accounts in accordance with the terms and condition set forth in the agreement, for liquidity management purposes under terms and conditions of the Agreement.

Each transfer of balances from one account to another account will be treated as lending between the Company and its subsidiaries and interest will be calculated at agreed rate as stipulated in the Agreement.

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	30 June 2015	31 December 2014
<u>Short-term loans to related parties</u>		
Kulthorn Materials and Controls Co., Ltd.	9,460	11,600
Kulthorn Kirby Foundry Co., Ltd.	509	10,000
Kulthorn Metal Product Co., Ltd.	-	7,457
Kulthorn Steel Co., Ltd.	659	-
Total short-term loans to related parties	10,628	29,057
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	111,203	90,922
Kulthorn Steel Co., Ltd.	-	32,689
Kulthorn Metal Product Co., Ltd.	3,566	-
Total short-term loans from related parties	114,769	123,611

(Unaudited but reviewed)

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

For the three-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	12,424	8,666	4,807	4,396
Post-employment benefits	213	200	88	78
Total	<u>12,637</u>	<u>8,866</u>	<u>4,895</u>	<u>4,474</u>

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	24,107	17,327	9,357	8,790
Post-employment benefits	421	400	167	157
Total	<u>24,528</u>	<u>17,727</u>	<u>9,524</u>	<u>8,947</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 17.4 to the financial statements.

(Unaudited but reviewed)

3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 30 June 2015 and 31 December 2014 categorised by their aging from due dates is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<u>Trade receivables - related parties</u>				
Not yet due	103,635	79,459	138,820	53,627
Overdue				
Less than 3 months	22,920	15,199	15,773	6,511
3 - 6 months	-	1,297	1,830	1,000
6 - 12 months	594	453	-	-
Over 12 months	5,197	8,460	1,965	5,682
Total trade receivables - related parties	132,346	104,868	158,388	66,820
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,480,232	1,473,616	748,963	630,404
Overdue				
Less than 3 months	438,122	572,271	246,352	308,311
3 - 6 months	16,836	14,316	1,275	4,104
6 - 12 months	9,168	1,876	-	-
Over 12 months	19,604	21,830	284	298
Total	1,963,962	2,083,909	996,874	943,117
Less: Allowance for doubtful debts	(17,911)	(15,224)	(418)	(418)
Total trade receivables - unrelated parties	1,946,051	2,068,685	996,456	942,699
Total trade receivables - net	2,078,397	2,173,553	1,154,844	1,009,519
<u>Other receivables</u>				
Advances - related parties	2,855	2,581	42,096	20,594
Others	4,596	3,325	3,566	2,261
Total other receivables	7,451	5,906	45,662	22,855
Total trade and other receivables - net	2,085,848	2,179,459	1,200,506	1,032,374

The outstanding balance of the Company's trade accounts receivable as at 31 December 2014 included approximately Baht 85.2 million of trade accounts receivable that have been sold at a discount to a local commercial bank. The Company still had obligations under the guarantee it provided in respect of the sale.

(Unaudited but reviewed)

4. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the six-month period ended 30 June 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	92,699	23,314
Reduction of inventory to net realisable value	<u>7,888</u>	<u>12,334</u>
Balance as at 30 June 2015	<u><u>100,587</u></u>	<u><u>35,648</u></u>

5. Investments in subsidiaries

As at 30 June 2015 and 31 December 2014, the Company has long-term investments in ordinary share of the following companies:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the six-month periods ended	
	30 June 2015	31 December 2014	30 June 2015 (%)	31 December 2014 (%)	30 June 2015	31 December 2014	30 June 2015	30 June 2014
Kulthorn Kirby Foundry Company Limited	475,000	475,000	100	100	639,999	639,999	119,050	-
Kulthorn Premier Company Limited	1,260,000	1,260,000	100	100	1,936,751	1,936,751	-	75,595
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999	16,000	-
Kulthorn Materials and Controls Company Limited	350,000	350,000	100	100	240,630	240,630	-	-
Total					3,217,379	3,217,379	135,050	75,595
Less: Allowance for impairment loss on investments in subsidiaries					(783,007)	(783,007)	-	-
Investments in subsidiaries - net					<u><u>2,434,372</u></u>	<u><u>2,434,372</u></u>	<u><u>135,050</u></u>	<u><u>75,595</u></u>

On 6 May 2015, the Board of Directors' Meeting of the Company No. 4/2558 passed a resolution to increase in the share capital of Kulthorn Materials and Controls Company Limited by Baht 100 million (1 million ordinary shares of Baht 100 each) from Baht 350 million (3.5 million ordinary shares of Baht 100 each) to Baht 450 million (4.5 million ordinary shares of Baht 100 each). The subsidiary had registered the increase in its registered and paid-up share capital with the Ministry of Commerce on 22 July 2015.

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	3,517,006	1,544,948
Acquisitions during the period - at cost	84,306	39,418
Disposals during the period - net book value at disposal date	(119)	-
Write-off during the period - net book value at write-off date	(15)	-
Depreciation for the period	(284,796)	(136,806)
Translation adjustment	6,145	-
Net book value as at 30 June 2015	3,322,527	1,447,560

The Company and its subsidiaries have mortgaged and negative pledged their land and building thereon and machinery with financial institutions to secure against credit facilities and loans obtained from those financial institutions as discussed in Note 9 and 11 to the financial statements.

7. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 June 2015	31 December 2014
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

8. Intangible assets

Movements of the intangible assets account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	82,174	25,685
Acquisitions during the period - at cost	5,469	3,016
Amortisation for the period	(5,127)	(1,582)
Translation adjustment	181	-
Net book value as at 30 June 2015	82,697	27,119

(Unaudited but reviewed)

9. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
		2015	2014	2015	2014
Bank overdrafts	7.38	26,866	26,719	3,349	170
Short-term loans	3.70 - 6.50	863,736	790,466	650,736	548,466
Trust receipts	1.91 - 5.63	1,869,105	1,843,134	708,372	650,835
Packing credit	3.85 - 6.30	918,590	1,040,371	599,318	623,093
Loans from discounting of accounts receivable	-	-	85,184	-	85,184
Total		3,678,297	3,785,874	1,961,775	1,907,748

Bank overdrafts and short-term loans from financial institutions of the Company and its subsidiaries are secured by a mortgage and negative pledge of their land, building and machinery.

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Trade payables - related parties	23,231	24,322	520,873	542,390
Trade payables - unrelated parties	856,041	1,166,088	547,967	483,595
Other payables - related parties	18,729	23,285	45,621	89,109
Other payables - unrelated parties	186,570	146,779	121,699	66,031
Accrued interest expenses - related parties	-	-	2,486	141
Accrued interest expenses - unrelated parties	2,433	3,630	1,190	2,126
Accrued expenses	176,203	119,973	72,202	46,824
Total trade and other payables	1,263,207	1,484,077	1,312,038	1,230,216

(Unaudited but reviewed)

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Long-term loans	615,650	858,529	411,800	634,700
Less: Current portion of long-term loans	(404,920)	(675,240)	(363,200)	(634,700)
Long-term loans, net of current portion	<u>210,730</u>	<u>183,289</u>	<u>48,600</u>	<u>-</u>

Movements of the long-term loans account during the six-month period ended 30 June 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	858,529	634,700
Less: Repayment during the period	<u>(242,879)</u>	<u>(222,900)</u>
Balance as at 30 June 2015	<u>615,650</u>	<u>411,800</u>

During 2010, the Company and its subsidiaries entered into a new Credit Facility Agreement with two commercial banks to obtain loan facilities including long-term loan facility, working capital facility, contingent facility and hedging facility.

In November 2010, the Company drawdown Baht 2,400 million loan from the banks, the loan shall be repaid within the year 2015. The repayment of the principal is to be made in 21 quarterly installments, of Baht 100 million each for the 1st quarter, the 3rd quarter, and the 4th quarter of each year and Baht 200 million for the 2nd quarter of each year, with the first installment to be paid in December 2010.

In April 2011, the Company and its subsidiaries entered into the First Amendment to Credit Facilities Agreement to obtain additional credit facilities. The Company drawdown additional Baht 200 million loan from the banks.

In December 2011, the Company and its subsidiaries entered into the Second Amendment and Novation Agreement to Credit Facility Agreement, in order to make a new commercial bank be the Acceding Lender for the existing Credit Facility Agreement and the Company and its subsidiaries obtained additional credit facilities including long-term loan of Baht 200 million. The additional long-term loan amount was drawdown in year 2012, and to be repaid within year 2015 by 16 quarterly installments, of Baht 12.5 million each. The first installment is to be paid in March 2012.

(Unaudited but reviewed)

In September 2014, the Company and its subsidiaries entered into the Third Amendment to Credit Facilities Agreement in order to extend the repayment period. The loan shall be repaid within the year 2016. The repayment of the principal is to be made in 9 quarterly installments, of Baht 74.3 million each for the 1st quarter, the 3rd quarter, and the 4th quarter of each year, Baht 140.3 million for the 2nd quarter of each year and Baht 48.6 million for the 3rd quarter of 2016, with the first installment to be paid in September 2014.

The loan is subject to interest at the rate with reference to THBFIX, and interest is to be paid on a monthly basis.

Under the loan agreement, the Company and its subsidiaries have to comply with certain conditions including maintaining interest bearing debt to EBITDA ratio not exceeding 5:1 for the consolidated financial statements, debt to equity ratio for the consolidated financial statements not exceeding 5:1 in Financial Year 2010; 4:1 in Financial Year 2011; 3.5:1 in Financial Year 2012; and 2.75:1 from 1 January 2013 onwards, current ratio for consolidated financial statements not less than 1:1, and debt service coverage ratio for the consolidated financial statements not less than 1.2:1.

As at 23 December 2014, the Company and its subsidiaries received the waiver letter for certain covenant ratio from all lenders for the year ended 31 December 2014. The Company and its subsidiaries have to comply with certain conditions including maintaining interest bearing debt to EBITDA ratio not exceeding 5.5:1, current ratio for consolidated financial statements not less than 0.9:1 and debt service coverage ratio for the consolidated financial statements not less than 1:1. However, as at 31 December 2014, the Company and its subsidiaries could not maintain debt to equity ratio as specified in the Credit Facility Agreement, which resulted in the loan becoming payable on demand. The Company and its subsidiaries have reclassified of long-term loan to be included in the current portion of long-term loans. In February 2015, the Company and its subsidiaries have requested the waiver for such non-compliance and have got an approval in April 2015. The classification of such liabilities as at 31 December 2014 to be current is in accordance with financial reporting standards.

As at 30 June 2015, the Company and its subsidiaries received the waiver letter for maintain covenant ratio from all lenders for the period ended 30 June 2015. The Company and its subsidiaries have to comply with certain conditions including maintaining current ratio for consolidated financial statements not less than 0.90:1. As at 30 June 2015, the Company and its subsidiaries could maintain all conditions in the waiver letter and the loan agreement.

During the six-month period ended 30 June 2015, the Company and its subsidiaries have not entered into new loan agreement with financial institution.

Long-term loans from bank are guaranteed by the mortgage and pledge of the Company's and subsidiaries' property, plant and machinery.

(Unaudited but reviewed)

The Company has entered into a cross currency interest rate swap contract for a portion of the above loan as discussed in Note 18 to the financial statements.

During the year 2014, a subsidiary has new loan agreements of Baht 228.2 million with two financial institutions, which are guaranteed by the mortgage and pledge of the subsidiary's machinery.

12. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Liabilities under financial lease agreements	59,690	69,310	46,616	55,996
Less: Deferred interest	(5,338)	(7,087)	(4,308)	(5,954)
Total	54,352	62,223	42,308	50,042
Less: Portion due within one year	(21,486)	(20,573)	(16,313)	(15,746)
Liabilities under financial lease agreements, net of current portion	32,866	41,650	25,995	34,296

The Company and its subsidiaries have entered into the finance lease agreements for rental of machinery and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

13. Share capital

On 23 April 2015, the Annual General Meeting of the Company's shareholders No. 36/2558 passed resolutions approval of an increase in the Company's share capital from Baht 1,000 million (1,000 million ordinary shares of Baht 1 each) to Baht 1,200 million (1,200 million ordinary shares of Baht 1 each) through the issuance of 200 million ordinary shares with a par value of Baht 1 each to the existing shareholders pursuant to their shareholdings in the Company at the proportion of 5 existing shares to 1 new share at the subscription price of Baht 2 per share. The Company had registered the increase in its registered and paid-up share capital with the Ministry of Commerce on 10 June 2015.

(Unaudited but reviewed)

14. 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 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	372	1,596	4,089	8,960
Deferred tax:				
Relating to origination and reversal of temporary differences	(409)	(732)	(8,120)	1,582
Income tax expense (revenue) reported in the statements of comprehensive income	<u>(37)</u>	<u>864</u>	<u>(4,031)</u>	<u>10,542</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,762)	(696)	(9,489)	6,218
Income tax expense (revenue) reported in the statements of comprehensive income	<u>(2,762)</u>	<u>(696)</u>	<u>(9,489)</u>	<u>6,218</u>

15. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

(Unaudited but reviewed)

16. Segment information

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2015 and 2014, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 June												Adjustments and eliminations		Consolidated	
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue																
External customers	1,883	2,047	345	489	267	269	243	225	19	27	2,757	3,057	-	-	2,757	3,057
Inter-segment	99	58	187	204	167	187	123	199	39	35	615	683	(615)	(683)	-	-
Total revenue	1,982	2,105	532	693	434	456	366	424	58	62	3,372	3,740	(615)	(683)	2,757	3,057
Results																
Segment gross profit	188	128	(5)	(63)	12	14	37	34	6	14	238	127	17	32	255	159
Other income															41	101
Gain (loss) on exchange															(33)	4
Selling and distribution expenses															(38)	(31)
Administrative expenses															(94)	(85)
Finance cost															(55)	(55)
Profit before income tax															76	93
Income tax revenue (expenses)															-	(1)
Profit for the period															76	92

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

.....
Directors

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Compressors										Adjustments and		Consolidated			
	and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		eliminations			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue																
External customers	3,752	3,893	730	1,003	568	441	479	528	45	54	5,574	5,919	-	-	5,574	5,919
Inter-segment	162	196	383	424	349	419	268	342	77	76	1,239	1,457	(1,239)	(1,457)	-	-
Total revenue	<u>3,914</u>	<u>4,089</u>	<u>1,113</u>	<u>1,427</u>	<u>917</u>	<u>860</u>	<u>747</u>	<u>870</u>	<u>122</u>	<u>130</u>	<u>6,813</u>	<u>7,376</u>	<u>(1,239)</u>	<u>(1,457)</u>	<u>5,574</u>	<u>5,919</u>
Results																
Segment gross profit	386	104	(78)	(101)	27	32	61	113	12	25	408	173	37	57	445	230
Other income															88	187
Gain (loss) on exchange															(11)	21
Selling and distribution expenses															(72)	(55)
Administrative expenses															(199)	(187)
Finance cost															(106)	(108)
Profit before income tax															145	88
Income tax revenue (expenses)															4	(11)
Profit for the period															<u>149</u>	<u>77</u>

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

.....
Directors

(Unaudited but reviewed)

17. Commitment and contingent liabilities

17.1 Capital commitments

As at 30 June 2015, the Company and its subsidiaries have capital commitments of approximately Baht 2.8 million (31 December 2014: Baht 6.6 million) (the Company only as at 31 December 2014: Baht 2.8 million), relating to the acquisition of machinery and computer software.

17.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, motor vehicles, and office equipment. The terms of the agreements are generally between 1 and 3 years. Future minimum lease payments required under these operating leases agreements were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Payable within:				
In up to 1 year	21.4	27.5	0.3	0.4
In over 1 year and up to 3 years	9.0	16.0	0.1	0.2

17.3 Long-term service commitments

- a) The Company and its subsidiaries have commitments relating to service agreements payable in the future as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Payable within:				
In up to 1 year	10.0	11.0	0.5	2.3
In over 1 year	0.1	0.6	-	-

- b) A subsidiary company entered into technical license and royalty agreement with an oversea company. Under the agreement the subsidiary company has obliged to pay license and royalty fee to that company at the rate stipulated in the agreement. The agreement has been in effect since 15 July 2004 and shall continue unless cancelled by either party.

(Unaudited but reviewed)

As at 30 June 2015, the subsidiary has outstanding royalty fees amounting to approximately Baht 17.6 million (31 December 2014: Baht 17.6 million) which was included in other current liabilities.

- c) The Company and its subsidiaries have commitments related to sales commissions payable to sale agents at the rate stipulated in the agreements or rate agreed between parties.

17.4 Guarantees

- a) As at 30 June 2015, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Magnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 60 million or equivalent to Baht 326.8 million (31 December 2014: RMB 100 million or equivalent to a total of Baht 535.2 million).
- b) As at 30 June 2015, there were outstanding bank guarantees of approximately Baht 78.8 million (31 December 2014: Baht 78.8 million), the Company only: Baht 22.4 million (31 December 2014: Baht 22.6 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries. These include letter of guarantee to guarantee electricity usage amounting to Baht 75.2 million (31 December 2014: Baht 75.0 million), the Company only: Baht 19.2 million (31 December 2014: Baht 19.2 million) and to guarantee import duty and others amounting to Baht 3.6 million (31 December 2014: Baht 3.8 million), the Company only: Baht 3.2 million (31 December 2014: Baht 3.4 million).

18. Foreign currency risk and interest rate risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from purchases and sales of goods in foreign currencies, and to interest rate risk from fluctuation in interest rate. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts which generally mature within one year, and cross currency interest rate swap contract when they consider appropriate.

Below is the summary of the Company and its subsidiaries' foreign currencies-denominated financial assets/liabilities.

Foreign currency	As at 30 June 2015					
	Consolidated		Separate		Exchange rate	
	financial statements		financial statements		Buying	Selling
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	(Baht per one foreign currency unit)	
	(Million)	(Million)	(Million)	(Million)		
US dollar	19	27	13	10	33.6270	33.9266
Euro	2	-	2	-	37.4610	38.1199
Japanese yen	1	3	-	2	0.2730	0.2786

(Unaudited but reviewed)

As at 31 December 2014

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	24	67	16	25	32.8128	33.1132
Euro	2	-	2	-	39.7507	40.3552

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries had outstanding forward exchange contracts with maturities less than one year and cross currency interest rate swap contract as follows:

Forward exchange contracts

The Company and its subsidiaries had outstanding forward exchange contract as follows:

As at 30 June 2015

Consolidated financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	1.1	0.4	19 October - 10 November 2015	32.63 - 33.69	33.37

As at 31 December 2014

Consolidated financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	7.9	3.1	11 February - 19 June 2015	32.12 - 33.07	32.90 - 33.20

(Unaudited but reviewed)

As at 30 June 2015					
Separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	0.1	0.4	9 - 10 November 2015	33.69	33.37

As at 31 December 2014					
Separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	1.6	1.9	11 February - 19 June 2015	32.12 - 32.60	33.02 - 33.20

Cross currency interest rate swap contract

On 4 March 2011, the Company entered into a cross currency interest rate swap contract with a bank for a principal of Baht 1,500 million, with effective date on 31 March 2011, and has entered into an amendment on 21 November 2012 to transmit some terms and conditions for outstanding principal of Baht 1,162.5 million. Termination date of the contract is 31 December 2015. The objectives of the contract after amendment are

1. to convert loan in Thai Baht of 1,037.5 million to USD 33.8 million.
2. to calculate the interest for the loan of Baht 1,162.5 million whereby loan principal of Baht 1,162.5 million be converted to USD 37.9 million and interest calculation be changed from floating interest rate of THB-THBFIX-Reuters plus 3% per annum calculated on the balance of THB notional amount to floating interest rate of USD-LIBOR-BBA plus 4.22% per annum calculated on the balance of USD notional amount.

As at 30 June 2015, fair value of cross currency interest rate swap contract is lower than trade date of Baht 16.3 million (31 December 2014: Baht 24.9 million).

Fair value of cross currency interest rate swap contract has been calculated using rate quoted by the Company's banker as if the contract was terminated at the end of reporting period.

(Unaudited but reviewed)

Commodity hedge agreements

As at 30 June 2015

Type of goods	Quantity	Maturity date	Contract price	Market price
	(Ton)		(per unit)	(per unit)
Copper	50	September 2015	RMB 42,600	RMB 42,210

As at 31 December 2014

Type of goods	Quantity	Maturity date	Contract price	Market price
	(Ton)		(per unit)	(per unit)
Copper	100	February - May 2015	RMB 44,840 - 48,243	RMB 45,080 - 46,090

19. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 5 August 2015.