

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

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Kulthorn Kirby Public Company Limited

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

### **Scope of review**

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

### **Conclusion**

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

**Other matter**

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

Siriwan Suratepin  
Certified Public Accountant (Thailand) No. 4604

EY Office Limited  
Bangkok: 4 November 2015

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 30 September 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	As at	As at	As at	As at	
	<u>Note</u>	<u>30 September 2015</u>	<u>31 December 2014</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		but reviewed)		but reviewed)	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		163,047	249,262	120,310	182,546
Trade and other receivables	2, 3	1,929,394	2,179,459	1,079,452	1,032,374
Short-term loans to related parties	2	-	-	208,800	237,057
Inventories	4	2,800,193	2,660,305	1,727,989	1,246,248
VAT receivable		98,442	124,201	63,644	86,536
Other current assets		89,659	74,256	23,427	13,951
<b>Total current assets</b>		<u>5,080,735</u>	<u>5,287,483</u>	<u>3,223,622</u>	<u>2,798,712</u>
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	2,634,372	2,434,372
Property, plant and equipment	6	3,224,690	3,517,006	1,403,409	1,544,948
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	84,267	82,174	29,405	25,685
Deferred tax assets		68,853	59,616	21,012	13,520
Other non-current assets		2,403	3,115	1,548	1,468
<b>Total non-current assets</b>		<u>3,380,213</u>	<u>3,661,911</u>	<u>4,089,746</u>	<u>4,019,993</u>
<b>Total assets</b>		<u>8,460,948</u>	<u>8,949,394</u>	<u>7,313,368</u>	<u>6,818,705</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 30 September 2015**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 30 September 2015	As at 31 December 2014	As at 30 September 2015	As at 31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	9	3,736,539	3,785,874	2,264,785	1,907,748
Trade and other payables	2, 10	1,236,051	1,484,077	1,137,465	1,230,216
Short-term loans from related parties	2	-	-	614,860	503,611
Current portion of long-term loans	11	379,822	675,240	337,500	634,700
Current portion of liabilities under					
financial lease agreements	12	21,027	20,573	15,917	15,746
Dividend payable		2,438	500,675	2,434	500,673
Income tax payable		17,273	8,073	15,900	-
Other current liabilities		37,633	59,739	12,879	12,986
<b>Total current liabilities</b>		<b>5,430,783</b>	<b>6,534,251</b>	<b>4,401,740</b>	<b>4,805,680</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	11	151,339	183,289	-	-
Liabilities under financial lease agreements - net					
of current portion	12	28,051	41,650	22,420	34,296
Provision for long-term employee benefits		142,041	130,723	68,558	63,018
<b>Total non-current liabilities</b>		<b>321,431</b>	<b>355,662</b>	<b>90,978</b>	<b>97,314</b>
<b>Total liabilities</b>		<b>5,752,214</b>	<b>6,889,913</b>	<b>4,492,718</b>	<b>4,902,994</b>

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 September 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at 30 September 2015 (Unaudited but reviewed)	As at 31 December 2014 (Audited)	As at 30 September 2015 (Unaudited but reviewed)	As at 31 December 2014 (Audited)
<b>Shareholders' equity</b>				
Share capital		13		
Registered				
1,200,000,000 ordinary shares of Baht 1 each (31 December 2014: 1,000,000,000 ordinary shares of Baht 1 each)	<u>1,200,000</u>	<u>1,000,000</u>	<u>1,200,000</u>	<u>1,000,000</u>
Issued and fully paid up				
1,200,000,000 ordinary shares of Baht 1 each (31 December 2014: 1,000,000,000 ordinary shares of Baht 1 each)	1,200,000	1,000,000	1,200,000	1,000,000
Share premium	700,000	500,000	700,000	500,000
Retained earnings				
Appropriated - statutory reserve	100,000	100,000	100,000	100,000
Unappropriated	503,570	271,386	820,650	315,711
Other components of shareholders' equity	<u>205,164</u>	<u>188,095</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>	<u>2,708,734</u>	<u>2,059,481</u>	<u>2,820,650</u>	<u>1,915,711</u>
<b>Total liabilities and shareholders' equity</b>	<u>8,460,948</u>	<u>8,949,394</u>	<u>7,313,368</u>	<u>6,818,705</u>
	-	-	-	-

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

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Directors

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(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Statements of comprehensive income****For the three-month period ended 30 September 2015**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2, 16	2,415,051	2,589,046	1,379,758	1,395,010
Other income					
Income from scrap sales	2	67,760	67,097	35,808	66,128
Gain on exchange		10,820	18,820	2,472	6,479
Interest income	2	16	55	3,713	47
Dividend income		4	3	4	3
Others		45	1,320	4,862	3,166
<b>Total revenues</b>		<u>2,493,696</u>	<u>2,676,341</u>	<u>1,426,617</u>	<u>1,470,833</u>
<b>Expenses</b>					
Cost of sales and services	2	2,220,361	2,516,558	1,215,806	1,341,603
Selling expenses		27,394	36,517	11,234	21,002
Administrative expenses		83,238	102,324	44,465	43,337
<b>Total expenses</b>		<u>2,330,993</u>	<u>2,655,399</u>	<u>1,271,505</u>	<u>1,405,942</u>
<b>Profit before finance cost and income tax</b>		162,703	20,942	155,112	64,891
Finance cost		(52,555)	(50,143)	(37,626)	(26,632)
<b>Profit (loss) before income tax</b>		110,148	(29,201)	117,486	38,259
Income tax revenue (expenses)	14	(27,129)	10,275	(27,708)	15,567
<b>Profit (loss) for the period</b>		<u>83,019</u>	<u>(18,926)</u>	<u>89,778</u>	<u>53,826</u>
<b>Other comprehensive income:</b>					
Exchange differences on translation of					
financial statements in foreign currency		4,866	(1,236)	-	-
<b>Other comprehensive income for the period</b>		<u>4,866</u>	<u>(1,236)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>87,885</u>	<u>(20,162)</u>	<u>89,778</u>	<u>53,826</u>
<b>Basic earnings per share (Baht)</b>					
Profit (loss) attributable to equity holders of the Company	15	0.07	(0.02)	0.07	0.05
Weighted average number of ordinary shares (shares)		<u>1,200 million</u>	<u>1,000 million</u>	<u>1,200 million</u>	<u>1,000 million</u>

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Statements of comprehensive income**

**For the nine-month period ended 30 September 2015**

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2, 16	7,988,707	8,507,600	4,746,743	4,557,569
Other income					
Income from scrap sales	2	150,412	250,639	130,023	196,571
Gain on exchange		79	39,857	-	17,353
Interest income	2	507	463	11,980	483
Dividend income	2	6	3	135,056	75,598
Others		5,282	3,749	12,986	9,972
<b>Total revenues</b>		<b>8,144,993</b>	<b>8,802,311</b>	<b>5,036,788</b>	<b>4,857,546</b>
<b>Expenses</b>					
Cost of sales and services	2	7,348,751	8,205,221	4,206,297	4,408,823
Selling expenses		99,285	91,045	53,431	44,960
Administrative expenses		282,569	289,527	139,396	129,947
Loss on exchange		-	-	5,089	-
<b>Total expenses</b>		<b>7,730,605</b>	<b>8,585,793</b>	<b>4,404,213</b>	<b>4,583,730</b>
<b>Profit before finance cost and income tax</b>		<b>414,388</b>	<b>216,518</b>	<b>632,575</b>	<b>273,816</b>
Finance cost		(159,106)	(158,344)	(109,417)	(85,511)
<b>Profit before income tax</b>		<b>255,282</b>	<b>58,174</b>	<b>523,158</b>	<b>188,305</b>
Income tax revenue (expenses)	14	(23,098)	(267)	(18,219)	9,349
<b>Profit for the period</b>		<b>232,184</b>	<b>57,907</b>	<b>504,939</b>	<b>197,654</b>
<b>Other comprehensive income:</b>					
Exchange differences on translation of financial statements in foreign currency		17,069	(11,618)	-	-
<b>Other comprehensive income for the period</b>		<b>17,069</b>	<b>(11,618)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>249,253</b>	<b>46,289</b>	<b>504,939</b>	<b>197,654</b>
<b>Basic earnings per share (Baht)</b>					
Profit attributable to equity holders of the Company	15	0.21	0.06	0.47	0.20
Weighted average number of ordinary shares (shares)		1,083 million	1,000 million	1,083 million	1,000 million

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



(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Cash flow statements**

**For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>				
Profit before tax	255,282	58,174	523,158	188,305
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised gain on exchange	(47,803)	(8,839)	(16,661)	(6,736)
Reduction of inventory to net realisable value	8,383	77,881	4,914	70,460
Reversal of allowance for doubtful accounts	(3,449)	(282)	-	-
Impairment for fixed assets	-	517	-	-
Depreciation and amortisation	436,169	478,361	208,585	210,559
Gains on sales of property, plant and equipment	(593)	(1,242)	(820)	(1,262)
Write-off withholding tax deducted at source	1,240	-	-	-
Provision for long-term employee benefits	11,318	10,792	5,540	5,278
Dividend income	(6)	(3)	(135,056)	(75,598)
Deferred interest	2,967	3,875	2,365	3,145
Interest expenses	143,900	138,859	100,726	80,809
Profit from operating activities before changes in operating assets and liabilities	807,408	758,093	692,751	474,960
Operating assets (increase) decrease				
Trade and other receivables	265,956	156,020	(37,121)	9,263
Inventories	(148,271)	(464,381)	(486,655)	(337,905)
Other current assets	30,896	(77,487)	15,593	(82,047)
Other non-current assets	712	(1,275)	(80)	(572)
Operating liabilities increase (decrease)				
Trade and other payables	(266,121)	186,103	(113,965)	237,275
Other current liabilities	(22,103)	(67,784)	(106)	(30,116)
Cash flows from operating activities	668,477	489,289	70,417	270,858
Cash paid for interest expenses	(144,561)	(140,793)	(99,460)	(81,456)
Cash paid for income tax	(23,992)	(10,936)	(10,067)	(679)
<b>Net cash flows from (used in) operating activities</b>	<u>499,924</u>	<u>337,560</u>	<u>(39,110)</u>	<u>188,723</u>

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Cash flow statements (continued)**

**For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	935	5,147	999	1,983
Acquisition of property, plant and equipment and intangible assets	(112,717)	(212,818)	(55,981)	(62,611)
Decrease in short-term loans to related parties	-	-	28,257	2,560
Dividend income	6	3	135,056	75,598
Cash paid for additional purchase of investment in subsidiaries	-	-	(200,000)	-
Decrease in restricted bank deposit	-	410	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(111,776)</b>	<b>(207,258)</b>	<b>(91,669)</b>	<b>17,530</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(27,373)	331,395	366,802	141,838
Increase in short-term loans from related parties	-	-	111,249	25,536
Repayment of long-term loans	(327,368)	(399,300)	(297,200)	(399,300)
Cash paid for liabilities under financial lease agreements	(18,974)	(19,298)	(14,069)	(14,428)
Cash received from increase share capital	400,000	-	400,000	-
Dividend paid	(498,237)	-	(498,239)	-
<b>Net cash flows from (used in) financing activities</b>	<b>(471,952)</b>	<b>(87,203)</b>	<b>68,543</b>	<b>(246,354)</b>
<b>Decrease in translation adjustments</b>	<b>(2,411)</b>	<b>(4,711)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(86,215)</b>	<b>38,388</b>	<b>(62,236)</b>	<b>(40,101)</b>
Cash and cash equivalents at beginning of period	249,262	119,910	182,546	64,136
<b>Cash and cash equivalents at end of period</b>	<b>163,047</b>	<b>158,298</b>	<b>120,310</b>	<b>24,035</b>
<b>Supplement cash flows information</b>				
1) Non-cash related transaction for investing activities				
Net increase (decrease) in trust receipts and other accounts payable for purchases of fixed assets	12,462	(3,780)	14,964	1,291
2) Non-cash related transaction for financing activities				
Accrued dividend	2,438	673	2,434	673
Assets acquired under financial lease agreements	2,862	6,530	-	2,700

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity**

**For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

**Consolidated financial statements**

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency	Surplus from business combination under common control	
<b>Balance as at 1 January 2014</b>	1,000,000	500,000	100,000	713,966	(11,116)	207,898	196,782	2,510,748
Profit for the period	-	-	-	57,907	-	-	-	57,907
Other comprehensive income for the period	-	-	-	-	(11,618)	-	(11,618)	(11,618)
Total comprehensive income for the period	-	-	-	57,907	(11,618)	-	(11,618)	46,289
<b>Balance as at 30 September 2014</b>	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>771,873</u>	<u>(22,734)</u>	<u>207,898</u>	<u>185,164</u>	<u>2,557,037</u>
<b>Balance as at 1 January 2015</b>	1,000,000	500,000	100,000	271,386	(19,803)	207,898	188,095	2,059,481
Profit for the period	-	-	-	232,184	-	-	-	232,184
Other comprehensive income for the period	-	-	-	-	17,069	-	17,069	17,069
Total comprehensive income for the period	-	-	-	232,184	17,069	-	17,069	249,253
Increase share capital (Note 13)	200,000	200,000	-	-	-	-	-	400,000
<b>Balance as at 30 September 2015</b>	<u>1,200,000</u>	<u>700,000</u>	<u>100,000</u>	<u>503,570</u>	<u>(2,734)</u>	<u>207,898</u>	<u>205,164</u>	<u>2,708,734</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 nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>				<b>Total shareholders' equity</b>
	<b>Issued and fully paid-up share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>		
			<b>Appropriated - statutory reserve</b>	<b>Unappropriated</b>	
<b>Balance as at 1 January 2014</b>	1,000,000	500,000	100,000	558,779	2,158,779
Profit for the period	-	-	-	197,654	197,654
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	197,654	197,654
<b>Balance as at 30 September 2014</b>	<u>1,000,000</u>	<u>500,000</u>	<u>100,000</u>	<u>756,433</u>	<u>2,356,433</u>
<b>Balance as at 1 January 2015</b>	1,000,000	500,000	100,000	315,711	1,915,711
Profit for the period	-	-	-	504,939	504,939
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	504,939	504,939
Increase share capital (Note 13)	200,000	200,000	-	-	400,000
<b>Balance as at 30 September 2015</b>	<u>1,200,000</u>	<u>700,000</u>	<u>100,000</u>	<u>820,650</u>	<u>2,820,650</u>

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

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2015**

**1. General information**

**1.1 Corporate information**

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

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

**1.3 Basis of consolidation**

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

## 1.4 New financial reporting standards

### (a) Financial reporting standards that became effective in the current period

The Group has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

#### **TAS 19 (revised 2014) Employee Benefits**

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

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

#### **TFRS 10 Consolidated Financial Statements**

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

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

### **TFRS 12 Disclosure of Interests in Other Entities**

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

### **TFRS 13 Fair Value Measurement**

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

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

#### **(b) Financial reporting standards issued during the period and not yet effective**

During the period, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

#### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014.

#### **2. Related party transactions**

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	421,074	457,661	Market price
Sales and service income and scrap sales	-	-	74,483	172,502	Approximate market price
Sales of machine	-	-	-	809	Mutually agreed price
Interest income	-	-	3,712	47	Interest rate at 3.25 - 4.10 percent per annum (2014: 3.25 percent per annum)
Other income	-	-	3,650	2,166	Mutually agreed price as stipulated in the contract
Rental income	-	-	633	633	Mutually agreed price as stipulated in the contract
Other expenses	-	-	-	2	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	7,490	218	Interest rate at 0.25 - 4.10 percent per annum (2014: 0.25 - 3.95 percent per annum)
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	148,771	132,646	95,976	88,845	Approximate market price
Dividend income	-	-	-	3	According to declaration
Other income	324	-	246	1	Mutually agreed price as stipulated in the contract
Purchases of goods	18,864	36,084	16,915	31,112	Market price
Rental expense	3,337	4,395	-	-	Mutually agreed price as stipulated in the contract
Other expenses	611	1,852	-	-	Mutually agreed price as stipulated in the contract



(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2015	2014	2015	2014	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	1,331,647	1,454,831	Market price
Sales and service income and scrap sales	-	-	264,811	402,645	Approximate market price
Sales of machine	-	-	-	809	Mutually agreed price
Dividend income	-	-	135,050	75,595	According to declaration
Interest income	-	-	11,559	161	Interest rate at 3.25 - 6.85 percent per annum (2014: 3.25 percent per annum)
Other income	-	-	8,598	8,649	Mutually agreed price as stipulated in the contract
Rental income	-	-	1,898	1,898	Mutually agreed price as stipulated in the contract
Other expenses	-	-	1,293	15	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	19,675	1,638	Interest rate at 0.25 - 6.75 percent per annum (2014: 0.25 - 3.95 percent per annum)
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	453,978	445,823	277,228	272,905	Approximate market price
Sales of vehicle	350	-	-	-	Mutually agreed price
Dividend income	-	-	-	3	According to declaration
Other income	492	91	414	88	Mutually agreed price as stipulated in the contract
Purchases of goods	62,731	87,009	58,940	68,964	Market price
Rental expense	10,011	10,010	-	-	Mutually agreed price as stipulated in the contract
Other expenses	8,681	3,440	5,214	-	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 3)</b>				
Subsidiary companies	-	-	127,997	29,238
Related companies (related by common director/shareholder)	122,635	107,449	69,166	58,176
<b>Trade and other receivables - related parties</b>	<b>122,635</b>	<b>107,449</b>	<b>197,163</b>	<b>87,414</b>

**Trade and other payables - related parties**

<b>(Note 10)</b>				
Subsidiary companies	-	-	502,045	611,673
Related companies (related by common director/shareholder)	27,775	47,607	14,800	19,967
<b>Total trade and other payables - related parties</b>	<b>27,775</b>	<b>47,607</b>	<b>516,845</b>	<b>631,640</b>

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

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

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 1 January 2015	Increase during the period	Decrease during the period	Balance as at 30 September 2015
<b><u>Short-term loan to subsidiary</u></b>				
Kulthorn Materials and Controls Co., Ltd.	208,000	100,000	(100,000)	208,000
<b>Total</b>	<b>208,000</b>	<b>100,000</b>	<b>(100,000)</b>	<b>208,000</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 30 September 2015
	Balance as at 1 January 2015	Increase during the period	Decrease during the period	
<b><u>Short-term loan from subsidiary</u></b>				
Kulthorn Premier Co., Ltd.	380,000	274,000	(204,000)	450,000
Total	<u>380,000</u>	<u>274,000</u>	<u>(204,000)</u>	<u>450,000</u>

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

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

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

	(Unit: Thousand Baht)	
	30 September 2015	31 December 2014
<b><u>Short-term loans to related parties</u></b>		
Kulthorn Steel Co., Ltd.	800	-
Kulthorn Materials and Controls Co., Ltd.	-	11,600
Kulthorn Kirby Foundry Co., Ltd.	-	10,000
Kulthorn Metal Product Co., Ltd.	-	7,457
<b>Total short-term loans to related parties</b>	<u>800</u>	<u>29,057</u>
<b><u>Short-term loans from related parties</u></b>		
Kulthorn Premier Co., Ltd.	127,604	90,922
Kulthorn Materials and Controls Co., Ltd.	3,315	-
Kulthorn Kirby Foundry Co., Ltd.	30,160	-
Kulthorn Steel Co., Ltd.	-	32,689
Kulthorn Metal Product Co., Ltd.	3,781	-
<b>Total short-term loans from related parties</b>	<u>164,860</u>	<u>123,611</u>

(Unaudited but reviewed)

**Directors and management's remuneration**

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

(Unit: Thousand Baht)

For the three-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	12,404	8,538	4,658	4,394
Post-employment benefits	197	200	84	78
Total	<u>12,601</u>	<u>8,738</u>	<u>4,742</u>	<u>4,472</u>

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	36,511	25,865	14,015	13,184
Post-employment benefits	618	600	251	235
Total	<u>37,129</u>	<u>26,465</u>	<u>14,266</u>	<u>13,419</u>

**Guarantee obligations with related parties**

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

(Unaudited but reviewed)

### 3. Trade and other receivables

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<u>Trade receivables - related parties</u>				
Not yet due	87,272	79,459	88,188	53,627
Overdue				
Less than 3 months	28,706	15,199	20,954	6,511
3 - 6 months	-	1,297	36	1,000
6 - 12 months	-	453	-	-
Over 12 months	3,739	8,460	466	5,682
Total trade receivables - related parties	119,717	104,868	109,644	66,820
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,376,637	1,473,616	698,030	630,404
Overdue				
Less than 3 months	392,589	572,271	165,057	308,311
3 - 6 months	21,283	14,316	17,390	4,104
6 - 12 months	7,161	1,876	-	-
Over 12 months	17,846	21,830	252	298
Total	1,815,516	2,083,909	880,729	943,117
Less: Allowance for doubtful debts	(11,775)	(15,224)	(418)	(418)
Total trade receivables - unrelated parties	1,803,741	2,068,685	880,311	942,699
Total trade receivables - net	1,923,458	2,173,553	989,955	1,009,519
<u>Other receivables</u>				
Advances - related parties	2,918	2,581	87,519	20,594
Others	3,018	3,325	1,978	2,261
Total other receivables	5,936	5,906	89,497	22,855
Total trade and other receivables - net	1,929,394	2,179,459	1,079,452	1,032,374

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

(Unaudited but reviewed)

#### 4. Reduction of inventory to net realisable value

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

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	92,699	23,314
Reduction of inventory to net realisable value	<u>8,383</u>	<u>4,914</u>
Balance as at 30 September 2015	<u><u>101,082</u></u>	<u><u>28,228</u></u>

#### 5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September
	2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)				
Kulthorn Kirby Foundry Company Limited	575,000	475,000	100	100	739,999	639,999	119,050	-
Kulthorn Premier Company Limited	1,260,000	1,260,000	100	100	1,936,751	1,936,751	-	75,595
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999	16,000	-
Kulthorn Materials and Controls Company Limited	450,000	350,000	100	100	340,630	240,630	-	-
Total					3,417,379	3,217,379	135,050	75,595
Less: Allowance for impairment loss on investments in subsidiaries					(783,007)	(783,007)	-	-
Investments in subsidiaries - net					<u><u>2,634,372</u></u>	<u><u>2,434,372</u></u>	<u><u>135,050</u></u>	<u><u>75,595</u></u>

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

(Unaudited but reviewed)

In addition, during the period, Kulthorn Kirby Foundry Company Limited called up the uncalled portion of the additional registered capital amounting to Baht 200 million (2 million ordinary shares of Baht 100 each), 50 percent of which was called up initially in 2013. The subsidiary called up the remaining 50 percent payment for the shares, amounting to Baht 100 million and the Company made full payment for the shares on 9 July 2015. As result, this subsidiary has increased from Baht 475 million to Baht 575 million of its paid-up capital. The Company maintains its shareholding at 100 percent.

## 6. Property, plant and equipment

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2015</b>	3,517,006	1,544,948
Acquisitions during the period - at cost	118,646	64,806
Disposals during the period - net book value at disposal date	(326)	(179)
Write-off during the period - net book value at write-off date	(17)	-
Depreciation for the period	(428,345)	(206,166)
Translation adjustment	17,726	-
<b>Net book value as at 30 September 2015</b>	<u>3,224,690</u>	<u>1,403,409</u>

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

## 7. Goodwill on business combination

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

(Unaudited but reviewed)

**8. Intangible assets**

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2015</b>	82,174	25,685
Acquisitions during the period - at cost	9,395	6,139
Amortisation for the period	(7,824)	(2,419)
Translation adjustment	522	-
<b>Net book value as at 30 September 2015</b>	<b>84,267</b>	<b>29,405</b>

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

	Interest rate (percent per annum)	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		30 September 2015	31 December 2014	30 September 2015	31 December 2014
Bank overdrafts	7.38	17,720	26,719	3,388	170
Short-term loans	3.85 - 5.00	791,901	790,466	593,901	548,466
Trust receipts	1.91 - 5.63	1,909,071	1,843,134	979,718	650,835
Packing credit	4.00 - 4.10	1,017,847	1,040,371	687,778	623,093
Loans from discounting of accounts receivable	-	-	85,184	-	85,184
<b>Total</b>		<b>3,736,539</b>	<b>3,785,874</b>	<b>2,264,785</b>	<b>1,907,748</b>

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

**10. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Trade payables - related parties	15,213	24,322	457,781	542,390
Trade payables - unrelated parties	839,119	1,166,088	433,500	483,595
Other payables - related parties	12,562	23,285	56,647	89,109
Other payables - unrelated parties	182,569	146,779	109,086	66,031
Accrued interest expenses - related parties	-	-	2,417	141
Accrued interest expenses - unrelated parties	2,203	3,630	1,116	2,126
Accrued expenses	184,385	119,973	76,918	46,824
<b>Total trade and other payables</b>	<b>1,236,051</b>	<b>1,484,077</b>	<b>1,137,465</b>	<b>1,230,216</b>



(Unaudited but reviewed)

## 11. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Long-term loans	531,161	858,529	337,500	634,700
Less: Current portion of long-term loans	(379,822)	(675,240)	(337,500)	(634,700)
Long-term loans, net of current portion	<u>151,339</u>	<u>183,289</u>	<u>-</u>	<u>-</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	858,529	634,700
Less: Repayment during the period	<u>(327,368)</u>	<u>(297,200)</u>
Balance as at 30 September 2015	<u>531,161</u>	<u>337,500</u>

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

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

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

In December 2011, the Company and its subsidiaries entered into the Second Amendment and Novation Agreement to Credit Facility Agreement, in order to make a new commercial bank be the Acceding Lender for the existing Credit Facility Agreement and the Company and its subsidiaries obtained additional credit facilities including long-term loan of Baht 200 million. The additional long-term loan amount was drawdown in year 2012, and to be

(Unaudited but reviewed)

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

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

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

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

(Unaudited but reviewed)

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

## 12. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Liabilities under financial lease agreements	53,506	69,310	41,926	55,996
Less: Deferred interest	(4,428)	(7,087)	(3,589)	(5,954)
Total	49,078	62,223	38,337	50,042
Less: Portion due within one year	(21,027)	(20,573)	(15,917)	(15,746)
Liabilities under financial lease agreements, net of current portion	<u>28,051</u>	<u>41,650</u>	<u>22,420</u>	<u>34,296</u>

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

## 13. Share capital

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

(Unaudited but reviewed)

#### 14. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	27,784	2,975	31,873	11,935
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(655)	(13,250)	(8,775)	(11,668)
<b>Income tax expense (revenue) reported in the statements of comprehensive income</b>	<u>27,129</u>	<u>(10,275)</u>	<u>23,098</u>	<u>267</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	25,711	-	25,711	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,997	(15,567)	(7,492)	(9,349)
<b>Income tax expense (revenue) reported in the statements of comprehensive income</b>	<u>27,708</u>	<u>(15,567)</u>	<u>18,219</u>	<u>(9,349)</u>

#### 15. Earnings per share

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

(Unaudited but reviewed)

## 16. Segment information

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

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

(Unit: Million Baht)

	For the three-month periods ended 30 September															
	Compressors										Adjustments and					
	and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenue</b>																
External customers	1,618	1,659	344	418	235	268	197	219	21	25	2,415	2,589	-	-	2,415	2,589
Inter-segment	64	156	221	183	116	221	133	153	41	32	575	745	(575)	(745)	-	-
<b>Total revenue</b>	<b>1,682</b>	<b>1,815</b>	<b>565</b>	<b>601</b>	<b>351</b>	<b>489</b>	<b>330</b>	<b>372</b>	<b>62</b>	<b>57</b>	<b>2,990</b>	<b>3,334</b>	<b>(575)</b>	<b>(745)</b>	<b>2,415</b>	<b>2,589</b>
<b>Results</b>																
<b>Segment gross profit</b>	188	60	(65)	(15)	3	15	44	(20)	8	2	178	42	16	30	195	72
Other income															68	68
Gain on exchange															11	19
Selling and distribution expenses															(27)	(36)
Administrative expenses															(84)	(102)
Finance cost															(53)	(50)
<b>Profit (loss) before income tax</b>															110	(29)
Income tax revenue (expenses)															(27)	10
<b>Profit (loss) for the period</b>															<b>83</b>	<b>(19)</b>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Compressors										Adjustments and					
	and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenue</b>																
External customers	5,370	5,552	1,074	1,421	803	709	676	747	66	79	7,989	8,508	-	-	7,989	8,508
Inter-segment	226	352	604	607	465	640	401	495	118	108	1,814	2,202	(1,814)	(2,202)	-	-
<b>Total revenue</b>	<u>5,596</u>	<u>5,904</u>	<u>1,678</u>	<u>2,028</u>	<u>1,268</u>	<u>1,349</u>	<u>1,077</u>	<u>1,242</u>	<u>184</u>	<u>187</u>	<u>9,803</u>	<u>10,710</u>	<u>(1,814)</u>	<u>(2,202)</u>	<u>7,989</u>	<u>8,508</u>
<b>Results</b>																
<b>Segment gross profit</b>	574	164	(143)	(116)	30	47	105	93	20	27	586	215	54	87	640	302
Other income															156	254
Gain on exchange															-	40
Selling and distribution expenses															(99)	(91)
Administrative expenses															(283)	(289)
Finance cost															(159)	(158)
<b>Profit before income tax</b>															255	58
Income tax revenue (expenses)															(23)	-
<b>Profit for the period</b>															<u>232</u>	<u>58</u>

(Unaudited but reviewed)

## 17. Commitment and contingent liabilities

### 17.1 Capital commitments

As at 30 September 2015, the Company and its subsidiaries have capital commitments of approximately Baht 104.3 million (31 December 2014: Baht 6.6 million) (the Company only: Baht 102.2 million (31 December 2014: Baht 2.8 million)), relating to the construction of warehouse building and acquisition of machinery.

### 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 September	31 December	30 September	31 December
	2015	2014	2015	2014
Payable within:				
In up to 1 year	17.5	27.5	0.2	0.4
In over 1 year and up to 3 years	7.4	16.0	0.1	0.2

### 17.3 Long-term service commitments

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
Payable within:				
In up to 1 year	14.2	11.0	4.6	2.3
In over 1 year and up to 3 years	5.5	0.6	3.9	-

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

(Unaudited but reviewed)

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

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

#### 17.4 Guarantees

- a) As at 30 September 2015, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Magnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 67 million or equivalent to Baht 388 million (31 December 2014: RMB 100 million or equivalent to a total of Baht 535.2 million).
- b) As at 30 September 2015, there were outstanding bank guarantees of approximately Baht 79.2 million (31 December 2014: Baht 78.8 million), the Company only: Baht 22.8 million (31 December 2014: Baht 22.6 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries. These include letter of guarantee to guarantee electricity usage amounting to Baht 75.6 million (31 December 2014: Baht 75.0 million), the Company only: Baht 19.6 million (31 December 2014: Baht 19.2 million) and to guarantee import duty and others amounting to Baht 3.6 million (31 December 2014: Baht 3.8 million), the Company only: Baht 3.2 million (31 December 2014: Baht 3.4 million).

#### 18. Foreign currency risk and interest rate risk

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

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

Foreign currency	As at 30 September 2015					
	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	Buying (Baht per one foreign currency unit)	Selling
US dollar	20	29	13	5	36.2048	36.5344
Japanese yen	2	3	-	1	0.3004	0.3065



(Unaudited but reviewed)

As at 31 December 2014

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

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

### Forward exchange contracts

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

As at 30 September 2015

Foreign currency	Consolidated financial statements			Contractual exchange rate	
	Bought amount	Sold amount	Contractual maturity date	Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	26.9	0.5	1 October 2015 - 22 March 2016	32.64 - 36.50	36.33

As at 31 December 2014

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

(Unaudited but reviewed)

As at 30 September 2015					
Separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	1.6	0.5	1 October 2015 - 22 March 2016	32.64 - 36.50	36.33

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

### **Cross currency interest rate swap contract**

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

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

As at 30 September 2015, fair value of cross currency interest rate swap contract is lower than trade date of Baht 14.4 million (31 December 2014: Baht 24.9 million).

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

(Unaudited but reviewed)

## Commodity hedge agreements

As at 30 September 2015

Type of goods	Quantity	Maturity date	Contract price	Market price
	(Ton)		(per unit)	(per unit)
Copper	50	January 2016	RMB 39,100	RMB 37,710

As at 31 December 2014

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

### 19. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

#### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

(Unaudited but reviewed)

As of 30 September 2015, the Company and its subsidiaries had the following assets that was measured at fair value using different level of input as follow.

	(Unit: Million Baht)	
	Consolidated	Separated
	<u>financial Statements</u>	<u>financial Statements</u>
	<u>Level 2</u>	<u>Level 2</u>
<b>Financial assets measured at fair value</b>		
Derivatives		
Foreign currency forward contracts	22	3

Valuation techniques and inputs to Level 2 valuation

Fair value of foreign currency forward contracts has been calculated at the rate set by the financial institutions as if the contract was terminated on the reporting date.

During the current period, there were no transfers within the fair value hierarchy.

**20. Events after the reporting period**

On 4 November 2015, the Board of Director's Meeting of the Company passed a resolution on the reduction of registered and paid-up share capital of Kulthorn Metal Product Co., Ltd., a subsidiary of Kulthorn Materials and Controls Co., Ltd., from Baht 250 million (2.5 million ordinary shares of Baht 100 each) to Baht 150 million (1.5 million ordinary shares of Baht 100 each), by decreasing the registered and paid-up capital by 1 million shares of Baht 100 each in order to decrease its retained losses. Kulthorn Metal Product Co., Ltd. will send invitation to its shareholders for the Extraordinary Shareholders' Meeting to approve the reduction of its registered and paid-up share capital, and subsequently register the decrease in its capital with the Ministry of Commerce thereon.

**21. Approval of interim financial statements**

These interim financial statements have been authorised for issue by the Company's authorised directors on 4 November 2015.