

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 2017

## **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 2017, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

Satida Ratananurak  
Certified Public Accountant (Thailand) No. 4753

EY Office Limited  
Bangkok: 9 August 2017

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

**Statements of financial position**

As at 30 June 2017

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	As at	As at	As at	As at
<u>Note</u>	<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	259,713	316,891	157,462	251,943
Trade and other receivables	2, 3 1,811,748	1,823,548	973,131	1,057,857
Short-term loans to related parties	2 -	-	146,553	156,137
Inventories	4 2,310,341	2,327,113	1,355,356	1,402,491
VAT receivable	47,874	53,048	34,833	34,282
Other current assets	153,563	46,286	19,604	14,790
<b>Total current assets</b>	<b>4,583,239</b>	<b>4,566,886</b>	<b>2,686,939</b>	<b>2,917,500</b>
<b>Non-current assets</b>				
Investments in subsidiaries	5 -	-	2,846,872	2,834,372
Property, plant and equipment	6 2,865,874	3,019,407	1,277,987	1,322,221
Goodwill on business combination	7 -	-	-	-
Other intangible assets	8 71,879	75,271	26,829	27,368
Deferred tax assets	91,383	83,231	39,643	33,376
Other non-current assets	4,045	2,112	2,926	992
<b>Total non-current assets</b>	<b>3,033,181</b>	<b>3,180,021</b>	<b>4,194,257</b>	<b>4,218,329</b>
<b>Total assets</b>	<b>7,616,420</b>	<b>7,746,907</b>	<b>6,881,196</b>	<b>7,135,829</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 June 2017

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	As at	As at	As at	As at	
	<u>Note</u> 30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	9	2,770,350	2,801,694	1,177,720	1,269,636
Trade and other payables	2, 10	1,017,052	1,003,574	1,067,051	988,147
Short-term loans from related parties	2	-	-	785,750	887,026
Current portion of long-term loans	11	200,000	200,000	200,000	200,000
Current portion of liabilities under					
financial lease agreements	12	64,325	67,705	9,679	13,165
Dividend payable		39,311	848	39,307	844
Income tax payable		31,506	6,845	15,704	-
Other current liabilities		42,355	32,307	30,582	14,860
<b>Total current liabilities</b>		<b>4,164,899</b>	<b>4,112,973</b>	<b>3,325,793</b>	<b>3,373,678</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	11	700,000	800,000	700,000	800,000
Liabilities under financial lease agreements,					
net of current portion	12	94,691	125,690	5,371	8,977
Provision for long-term employee benefits		179,105	170,278	85,951	81,801
<b>Total non-current liabilities</b>		<b>973,796</b>	<b>1,095,968</b>	<b>791,322</b>	<b>890,778</b>
<b>Total liabilities</b>		<b>5,138,695</b>	<b>5,208,941</b>	<b>4,117,115</b>	<b>4,264,456</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 June 2017

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
1,200,000,000 ordinary shares of Baht 1 each	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Issued and fully paid up				
1,200,000,000 ordinary shares of Baht 1 each	1,200,000	1,200,000	1,200,000	1,200,000
Share premium	700,000	700,000	700,000	700,000
Retained earnings				
Appropriated - statutory reserve	120,000	120,000	120,000	120,000
Unappropriated	256,580	321,138	744,081	851,373
Other components of shareholders' equity	<u>201,145</u>	<u>196,828</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>	<u>2,477,725</u>	<u>2,537,966</u>	<u>2,764,081</u>	<u>2,871,373</u>
<b>Total liabilities and shareholders' equity</b>	<u>7,616,420</u>	<u>7,746,907</u>	<u>6,881,196</u>	<u>7,135,829</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 2017**

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2, 15	2,425,089	2,091,124	1,398,974	1,175,761
Other income					
Income from scrap sales	2	52,888	42,464	42,151	30,772
Gain on exchange		3,855	1,786	-	344
Interest income	2	504	357	2,417	2,286
Dividend income		1	1	1	1
Others		3,624	900	4,710	3,096
<b>Total revenues</b>		<b>2,485,961</b>	<b>2,136,632</b>	<b>1,448,253</b>	<b>1,212,260</b>
<b>Expenses</b>					
Cost of sales and services	2	2,285,774	1,906,991	1,346,675	1,089,822
Selling expenses		33,248	24,985	19,298	13,533
Administrative expenses		102,796	91,521	48,939	47,324
Loss on exchange		-	-	317	-
<b>Total expenses</b>		<b>2,421,818</b>	<b>2,023,497</b>	<b>1,415,229</b>	<b>1,150,679</b>
<b>Profit before finance cost and income tax expenses</b>		<b>64,143</b>	<b>113,135</b>	<b>33,024</b>	<b>61,581</b>
Finance cost		(47,947)	(44,098)	(31,420)	(29,325)
<b>Profit before income tax expenses</b>		<b>16,196</b>	<b>69,037</b>	<b>1,604</b>	<b>32,256</b>
Income tax expenses	13	(14,278)	(16,940)	(4,698)	(5,989)
<b>Profit (loss) for the period</b>		<b>1,918</b>	<b>52,097</b>	<b>(3,094)</b>	<b>26,267</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(1,580)	(869)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(1,580)	(869)	-	-
<b>Other comprehensive income for the period</b>		<b>(1,580)</b>	<b>(869)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>338</b>	<b>51,228</b>	<b>(3,094)</b>	<b>26,267</b>
<b>Basic earnings per share (Baht)</b>					
Profit (loss) attributable to equity holders of the Company	14	0.002	0.043	(0.003)	0.022

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Statements of comprehensive income****For the six-month period ended 30 June 2017**

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2, 15	4,824,363	4,666,603	2,770,511	2,730,402
Other income					
Income from scrap sales	2	114,859	71,521	88,806	62,990
Gain on exchange		13,098	-	5,839	-
Interest income	2	540	370	4,368	5,352
Dividend income		1	1	1	1
Others		8,841	6,025	11,777	12,360
<b>Total revenues</b>		<b>4,961,702</b>	<b>4,744,520</b>	<b>2,881,302</b>	<b>2,811,105</b>
<b>Expenses</b>					
Cost of sales and services	2	4,518,539	4,189,269	2,655,198	2,438,892
Selling expenses		67,031	55,992	39,290	31,809
Administrative expenses		204,099	206,787	101,655	103,815
Loss on exchange		-	10,435	-	5,538
<b>Total expenses</b>		<b>4,789,669</b>	<b>4,462,483</b>	<b>2,796,143</b>	<b>2,580,054</b>
<b>Profit before finance cost and income tax expenses</b>		<b>172,033</b>	<b>282,037</b>	<b>85,159</b>	<b>231,051</b>
Finance cost		(92,156)	(95,540)	(63,014)	(62,853)
<b>Profit before income tax expenses</b>		<b>79,877</b>	<b>186,497</b>	<b>22,145</b>	<b>168,198</b>
Income tax expenses	13	(24,435)	(53,727)	(9,437)	(31,779)
<b>Profit for the period</b>		<b>55,442</b>	<b>132,770</b>	<b>12,708</b>	<b>136,419</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		4,317	4,815	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		4,317	4,815	-	-
<b>Other comprehensive income for the period</b>		<b>4,317</b>	<b>4,815</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>59,759</b>	<b>137,585</b>	<b>12,708</b>	<b>136,419</b>
<b>Basic earnings per share (Baht)</b>					
Profit attributable to equity holders of the Company	14	0.046	0.111	0.011	0.114

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Cash flow statements****For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>				
Profit before tax	79,877	186,497	22,145	168,198
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	2,555	13,333	1,409	6,739
Reduction of inventory to net realisable value (reversal)	18,018	(22,151)	15,033	-
Allowance for doubtful accounts (reversal)	(102)	(1,346)	-	-
Depreciation and amortisation	237,213	251,070	104,566	112,121
(Gain) loss on sales of property, plant and equipment	(22)	877	-	(408)
Provision for long-term employee benefits	8,827	8,813	4,150	4,070
Dividend income	(1)	(1)	(1)	(1)
Subsidies income from Government grants	(216)	-	(216)	-
Interest income	(540)	(370)	(4,368)	(5,352)
Deferred interest	5,646	7,624	604	1,088
Interest expenses	80,068	80,077	60,479	58,295
Profit from operating activities before changes in operating assets and liabilities	431,323	524,423	203,801	344,750
Operating assets (increase) decrease				
Trade and other receivables	(6,532)	471,176	69,348	475,557
Inventories	(1,246)	222,635	32,103	135,177
Other current assets	(97,596)	89,607	(4,981)	47,967
Other non-current assets	(1,933)	(808)	(1,934)	523
Operating liabilities increase (decrease)				
Trade and other payables	21,864	(291,679)	82,497	(212,030)
Other current liabilities	142	(5,891)	5,553	4
Cash flows from operating activities	346,022	1,009,463	386,387	791,948
Cash paid for long-term employee benefits	-	(563)	-	(563)
Cash received from interest income	540	370	4,277	6,103
Cash paid for interest expenses	(80,738)	(80,876)	(61,166)	(60,769)
Cash paid for income tax	(12,434)	(30,206)	(384)	(23,314)
<b>Net cash flows from operating activities</b>	<b>253,390</b>	<b>898,188</b>	<b>329,114</b>	<b>713,405</b>

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



(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Cash flow statements (continued)****For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	59	5,020	9	5,278
Acquisition of property, plant and equipment and intangible assets	(93,355)	(164,875)	(63,673)	(76,155)
Cash receipt form Government grants	6,906	-	6,906	-
Decrease in short-term loans to related parties	-	-	9,584	147,040
Dividend income	1	1	1	1
Cash paid for additional investment in subsidiaries	-	-	(12,500)	(200,000)
<b>Net cash flows used in investing activities</b>	<b>(86,389)</b>	<b>(159,854)</b>	<b>(59,673)</b>	<b>(123,836)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	(12,580)	(389,786)	(73,413)	(372,410)
Repayment of long-term loans	(100,000)	(214,600)	(100,000)	(214,600)
Increase (decrease) in short-term loans from related parties	-	-	(101,276)	81,760
Cash paid for liabilities under financial lease agreements	(39,964)	(42,575)	(7,696)	(9,435)
Dividend paid	(81,537)	(78,789)	(81,537)	(78,789)
<b>Net cash flows used in financing activities</b>	<b>(234,081)</b>	<b>(725,750)</b>	<b>(363,922)</b>	<b>(593,474)</b>
<b>Increase in translation adjustments</b>	<b>9,902</b>	<b>14,901</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(57,178)</b>	<b>27,485</b>	<b>(94,481)</b>	<b>(3,905)</b>
Cash and cash equivalents at beginning of period	316,891	173,031	251,943	112,585
<b>Cash and cash equivalents at end of period</b>	<b>259,713</b>	<b>200,516</b>	<b>157,462</b>	<b>108,680</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	(8,058)	40,085	(3,871)	44,944
Increase in other accounts receivable from sales of fixed assets	-	(4)	-	(99)
2) Non-cash related transaction for financing activities				
Dividend payable	39,311	102,016	39,307	102,012
Assets acquired under financial lease agreements	61	6,583	-	3,575

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 2017**

(Unit: Thousand Baht)

**Consolidated financial statements**

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity			Total shareholders' equity
	Share premium	Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Surplus from business combination under common control	Total other components of shareholders' equity		
<b>Balance as at 1 January 2016</b>	1,200,000	700,000	120,000	437,835	(16,207)	207,898	191,691	2,649,526
Profit for the period	-	-	-	132,770	-	-	-	132,770
Other comprehensive income for the period	-	-	-	-	4,815	-	4,815	4,815
Total comprehensive income for the period	-	-	-	132,770	4,815	-	4,815	137,585
Dividend paid (Note 16)	-	-	-	(180,000)	-	-	-	(180,000)
<b>Balance as at 30 June 2016</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>390,605</u>	<u>(11,392)</u>	<u>207,898</u>	<u>196,506</u>	<u>2,607,111</u>
<b>Balance as at 1 January 2017</b>	1,200,000	700,000	120,000	321,138	(11,070)	207,898	196,828	2,537,966
Profit for the period	-	-	-	55,442	-	-	-	55,442
Other comprehensive income for the period	-	-	-	-	4,317	-	4,317	4,317
Total comprehensive income for the period	-	-	-	55,442	4,317	-	4,317	59,759
Dividend paid (Note 16)	-	-	-	(120,000)	-	-	-	(120,000)
<b>Balance as at 30 June 2017</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>256,580</u>	<u>(6,753)</u>	<u>207,898</u>	<u>201,145</u>	<u>2,477,725</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 2017**

(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</b>	<b>Unappropriated</b>	
<b>Balance as at 1 January 2016</b>	1,200,000	700,000	120,000	786,395	2,806,395
Profit for the period	-	-	-	136,419	136,419
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	136,419	136,419
Dividend paid (Note 16)	-	-	-	(180,000)	(180,000)
<b>Balance as at 30 June 2016</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>742,814</u>	<u>2,762,814</u>
<b>Balance as at 1 January 2017</b>	1,200,000	700,000	120,000	851,373	2,871,373
Profit for the period	-	-	-	12,708	12,708
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	12,708	12,708
Dividend paid (Note 16)	-	-	-	(120,000)	(120,000)
<b>Balance as at 30 June 2017</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>744,081</u>	<u>2,764,081</u>

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

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

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2017**

**1. General information**

**1.1 Corporate information**

Kulthorn Kirby Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of hermetic compressors. The registered address of the Company is 126 Soi Chalongsong 31, Chalongsong 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 2016) 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 2016. There have been change in the composition of its subsidiaries from establishment of a new subsidiary of the Company during the current period as discussed in Note 5.

#### **1.4 New financial reporting standards**

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiaries' financial statements. However, one standard involves changes to key principles, which are summarised below.

##### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

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

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016, with the Company applying the below accounting policy for Government grants in the current period.

##### **Government grants related to assets**

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Government grants related to assets are presented as deferred income and are recognised in profit or loss on a systematic basis over the useful life of the assets.

(Unaudited but reviewed)

## 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, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those related parties, are summarised below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	361,460	235,587	Market price
Sales and service income and scrap sales	-	-	38,922	69,442	Approximate market price
Sales of assets	-	-	9	99	Mutually agreed price
Other income	-	-	2,704	2,430	Mutually agreed price as stipulated in the contract
Rental income	-	-	834	632	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	7,698	6,564	Interest rate at 0.25 - 5.80 percent per annum (2016: 0.25 - 5.80 percent per annum)
Interest income	-	-	1,895	2,000	Interest rate at 3.25 - 5.80 percent per annum (2016: 3.25 - 5.80 percent per annum)
Other expenses	-	-	908	362	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	152,620	137,973	75,045	73,026	Approximate market price
Purchases of goods	22,104	12,880	22,075	11,871	Market price
Rental expense	3,414	4,256	-	842	Mutually agreed price as stipulated in the contract
Other income	99	235	36	235	Mutually agreed price as stipulated in the contract
Other expenses	3,388	2,105	2,477	1,203	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	699,596	610,325	Market price
Sales and service income and scrap sales	-	-	74,375	127,337	Approximate market price
Sales of assets	-	-	9	549	Mutually agreed price
Other income	-	-	6,032	8,234	Mutually agreed price as stipulated in the contract
Rental income	-	-	1,668	1,265	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	15,367	12,944	Interest rate at 0.25 - 5.80 percent per annum (2016: 0.25 - 5.80 percent per annum)
Interest income	-	-	3,846	5,066	Interest rate at 3.25 - 5.80 percent per annum (2016: 3.25 - 5.80 percent per annum)
Other expenses	-	-	1,399	842	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	308,891	306,238	154,057	168,304	Approximate market price
Purchases of goods	34,735	32,856	34,680	31,703	Market price
Rental expense	6,827	9,354	-	2,527	Mutually agreed price as stipulated in the contract
Other income	221	411	66	325	Mutually agreed price as stipulated in the contract
Other expenses	5,502	5,127	3,889	3,088	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 June 2017 and 31 December 2016 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 3)</b>				
Subsidiary companies	-	-	43,898	41,453
Related companies (related by common director/shareholder)	130,420	105,827	49,454	49,762
<b>Trade and other receivables - related parties</b>	<b>130,420</b>	<b>105,827</b>	<b>93,352</b>	<b>91,215</b>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 10)</b>				
Subsidiary companies	-	-	483,325	341,275
Related companies (related by common director/shareholder)	25,779	26,356	17,939	17,956
<b>Total trade and other payables - related parties</b>	<b>25,779</b>	<b>26,356</b>	<b>501,264</b>	<b>359,231</b>

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

During the six-month period ended 30 June 2017, short-term loans between the Company and its subsidiaries had the following movements:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 30 June 2017
<b><u>Short-term loans to subsidiary</u></b>				
Kulthorn Materials and Controls Co., Ltd.	156,000	-	(11,000)	145,000
Total	156,000	-	(11,000)	145,000
	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 30 June 2017
<b><u>Short-term loans from subsidiaries</u></b>				
Kulthorn Metal Product Co., Ltd.	23,500	-	(3,000)	20,500
Kulthorn Premier Co., Ltd.	615,000	-	-	615,000
Total	638,500	-	(3,000)	635,500



(Unaudited but reviewed)

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

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

As at 30 June 2017 and 31 December 2016, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	30 June 2017	31 December 2016
<b><u>Short-term loans to related parties</u></b>		
Kulthorn Materials and Controls Co., Ltd.	1,553	-
Kulthorn Metal Product Co., Ltd.	-	137
<b>Total short-term loans to related parties</b>	<u>1,553</u>	<u>137</u>
<b><u>Short-term loans from related parties</u></b>		
Kulthorn Premier Co., Ltd.	97,492	73,701
Kulthorn Kirby Foundry Co., Ltd.	38,788	160,914
Kulthorn Metal Product Co., Ltd.	5,309	-
Kulthorn Steel Co., Ltd.	8,661	6,629
Kulthorn Materials and Controls Co., Ltd.	-	7,282
<b>Total short-term loans from related parties</b>	<u>150,250</u>	<u>248,526</u>

(Unaudited but reviewed)

**Directors and management's remuneration**

During the three-month and six-month periods ended 30 June 2017 and 2016, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	10,591	10,394	4,866	4,392
Post-employment benefits	351	386	216	245
Total	<u>10,942</u>	<u>10,780</u>	<u>5,082</u>	<u>4,637</u>

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	20,704	19,908	9,111	9,492
Post-employment benefits	702	769	432	489
Total	<u>21,406</u>	<u>20,677</u>	<u>9,543</u>	<u>9,981</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.

(Unaudited but reviewed)

### 3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 30 June 2017 and 31 December 2016 categorised by their aging from due dates are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Not yet due	100,134	74,499	49,265	48,665
Overdue				
Less than 3 months	22,508	21,214	13,882	12,208
3 - 6 months	1,238	370	1,075	1,307
6 - 12 months	212	3,842	-	3,416
Over 12 months	5,167	4,741	-	-
Total trade receivables - related parties	129,259	104,666	64,222	65,596
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,356,431	1,324,810	744,290	796,783
Overdue				
Less than 3 months	263,723	302,412	119,739	152,827
3 - 6 months	10,239	33,560	9,475	7,099
6 - 12 months	20,019	19,290	-	15
Over 12 months	65,575	74,138	10,129	15,596
Total	1,715,987	1,754,210	883,633	972,320
Less: Allowance for doubtful debts	(39,723)	(39,825)	(8,240)	(8,240)
Total trade receivables - unrelated parties	1,676,264	1,714,385	875,393	964,080
Total trade receivables - net	1,805,523	1,819,051	939,615	1,029,676
<u>Other receivables</u>				
Other receivables - related parties	1,161	1,161	29,130	25,619
Others	5,064	3,336	4,386	2,562
Total other receivables	6,225	4,497	33,516	28,181
Total trade and other receivables - net	1,811,748	1,823,548	973,131	1,057,857

(Unaudited but reviewed)

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

Movements in the reduction of inventory to net realisable value account during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	151,666	79,604
Reduction of inventory to net realisable value during the period	18,018	15,033
Balance as at 30 June 2017	<u>169,684</u>	<u>94,637</u>

#### 5. Investments in subsidiaries

As at 30 June 2017 and 31 December 2016, the Company has long-term investments in ordinary share of the following companies:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				
Kulthorn Kirby Foundry Company Limited	575,000	575,000	100	100	739,999	739,999	-	-
Kulthorn Premier Company Limited	1,260,000	1,260,000	100	100	1,936,751	1,936,751	-	-
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999	-	-
kulthorn Materials and Controls Company Limited	650,000	650,000	100	100	540,630	540,630	-	-
Kulthorn Research and Development Company Limited	12,500	-	100	-	12,500	-	-	-
Total					3,629,879	3,617,379	-	-
Less: Allowance for impairment loss on investments in subsidiaries					(783,007)	(783,007)	-	-
Total investments in subsidiaries - net					<u>2,846,872</u>	<u>2,834,372</u>	<u>-</u>	<u>-</u>

On 14 December 2016, the Company's Board of Director's Meeting passed a resolution approving the establishment of a new company named Kulthorn Research and Development Company Limited to engage in provision of services with respect to technology research and development for products and manufacturing, with a registered share capital of Baht 50 million, comprising 500,000 ordinary shares of Baht 100 each. The Company holds 100 percent interest in this subsidiary. The subsidiary has registered its establishment with the Ministry of Commerce on 13 January 2017 and called up its first capital payment at 25% of its registered share capital. The subsidiary already received share capital payment, amounting to Baht 12.5 million on 26 January 2017.

(Unaudited but reviewed)

## 6. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2017</b>	3,019,407	1,322,221
Acquisitions during the period - at cost	83,075	58,416
Disposals during the period - net book value at disposal date	(37)	(9)
Depreciation for the period	(231,794)	(102,641)
Translation adjustment	(4,777)	-
<b>Net book value as at 30 June 2017</b>	<b>2,865,874</b>	<b>1,277,987</b>

The Company and its subsidiaries pledged their land and buildings thereon with financial institutions as collateral to secure loans as discussed in Note 11.

In addition, the Company and its subsidiaries have entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Company and its subsidiaries are not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as described in Note 9.

## 7. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 June 2017	31 December 2016
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

(Unaudited but reviewed)

## 8. Other intangible assets

Movements of the other intangible assets account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2017</b>	75,271	27,368
Acquisitions during the period - at cost	2,161	1,386
Amortisation for the period	(5,419)	(1,925)
Translation adjustment	(134)	-
<b>Net book value as at 30 June 2017</b>	<b>71,879</b>	<b>26,829</b>

## 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 2017	31 December 2016	30 June 2017	31 December 2016
Bank overdrafts	7.13	1,354	14,900	-
Short-term loans	3.25 - 4.38	667,821	545,689	397,821
Trust receipts	4.15 - 4.56	1,753,089	1,434,558	698,399
Packing credit	4.00 - 5.66	348,086	806,547	81,500
Total		<u>2,770,350</u>	<u>2,801,694</u>	<u>1,177,720</u>

The Company and its subsidiaries have entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under the agreements, the Company and its subsidiaries are required to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio not exceeding 5:1 for the consolidated financial statements and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1. The Company and its subsidiaries are not allowed to dispose, transfer, mortgage or provide any lien on their assets, both existing and to be acquired in the future, except to use as collateral for the syndicated loan to pay off the debt to those financial institutions.

(Unaudited but reviewed)

## 10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade payables - related parties	17,260	18,028	490,608	322,591
Trade payables - unrelated parties	638,717	724,386	385,606	492,946
Other payables - related parties	8,519	7,948	8,223	33,999
Other payables - unrelated parties	190,941	153,318	109,089	93,550
Accrued interest expenses to related parties	-	-	2,433	2,641
Accrued interest expenses to unrelated parties	1,461	2,288	537	1,015
Accrued expenses - related parties	-	380	-	-
Accrued expenses - unrelated parties	160,154	97,226	70,555	41,405
Total trade and other payables	<u>1,017,052</u>	<u>1,003,574</u>	<u>1,067,051</u>	<u>988,147</u>

## 11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	30 June 2017	31 December 2016
Long-term loans	900,000	1,000,000
Less: current portion	<u>(200,000)</u>	<u>(200,000)</u>
Long-term loans, net of current portion	<u>700,000</u>	<u>800,000</u>

Movement of long-term loans during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
<b>Balance as at 1 January 2017</b>	1,000,000	
Less: Repayment during the period	<u>(100,000)</u>	
<b>Balance as at 30 June 2017</b>	<u>900,000</u>	

(Unaudited but reviewed)

In December 2016, the Company and its subsidiaries entered into a Credit Facility Agreement with three financial institutions to obtain long-term syndicated loans facility amounting to Baht 2,000 million.

In December 2016, the Company drew down a Baht 1,000 million loans from financial institutions, and the loan shall be repaid within the year 2021. The repayment of the principal is to be made in 20 quarterly installments, of Baht 50 million each, with the first installment to be paid in March 2017.

The loan is subject to interest at the rate with reference to THBFIX+3%, 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 plus extraordinary item and non-cash items ratio for the consolidated financial statements not exceeding 5:1 and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1. As at 30 June 2017 and 31 December 2016, the Company and its subsidiaries were able to maintain and comply with all conditions as specified in the loan agreement.

The above long-term loans from financial institutions are guaranteed by mortgage of the Company's and its subsidiaries' properties and plant thereon.

## 12. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Liabilities under financial lease agreements	172,739	212,770	15,893	23,588
Less: Deferred interest expenses	(13,723)	(19,375)	(843)	(1,446)
Total	159,016	193,395	15,050	22,142
Less: Portion due within one year	(64,325)	(67,705)	(9,679)	(13,165)
Liabilities under financial lease agreements, net of current portion	94,691	125,690	5,371	8,977

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



(Unaudited but reviewed)

### 13. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	16,181	12,873	32,587	50,629
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,903)	4,067	(8,152)	3,098
<b>Income tax expense reported in the statements of comprehensive income</b>	<u>14,278</u>	<u>16,940</u>	<u>24,435</u>	<u>53,727</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	8,769	5,703	15,704	30,922
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(4,017)	286	(6,267)	857
<b>Income tax expense reported in the statements of comprehensive income</b>	<u>4,698</u>	<u>5,989</u>	<u>9,437</u>	<u>31,779</u>

### 14. 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)

## 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 2017 and 2016, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 June																	
	Compressors		and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenue</b>																		
External customers	1,519	1,334	379	277	292	225	215	239	20	17	2,425	2,092	-	-	2,425	2,092		
Inter-segment	32	61	105	100	176	92	101	72	30	15	444	340	(444)	(340)	-	-		
<b>Total revenue</b>	<b>1,551</b>	<b>1,395</b>	<b>484</b>	<b>377</b>	<b>468</b>	<b>317</b>	<b>316</b>	<b>311</b>	<b>50</b>	<b>32</b>	<b>2,869</b>	<b>2,432</b>	<b>(444)</b>	<b>(340)</b>	<b>2,425</b>	<b>2,092</b>		
<b>Results</b>																		
<b>Segment gross profit</b>	40	85	(3)	11	40	31	46	49	(7)	(10)	116	166	23	18	139	184		
Other income															57	44		
Gain on exchange															4	2		
Selling and distribution expenses															(33)	(25)		
Administrative expenses															(103)	(92)		
Finance cost															(48)	(44)		
<b>Profit before income tax expenses</b>															16	69		
Income tax expenses															(14)	(17)		
<b>Profit for the period</b>															<b>2</b>	<b>52</b>		

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Compressors										Adjustments and					
	and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		eliminations		Consolidated	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenue</b>																
External customers	3,004	3,072	764	595	592	469	421	494	43	37	4,824	4,667	-	-	4,824	4,667
Inter-segment	63	112	188	274	324	183	204	195	66	47	845	811	(845)	(811)	-	-
<b>Total revenue</b>	<u>3,067</u>	<u>3,184</u>	<u>952</u>	<u>869</u>	<u>916</u>	<u>652</u>	<u>625</u>	<u>689</u>	<u>109</u>	<u>84</u>	<u>5,669</u>	<u>5,478</u>	<u>(845)</u>	<u>(811)</u>	<u>4,824</u>	<u>4,667</u>
<b>Results</b>																
<b>Segment gross profit</b>	73	302	29	(22)	84	54	108	124	(2)	(6)	292	452	13	25	305	477
Other income															124	78
Gain (loss) on exchange															13	(10)
Selling and distribution expenses															(67)	(56)
Administrative expenses															(204)	(207)
Finance cost															(92)	(95)
<b>Profit before income tax expenses</b>															79	187
Income tax expenses															(24)	(54)
<b>Profit for the period</b>															<u>55</u>	<u>133</u>

(Unaudited but reviewed)

## 16. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 23 April 2016	180	0.15
Total for 2016		180	0.15
Final dividends for 2016	Annual General Meeting of the shareholders on 20 April 2017	120	0.10
Total for 2017		120	0.10

## 17. Commitment and contingent liabilities

### 17.1 Capital commitments

As at 30 June 2017, the Company and its subsidiaries have capital commitments of approximately Baht 0.1 million (31 December 2016: Baht 0.4 million), relating to 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 financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Payable:</u>				
In up to 1 year	25.2	30.2	-	5.1
In over 1 and up to 3 years	18.2	26.3	-	3.4

(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 2017	31 December 2016	30 June 2017	31 December 2016
<u>Payable:</u>				
In up to 1 year	7.9	8.5	0.4	2.8
In over 1 year	0.2	0.1	-	-

- 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 2017, the subsidiary has outstanding royalty fees amounting to Baht 17.6 million (31 December 2016: 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 2017, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Magnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 60 million or equivalent to Baht 304 million (31 December 2016: RMB 60 million or equivalent to Baht 313 million).
- b) As at 30 June 2017, there were outstanding bank guarantees of approximately Baht 67.3 million (31 December 2016: Baht 78.8 million), the Company only: Baht 8.3 million (31 December 2016: Baht 19.7 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 65.9 million (31 December 2016: Baht 77.3 million), the Company only: Baht 8.2 million (31 December 2016: Baht 19.6 million) and to guarantee import duty and others amounting to Baht 1.4 million (31 December 2016: Baht 1.4 million), the Company only: Baht 0.1 million (31 December 2016: Baht 0.1 million).

## 17.5 Litigation

During the year 2016, a foreign subsidiary was sued for compensation for damages caused by production delay arising from a strike staged by subsidiary's employees during September 2014. Subsequently on 1 August 2017, the local court ordered the subsidiary to settle compensation to that company amounting to approximately RMB 1.8 million. However, as at 30 June 2017, the subsidiary has already recorded the liabilities in full amount.

## 18. Foreign currency risk

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

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

Foreign currency	As at 30 June 2017					
	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	20	12	15	3	33.8145	34.1483
Japanese yen	0.2	3	-	2	0.3002	0.3071
RMB	-	-	-	8	4.9641	5.0736

  

Foreign currency	As at 31 December 2016					
	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	17	27	15	18	35.6588	36.0025
Japanese yen	-	2	-	0.1	0.3046	0.3113
Euro	-	0.2	-	0.1	37.3791	38.1362
RMB	-	-	-	9	5.0831	5.2165

(Unaudited but reviewed)

### Forward exchange contracts

The Company and its subsidiaries had outstanding forward exchange contract with maturities less than one year as follows:

As at 30 June 2017					
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	4.2	1.6	8 August - 29 December 2017	34.02 - 35.32	33.80 - 33.95

As at 31 December 2016					
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	-	0.9	7 March - 21 June 2017	-	34.68 - 35.80

As at 30 June 2017					
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	3.5	1.6	11 September - 29 December 2017	34.43 - 35.32	33.80 - 33.95

As at 31 December 2016					
Separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	-	0.6	19 - 21 June 2017	-	35.66 - 35.80

(Unaudited but reviewed)

**19. Fair values of financial instruments**

As at 30 June 2017, the Company and its subsidiaries had the following financial liabilities that were measured at fair value using different level of input as follow:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
	<u>Level 2</u>	<u>Level 2</u>
<b>Financial liabilities measured at fair value</b>		
Derivatives		
Foreign currency forward contracts	3.6	3.5

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

**20. Approval of interim financial statements**

These interim financial statements have been authorised for issue by the Company's authorised directors on 9 August 2017.