

Kulthorn Kirby Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2014

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Kulthorn Kirby Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Kulthorn Kirby Public Company Limited and its subsidiaries as at 30 June 2014, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2014, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2014, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
Bangkok: 6 August 2014

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents		180,467	119,910	65,532	64,136
Trade and other receivables	2, 3	2,373,793	2,200,783	1,198,281	935,582
Short-term loans to related parties	3	-	-	17,241	6,429
Inventories	4	2,672,460	2,303,681	1,237,224	1,014,947
VAT receivable		151,131	67,314	103,800	30,812
Other current assets		74,550	84,718	5,634	7,896
Total current assets		5,452,401	4,776,406	2,627,712	2,059,802
Non-current assets					
Restricted bank deposit		-	410	-	-
Investments in subsidiaries	5	-	-	2,434,372	2,434,372
Property, plant and equipment	6	3,703,195	3,899,480	1,642,551	1,743,414
Goodwill on business combination	7	-	-	-	-
Intangible assets	8	69,602	55,746	17,768	11,707
Deffered tax assets		47,959	49,541	10,165	16,384
Other non-current assets		2,669	1,431	1,420	1,249
Total non-current assets		3,823,425	4,006,608	4,106,276	4,207,126
Total assets		9,275,826	8,783,014	6,733,988	6,266,928

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2014

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		As at	As at	As at	As at
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	9	4,275,656	3,703,463	2,007,050	1,723,294
Trade and other payables	3, 10	1,362,388	1,128,308	1,385,547	942,281
Short-term loan from related party	3	-	-	103,661	155,765
Current portion of long-term loans	11	550,000	550,000	550,000	550,000
Current portion of liabilities under					
finance lease agreements	12	20,114	18,788	14,968	13,982
Dividend payable		675	675	675	675
Income tax payable		9,045	4,347	-	-
Other current liabilities		75,080	138,219	42,656	68,032
Total current liabilities		6,292,958	5,543,800	4,104,557	3,454,029
Non-current liabilities					
Long-term loans - net of current portion	11	225,000	550,000	225,000	550,000
Liabilities under finance lease agreements - net					
of current portion	12	51,095	56,087	40,632	46,447
Provision for long-term employee benefits		129,574	122,379	61,192	57,673
Total non-current liabilities		405,669	728,466	326,824	654,120
Total liabilities		6,698,627	6,272,266	4,431,381	4,108,149

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at	As at	As at	As at
	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
1,000,000,000 ordinary shares of Baht 1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up				
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000	1,000,000	1,000,000
Share premium	500,000	500,000	500,000	500,000
Retained earnings				
Appropriated - statutory reserve	100,000	100,000	100,000	100,000
Unappropriated	790,799	713,966	702,607	558,779
Other components of shareholders' equity	<u>186,400</u>	<u>196,782</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>2,577,199</u>	<u>2,510,748</u>	<u>2,302,607</u>	<u>2,158,779</u>
Total liabilities and shareholders' equity	<u>9,275,826</u>	<u>8,783,014</u>	<u>6,733,988</u>	<u>6,266,928</u>
	-	-	-	-

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

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Directors

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(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month period ended 30 June 2014**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales and services income	3, 15	3,056,725	2,726,671	1,673,520	1,151,497
Other income					
Income from scrap sales	3	98,413	75,596	64,133	60,233
Interest income	3	380	589	370	236
Gain on exchange		4,138	-	3,360	-
Dividend income		-	-	75,595	80,946
Others		1,128	586	2,842	1,486
Total revenues		<u>3,160,784</u>	<u>2,803,442</u>	<u>1,819,820</u>	<u>1,294,398</u>
Expenses					
Cost of sales and services	3	2,897,222	2,675,650	1,543,012	1,135,140
Selling expenses		30,353	25,147	15,600	10,345
Administrative expenses		85,171	92,878	43,538	41,414
Loss on exchange		-	119,851	-	53,572
Total expenses		<u>3,012,746</u>	<u>2,913,526</u>	<u>1,602,150</u>	<u>1,240,471</u>
Profit (loss) before finance cost and income tax		<u>148,038</u>	<u>(110,084)</u>	<u>217,670</u>	<u>53,927</u>
Finance cost		(55,173)	(60,976)	(28,831)	(35,855)
Profit (loss) before income tax		<u>92,865</u>	<u>(171,060)</u>	<u>188,839</u>	<u>18,072</u>
Income tax revenue (expenses)	14	(864)	1,942	696	765
Profit (loss) for the period		<u>92,001</u>	<u>(169,118)</u>	<u>189,535</u>	<u>18,837</u>
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(3,101)	2,099	-	-
Other comprehensive income for the period		<u>(3,101)</u>	<u>2,099</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>88,900</u>	<u>(167,019)</u>	<u>189,535</u>	<u>18,837</u>
Basic earnings per share (Baht)					
Profit (loss) attributable to equity holders of the Company		<u>0.09</u>	<u>(0.20)</u>	<u>0.19</u>	<u>0.02</u>
Weighted average number of ordinary shares (shares)		<u>1,000 million</u>	<u>866 million</u>	<u>1,000 million</u>	<u>866 million</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income (continued)****For the six-month period ended 30 June 2014**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales and services income	3, 15	5,918,554	5,471,955	3,162,559	2,411,267
Other income					
Income from scrap sales	3	183,542	175,947	130,443	125,996
Interest income	3	408	608	436	236
Gain of exchange		21,037	-	10,874	-
Dividend income		-	-	75,595	80,946
Others		2,429	2,607	6,806	3,007
Total revenues		6,125,970	5,651,117	3,386,713	2,621,452
Expenses					
Cost of sales and services	3	5,688,663	5,267,122	3,067,220	2,393,689
Selling expenses		54,528	50,272	23,958	24,548
Administrative expenses		187,203	189,384	86,610	80,466
Loss on exchange		-	28,597	-	14,454
Total expenses		5,930,394	5,535,375	3,177,788	2,513,157
Profit before finance cost and income tax		195,576	115,742	208,925	108,295
Finance cost		(108,201)	(118,696)	(58,879)	(72,443)
Profit (loss) before income tax		87,375	(2,954)	150,046	35,852
Income tax revenue (expenses)	14	(10,542)	(7,951)	(6,218)	152
Profit (loss) for the period		76,833	(10,905)	143,828	36,004
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(10,382)	1,033	-	-
Other comprehensive income for the period		(10,382)	1,033	-	-
Total comprehensive income for the period		66,451	(9,872)	143,828	36,004
Basic earnings per share (Baht)					
Profit (loss) attributable to equity holders of the Company		0.08	(0.01)	0.14	0.04
Weighted average number of ordinary shares (shares)		1,000 million	858 million	1,000 million	858 million

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of cash flows

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit (loss) before tax	87,375	(2,954)	150,046	35,852
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	490	107,588	335	46,634
Reduction of inventory to net realisable value (reversal)	9,239	(8,554)	(1,564)	3,550
Reversal of allowance for doubtful accounts	(1,095)	(848)	-	(12)
Depreciation and amortisation	327,431	313,750	139,819	128,355
Gains on sales of property, plant and equipment	(616)	(377)	(455)	(582)
Provision for long-term employee benefits	7,195	6,255	3,518	3,363
Dividend income	-	-	(75,595)	(80,946)
Deferred interest	2,639	1,449	2,154	1,209
Interest expenses	91,837	108,997	55,789	69,882
Income from operating activities before changes in operating assets and liabilities	524,495	525,306	274,047	207,305
Operating assets (increase) decrease				
Trade and other receivables	(171,079)	100,526	(261,691)	151,978
Inventories	(378,018)	(359,078)	(220,713)	(299,230)
Other current assets	(72,313)	(68,045)	(70,352)	(20,649)
Other non-current assets	(1,238)	(50)	(171)	(12)
Operating liabilities increase (decrease)				
Trade and other payables	236,027	294,431	442,084	237,988
Other current liabilities	(65,935)	(7,789)	(26,653)	(5,016)
Cash flows from operating activities	71,939	485,301	136,551	272,364
Cash paid for interest expenses	(93,428)	(112,253)	(56,472)	(70,625)
Cash paid for corporate income tax	(5,599)	(14,198)	(374)	(120)
Net cash flows from (used in) operating activities	(27,088)	358,850	79,705	201,619

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the six-month period ended 30 June 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	4,185	1,740	1,176	1,490
Acquisition of property, plant and equipment and intangible assets	(144,813)	(151,563)	(35,682)	(47,972)
Increase in short-term loans to related parties	-	-	(10,812)	-
Dividend income	-	-	75,595	80,946
Decrease in restricted bank deposit	410	-	-	-
Net cash flows from (used in) investing activities	(140,218)	(149,823)	30,277	34,464
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	567,720	152,573	278,201	(242)
Repayment of short-term loans from related parties	-	-	(52,104)	(30,500)
Repayment of long-term loans	(325,000)	(325,000)	(325,000)	(325,000)
Cash paid for liabilities under hire-purchase and financial lease agreements	(12,835)	(10,713)	(9,683)	(7,366)
Cash received from increase share capital	-	300,000	-	300,000
Dividend paid	-	(170,000)	-	(170,000)
Net cash flows from (used in) financing activities	229,885	(53,140)	(108,586)	(233,108)
Increase in translation adjustment	(2,022)	(4,873)	-	-
Net increase in cash and cash equivalent	60,557	151,014	1,396	2,975
Cash and cash equivalent at beginning of period	119,910	97,236	64,136	14,721
Cash and cash equivalent at end of period	180,467	248,250	65,532	17,696

Supplement cash flows information

1) Non-cash related transaction for investing activities

Net increase (decrease) in trust receipt and other accounts payable for purchases of fixed assets

5,858	(7,391)	7,356	1,980
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2) Non-cash related transaction for financing activities

Accrued dividend

675	581	675	581
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Assets acquired under hire-purchase and financial lease agreements

6,530	13,823	2,700	9,921
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

Consolidated financial statements								
					<u>Other components of shareholders' equity</u>			
					<u>Other comprehensive</u>			
					<u>income</u>	<u>Surplus from</u>		
					Exchange difference	business	Total other	
					on translation of	combination	components of	Total
					financial statements	under	shareholders'	shareholders'
					in foreign currency	common control	equity	equity
Issued and	fully paid-up	Share	<u>Retained earnings</u>					
share capital	premium	Appropriated -	statutory reserve	Unappropriated				
Balance as at 31 December 2012	850,000	350,000	90,601	892,482	(12,083)	207,898	195,815	2,378,898
Ordinary share capital increased during the period (Note 13)	150,000	150,000	-	-	-	-	-	300,000
Dividend paid (Note 16)	-	-	-	(170,000)	-	-	-	(170,000)
Loss for the period	-	-	-	(10,905)	-	-	-	(10,905)
Other comprehensive income for the period	-	-	-	-	1,033	-	1,033	1,033
Balance as at 30 June 2013	<u>1,000,000</u>	<u>500,000</u>	<u>90,601</u>	<u>711,577</u>	<u>(11,050)</u>	<u>207,898</u>	<u>196,848</u>	<u>2,499,026</u>
Balance as at 31 December 2013	1,000,000	500,000	100,000	713,966	(11,116)	207,898	196,782	2,510,748
Profit for the period	-	-	-	76,833	-	-	-	76,833
Other comprehensive income for the period	-	-	-	-	(10,382)	-	(10,382)	(10,382)
Balance as at 30 June 2014	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>790,799</u>	<u>(21,498)</u>	<u>207,898</u>	<u>186,400</u>	<u>2,577,199</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2012	850,000	350,000	90,601	469,611	1,760,212
Ordinary share capital increased during the period (Note 13)	150,000	150,000	-	-	300,000
Dividend paid (Note 16)	-	-	-	(170,000)	(170,000)
Total comprehensive income for the period	-	-	-	36,004	36,004
Balance as at 30 June 2013	1,000,000	500,000	90,601	335,615	1,926,216
Balance as at 31 December 2013	1,000,000	500,000	100,000	558,779	2,158,779
Total comprehensive income for the period	-	-	-	143,828	143,828
Balance as at 30 June 2014	1,000,000	500,000	100,000	702,607	2,302,607

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2014

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

The interim consolidated financial statements included the financials statements of Kulthorn Kirby Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2013. There have been no changes in the composition of its subsidiaries during the period.

1.4 New accounting standards

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

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

(Unaudited but reviewed)

2. Trade and other receivables

The outstanding balance of trade accounts receivable as at 30 June 2014 and 31 December 2013 categorised by their aging from due dates is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Not yet due	98,998	71,562	130,651	73,489
Overdue				
Less than 3 months	20,004	24,365	16,157	25,461
3 - 6 months	3,779	12,755	4,442	7,293
6 - 12 months	1,262	446	710	-
Over 12 months	11,169	13,839	8,943	11,981
Total trade receivables - related parties	135,212	122,967	160,903	118,224
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,333,920	1,567,768	451,921	715,270
Overdue				
Less than 3 months	836,687	478,541	543,186	91,210
3 - 6 months	41,748	10,269	34,188	4,495
6 - 12 months	8,071	1,092	9	-
Over 12 months	16,453	21,349	418	418
Total	2,236,879	2,079,019	1,029,722	811,393
Less: Allowance for doubtful debts	(5,394)	(6,488)	(418)	(418)
Total trade receivables - unrelated parties, net	2,231,485	2,072,531	1,029,304	810,975
Total trade receivables - net	2,366,697	2,195,498	1,190,207	929,199
<u>Other receivables</u>				
Advances - related party	2,419	2,422	4,041	3,842
Other	4,677	2,863	4,033	2,541
Total other receivables	7,096	5,285	8,074	6,383
Total trade and other receivables - net	2,373,793	2,200,783	1,198,281	935,582

The outstanding balances of trade receivables as at 30 June 2014 included Baht 72.9 million of the trade receivables, which were sold to the banks at a discount. The Company still has obligations under the full recourse guarantee provided in respect of the sale.

(Unaudited but reviewed)

3. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	474,057	418,541	Market price
Sales and service income and scrap sales	-	-	115,578	110,054	Approximate market price
Sales vehicle	-	-	-	500	Mutually agreed price
Other income	-	-	3,856	762	Mutually agreed price as stipulated in the contract
Rental income	-	-	632	552	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	635	316	Interest rate at 0.25 - 3.90 percent per annum (2013: 4.40 percent per annum)
Interest income	-	-	49	-	Interest rate at 3.25 percent per annum
Other expenses	-	-	14	-	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	152,087	166,591	87,085	106,163	Approximate market price
Purchases of goods	26,705	29,889	20,957	21,696	Market price
Rental expense	2,808	2,807	-	-	Mutually agreed price as stipulated in the contract
Interest expenses	-	322	-	-	Interest rate at 3.50 percent per annum
Rental income	-	114	-	-	Mutually agreed price as stipulated in the contract
Other income	1	82	1	-	Mutually agreed price as stipulated in the contract
Other expenses	525	960	-	-	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	997,170	911,786	Market price
Sales and service income and scrap sales	-	-	230,143	230,333	Approximate market price
Sales of vehicle	-	-	-	500	Mutually agreed price
Other expenses	-	-	14	1,788	Mutually agreed price as stipulated in the contract
Other income	-	-	6,483	1,557	Mutually agreed price as stipulated in the contract
Rental income	-	-	1,265	1,104	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	1,420	671	Interest rate at 0.25 - 3.90 percent per annum (2013: 4.40 - 4.50 percent per annum)
Interest income	-	-	114	-	Interest rate at 3.25 percent per annum
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	313,177	321,451	184,060	201,570	Approximate market price
Purchases of goods	50,925	50,051	37,852	35,964	Market price
Rental expense	5,615	5,615	-	-	Mutually agreed price as stipulated in the contract
Interest expenses	-	638	-	-	Interest rate at 3.50 percent per annum
Rental income	-	114	-	-	Mutually agreed price as stipulated in the contract
Other income	91	174	88	27	Mutually agreed price as stipulated in the contract
Other expenses	1,588	1,414	-	-	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 June 2014 and 31 December 2013 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Trade and other receivables - related parties</u>				
(Note 2)				
Subsidiary companies	-	-	81,657	41,132
Related companies (related by common director/shareholder)	137,631	125,389	83,287	80,934
Trade and other receivables - related parties	137,631	125,389	164,944	122,066

Trade and other payables - related parties

(Note 10)

Subsidiary companies	-	-	792,032	512,438
Related companies (related by common director/shareholder)	46,603	26,572	22,842	19,714
Total trade and other payables - related parties	46,603	26,572	815,874	532,152

During the six-month period ended 30 June 2014, short-term loan of the Company from related party had the following movements:

	(Unit: Thousand Baht)		
	Separate financial statements		
	Balance as at 1 January 2014	Decrease during the period	Balance as at 30 June 2014
<u>Short-term loan from related party</u>			
Kulthorn Premier Co., Ltd.	104,000	(104,000)	-
Total	104,000	(104,000)	-

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.

(Unaudited but reviewed)

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

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	30 June 2014	31 December 2013
<u>Short-term loans to subsidiaries</u>		
Kulthorn Materials and Controls Co., Ltd.	-	3,359
Kulthorn Metal Product Co., Ltd.	4,915	918
Kulthorn Steel Co., Ltd.	3,282	2,152
Kulthorn Kirby Foundry Co., Ltd.	9,044	-
Total short-term loans to subsidiaries	17,241	6,429
<u>Short-term loans from subsidiaries</u>		
Kulthorn Kirby Foundry Co., Ltd.	-	28,162
Kulthorn Premier Co., Ltd.	98,561	23,603
Kulthorn Materials and Controls Co., Ltd.	5,100	-
Total short-term loans from subsidiaries	103,661	51,765

Directors and management's remuneration

During the periods ended 30 June 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	8,666	11,492	4,396	4,119
Post-employment benefits	200	195	78	74
Total	8,866	11,687	4,474	4,193

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	17,327	19,498	8,790	8,258
Post-employment benefits	400	390	157	147
Total	<u>17,727</u>	<u>19,888</u>	<u>8,947</u>	<u>8,405</u>

Guarantee obligations with related parties

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

4. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the six-month period ended 30 June 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	60,701	23,672
Reduction of inventory to net realisable value (reversal)	<u>9,239</u>	<u>(1,564)</u>
Balance as at 30 June 2014	<u>69,940</u>	<u>22,108</u>

(Unaudited but reviewed)

5. Investments in subsidiaries

As at 30 June 2014 and 31 December 2013, the Company has long-term investments in ordinary share of the following companies:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
	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	40,946
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	80,946
Less: Allowance for impairment loss on investments in subsidiaries					(783,007)	(783,007)	-	-
Investments in subsidiaries - net					2,434,372	2,434,372	75,595	80,946

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	3,899,480	1,743,414
Acquisitions during the period - at cost	140,351	39,170
Disposals during the period - net book value at disposal date	(3,546)	(698)
Depreciation for the period	(324,693)	(139,335)
Translation adjustment	(8,397)	-
Net book value as at 30 June 2014	<u>3,703,195</u>	<u>1,642,551</u>

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

7. Goodwill on business combination

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Goodwill on business combination	37,620	37,620	-	-
Less: Accumulated impairment loss	(37,620)	(37,620)	-	-
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

8. Intangible assets

Movements of the intangible assets account during the six-month period ended 30 June 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	55,746	11,707
Acquisitions during the period - at cost	16,850	6,568
Disposals during the period - net book value at disposal date	(23)	(23)
Amortisation for the period	(2,738)	(484)
Translation adjustment	(233)	-
Net book value as at 30 June 2014	<u>69,602</u>	<u>17,768</u>

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Bank overdrafts	7.38 - 7.40	34,078	19,198	14,865	580
Short-term loans	3.70 - 4.15	1,036,000	1,585,678	556,000	569,100
Trust receipts	1.65 - 4.15	2,097,787	1,527,699	813,815	582,726
Loans (factoring)	1.50 - 1.68	72,894	-	72,894	-
Packing credit	2.30 - 3.75	1,034,897	570,888	549,476	570,888
Total		<u>4,275,656</u>	<u>3,703,463</u>	<u>2,007,050</u>	<u>1,723,294</u>

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

(Unaudited but reviewed)

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Trade payables - related parties	23,000	20,474	698,518	494,851
Trade payables - unrelated parties	1,011,230	864,599	450,087	317,220
Other payables - related parties	23,603	6,098	117,298	37,268
Other payables - unrelated parties	122,957	120,457	47,186	49,982
Accrued interest expenses - related parties	-	-	58	33
Accrued interest expenses - unrelated parties	2,313	4,176	859	1,567
Accrued expenses	179,285	112,504	71,541	41,360
Total trade and other payables	<u>1,362,388</u>	<u>1,128,308</u>	<u>1,385,547</u>	<u>942,281</u>

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Long-term loans	775,000	1,100,000	775,000	1,100,000
Less: Current portion of long-term loans	(550,000)	(550,000)	(550,000)	(550,000)
Long-term loans, net of current portion	<u>225,000</u>	<u>550,000</u>	<u>225,000</u>	<u>550,000</u>

Movements of the long-term loans account during the six-month period ended 30 June 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate financial
	financial statements	statements
Balance as at 1 January 2014	1,100,000	1,100,000
Less: Repayment during the period	<u>(325,000)</u>	<u>(325,000)</u>
Balance as at 30 June 2014	<u>775,000</u>	<u>775,000</u>

(Unaudited but reviewed)

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

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

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

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 has 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.

(Unaudited but reviewed)

As at 30 June 2014, the Company and its subsidiaries received the waiver letter for maintain covenant ratio from all lenders for the period ended 30 June 2014. The Company and its subsidiaries have to comply with certain conditions including maintaining interest bearing debt to EBITDA ratio not exceeding 6:1, 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 0.90:1. As at 30 June 2014, the Company and its subsidiaries could maintain all conditions in the waiver letter and the loan agreement.

During the six-month period ended 30 June 2014, the Company and its subsidiaries have not entered into any new loan agreement with financial institution.

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

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

12. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Liabilities under financial lease agreements	80,938	86,911	63,469	70,206
Less: Deferred interest	(9,729)	(12,036)	(7,869)	(9,777)
Total	71,209	74,875	55,600	60,429
Less: Current portion due within one year	(20,114)	(18,788)	(14,968)	(13,982)
Liabilities under financial lease agreements, net of current portion	51,095	56,087	40,632	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.

13. 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.

(Unaudited but reviewed)

14. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	1,596	462	8,960	9,782
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(732)</u>	<u>(2,404)</u>	<u>1,582</u>	<u>(1,831)</u>
Income tax expense (revenue) reported in the statements of comprehensive income	<u>864</u>	<u>(1,942)</u>	<u>10,542</u>	<u>7,951</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(696)</u>	<u>(765)</u>	<u>6,218</u>	<u>(152)</u>
Income tax expense (revenue) reported in the statements of comprehensive income	<u>(696)</u>	<u>(765)</u>	<u>6,218</u>	<u>(152)</u>

15. Segment information

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2014 and 2013, respectively.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 June

	Compressors										Adjustments and		Consolidated			
	and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		eliminations			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue																
External customers	2,047	1,622	489	538	269	287	225	264	27	16	3,057	2,727	-	-	3,057	2,727
Inter-segment	58	87	204	217	187	158	199	126	35	37	683	625	(683)	(625)	-	-
Total revenue	<u>2,105</u>	<u>1,709</u>	<u>693</u>	<u>755</u>	<u>456</u>	<u>445</u>	<u>424</u>	<u>390</u>	<u>62</u>	<u>53</u>	<u>3,740</u>	<u>3,352</u>	<u>(683)</u>	<u>(625)</u>	<u>3,057</u>	<u>2,727</u>
Results																
Segment gross profit	128	50	(63)	(102)	14	12	34	47	14	6	127	13	32	39	159	52
Other income															101	76
Gain (loss) on exchange															4	(120)
Selling and distribution expenses															(31)	(25)
Administrative expenses															(85)	(93)
Finance cost															(55)	(61)
Profit (loss) before income tax															93	(171)
Income tax revenue (expenses)															(1)	2
Profit (loss) for the period															<u>92</u>	<u>(169)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Compressors										Adjustments and		Consolidated			
	and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		eliminations			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue																
External customers	3,893	3,256	1,003	1,092	441	567	528	529	54	28	5,919	5,472	-	-	5,919	5,472
Inter-segment	196	182	424	501	419	318	342	262	76	72	1,457	1,335	(1,457)	(1,335)	-	-
Total revenue	<u>4,089</u>	<u>3,438</u>	<u>1,427</u>	<u>1,593</u>	<u>860</u>	<u>885</u>	<u>870</u>	<u>791</u>	<u>130</u>	<u>100</u>	<u>7,376</u>	<u>6,807</u>	<u>(1,457)</u>	<u>(1,335)</u>	<u>5,919</u>	<u>5,472</u>
Results																
Segment gross profit	104	73	(101)	(90)	32	16	113	120	25	11	173	130	57	75	230	205
Other income															187	179
Gain (loss) on exchange															21	(29)
Selling and distribution expenses															(55)	(50)
Administrative expenses															(187)	(189)
Finance cost															(108)	(119)
Profit (loss) before income tax															88	(3)
Income tax revenue (expenses)															(11)	(8)
Profit (loss) for the period															<u>77</u>	<u>(11)</u>

(Unaudited but reviewed)

16. Dividends

<u>Dividend</u>	<u>Approved by</u>	<u>Dividend paid</u> (Million Baht)	<u>Divided paid per share</u> (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 25 April 2013	170	0.2
Total for 2013		<u>170</u>	<u>0.2</u>

The Company already paid such dividend in May 2013.

17. Commitment and contingent liabilities

17.1 Capital commitments

As at 30 June 2014, the Company and its subsidiaries have capital commitments of approximately Baht 21.9 million (31 December 2013: Baht 25.2 million) and the Company only: Baht 10.9 million (31 December 2013: Baht 10.9 million), relating to the construction, acquisition of machinery and computer software.

17.2 Operating lease commitments

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Payable within:				
In up to 1 year	24.8	23.9	0.4	0.4
In over 1 year and up to 3 years	23.2	33.0	0.4	0.5

(Unaudited but reviewed)

17.3 Long-term service commitments

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Payable within:				
In up to 1 year	12.1	12.8	4.9	2.3
In over 1 year	1.2	1.8	0.1	0.3

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

As at 30 June 2014, the subsidiary has outstanding royalty fees amounting to approximately Baht 17.6 million (31 December 2013: Baht 17.6 million) which was included in other current liabilities.

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

17.4 Guarantees

- a) As at 30 June 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 522.7 million (31 December 2013: RMB 100 million or equivalent to a total of Baht 540.9 million).
- b) As at 30 June 2014, there were outstanding bank guarantees of approximately Baht 78.7 million (31 December 2013: Baht 78.3 million), the Company only: Baht 22.6 million (31 December 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 include letter of guarantee to guarantee electricity usage amounting to Baht 74.0 million (31 December 2013: Baht 73.9 million), the Company only: Baht 18.3 million (31 December 2013: Baht 18.3 million) and to guarantee import duty and others amounting to Baht 4.7 million (31 December 2013: Baht 4.4 million), the Company only: Baht 4.3 million (31 December 2013: Baht 4.0 million).

(Unaudited but reviewed)

18. Foreign currency risk and interest rate risk

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

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

As at 30 June 2014						
Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements		Buying	Selling
	Financial assets	Financial liabilities	Financial assets	Financial liabilities		
(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)		
US dollar	23	77	16	37	32.3114	32.5986
Japanese yen	-	10	-	7	0.3114	0.3233
Euro	2	-	1	-	43.9657	44.5838

As at 31 December 2013						
Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements		Buying	Selling
	Financial assets	Financial liabilities	Financial assets	Financial liabilities		
(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)		
US dollar	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 30 June 2014, the Company and its subsidiaries had outstanding forward exchange contracts with maturities less than one year and cross currency interest rate swap contract as follows:

(Unaudited but reviewed)

Forward exchange contracts

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

As at 30 June 2014					
Consolidated financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	6.2	3.0	10 July - 28 November 2014	32.47 - 33.39	32.53 - 32.62

As at 31 December 2013					
Consolidated financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	6.1	17.7	2 January - 20 June 2014	32.49 - 32.80	29.10 - 32.50

As at 30 June 2014					
Separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	2.2	2.0	10 July - 6 November 2014	32.47 - 33.39	32.53

As at 31 December 2013					
Separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	6.1	11.5	23 January - 20 June 2014	32.49 - 32.80	29.10 - 32.45

(Unaudited but reviewed)

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 30 September 2011, and has entered into an amendment on 21 November 2012 to transmit some terms and conditions for outstanding principal of Baht 1,162.5 million. Termination date of the contract is 31 December 2015. The objectives of the contract after amendment are

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

As at 30 June 2014, fair value of cross currency interest rate swap contract is lower than trade date of Baht 31.1 million (31 December 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 end of reporting period.

Commodity hedge agreements

A subsidiary had outstanding copper swap agreements, of which details are presented below.

As at 30 June 2014				
Type of goods	Quantity	Maturity date	Contract price	Market price
	(Ton)		(per unit)	(per unit)
Copper	25	July 2014	USD 6,890	USD 6,955
Copper	150	September 2014-February 2015	RMB 45,958 - 50,858	RMB 49,070 - 49,530

(Unaudited but reviewed)

As at 31 December 2013

Type of goods	Quantity	Maturity date	Contract price	Market price
	(Ton)		(per unit)	(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

19. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 6 August 2014.