

Kulthorn Kirby Public Company Limited and
its subsidiaries
Report and financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of Kulthorn Kirby Public Company Limited

I have audited the accompanying consolidated financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Kulthorn Kirby Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kulthorn Kirby Public Company Limited and its subsidiaries and of Kulthorn Kirby Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to the matter as stated in Note 1.2 and Note 17 to the financial statements. As at 31 December 2014, the Company and its subsidiaries had total current liabilities in excess of total current assets of Baht 1,247 million (the Company only: Baht 2,007 million), Baht 263 million of which is caused by the classification 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, which resulted in the loans becoming payable on demand. The Company and its subsidiaries have already requested for the waiver for such non-compliance and the matter is being considered by financial institution lenders. This matter is a material uncertainty which raises substantial doubt about the Company's and its subsidiaries' ability to continue as a going concern. My opinion is not qualified in respect of this matter.

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
Bangkok: 27 February 2015

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2014

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets					
Current assets					
Cash and cash equivalents	7	249,262,452	119,910,218	182,545,963	64,135,741
Trade and other receivables	8	2,179,458,741	2,200,783,025	1,032,373,984	935,582,494
Short-term loans to related parties	6	-	-	237,057,566	6,428,883
Inventories	9	2,660,305,035	2,303,681,395	1,246,248,091	1,014,946,549
VAT receivable		124,200,865	67,314,238	86,535,594	30,812,478
Other current assets		74,256,464	84,718,085	13,950,752	7,895,730
Total current assets		5,287,483,557	4,776,406,961	2,798,711,950	2,059,801,875
Non-current assets					
Restricted bank deposit	10	-	409,750	-	-
Investments in subsidiaries	11	-	-	2,434,372,497	2,434,372,497
Property, plant and equipment	12	3,517,005,640	3,899,479,714	1,544,947,516	1,743,414,288
Goodwill on business combination	13	-	-	-	-
Other intangible assets	14	82,174,001	55,746,680	25,684,683	11,707,353
Deferred tax assets	24	59,615,903	49,541,044	13,519,909	16,383,518
Other non-current assets		3,115,432	1,430,981	1,468,149	1,249,031
Total non-current assets		3,661,910,976	4,006,608,169	4,019,992,754	4,207,126,687
Total assets		8,949,394,533	8,783,015,130	6,818,704,704	6,266,928,562

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 December 2014

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	15	3,785,874,457	3,703,462,829	1,907,748,048	1,723,294,080
Trade and other payables	16	1,484,076,620	1,128,308,515	1,230,216,246	942,280,955
Short-term loan from related party	6	-	-	503,610,895	155,765,152
Current portion of long-term loans	17	675,240,283	550,000,000	634,700,000	550,000,000
Current portion of liabilities under					
financial lease agreements	18	20,573,379	18,788,463	15,746,168	13,981,793
Dividend payable		500,674,751	674,534	500,673,274	674,534
Income tax payable		8,073,326	4,346,690	-	-
Other current liabilities	19	<u>59,738,356</u>	<u>138,219,754</u>	<u>12,984,700</u>	<u>68,031,972</u>
Total current liabilities		<u>6,534,251,172</u>	<u>5,543,800,785</u>	<u>4,805,679,331</u>	<u>3,454,028,486</u>
Non-current liabilities					
Long-term loans - net of current portion	17	183,288,947	550,000,000	-	550,000,000
Liabilities under financial lease agreements - net					
of current portion	18	41,649,392	56,087,355	34,296,232	46,447,442
Provision for long-term employee benefits	20	<u>130,723,571</u>	<u>122,379,081</u>	<u>63,017,930</u>	<u>57,673,152</u>
Total non-current liabilities		<u>355,661,910</u>	<u>728,466,436</u>	<u>97,314,162</u>	<u>654,120,594</u>
Total liabilities		<u>6,889,913,082</u>	<u>6,272,267,221</u>	<u>4,902,993,493</u>	<u>4,108,149,080</u>

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 December 2014

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Shareholders' equity					
Share capital	21				
Registered					
1,000,000,000 ordinary shares of Baht 1 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid up					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Share premium		500,000,000	500,000,000	500,000,000	500,000,000
Retained earnings					
Appropriated - statutory reserve	22	100,000,000	100,000,000	100,000,000	100,000,000
Unappropriated		271,386,195	713,966,082	315,711,211	558,779,482
Other components of shareholders' equity		<u>188,095,256</u>	<u>196,781,827</u>	-	-
Total shareholders' equity		<u>2,059,481,451</u>	<u>2,510,747,909</u>	<u>1,915,711,211</u>	<u>2,158,779,482</u>
Total liabilities and shareholders' equity		<u>8,949,394,533</u>	<u>8,783,015,130</u>	<u>6,818,704,704</u>	<u>6,266,928,562</u>

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

.....

Directors

.....

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss:					
Revenues					
Sales and service income	6, 25	11,330,117,773	10,753,923,084	6,193,749,220	4,942,463,814
Other income					
Income from scrap sales	6	392,524,876	407,039,819	246,194,292	228,413,831
Gain on exchange		13,448,397	-	6,950,526	-
Interest income	6	1,114,401	1,336,249	1,002,477	737,072
Dividend income	11	7,300	-	75,602,029	282,527,818
Others		<u>10,231,488</u>	<u>11,252,052</u>	<u>14,255,671</u>	<u>9,801,938</u>
Total revenues		<u>11,747,444,235</u>	<u>11,173,551,204</u>	<u>6,537,754,215</u>	<u>5,463,944,473</u>
Expenses					
Cost of sales and services	6	10,945,013,424	10,318,720,838	5,922,765,846	4,754,055,879
Selling expenses		126,067,548	114,124,088	64,122,209	63,250,510
Administrative expenses		411,317,062	376,913,288	177,484,968	163,172,863
Loss on exchange		-	142,392,856	-	75,569,671
Total expenses		<u>11,482,398,034</u>	<u>10,952,151,070</u>	<u>6,164,373,023</u>	<u>5,056,048,923</u>
Profit before finance cost and income tax		265,046,201	221,400,134	373,381,192	407,895,550
Finance cost		<u>(208,973,166)</u>	<u>(225,356,088)</u>	<u>(113,585,853)</u>	<u>(136,464,593)</u>
Profit (loss) before income tax		56,073,035	(3,955,954)	259,795,339	271,430,957
Income tax	24	<u>1,347,078</u>	<u>4,837,834</u>	<u>(2,863,610)</u>	<u>(2,863,058)</u>
Profit for the year		<u>57,420,113</u>	<u>881,880</u>	<u>256,931,729</u>	<u>268,567,899</u>
Other comprehensive income:					
Exchange differences on translation of					
financial statements in foreign currency		<u>(8,686,571)</u>	<u>967,006</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>(8,686,571)</u>	<u>967,006</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>48,733,542</u>	<u>1,848,886</u>	<u>256,931,729</u>	<u>268,567,899</u>
Basic earnings per share					
Profit attributable to equity holders of the Company	26	<u>0.057</u>	<u>0.001</u>	<u>0.257</u>	<u>0.289</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit (loss) before tax	56,073,035	(3,955,954)	259,795,339	271,430,957
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	621,451,754	637,241,607	277,413,926	267,284,213
Allowance for impairment loss on property, plant and equipment	516,963	-	-	-
Allowance for doubtful accounts (reversal)	8,735,741	(246,574)	-	(11,980)
Reduction of inventory value to net realisable value (reversal)	31,998,408	(20,398,266)	(358,418)	(19,234,589)
Gain on sales of property, plant and equipment	(1,206,828)	(481,454)	(1,262,139)	(702,717)
Dividend income	(7,300)	-	(75,602,029)	(282,527,818)
Deferred interest	4,994,173	3,239,470	4,069,532	2,636,734
Provision for long-term employee benefits	14,389,289	14,024,020	7,036,778	6,725,235
Unrealised loss on exchange	27,305,030	94,674,221	9,546,463	59,957,498
Interest expenses	192,306,602	209,783,826	106,666,816	131,462,768
Profit from operating activities before changes in operating assets and liabilities	956,556,867	933,880,896	587,306,268	437,020,301
Operating assets (increase) decrease				
Trade and other receivables	15,610,525	24,915,228	(95,641,101)	(15,038,149)
Inventories	(388,622,048)	(17,905,576)	(230,943,124)	(86,213,935)
Other current assets	(39,503,164)	(23,393,190)	(61,013,352)	(11,046,745)
Other non-current assets	(1,684,159)	(538,910)	(219,119)	(462,316)
Operating liabilities increase (decrease)				
Trade and other payables	352,836,349	122,688,394	300,601,858	(34,619,615)
Other current liabilities	(62,376,843)	(4,466,892)	(53,188,030)	(24,381,700)
Cash flows from operating activities	832,817,527	1,035,179,950	446,903,400	265,257,841
Cash paid for interest expenses	(192,356,271)	(215,210,398)	(105,999,836)	(131,692,932)
Cash paid for income tax	(11,950,792)	(20,356,687)	(764,784)	(528,838)
Net cash flows from operating activities	628,510,464	799,612,865	340,138,780	133,036,071

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	409,750	-	-	-
Acquisition of property, plant and equipment	(276,168,304)	(347,219,480)	(98,903,710)	(84,532,858)
Proceeds from sales of property, plant and equipment	5,134,421	28,280,732	1,960,144	1,610,838
Dividend income	7,300	-	75,602,029	282,527,818
Increase in short-term loans to related parties	-	-	(230,628,683)	-
Net cash flows from (used in) investing activities	(270,616,833)	(318,938,748)	(251,970,220)	199,605,798
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions	49,464,603	50,721,467	169,074,286	133,825,785
Repayment of short-term loan from related party	-	(37,082,439)	(104,000,000)	(30,500,000)
Cash received from short-term loan from related party	-	-	380,000,000	-
Increase in short-term loans from related parties	-	-	71,845,743	155,765,152
Cash received from long-term loans	228,192,000	-	-	-
Repayment of long-term loans	(469,662,770)	(550,000,000)	(465,300,000)	(550,000,000)
Cash paid for liabilities under financial lease agreements	(26,707,220)	(25,936,496)	(19,686,367)	(18,734,870)
Cash paid for investment in subsidiary	-	-	-	(100,000,000)
Cash paid for long term employee benefits	(6,044,799)	(5,695,486)	(1,692,000)	(3,582,880)
Cash received from increase share capital	-	300,000,000	-	300,000,000
Dividend paid	-	(170,000,000)	-	(170,000,000)
Net cash flows from (used in) financing activities	(224,758,186)	(437,992,954)	30,241,662	(283,226,813)
Decrease in translation adjustments	(3,783,211)	(20,006,622)	-	-
Net increase in cash and cash equivalents	129,352,234	22,674,541	118,410,222	49,415,056
Cash and cash equivalents at beginning of year	119,910,218	97,235,677	64,135,741	14,720,685
Cash and cash equivalents at end of year	249,262,452	119,910,218	182,545,963	64,135,741
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	(10,007,340)	(4,294,816)	(10,511,219)	1,948,411
2) Non-cash related transaction for financing activities				
Dividend payable	500,674,751	674,534	500,673,274	674,534
Assets acquired under financial lease agreements	9,060,000	54,517,609	5,230,000	40,660,094

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements								
		<u>Other components of shareholders' equity</u>						
		<u>Other comprehensive</u>						
		<u>income</u>						
		<u>Exchange</u>						
		<u>differences on</u>						
		<u>translation of</u>						
		<u>financial</u>						
		<u>statements in</u>						
		<u>foreign currency</u>						
		<u>control</u>						
		<u>from business</u>						
		<u>combination</u>						
		<u>under common</u>						
		<u>equity</u>						
		<u>components of</u>						
		<u>shareholders'</u>						
		<u>equity</u>						
		<u>Surplus</u>						
		<u>from business</u>						
		<u>combination</u>						
		<u>under common</u>						
		<u>equity</u>						
		<u>components of</u>						
		<u>shareholders'</u>						
		<u>equity</u>						
		<u>Total other</u>						
		<u>components of</u>						
		<u>shareholders'</u>						
		<u>equity</u>						
		<u>Total</u>						
		<u>shareholders'</u>						
		<u>equity</u>						
		<u>Retained earnings</u>						
		<u>Appropriated</u>						
		<u>Unappropriated</u>						
		<u>Issued and</u>						
		<u>fully paid-up</u>						
		<u>share capital</u>						
		<u>Share premium</u>						
Balance as at 1 January 2013	850,000,000	350,000,000	90,601,450	892,482,752	(12,083,128)	207,897,949	195,814,821	2,378,899,023
Profit for the year	-	-	-	881,880	-	-	-	881,880
Other comprehensive income for the year	-	-	-	-	967,006	-	967,006	967,006
Total comprehensive income for the year	-	-	-	881,880	967,006	-	967,006	1,848,886
Ordinary share capital increased during the year (Note 21)	150,000,000	150,000,000	-	-	-	-	-	300,000,000
Dividend paid (Note 29)	-	-	-	(170,000,000)	-	-	-	(170,000,000)
Transfer unappropriated retained earnings to statutory reserve	-	-	9,398,550	(9,398,550)	-	-	-	-
Balance as at 31 December 2013	1,000,000,000	500,000,000	100,000,000	713,966,082	(11,116,122)	207,897,949	196,781,827	2,510,747,909
Balance as at 1 January 2014	1,000,000,000	500,000,000	100,000,000	713,966,082	(11,116,122)	207,897,949	196,781,827	2,510,747,909
Profit for the year	-	-	-	57,420,113	-	-	-	57,420,113
Other comprehensive income for the year	-	-	-	-	(8,686,571)	-	(8,686,571)	(8,686,571)
Total comprehensive income for the year	-	-	-	57,420,113	(8,686,571)	-	(8,686,571)	48,733,542
Dividend paid (Note 29)	-	-	-	(500,000,000)	-	-	-	(500,000,000)
Balance as at 31 December 2014	1,000,000,000	500,000,000	100,000,000	271,386,195	(19,802,693)	207,897,949	188,095,256	2,059,481,451

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

Kulthorn Kirby Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2013	850,000,000	350,000,000	90,601,450	469,610,133	1,760,211,583
Profit for the year	-	-	-	268,567,899	268,567,899
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	268,567,899	268,567,899
Ordinary share capital increased during the year (Note 21)	150,000,000	150,000,000	-	-	300,000,000
Dividend paid (Note 29)	-	-	-	(170,000,000)	(170,000,000)
Transfer unappropriated retained earnings to statutory reserve	-	-	9,398,550	(9,398,550)	-
Balance as at 31 December 2013	<u>1,000,000,000</u>	<u>500,000,000</u>	<u>100,000,000</u>	<u>558,779,482</u>	<u>2,158,779,482</u>
Balance as at 1 January 2014	1,000,000,000	500,000,000	100,000,000	558,779,482	2,158,779,482
Profit for the year	-	-	-	256,931,729	256,931,729
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	256,931,729	256,931,729
Dividend paid (Note 29)	-	-	-	(500,000,000)	(500,000,000)
Balance as at 31 December 2014	<u>1,000,000,000</u>	<u>500,000,000</u>	<u>100,000,000</u>	<u>315,711,211</u>	<u>1,915,711,211</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General information

1.1 Corporate information

Kulthorn Kirby Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of hermetic compressors. The registered address of the Company is 126 Soi Chalongkrung 31, Chalongkrung Road, Khwaeng Lamplatew, Khet Latkrabang, Bangkok.

1.2 Fundamental accounting assumptions

As discussed in Note 17 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. The classification of such liabilities to be current is in accordance with financial reporting standards. This matter, which is a material uncertainty, raises substantial doubt about the Company’s and its subsidiaries’ ability to continue as a going concern and to realise assets and settle liabilities in the ordinary course of business. The Company and its subsidiaries have already requested for the waiver for such non-compliance and the matter is being considered by financial institution lenders, and the management believes that the Company and its subsidiaries will eventually receive such waiver. Therefore, the Company’s consolidated and separate financial statements have been prepared on the going concern basis, without making the adjustments to assets to their net realisable values and adjustments to liabilities to the amounts to be paid that would need to be made in the accounts if the Company and its subsidiaries were not be able to continue as a going concern.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Kulthorn Kirby Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 Percent	2013 Percent
<u>Subsidiaries held by the Company</u>				
Kulthorn Kirby Foundry Company Limited	Manufacturing and sales of iron castings for compressor parts and automotives parts	Thailand	100	100
Kulthorn Premier Company Limited	Manufacturing and sales of hermetic compressors and iron castings for compressor parts and automotives parts	Thailand	100	100
Kulthorn Steel Company Limited	Slitting of electrical steel for compressor	Thailand	100	100
Kulthorn Materials and Controls Company Limited	Manufacturing and sales of enameled copper wires and thermostat used in air conditioners and refrigerators	Thailand	100	100
<u>Subsidiaries held directly and indirectly by Kulthorn Materials and Controls Company Limited</u>				
Kulthorn Metal Products Company Limited	Manufacture and sell forging, machining and heat treatment metal parts	Thailand	100	100
Suzhou Kulthorn Magnet Wire Company Limited (held by Phelps Dodge Suzhou Holdings, Inc.)	Manufacture and sell enameled copper wire	China	100	100

- b) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that 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 accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed 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 existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in 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 recognised 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 part dealing with consolidated financial statements as included in *TAS 27 Consolidated and Separate 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 the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant 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 to 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 measurements. 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 effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

4.4 Inventories

Finished goods, work in process and raw materials are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost of finished goods and work in process includes cost of materials, labour and overheads.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in the subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components in shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows:

Land improvement and plant	-	20	years
Machinery	-	5, 8, 10, 15	years
Plant equipment	-	5	years
Furniture, fixtures and office equipment	-	3, 5, 10	years
Motor vehicles	-	5	years

Depreciation attributed to the original cost portion included in determining income.

No depreciation is provided for land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 10 years

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Warranty reserve

Warranty reserve is estimated by reference to actual warranty expenses incurred and calculated at a percentage of cost of sales and quantities of products under warranty.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of machinery and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The machinery and equipment acquired under finance leases is depreciated over the useful life of the assets and registration of ownership is transferred upon completion of payment.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its employees, and subsidiaries and their employee, have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company and the subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gain and loss arising from other long-term benefits are recognised immediately in profit and loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings of 2011.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Derivatives

Forward exchange contracts

At the end of reporting period, unrecognised gains and losses from the translation are included in determining income.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

Cross currency swap agreement

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

The notional amounts of currency option agreements utilised by the Company and its subsidiary companies to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees paid or received by the Company or its subsidiary companies in respect of such agreements (if any) are amortised on a straight line basis over the term of the agreement.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement or whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining allowance for diminution in inventory value, the management needs to exercise judgement and make estimates based upon, among other things, market conditions and the condition of the inventory.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, taking into consideration the liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company considers available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Warranty reserve

In determining warranty reserve, the management needs to exercise judgement to make estimate, based upon historical warranty expense data and the quantities of products under warranty.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties mainly in respect of purchases and sales of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties, are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the years ended 31 December		For the years ended 31 December		
	2014	2013	2014	2013	
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	1,901	1,586	Market price
Sales and service income and scraps sales	-	-	496	458	Approximate market price
Dividend income	-	-	76	283	At the declared rate
Other income	-	-	11	6	Mutually agreed price as stipulated in the contract
Rental income	-	-	3	2	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	2	-	Interest rate at 0.25 - 3.95 percent per annum
Sales of fixed assets	-	-	1	1	Mutually agreed price
Other expenses	-	-	-	2	Mutually agreed price as stipulated in the contract
<u>Transactions with related companies</u>					
Sales and service income and scraps sales	568	536	344	398	Approximate market price
Purchases of goods	110	94	79	67	Market price
Rental expense	13	11	-	-	Mutually agreed price as stipulated in the contract
Other expenses	4	1	-	-	Mutually agreed price as stipulated in the contract
Other income	-	1	-	-	Mutually agreed price as stipulated in the contract
Interest expenses	-	1	-	-	Interest rate at 3.5 percent per annum

The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade and other receivables - related parties</u>				
(Note 8)				
Subsidiary companies	-	-	29,238	41,132
Related companies (related by common director/shareholder)	107,449	125,389	58,176	80,934
Trade and other receivables - related parties	107,449	125,389	87,414	122,066

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade and other payable - related parties (Note 16)</u>				
Subsidiary companies	-	-	611,673	512,438
Related companies (related by common director/ shareholder)	47,607	26,572	19,967	19,714
Total trade and other payable - related parties	47,607	26,572	631,640	532,152

Short-term loan to and short-term loan from related companies

As at 31 December 2014 and 2013, the balance of short-term loans between the Company and its subsidiaries, and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2013	Increase during the year	Balance as at 31 December 2014
<u>Short-term loan to subsidiary</u>			
Kulthorn Materials and Controls Co., Ltd.	-	208,000	208,000
Total	-	208,000	208,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2013	Increase during the year	Decrease during the year	Balance as at 31 December 2014
<u>Short-term loan from subsidiary</u>				
Kulthorn Premier Co., Ltd.	104,000	380,000	(104,000)	380,000
Total	104,000	380,000	(104,000)	380,000

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 31 December 2014 and 2013, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
<u>Short-term loans to related parties</u>		
Kulthorn Materials and Controls Co., Ltd.	11,601	3,359
Kulthorn Kirby Foundry Co., Ltd.	10,000	-
Kulthorn Metal Product Co., Ltd.	7,457	918
Kulthorn Steel Co., Ltd	-	2,152
Total short-term loans to related parties	<u>29,058</u>	<u>6,429</u>
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	90,922	23,603
Kulthorn Steel Co., Ltd.	32,689	-
Kulthorn Kirby Foundry Co., Ltd.	-	28,162
Total short-term loans from related parties	<u>123,611</u>	<u>51,765</u>

Directors and management's remuneration

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below:

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	48	46	19	20
Post-employment benefits	1	1	1	1
Total	<u>49</u>	<u>47</u>	<u>20</u>	<u>21</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 30.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	5,252	1,297	306	800
Bank deposits	244,010	118,613	182,240	63,336
Total	<u>249,262</u>	<u>119,910</u>	<u>182,546</u>	<u>64,136</u>

As at 31 December 2014, bank deposits in savings accounts carried interests at the rate between 0.30 and 0.63 percent per annum (2013: between 0.10 and 0.88 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties</u>				
Not yet due	79,459	71,562	53,627	73,489
Overdue				
Less than 3 months	15,199	24,365	6,511	25,461
3 - 6 months	1,297	12,755	1,000	7,293
6 - 12 months	453	446	-	-
Over 12 months	8,460	13,839	5,682	11,981
Total trade receivables - related parties	<u>104,868</u>	<u>122,967</u>	<u>66,820</u>	<u>118,224</u>
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,473,616	1,567,768	630,404	715,270
Overdue				
Less than 3 months	572,271	478,541	308,311	91,210
3 - 6 months	14,316	10,269	4,104	4,495
6 - 12 months	1,876	1,092	-	-
Over 12 months	21,830	21,349	298	418
Total	<u>2,083,909</u>	<u>2,079,019</u>	<u>943,117</u>	<u>811,393</u>
Less: Allowance for doubtful debts	<u>(15,224)</u>	<u>(6,488)</u>	<u>(418)</u>	<u>(418)</u>
Total trade receivables - unrelated parties	<u>2,068,685</u>	<u>2,072,531</u>	<u>942,699</u>	<u>810,975</u>
Total trade receivables - net	<u>2,173,553</u>	<u>2,195,498</u>	<u>1,009,519</u>	<u>929,199</u>
<u>Other receivables</u>				
Advances - related parties	2,581	2,422	20,594	3,842
Others	3,325	2,863	2,261	2,541
Total other receivables	<u>5,906</u>	<u>5,285</u>	<u>22,855</u>	<u>6,383</u>
Total trade and other receivables - net	<u>2,179,459</u>	<u>2,200,783</u>	<u>1,032,374</u>	<u>935,582</u>

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.

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
	Finished goods	1,007,195	849,127	(70,610)	(46,151)	936,585
Work in process	454,579	289,853	(6,499)	(2,087)	448,080	287,766
Raw materials	1,235,156	1,085,569	(15,590)	(12,463)	1,219,566	1,073,106
Goods in transit	56,074	139,833	-	-	56,074	139,833
Total	2,753,004	2,364,382	(92,699)	(60,701)	2,660,305	2,303,681

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
	Finished goods	457,584	293,105	(8,403)	(13,213)	449,181
Work in process	257,256	125,193	(4,725)	(592)	252,531	124,601
Raw materials	554,353	541,594	(10,186)	(9,867)	544,167	531,727
Goods in transit	369	78,726	-	-	369	78,726
Total	1,269,562	1,038,618	(23,314)	(23,672)	1,246,248	1,014,946

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 32.0 million (The Company only: reversed the reduction cost of inventories by Baht 0.4 million) (2013: reversed the reduction cost of inventories by Baht 20.4 million in the consolidated financial statements and Baht 19.2 million in the separate financial statements) to reflect the net realisable value. This was included in cost of sales.

10. Restricted bank deposit

This represents a deposit of a subsidiary company which has been pledged to secure against bank guarantee granted by a local commercial bank.

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during	
							the year	
	2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)				
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	75,595	242,528
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999	-	40,000
kulthorn Materials and Controls Company Limited	350,000	350,000	100	100	240,630	240,630	-	-
Total					3,217,379	3,217,379	75,595	282,528
Less: Allowance for impairment loss on investments in subsidiaries					(783,007)	(783,007)	-	-
Total investments in subsidiaries - net					2,434,372	2,434,372	75,595	282,528

On 11 December 2013, the Extraordinary General Meeting of Kulthorn Kirby Foundry Company Limited, subsidiary of the Company, issuance of new ordinary shares of Baht 200 million (2 million ordinary shares of Baht 100 each). The subsidiary called for the capital payment at 50 percent and the Company paid for this investment of Baht 100 million in 2013. The Company holds 100 percent interest in this subsidiary.

12. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land improvement		Machinery	Furniture, fixtures and office equipment			Construction in progress	Total
	Land	and plant		Plant equipment	Motor vehicles			
Cost								
As at 1 January 2013	320,695	1,681,012	6,970,273	1,051,358	141,206	119,228	601,805	10,885,577
Additions	29,875	6,928	53,982	31,351	13,878	10,219	204,807	351,040
Transfer in (out)	-	101,998	417,804	35,819	11,349	1,702	(568,672)	-
Disposals/write-off	-	(210)	(25,276)	(4,917)	(5,825)	(1,540)	(26,107)	(63,875)
Translation adjustments	-	21,506	35,418	-	976	679	338	58,917
As at 31 December 2013	350,570	1,811,234	7,452,201	1,113,611	161,584	130,288	212,171	11,231,659
Additions	-	2,889	37,679	16,270	14,028	8,529	163,412	242,807
Transfer in (out)	-	22,487	113,707	40,414	3,418	3,219	(183,245)	-
Disposals/write-off	-	-	(5,080)	(1,976)	(615)	(3,265)	(2,627)	(13,563)
Adjustment of prior year	(842)	-	-	-	-	-	-	(842)
Translation adjustment	-	(4,745)	(7,860)	-	(210)	(154)	-	(12,969)
As at 31 December 2014	349,728	1,831,865	7,590,647	1,168,319	178,205	138,617	189,711	11,447,092
Accumulated depreciation								
As at 1 January 2013	-	862,472	4,706,065	923,820	118,689	88,343	-	6,699,389
Disposals/ write-off	-	(210)	(16,471)	(5,043)	(5,314)	(1,526)	-	(28,564)
Depreciation for the year	-	82,471	467,196	53,579	12,049	11,287	-	626,582
Translation adjustment	-	8,185	25,226	-	826	535	-	34,772
As at 31 December 2013	-	952,918	5,182,016	972,356	126,250	98,639	-	7,332,179
Disposals/ write-off	-	-	(4,867)	(1,976)	(578)	(2,232)	-	(9,653)
Depreciation for the year	-	82,269	451,839	53,476	16,056	11,136	-	614,776
Translation adjustment	-	(1,807)	(5,626)	-	(184)	(116)	-	(7,733)
As at 31 December 2014	-	1,033,380	5,623,362	1,023,856	141,544	107,427	-	7,929,569
Allowance for impairment loss:								
As at 31 December 2013	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	(517)	(517)
As at 31 December 2014	-	-	-	-	-	-	(517)	(517)
Net book value								
As at 31 December 2013	350,570	858,316	2,270,185	141,255	35,334	31,649	212,171	3,899,480
As at 31 December 2014	349,728	798,485	1,967,285	144,463	36,661	31,190	189,194	3,517,006
Depreciation for the year								
2013 (Baht 596 million included in manufacturing cost, and the balance in administrative expenses)								626,582
2014 (Baht 571 million included in manufacturing cost, and the balance in administrative expenses)								614,776

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land		Machinery	Plant equipment	Furniture, fixtures and office equipment		Construction in progress	
	Land	improvement and plant			Motor vehicles			
Cost								
As at 1 January 2013	221,024	534,650	3,147,121	737,552	68,599	58,268	461,883	5,229,097
Additions	-	105	5,714	9,328	6,348	2,606	93,808	117,909
Transfer in (out)	-	85,009	351,482	25,321	9,544	-	(471,356)	-
Disposals/write-off	-	-	(24,232)	(1,607)	(4,460)	(1,276)	-	(31,575)
As at 31 December 2013	221,024	619,764	3,480,085	770,594	80,031	59,598	84,335	5,315,431
Additions	-	403	902	6,075	4,070	7,466	59,584	78,500
Transfer in (out)	-	4,523	78,074	8,903	698	-	(92,198)	-
Disposals/write-off	-	-	(4,118)	-	-	(2,853)	-	(6,971)
As at 31 December 2014	221,024	624,690	3,554,943	785,572	84,799	64,211	51,721	5,386,960
Accumulated depreciation								
As at 1 January 2013	-	289,520	2,279,494	666,651	59,176	41,293	-	3,336,134
Depreciation for the year	-	25,599	198,970	29,527	6,580	5,874	-	266,550
Disposals/write-off	-	-	(23,330)	(1,607)	(4,460)	(1,270)	-	(30,667)
As at 31 December 2013	-	315,119	2,455,134	694,571	61,296	45,897	-	3,572,017
Depreciation for the year	-	26,545	207,304	28,887	8,364	5,168	-	276,268
Disposals/write-off	-	-	(4,118)	-	-	(2,155)	-	(6,273)
As at 31 December 2014	-	341,664	2,658,320	723,458	69,660	48,910	-	3,842,012
Net book value								
As at 31 December 2013	221,024	304,645	1,024,951	76,023	18,735	13,701	84,335	1,743,414
As at 31 December 2014	221,024	283,026	896,623	62,114	15,139	15,301	51,721	1,544,948
Depreciation for the year								
2013 (Baht 248 million included in manufacturing cost, and the balance in administrative expenses)								266,550
2014 (Baht 268 million included in manufacturing cost, and the balance in administrative expenses)								276,268

The Company and its subsidiaries have mortgaged and negative pledged their land and building thereon and machinery, with net book value amounting to approximately Baht 1,233.0 million (The Company only: Baht 332.3 million) (2013: Baht 1,280.8 million in consolidated financial statements and Baht 374.9 million in separate financial statements) with financial institutions to secure against credit facility and loans obtained from those financial institutions as discussed in Note 15 and 17.

As at 31 December 2014, certain items of building improvement and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 3,995.2 million (The Company only: Baht 2,360.6 million) (2013: Baht 3,125.6 million in the consolidated financial statements and Baht 2,206.9 million in the separate financial statements).

As at 31 December 2014, the Company and its subsidiaries had machinery, vehicles and equipment with net book values of Baht 210.3 million (The Company only: Baht 133.4 million) (2013: Baht 259.0 million in the consolidated financial statements and Baht 155.5 million in the separate financial statements) which were acquired under financial lease agreements.

13. Goodwill on business combination

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Goodwill on business combination	37,620	37,620	-	-
Less: Accumulated impairment loss	(37,620)	(37,620)	-	-
Net book value	-	-	-	-

14. Intangible assets

The net book value of intangible assets are computer software. Its net book value as at 31 December 2014 and 2013 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2014		
Cost	130,246	57,883
<u>Less: Accumulated amortisation</u>	(48,072)	(32,198)
Net book value	82,174	25,685
As at 31 December 2013		
Cost	97,173	42,760
<u>Less: Accumulated amortisation</u>	(41,427)	(31,053)
Net book value	55,746	11,707

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	55,746	11,864	11,707	3,210
Acquisition during the year	33,239	46,344	15,123	9,232
Amortisation	(6,676)	(3,088)	(1,145)	(735)
Translation adjustment	(135)	626	-	-
Net book value at end of year	82,174	55,746	25,685	11,707

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial		Separate financial	
		statements		statements	
		2014	2013	2014	2013
Bank overdrafts	7.38 - 7.75	26,719	19,198	170	580
Short-term loans	4.00 - 5.25	790,466	1,585,678	548,466	569,100
Trust receipts	1.66 - 4.20	1,843,134	1,527,699	650,835	582,726
Packing credit	2.75 - 7.28	1,040,371	570,888	623,093	570,888
Loans from discounting of accounts receivable	2.35	85,184	-	85,184	-
Total		3,785,874	3,703,463	1,907,748	1,723,294

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 machineries of the Company and its subsidiaries.

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade payables - related parties	24,322	20,474	542,390	494,851
Trade payables - unrelated parties	1,166,088	864,599	483,595	317,220
Other payable - related parties	23,285	6,098	89,109	37,268
Other payable - unrelated parties	146,779	120,457	66,031	49,982
Accrued interest expenses to related parties	-	-	141	33
Accrued interest expenses to unrelated parties	3,630	4,176	2,126	1,567
Accrued expenses	119,973	112,504	46,824	41,360
Total trade and other payables	1,484,077	1,128,308	1,230,216	942,281

17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Long-term loans	858,529	1,100,000	634,700	1,100,000
Less: Current portion of long-term loans	(675,240)	(550,000)	(634,700)	(550,000)
Long-term loans, net of current portion	183,289	550,000	-	550,000

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.

As at 27 December 2013, the Company and its subsidiaries received the waiver letter for maintain covenant ratio from all lenders for the year ended 31 December 2013. 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 0.95:1 and debt service coverage ratio for the consolidated financial statements not less than 1.10:1. As at 31 December 2013, the Company and its subsidiaries could maintain all conditions in the waiver letter and the loan agreement.

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 already requested the waiver for such non-compliance and the matter is being considered by financial institution lenders, and the management believes that the Company and its subsidiaries will eventually receive such waiver. The classification of such liabilities to be current is in accordance with financial reporting standards.

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 31 to the financial statements.

During the current year, 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.

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Liabilities under financial lease agreements	69,310	86,911	55,996	70,206
Less: Deferred interest expenses	(7,087)	(12,036)	(5,954)	(9,777)
Total	62,223	74,875	50,042	60,429
Less: Portion due within one year	(20,573)	(18,788)	(15,746)	(13,982)
Liabilities under financial lease agreements, net of current portion	41,650	56,087	34,296	46,447

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.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

As at 31 December 2014

	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	24	45	69	19	37	56
Deferred interest expenses	(4)	(3)	(7)	(3)	(3)	(6)
Present value of future minimum lease payments	20	42	62	16	34	50

(Unit: Million Baht)

As at 31 December 2013

	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	24	63	87	18	52	70
Deferred interest expenses	(5)	(7)	(12)	(4)	(6)	(10)
Present value of future minimum lease payments	19	56	75	14	46	60

19. Other current liabilities

The outstanding balances of warranty reserve as at 31 December 2014 and 2013 which are included in other current liabilities in the statement of financial position are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Warranty reserve	10,755	22,778	9,569	20,702

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees' retirement and long service awards, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Retirement benefits plan	Long service awards plan	Total
Defined benefit obligation as at			
1 January 2013	109,269	4,782	114,051
Current service cost	8,870	1,061	9,931
Interest cost	3,925	168	4,093
Benefits paid during the year	(5,696)	-	(5,696)
Defined benefit obligation as at			
31 December 2013	116,368	6,011	122,379
Current service cost	8,943	1,164	10,107
Interest cost	4,091	191	4,282
Benefits paid during the year	(6,045)	-	(6,045)
Provisions for long-term employee benefits			
as at 31 December 2014	123,357	7,366	130,723

(Unit: Thousand Baht)

	Separate financial statements		
	Retirement	Long service	Total
	benefits plan	awards plan	
Defined benefit obligation as at			
1 January 2013	49,749	4,782	54,531
Current service cost	3,733	1,061	4,794
Interest cost	1,763	168	1,931
Benefits paid during the year	(3,583)	-	(3,583)
Defined benefit obligation as at			
31 December 2013	51,662	6,011	57,673
Current service cost	3,796	1,164	4,960
Interest cost	1,886	191	2,077
Benefits paid during the year	(1,692)	-	(1,692)
Provisions for long-term employee benefits			
as at 31 December 2014	55,652	7,366	63,018

Long-term employee benefit expenses included in the profit or loss consist of the follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	10,107	9,931	4,960	4,794
Interest cost	4,282	4,093	2,077	1,931
Total expense recognised in profit or loss	14,389	14,024	7,037	6,725
Line items in profit or loss under which such expenses are included				
Cost of sales	10,525	10,357	4,600	4,448
Selling and administrative expenses	3,864	3,667	2,437	2,277

As at 31 December 2014 and 2013, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 16.9 million (The Company only: Baht 7.5 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.7	3.7	3.7	3.7
Future salary increase rate	5.0 - 9.0	5.0 - 9.0	5.0 - 9.0	5.0 - 9.0
Staff turnover rate (depending on age)	0 - 12.5	0 - 12.5	0 - 12.5	0 - 12.5

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligations		Experience adjustments on the obligations	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	130,723	63,018	-	-
Year 2013	122,379	57,673	-	-
Year 2012	114,051	54,531	7,321	5,998
Year 2011	89,156	46,355	-	-
Year 2010	79,118	41,978	-	-

21. Share capital

On 25 April 2013, the Annual General Meeting of the shareholders No. 34/2013 had approved to change the allotment of 150,000,000 new ordinary shares at the par value of Baht 1 per share from offering to private placement for sales of those shares to existing shareholders pursuant to their shareholdings in the Company at the proportion of 17 existing shares to 3 new shares at the subscription price of Baht 2 per share. The Company had registered the increase in its registered share capital with the Ministry of Commerce on 21 June 2013 and already received all share capital increase in June 2013.

22. Statutory reserve

Pursuant to the section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Raw materials and consumables used	11,542,066	8,911,730	4,982,532	3,720,579
Changes in inventories of finished goods and work in progress	(322,794)	613,440	(296,542)	(26,881)
Salaries, wages and other employee benefits	1,079,163	985,216	535,681	458,518
Depreciation and amortisation expenses	621,452	637,242	277,414	267,284
Net loss (gain) on exchange	(13,448)	142,393	(6,951)	75,570
Rental expenses	32,101	24,393	2,753	2,720

24. Income tax

Income tax expenses (revenues) for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Current income tax charge	8,667	8,314	-	-
Adjustment in respect of income tax of previous year	88	273	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(10,102)	(13,425)	2,863	2,863
Income tax expenses (revenues) reported in the statement of comprehensive income	(1,347)	(4,838)	2,863	2,863

The reconciliation between accounting profit (loss) and income tax expenses (revenues) is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit (loss) before tax	56,073	(3,956)	259,795	271,431
Applicable tax rate	20, 25%	20, 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	11,215	(791)	51,959	54,286
Adjustment in respect of income tax of previous year	(88)	(273)	-	-
Effects of:				
Promotional privileges (Note 25)	(25,460)	(37,227)	(12,843)	(28,416)
Dividend income not subject to tax	-	-	(15,119)	(56,505)
Non-deductible expenses	58,120	45,625	4,106	4,366
Additional expense deductions allowed	(5,223)	(4,794)	(6,887)	(250)
Loss carry forward	(63,648)	(49,440)	(20,728)	-
Others	21,355	15,252	2,375	2,087
Total	(14,856)	(30,584)	(49,096)	(78,718)
Deferred tax assets not recognised	2,382	26,810	-	27,295
Income tax expenses (revenues) reported in the statement of comprehensive income	(1,347)	(4,838)	2,863	2,863

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax assets				
Allowance for doubtful accounts	3,548	895	84	84
Allowance for diminution in value of inventories	18,880	13,092	4,663	6,657
Warranty reserve	1,201	2,496	1,048	2,232
Provision for long-term employee benefits	17,565	15,731	7,725	7,026
Others	18,422	17,327	-	384
Total	59,616	49,541	13,520	16,383

As at 31 December 2014 the Company and its subsidiaries have unused tax losses totaling Baht 535 million (2013: Baht 239 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

25. Promotional privileges

25.1 The Company has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 1421(2)/2552	Certificate No. 1987(2)/2554
1. Promotional privileges for	Manufacturing of compressors for air condition and refrigerator	Manufacturing of compressors for air condition and refrigerator
2. The significant privileges are		
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 2 February 2010 until 1 February 2015	From 1 July 2013 until 1 July 2018
2.2 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
2.4 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
3. Date of first earning operating income.	2 February 2010	1 July 2013

The Company has to comply with certain conditions and restrictions specified under the promotion certificates.

Sales of the Company amounting to approximately Baht 6,194 million (2013: Baht 4,942 million) for the year ended 31 December 2014 included revenue from manufacturing and sales derived from promoted operations of approximately Baht 2,801 million (2013: Baht 2,278 million).

25.2 Kulthorn Kirby Foundry Co., Ltd., a subsidiary company, has been granted the privileges for certain specified category of products under the Investments Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 2127(2)/2548
1. Promotional privileges for	Manufacturing of casting iron parts
2. The significant privileges are	
2.1 Exemption of corporate income tax on net earnings for the period of 8 years commencing as from the date of earning operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 8 July 2012 until 7 July 2020
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board.	Granted
3. Date of first earning operating income	8 July 2012

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

25.3 Kulthorn Premier Co., Ltd., a subsidiary company, has been granted promotional privileges under the Investment Promotion Act B.E. 2520, as approved by the Board of Investment for certificate with outstanding significant privileges as follow:

	Certificate No.
	2167(2)/2550
1. Promotional privileges for	Manufacturing of compressors for refrigerator
2. The significant privileges are	
2.1 Exemption of corporate income tax on net income from the promoted operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years commencing as from the date of earning first operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 14 January 2008 until 13 January 2016
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 A fifty percent reduction of corporate income tax on its net income.	for a period of 5 years after the corporate income tax exemption expired as discussed in 2.1
2.4 Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose commencing as from the date of first earning operating income.	For a period of 10 years commencing as from the date of first earning operating income.
2.5 Permission to deduct 25 percent of the cost of installation and construction of facilities, in addition to normal depreciation charges.	Granted
2.6 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export.	For a period of 5 years commencing as from the date of first import.
2.7 Seventy-five percent reduction of import duty on raw materials and essential materials imported for use specifically in production for domestic sales, for a period of 1 year commencing from the date of first importation.	Granted
2.8 Exemption from import duty on items imported for re-export, for a period of 5 years commencing from the date of first importation.	Granted
3. Date of first earning operating income	14 January 2008

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

25.4 Kulthorn Material and Controls Co., Ltd., a subsidiary company, has been granted the following tax privileges for certain specified category of products under the Investments Promotion Act B.E. 2520 as approved by the Board of Investment for certificate with outstanding significant privileges as follows:

	Certificate No.	
	1677(2)/2549	1204(2)/2551
1. Promotional privileges for	Manufacturing of enameled copper wire product Type 5.3	Manufacturing of enameled metal wire product Type 5.3
2. The significant privileges are		
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 6 years commencing as from the date of earning first operating income.	From 6 March 2007 until 5 March 2013	From 10 January 2012 until 9 January 2018
2.2 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
2.4 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
3. Date of first earning operating income.	6 March 2007	10 January 2012

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

25.5 Kulthorn Metal Products Co., Ltd., a subsidiary company, has been granted the following tax privileges for certain specified category of products under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No.	
	1797(2)/2549	1968(2)/2550
1. Promotional privileges for	Steels forging and sintered product	Heat treatment product
2. The significant privileges are		
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 4 May 2006 until 3 May 2014	From 25 June 2007 until 24 June 2015
2.2 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board for the machinery produced from	1995	1996
2.4 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
3. Date of first earning operating income	4 May 2006	25 June 2007

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

26. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<u>Consolidated financial statements</u>						
Basic earnings per share						
Profit attributable to equity holders of the parent	57,420	882	1,000,000	929,726	0.057	0.001
<u>Separate financial statements</u>						
Basic earnings per share						
Profit attributable to equity holders of the parent	256,932	268,568	1,000,000	929,726	0.257	0.289

27. Segment information

Operating segment information is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Those internal reporting are regularly reviewed to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have four reportable segments as follows:

1. Compressors and parts
2. Enameled wire
3. Steel sheet
4. Steel coil center

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue, profit (loss) and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013:

	(Unit: Thousand Baht)							
Year ended 31 December 2014	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	7,440,582	1,763,711	1,056,795	966,633	102,397	11,330,118	-	11,330,118
Inter-segment revenue	432,696	801,705	831,657	628,118	141,730	2,835,906	(2,835,906)	-
Interest revenue	2,892	1,069	7	36	18	4,022	(2,908)	1,114
Interest expense	(110,736)	(70,891)	(13,111)	(3,502)	(1,969)	(200,209)	2,908	(197,301)
Depreciation and amortisation	(386,364)	(91,195)	(45,014)	(79,212)	(27,883)	(629,668)	8,216	(621,452)
Income tax revenue (expenses)	(1,803)	9,452	(5,057)	(1,646)	420	1,366	(19)	1,347
Unrealised loss on exchange	(7,539)	(13,949)	(5,495)	(134)	(188)	(27,305)	-	(27,305)
Segment profit (loss)	215,311	(176,515)	8,185	32,905	6,063	85,949	(29,344)	56,605
Segment total assets	8,617,915	2,180,383	1,299,843	1,062,462	226,521	13,387,124	(4,438,545)	8,949,395
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(262,199)	76,521	(32,926)	(6,647)	(13,345)	(238,596)	(116,176)	(354,772)

(Unit: Thousand Baht)

	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Year ended 31 December 2013								
Revenue from external customers	6,608,878	2,013,480	1,055,657	996,732	79,176	10,753,923	-	10,753,923
Inter-segment revenue	374,182	847,161	611,561	468,316	123,930	2,425,150	(2,425,150)	-
Interest revenue	1,653	6,994	19	205	33	8,904	(7,568)	1,336
Interest expense	(134,351)	(73,306)	(9,740)	(1,641)	(1,817)	(220,855)	7,832	(213,023)
Depreciation and amortisation	(393,805)	(96,254)	(45,654)	(63,702)	(31,834)	(631,249)	1,579	(629,670)
Income tax revenues (expenses)	(2,928)	1,704	(974)	(6,910)	(60)	(9,168)	14,006	4,838
Unrealised gain (loss) on exchange	(63,380)	(12,821)	(19,075)	495	107	(94,674)	-	(94,674)
Segment profit (loss)	314,697	(156,506)	(8,096)	279,509	1,270	430,874	(429,992)	(882)
Segment total assets	9,200,234	2,326,229	1,038,346	1,765,316	215,680	14,545,805	(5,762,790)	8,783,015
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(103,305)	(37,375)	(18,920)	186,709	(11,304)	15,805	(258,092)	(242,287)

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Revenue from external customers		
Thailand	5,860,821	6,424,724
Hong Kong	1,817,332	1,090,852
China	602,884	899,658
Indonesia	465,084	403,528
Saudi Arabia	234,323	333,340
Others	2,349,674	1,601,821
Total	<u>11,330,118</u>	<u>10,753,923</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,363,236	3,693,514
China	239,059	263,553
Total	<u>3,602,295</u>	<u>3,957,067</u>

Major customers

For the year 2014, the Company and its subsidiaries have revenue from one major customer in amount of Baht 1,822.9 million, arising from sales by the compressors and parts segment (2013: Baht 1,107.7 million derived from one major customer, arising from sales by the compressors and parts segment).

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 7 percent of basic salary. The fund, which is managed by Local Asset Management Company, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company and its subsidiaries contributed Baht 18.3 million (2013: Baht 17.4 million) and the Company contributed Baht 6.9 million (2013: Baht 6.5 million) to the fund.

29. Dividends

		(Unit: Million Baht)	
Dividends	Approved by	Total dividends	Dividend per share (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 25 April 2013	170	0.2
Total dividend declared in 2013		<u>170</u>	<u>0.2</u>
Interim dividends for 2014	Board of Directors' Meeting on 17 December 2014	500	0.5
Total dividend declared in 2014		<u>500</u>	<u>0.5</u>

30. Commitment and contingent liabilities

30.1 Capital commitments

As at 31 December 2014, the Company and its subsidiaries have capital commitments of approximately Baht 6.6 million (2013: Baht 25.2 million) (the Company only: Baht 2.8 million (2013: Baht 10.9 million)), relating to acquisition of mold, machinery and computer software.

30.2 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. As at 31 December 2014 and 2013, future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Payable:</u>				
In up to 1 year	27.5	23.9	0.4	0.4
In over 1 and up to 3 years	16.0	33.0	0.2	0.5

30.3 Long-term service commitments

- a) As at 31 December 2014 and 2013, 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Payable:</u>				
In up to 1 year	11.0	12.8	2.3	2.3
In over 1 year	0.6	1.8	-	0.3

- b) A subsidiary entered into technical support license and royalty agreement with an overseas company. Under the agreement, the subsidiary is 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.

As at 31 December 2014, the subsidiary has outstanding royalty fees amounting to approximately Baht 17.6 million (2013: Baht 17.6 million) which was included in other current liabilities.

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

30.4 Guarantees

- a) As at 31 December 2014, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Megnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 100 million or equivalent to Baht 535.2 million (2013: RMB 100 million or equivalent to Baht 540.9 million).
- b) As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 78.8 million (2013: Baht 78.3 million), (the Company only: Baht 22.6 million (2013: Baht 22.3 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 included letter of guarantee to guarantee electricity use amounting to Baht 75.0 million (2013: Baht 73.9 million) (the Company only: Baht 19.2 million (2013: Baht 18.3 million)), and to guarantee import duty and others amounting to Baht 3.8 million (2013: Baht 4.4 million), (the Company only: Baht 3.4 million (2013: Baht 4.0 million)).

31. Financial instruments

31.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instrument: Disclosure Presentations", principally comprise cash and cash equivalents, trade and other receivable, trade accounts payable, other payables and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary companies are exposed to credit risk primarily with respect to trade and other receivables. The management of the Company and its subsidiary companies manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiary companies do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, short-term and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2014 and 2013 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

	Fixed interest rates		Floating	Non-	Effective interest rate	
	Within		Interest	interest		
	1 year	1-5 years	rate	Total		Total
					(% per annum)	
Financial assets						
Cash and cash equivalents	-	-	186	63	249	0.30 - 0.63
Trade and other receivables	-	-	-	2,179	2,179	-
	-	-	186	2,242	2,428	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	3,759	-	27	-	3,786	1.66 - 7.75
Trade and other payables	-	-	-	1,484	1,484	-
Liabilities under financial lease agreements	20	42	-	-	62	3.70 - 7.70
Long-term loans	41	183	635	-	859	THBFIX+3%, 5.55
	3,820	225	662	1,484	6,191	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013

	Fixed interest rates		Floating	Non-	Effective interest rate	
	Within		Interest	interest		
	1 year	1-5 years	rate	Total		Total
					(% per annum)	
Financial assets						
Cash and cash equivalents	-	-	113	7	120	0.10 - 0.88
Trade and other receivables	-	-	-	2,201	2,201	-
	-	-	113	2,208	2,321	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	3,684	-	19	-	3,703	1.67 - 7.80
Trade and other payables	-	-	-	1,128	1,128	-
Liabilities under financial lease agreements	19	56	-	-	75	5.02 - 7.70
Long-term loans	-	-	1,100	-	1,100	THBFIX+3%
	3,703	56	1,119	1,128	6,006	

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

	Fixed interest rates		Floating	Non-	Effective	
	Within		Interest	interest		
	1 year	1-5 years	rate	Total		Total
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	162	21	183	0.37 - 0.63
Trade and other receivables	-	-	-	1,032	1,032	-
Short-term loans to related parties	237	-	-	-	237	3.25 - 3.95
	<u>237</u>	<u>-</u>	<u>162</u>	<u>1,053</u>	<u>1,452</u>	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	1,908	-	-	-	1,908	1.66 - 7.38
Trade and other payables	-	-	-	1,230	1,230	-
Short-term loans to related parties	504	-	-	-	504	0.25 - 3.95
Liabilities under financial lease agreements	16	34	-	-	50	5.02 - 7.70
Long-term loans	-	-	635	-	635	THBFIX+3%
	<u>2,428</u>	<u>34</u>	<u>635</u>	<u>1,230</u>	<u>4,327</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2013

	Fixed interest rates		Floating	Non-	Effective	
	Within		Interest	interest		
	1 year	1-5 years	rate	Total		Total
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	63	1	64	0.10 - 0.88
Trade and other receivables	-	-	-	936	936	-
Short-term loans to related parties	6	-	-	-	6	3.50
	<u>6</u>	<u>-</u>	<u>63</u>	<u>937</u>	<u>1,006</u>	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	1,722	-	1	-	1,723	1.67 - 7.38
Trade and other payables	-	-	-	942	942	-
Short-term loans to related parties	156	-	-	-	156	0.25 - 3.90
Liabilities under financial lease agreements	14	46	-	-	60	5.02 - 7.70
Long-term loans	-	-	1,100	-	1,100	THBFIX+3%
	<u>1,892</u>	<u>46</u>	<u>1,101</u>	<u>942</u>	<u>3,981</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions, including using short-term credit facilities, that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currency of the Company and its subsidiaries are summarised as below.

Foreign currency	As at 31 December 2014					
	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

Foreign currency	As at 31 December 2013					
	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	21	68	16	33	32.6778	32.9494
Japanese yen	-	13	-	1	0.3102	0.3159
Switzerland franc	3	5	-	-	36.4022	36.9930
Euro	1	-	1	-	44.7210	45.3223

As at 31 December 2014 and 2013, the Company and its subsidiaries had outstanding forward exchange contracts and currency option 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:

Foreign currency	As at 31 December 2014				
	Consolidated financial statements				
	Bought amount	Sold amount	Contractual maturity date	Contractual exchange rate	
	(Million)	(Million)		Bought amount	Sold amount
(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

As at 31 December 2013

Consolidated financial statements					
Foreign currenc	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	6.1	17.7	2 January - 20 June 2014	32.49 - 32.80	29.10 - 32.50

As at 31 December 2014

Separate financial statements					
Foreign currenc	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

As at 31 December 2013

Separate financial statements					
Foreign currenc	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	6.1	11.5	23 January - 20 June 2014	32.49 - 32.80	29.10 - 32.45

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 transmits 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 December 2014, fair value of cross currency interest rate swap contract is lower than trade date of Baht 24.9 million (2013: Baht 51.6 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 date of statement of financial position.

Commodity hedge agreements

Subsidiary companies had outstanding copper swap/future of which details are presented below.

As at 31 December 2014

Type of goods	Quantity (Ton)	Maturity date	Contract price (per ton)	Market price as at 31 December 2014 (per ton)
Copper	100	February - May 2015	RMB 44,840 - 48,243	RMB 45,080 - 46,090

As at 31 December 2013

Type of goods	Quantity (Ton)	Maturity date	Contract price (RMB per unit)	Market price as at 31 December 2013 (RMB per unit)
Copper	90	January - July 2014	USD 6,890 - 6,925	USD 7,395
Copper	170	March - September 2014	RMB 49,070 - 50,690	RMB 52,310 - 52,460

As at 31 December 2014, fair value of copper hedging contracts with financial institution is lower than trade date of Baht 0.8 million (2013: higher than trade date of Baht 1.4 million).

31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and financial liabilities bear floating interest rates or fixed interest rates, which are close to market rate their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in a long-term loan agreement with a financial institution, which requires the Company to maintain a debt-to-equity ratio of consolidated financial statements not more than 3.5:1 in financial year 2012 and 2.75:1 from 1 January 2013 until the maturity date of long term loan.

The Company's capital used to calculate above financial ratio includes shareholders' equity plus unrealised loss in inventory, exchange rate and derivative instruments in the consolidated financial statements.

No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

33. Events after the reporting period

On 20 February 2015, the Board of Directors' Meeting of the Company No. 2/2558 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. Such an increase of share capital will be issued after it is approved by the resolution of the Annual General Meeting of the Company's shareholders.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 27 February 2015.