

Kulthorn Kirby Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 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 31 March 2015, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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: 6 May 2015

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		102,976	249,262	58,481	182,546
Trade and other receivables	2, 3	2,271,090	2,179,459	1,174,351	1,032,374
Short-term loans to related parties	2	-	-	317,882	237,057
Inventories	4	2,719,702	2,660,305	1,350,669	1,246,248
VAT receivable		134,277	124,201	92,843	86,536
Other current assets		68,512	74,256	17,075	13,951
Total current assets		5,296,557	5,287,483	3,011,301	2,798,712
Non-current assets					
Investments in subsidiaries	5	-	-	2,434,372	2,434,372
Property, plant and equipment	6	3,420,606	3,517,006	1,503,407	1,544,948
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	84,632	82,174	27,758	25,685
Deferred tax assets	13	67,273	59,616	20,247	13,520
Other non-current assets		3,980	3,115	1,548	1,468
Total non-current assets		3,576,491	3,661,911	3,987,332	4,019,993
Total assets		8,873,048	8,949,394	6,998,633	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 31 March 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2015	31 December 2014	31 March 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	4,016,145	3,785,874	2,056,247	1,907,748
Trade and other payables	2, 10	1,358,677	1,484,077	1,318,446	1,230,216
Short-term loan from related party	2	-	-	530,187	503,611
Current portion of long-term loans	11	404,326	675,240	363,200	634,700
Current portion of liabilities under					
financial lease agreements	12	20,933	20,573	16,027	15,746
Dividend payable		344,858	500,675	344,854	500,673
Income tax payable		11,469	8,073	-	-
Other current liabilities		44,297	59,739	15,171	12,986
Total current liabilities		6,200,705	6,534,251	4,644,132	4,805,680
Non-current liabilities					
Long-term loans - net of current portion	11	361,685	183,289	188,900	-
Liabilities under financial lease agreements - net					
of current portion	12	36,926	41,650	30,183	34,296
Provision for long-term employee benefits		134,366	130,723	64,777	63,018
Total non-current liabilities		532,977	355,662	283,860	97,314
Total liabilities		6,733,682	6,889,913	4,927,992	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 31 March 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2015 (Unaudited but reviewed)	As at 31 December 2014 (Audited)	As at 31 March 2015 (Unaudited but reviewed)	As at 31 December 2014 (Audited)
Shareholders' equity				
Share capital				
Registered				
1,000,000,000 ordinary shares of Baht 1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up				
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000	1,000,000	1,000,000
Share premium	500,000	500,000	500,000	500,000
Retained earnings				
Appropriated - statutory reserve	100,000	100,000	100,000	100,000
Unappropriated	344,329	271,386	470,641	315,711
Other components of shareholders' equity	<u>195,037</u>	<u>188,095</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>2,139,366</u>	<u>2,059,481</u>	<u>2,070,641</u>	<u>1,915,711</u>
Total liabilities and shareholders' equity	<u>8,873,048</u>	<u>8,949,394</u>	<u>6,998,633</u>	<u>6,818,705</u>

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 31 March 2015**

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit or loss:					
Revenues					
Sales and service income	2, 15	2,816,924	2,861,829	1,686,654	1,489,039
Other income					
Income from scrap sales	2	42,724	85,129	45,855	66,310
Interest income	2	15	28	2,696	66
Gain on exchange		22,276	16,899	3,938	7,514
Others		4,016	1,301	4,898	3,964
Total revenues		2,885,955	2,965,186	1,744,041	1,566,893
Expenses					
Cost of sales and services	2	2,626,154	2,791,441	1,494,121	1,524,208
Selling expenses		34,437	24,175	19,947	8,358
Administrative expenses		105,231	102,032	48,330	43,072
Total expenses		2,765,822	2,917,648	1,562,398	1,575,638
Profit (loss) before finance cost and income tax		120,133	47,538	181,643	(8,745)
Finance cost		(51,184)	(53,028)	(33,440)	(30,048)
Profit (loss) before income tax		68,949	(5,490)	148,203	(38,793)
Income tax	13	3,994	(9,678)	6,727	(6,914)
Profit (loss) for the period		72,943	(15,168)	154,930	(45,707)
Other comprehensive income:					
Exchange differences on translation of					
financial statements in foreign currency		6,942	(7,281)	-	-
Other comprehensive income for the period		6,942	(7,281)	-	-
Total comprehensive income for the period		79,885	(22,449)	154,930	(45,707)
Basic earnings per share (Baht)					
Profit (loss) attributable to equity holders of the Company	14	0.07	(0.02)	0.15	(0.05)

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 three-month period ended 31 March 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit (loss) before tax	68,949	(5,490)	148,203	(38,793)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	143,652	165,290	68,404	69,815
Allowance for doubtful accounts (reversal)	3,370	(224)	-	-
Reduction of inventory value to net realisable value	9,855	21,127	3,194	914
Gain on sales of property, plant and equipment	(254)	(113)	(93)	-
Deferred interest	1,058	1,330	857	1,096
Provision for long-term employee benefits	3,643	3,597	1,759	1,759
Unrealised (gain) loss on exchange	(6,173)	23,619	(1,658)	15,482
Interest expenses	43,396	42,908	30,804	28,556
Profit from operating activities before changes in operating assets and liabilities	267,496	252,044	251,470	78,829
Operating assets (increase) decrease				
Trade and other receivables	(97,315)	(22,200)	(143,705)	(104,847)
Inventories	(69,252)	(366,204)	(107,615)	(174,052)
Other current assets	(3,212)	(55,416)	(9,326)	(44,386)
Other non-current assets	(864)	(1,141)	(80)	(74)
Operating liabilities increase (decrease)				
Trade and other payables	(122,975)	225,184	88,118	318,721
Other current liabilities	(7,019)	(33,880)	3,954	(26,356)
Cash flows from operating activities	(33,141)	(1,613)	82,816	47,835
Cash paid for interest expenses	(44,744)	(43,924)	(31,990)	(29,049)
Cash paid for income tax	(1,440)	(1,231)	(105)	(225)
Net cash flows from (used in) operating activities	(79,325)	(46,768)	50,721	18,561

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 three-month period ended 31 March 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				
Acquisition of property, plant and equipment and intangible assets	(60,367)	(79,567)	(30,202)	(24,429)
Proceeds from sales of property, plant and equipment	370	3,402	93	721
Decrease (increase) in short-term loans to related parties	-	410	(80,825)	3,117
Net cash flows used in investing activities	(59,997)	(75,755)	(110,934)	(20,591)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	238,434	383,213	152,680	168,832
Repayment of long-term loans	(92,518)	(112,500)	(82,600)	(112,500)
Increase in short-term loans from related parties	-	-	(43,424)	40,915
Cash received from short-term loans from related party	-	-	70,000	-
Repayment of short-term loans to related party	-	-	-	(43,000)
Cash paid for liabilities under financial lease agreements	(6,136)	(6,402)	(4,689)	(4,939)
Dividend paid	(155,819)	-	(155,819)	-
Net cash flows from (used in) financing activities	(16,039)	264,311	(63,852)	49,308
Increase in translation adjustments	9,075	886	-	-
Net increase (decrease) in cash and cash equivalents	(146,286)	142,674	(124,065)	47,278
Cash and cash equivalents at beginning of period	249,262	119,910	182,546	64,136
Cash and cash equivalents at end of period	102,976	262,584	58,481	111,414
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	(9,031)	14,468	(1,266)	11,452
2) Non-cash related transaction for financing activities				
Dividend payable	344,858	675	344,854	675
Assets acquired under financial lease agreements	714	2,700	-	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 three-month period ended 31 March 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
Loss for the period	-	-	-	(15,168)	-	-	-	(15,168)
Other comprehensive income for the period	-	-	-	-	(7,281)	-	(7,281)	(7,281)
Total comprehensive income for the period	-	-	-	(15,168)	(7,281)	-	(7,281)	(22,449)
Balance as at 31 March 2014	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>698,798</u>	<u>(18,397)</u>	<u>207,898</u>	<u>189,501</u>	<u>2,488,299</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
Profit for the period	-	-	-	72,943	-	-	-	72,943
Other comprehensive income for the period	-	-	-	-	6,942	-	6,942	6,942
Total comprehensive income for the period	-	-	-	72,943	6,942	-	6,942	79,885
Balance as at 31 March 2015	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>344,329</u>	<u>(12,861)</u>	<u>207,898</u>	<u>195,037</u>	<u>2,139,366</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 three-month period ended 31 March 2015

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2014	1,000,000	500,000	100,000	558,779	2,158,779
Loss for the period	-	-	-	(45,707)	(45,707)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(45,707)	(45,707)
Balance as at 31 March 2014	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>513,072</u>	<u>2,113,072</u>
Balance as at 1 January 2015	1,000,000	500,000	100,000	315,711	1,915,711
Profit for the period	-	-	-	154,930	154,930
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	154,930	154,930
Balance as at 31 March 2015	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>470,641</u>	<u>2,070,641</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 period ended 31 March 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.

(Unaudited but reviewed)

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.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated financial statements		Separate financial statements		
	2015	2014	2015	2014	
<i>Transactions with subsidiaries (eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	474,046	523,113	Market price
Sales and service income and scrap sales	-	-	77,770	114,565	Approximate market price
Sales vehicle	-	-	-	652	Mutually agreed price
Other income	-	-	2,644	3,999	Mutually agreed price as stipulated in the contract
Rental income	-	-	633	633	Mutually agreed price as stipulated in the contract
Purchases of assets	-	-	-	200	Mutually agreed price
Interest expenses	-	-	4,664	786	Interest rate at 0.25 - 6.65 percent per annum (2014: 3.0 - 3.9 percent per annum)
Interest income	-	-	2,692	66	Interest rate at 3.25 - 6.65 percent per annum (2014: 3.25 percent per annum)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2015	2014	2015	2014	
<u>Transactions with related parties</u>					
Sales and service income	158,094	161,090	89,780	96,975	Approximate market price
Purchases of goods	22,047	24,220	21,208	16,895	Market price
Rental expense	3,709	3,337	-	-	Mutually agreed price as stipulated in the contract
Other income	59	90	59	87	Mutually agreed price as stipulated in the contract
Other expenses	4,011	1,063	3,344	-	Mutually agreed price as stipulated in the contract

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

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements	statements	statements	statements
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	65,654	29,238
Related companies (related by common director/shareholder)	128,401	107,449	65,066	58,176
Trade and other receivables - related parties	128,401	107,449	130,720	87,414
<u>Trade and other payables - related parties</u>				
(Note 10)				
Subsidiary companies	-	-	598,414	611,673
Related companies (related by common director/shareholder)	41,813	47,607	22,515	19,967
Total trade and other payables - related parties	41,813	47,607	620,929	631,640

(Unaudited but reviewed)

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

During the three-month period ended 31 March 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 31 March 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

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 1 January 2015	Increase during the period	Balance as at 31 March 2015
<u>Short-term loan from subsidiary</u>			
Kulthorn Premier Co., Ltd.	380,000	70,000	450,000
Total	380,000	70,000	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.

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)	
	31 March 2015	31 December 2014
<u>Short-term loans to related parties</u>		
Kulthorn Materials and Controls Co., Ltd.	9,882	11,600
Kulthorn Kirby Foundry Co., Ltd.	-	10,000
Kulthorn Metal Product Co., Ltd.	-	7,457
Total short-term loans to related parties	9,882	29,057
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	38,594	90,922
Kulthorn Steel Co., Ltd.	16,127	32,689
Kulthorn Kirby Foundry Co., Ltd.	15,676	-
Kulthorn Metal Product Co., Ltd.	9,790	-
Total short-term loans from related parties	80,187	123,611

Directors and management's remuneration

During the three-month periods ended 31 March 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	11,683	8,662	4,550	4,394
Post-employment benefits	208	200	79	78
Total	11,891	8,862	4,629	4,472

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 16.4 to the financial statements.

(Unaudited but reviewed)

3. Trade and other receivables

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
<u>Trade receivables - related parties</u>				
Not yet due	105,694	79,459	95,447	53,627
Overdue				
Less than 3 months	12,290	15,199	16,196	6,511
3 - 6 months	328	1,297	1,118	1,000
6 - 12 months	548	453	-	-
Over 12 months	7,047	8,460	4,067	5,682
Total trade receivables - related parties	125,907	104,868	116,828	66,820
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,666,715	1,473,616	901,576	630,404
Overdue				
Less than 3 months	448,147	572,271	127,908	308,311
3 - 6 months	21,260	14,316	11,339	4,104
6 - 12 months	8,788	1,876	-	-
Over 12 months	12,284	21,830	298	298
Total	2,157,194	2,083,909	1,041,121	943,117
Less: Allowance for doubtful debts	(18,594)	(15,224)	(418)	(418)
Total trade receivables - unrelated parties	2,138,600	2,068,685	1,040,703	942,699
Total trade receivables - net	2,264,507	2,173,553	1,157,531	1,009,519
<u>Other receivables</u>				
Advances - related parties	2,494	2,581	13,892	20,594
Others	4,089	3,325	2,928	2,261
Total other receivables	6,583	5,906	16,820	22,855
Total trade and other receivables - net	2,271,090	2,179,459	1,174,351	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 has 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 three-month period ended 31 March 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>9,855</u>	<u>3,194</u>
Balance as at 31 March 2015	<u><u>102,554</u></u>	<u><u>26,508</u></u>

5. Investments in subsidiaries

As at 31 March 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 three-month periods ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
	2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)				
Kulthorn Kirby Foundry Company Limited	475,000	475,000	100	100	639,999	639,999	-	-
Kulthorn Premier Company Limited	1,260,000	1,260,000	100	100	1,936,751	1,936,751	-	-
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999	-	-
Kulthorn Materials and Controls Company Limited	350,000	350,000	100	100	240,630	240,630	-	-
Total					3,217,379	3,217,379	-	-
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>-</u></u>	<u><u>-</u></u>

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 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	47,007	26,095
Disposals during the period - net book value at disposal date	(116)	-
Depreciation for the period	(141,131)	(67,636)
Translation adjustment	(2,160)	-
Net book value as at 31 March 2015	<u>3,420,606</u>	<u>1,503,407</u>

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		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Goodwill on business combination	37,620	37,620	-	-
Less: Accumulated impairment loss	(37,620)	(37,620)	-	-
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

8. Intangible assets

Movements of the intangible assets account during the three-month period ended 31 March 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	5,043	2,841
Amortisation for the period	(2,521)	(768)
Translation adjustment	(64)	-
Net book value as at 31 March 2015	<u>84,632</u>	<u>27,758</u>

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
Bank overdrafts	7.38 - 7.50	25,201	26,719	-	170
Short-term loans	3.90 - 6.75	1,023,216	790,466	784,216	548,466
Trust receipts	1.67 - 4.25	1,960,758	1,843,134	619,221	650,835
Packing credit	3.95 - 6.96	1,006,970	1,040,371	652,810	623,093
Loans from discounting of accounts receivable		-	85,184	-	85,184
Total		<u>4,016,145</u>	<u>3,785,874</u>	<u>2,056,247</u>	<u>1,907,748</u>

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.

(Unaudited but reviewed)

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Trade payables - related parties	21,198	24,322	554,331	542,390
Trade payables - unrelated parties	990,231	1,166,088	538,394	483,595
Other payables - related parties	20,615	23,285	66,590	89,109
Other payables - unrelated parties	169,554	146,779	96,396	66,031
Accrued interest expenses - related parties	-	-	8	141
Accrued interest expenses - unrelated parties	2,138	3,630	1,073	2,126
Accrued expenses	154,941	119,973	61,654	46,824
Total trade and other payables	<u>1,358,677</u>	<u>1,484,077</u>	<u>1,318,446</u>	<u>1,230,216</u>

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Long-term loans	766,011	858,529	552,100	634,700
Less: Current portion of long-term loans	(404,326)	(675,240)	(363,200)	(634,700)
Long-term loans, net of current portion	<u>361,685</u>	<u>183,289</u>	<u>188,900</u>	<u>-</u>

Movements of the long-term loans account during the three-month period ended 31 March 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate financial
	financial statements	statements
Balance as at 1 January 2015	858,529	634,700
Less: Repayment during the period	<u>(92,518)</u>	<u>(82,600)</u>
Balance as at 31 March 2015	<u>766,011</u>	<u>552,100</u>

(Unaudited but reviewed)

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.

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.

(Unaudited but reviewed)

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.

During the three-month period ended 31 March 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.

The Company has entered into a cross currency interest rate swap contract for a portion of the above loan as discussed in Note 17 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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Liabilities under financial lease agreements	63,999	69,310	51,306	55,996
Less: Deferred interest	(6,140)	(7,087)	(5,096)	(5,954)
Total	57,859	62,223	46,210	50,042
Less: Portion due within one year	(20,933)	(20,573)	(16,027)	(15,746)
Liabilities under financial lease agreements, net of current portion	36,926	41,650	30,183	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.

(Unaudited but reviewed)

13. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2015 and 2014 are made up as follows:

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	3,717	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(7,711)</u>	<u>9,678</u>	<u>(6,727)</u>	<u>6,914</u>
Income tax expense (revenue) reported in the statements of comprehensive income	<u>(3,994)</u>	<u>9,678</u>	<u>(6,727)</u>	<u>6,914</u>

14. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) 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)

15. 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 periods ended 31 March 2015 and 2014, respectively.

(Unit: Million Baht)

	For the three-month periods ended 31 March												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
Revenues																
External customers	1,869	1,846	385	514	301	172	236	303	26	27	2,817	2,862	-	-	2,817	2,862
Inter-segment	63	138	196	220	182	232	145	143	38	41	624	774	(624)	(774)	-	-
Total revenues	1,932	1,984	581	734	483	404	381	446	64	68	3,441	3,636	(624)	(774)	2,817	2,862
Results																
Segment gross profit	198	(24)	(73)	(38)	15	18	24	79	6	11	170	46	20	25	190	71
Other income															47	85
Gain on exchange															22	17
Selling and distribution expenses															(34)	(24)
Administrative expenses															(105)	(102)
Finance cost															(51)	(53)
Profit (loss) before income tax															69	(6)
Income (expenses) tax expenses															4	(9)
Profit (loss) for the period															73	(15)

(Unaudited but reviewed)

16. Commitment and contingent liabilities

16.1 Capital commitments

As at 31 March 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.

16.2 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	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Payable within:				
In up to 1 year	26.4	27.5	0.3	0.4
In over 1 year and up to 3 years	11.4	16.0	0.1	0.2

16.3 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	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Payable within:				
In up to 1 year	9.7	11.0	1.0	2.3
In over 1 year	0.4	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 31 March 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.

16.4 Guarantees

- a) As at 31 March 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 80 million or equivalent to Baht 424.5 million (31 December 2014: RMB 100 million or equivalent to a total of Baht 535.2 million).
- b) As at 31 March 2015, there were outstanding bank guarantees of approximately Baht 78.8 million (31 December 2014: Baht 78.8 million), the Company only: Baht 22.6 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 75.0 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 3.8 million (31 December 2014: Baht 3.8 million), the Company only: Baht 3.4 million (31 December 2014: Baht 3.4 million).

17. 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.

As at 31 March 2015

Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements		Buying	Selling
	Financial assets	Financial liabilities	Financial assets	Financial liabilities		
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	24	66	15	24	32.4074	32.7028
Euro	1	-	-	-	34.9145	35.5211
Japanese yen	-	2	1	1	26.8263	27.3534

(Unaudited but reviewed)

As at 31 December 2014

Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements		Buying	Selling
	Financial assets	Financial liabilities	Financial assets	Financial liabilities		
	(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 31 March 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 31 March 2015

Foreign currency	Consolidated financial statements			Contractual exchange rate	
	Bought amount	Sold amount	Contractual maturity date	Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	8.6	1.2	20 April - 21 September 2015	32.71 - 32.87	32.65 - 33.03

As at 31 December 2014

Foreign currency	Consolidated financial statements			Contractual exchange rate	
	Bought amount	Sold amount	Contractual maturity date	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 31 March 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	0.6	0.8	25 August - 21 September 2015	32.71 - 32.83	32.65 - 32.88

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 31 March 2015, fair value of cross currency interest rate swap contract is lower than trade date of Baht 15.2 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 31 March 2015

Type of goods	Quantity	Maturity date	Contract price	Market price
	(Ton)		(per unit)	(per unit)
Copper	70	May - July 2015	RMB 42,510 - 44,354	RMB 43,720 - 43,840

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

18. Events after the reporting period

On 23 April 2015, the Annual General Meeting of the Company's shareholders No. 36/2558 passed the following significant resolutions:

- 1) Approval to omit the annual dividend payment for operation results of 2014. Nevertheless, the Company paid the interim dividend from profit derived from investment promoted operations, which shareholders will be exempted from income tax, at Baht 0.50 per share for 1,000,000,000 ordinary shares, or a total of Baht 500 million. The dividend is pursuant to the approval of the Board of Directors' Meeting of the Company No. 5/2557 on 17 December 2014. Such dividend paid on 16 January 2015.
- 2) Approval of an increase in the Company's share capital from Baht 1,000 million (1,000,000,000 ordinary shares of Baht 1 each) to Baht 1,200 million (1,200,000,000 ordinary shares of Baht 1 each) through the issuance of 200,000,000 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.

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).

19. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 6 May 2015.