

Kulthorn Kirby Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 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 31 March 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 9 May 2017

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2017

(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>31 March 2017</u>	<u>31 December 2016</u>	<u>31 March 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		317,619	316,891	189,557	251,943
Trade and other receivables	2, 3	1,905,320	1,823,548	1,023,856	1,057,857
Short-term loans to related parties	2	-	-	157,041	156,137
Inventories	4	2,214,968	2,327,113	1,337,029	1,402,491
VAT receivable		26,242	53,048	18,508	34,282
Other current assets		130,911	46,286	18,265	14,790
Total current assets		<u>4,595,060</u>	<u>4,566,886</u>	<u>2,744,256</u>	<u>2,917,500</u>
Non-current assets					
Investments in subsidiaries	5	-	-	2,846,872	2,834,372
Property, plant and equipment	6	2,935,843	3,019,407	1,296,945	1,322,221
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	73,468	75,271	26,705	27,368
Deferred tax assets		89,480	83,231	35,572	33,376
Other non-current assets		2,110	2,112	992	992
Total non-current assets		<u>3,100,901</u>	<u>3,180,021</u>	<u>4,207,086</u>	<u>4,218,329</u>
Total assets		<u>7,695,961</u>	<u>7,746,907</u>	<u>6,951,342</u>	<u>7,135,829</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2017

(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>31 March 2017</u>	<u>31 December 2016</u>	<u>31 March 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	9	2,807,386	2,801,694	1,257,540	1,269,636
Trade and other payables	2, 10	936,520	1,003,574	946,105	988,147
Short-term loans from related parties	2	-	-	777,904	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	66,055	67,705	11,382	13,165
Dividend payable		848	848	844	844
Income tax payable		22,853	6,845	6,935	-
Other current liabilities		29,966	32,307	22,406	14,860
Total current liabilities		4,063,628	4,112,973	3,223,116	3,373,678
Non-current liabilities					
Long-term loans, net of current portion	11	750,000	800,000	750,000	800,000
Liabilities under financial lease agreements, net of current portion	12	110,170	125,690	7,175	8,977
Provision for long-term employee benefits		174,776	170,278	83,876	81,801
Total non-current liabilities		1,034,946	1,095,968	841,051	890,778
Total liabilities		5,098,574	5,208,941	4,064,167	4,264,456

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at <u>31 March 2017</u> (Unaudited but reviewed)	As at <u>31 December 2016</u> (Audited)	As at <u>31 March 2017</u> (Unaudited but reviewed)	As at <u>31 December 2016</u> (Audited)
Shareholders' equity				
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	374,662	321,138	867,175	851,373
Other components of shareholders' equity	<u>202,725</u>	<u>196,828</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>2,597,387</u>	<u>2,537,966</u>	<u>2,887,175</u>	<u>2,871,373</u>
Total liabilities and shareholders' equity	<u>7,695,961</u>	<u>7,746,907</u>	<u>6,951,342</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 31 March 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales and service income	2, 15	2,399,274	2,575,479	1,371,537	1,554,641
Other income					
Income from scrap sales	2	61,971	29,057	46,655	32,218
Gain on exchange		9,243	-	6,156	-
Interest income	2	36	13	1,951	3,066
Others		5,217	5,125	7,067	9,264
Total revenues		2,475,741	2,609,674	1,433,366	1,599,189
Expenses					
Cost of sales and services	2	2,232,765	2,282,278	1,308,523	1,349,070
Selling expenses		33,783	31,007	19,992	18,276
Administrative expenses		101,303	115,266	52,716	56,491
Loss on exchange		-	12,221	-	5,882
Total expenses		2,367,851	2,440,772	1,381,231	1,429,719
Profit before finance cost and income tax expenses		107,890	168,902	52,135	169,470
Finance cost		(44,209)	(51,442)	(31,594)	(33,528)
Profit before income tax expenses		63,681	117,460	20,541	135,942
Income tax expenses	13	(10,157)	(36,787)	(4,739)	(25,790)
Profit for the period		53,524	80,673	15,802	110,152
Other comprehensive income:					
<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		5,897	5,684	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		5,897	5,684	-	-
Other comprehensive income for the period		5,897	5,684	-	-
Total comprehensive income for the period		59,421	86,357	15,802	110,152
Basic earnings per share (Baht)					
Profit attributable to equity holders of the Company	14	0.04	0.07	0.01	0.09

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	63,681	117,460	20,541	135,942
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	118,037	127,589	51,642	57,286
Allowance for doubtful accounts and other provision	-	5,303	-	-
Reduction of inventory value to net realisable value (reverse)	8,714	(8,325)	4,706	-
Gain (loss) on sales of property, plant and equipment	(4)	648	-	(652)
Deferred interest	2,962	3,975	333	576
Provision for long-term employee benefits	4,498	4,447	2,075	2,075
Unrealised (gain) loss on exchange	305	13,872	(2,294)	5,020
Interest expenses	39,583	41,759	30,377	30,939
Profit from operating activities before changes in operating assets and liabilities	237,776	306,728	107,380	231,186
Operating assets (increase) decrease				
Trade and other receivables	(103,503)	185,965	15,235	260,270
Inventories	103,431	74,185	60,756	(30,574)
Other current assets	(55,366)	44,344	12,523	24,517
Other non-current assets	2	800	-	123
Operating liabilities increase (decrease)				
Trade and other payables	(63,683)	28,910	(40,121)	46,004
Other current liabilities	920	(8,744)	10,571	-
Cash flows from operating activities	119,577	632,188	166,344	531,526
Cash paid for long-term employee benefits	-	(563)	-	(563)
Cash paid for interest expenses	(40,098)	(41,902)	(30,744)	(33,105)
Cash paid for income tax	(2,851)	(3,098)	(223)	(247)
Net cash flows from operating activities	76,628	586,625	135,377	497,611

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(40,455)	(69,884)	(27,726)	(28,343)
Proceeds from sales of property, plant and equipment	33	557	-	936
Decrease (increase) in short-term loans to related parties	-	-	(904)	151
Cash paid for investment in subsidiaries	-	-	(12,500)	-
Net cash flows used in investing activities	<u>(40,422)</u>	<u>(69,327)</u>	<u>(41,130)</u>	<u>(27,256)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	24,455	(394,565)	6,407	(429,136)
Increase (decrease) in short-term loans from related parties	-	-	(109,122)	66,542
Repayment of long-term loans	(50,000)	(74,300)	(50,000)	(74,300)
Cash paid for liabilities under financial lease agreements	(20,132)	(21,380)	(3,918)	(4,690)
Net cash flows used in financing activities	<u>(45,677)</u>	<u>(490,245)</u>	<u>(156,633)</u>	<u>(441,584)</u>
Increase in translation adjustments	<u>10,199</u>	<u>9,770</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>728</u>	<u>36,823</u>	<u>(62,386)</u>	<u>28,771</u>
Cash and cash equivalents at beginning of period	<u>316,891</u>	<u>173,031</u>	<u>251,943</u>	<u>112,585</u>
Cash and cash equivalents at end of period	<u><u>317,619</u></u>	<u><u>209,854</u></u>	<u><u>189,557</u></u>	<u><u>141,356</u></u>

Supplement cash flows information

1) Non-cash related transaction for investing activities

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

(2,409)	44,250	(2,023)	35,456
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2) Non-cash related transaction for financing activities

Dividend payable

848	806	844	802
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Assets acquired under financial lease agreements

-	1,432	-	-
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

Consolidated financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency	Surplus from business combination under common control	
Balance as at 1 January 2016	1,200,000	700,000	120,000	437,835	(16,207)	207,898	191,691	2,649,526
Profit for the period	-	-	-	80,673	-	-	-	80,673
Other comprehensive income for the period	-	-	-	-	5,684	-	5,684	5,684
Total comprehensive income for the period	-	-	-	80,673	5,684	-	5,684	86,357
Balance as at 31 March 2016	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>518,508</u>	<u>(10,523)</u>	<u>207,898</u>	<u>197,375</u>	<u>2,735,883</u>
Balance as at 1 January 2017	1,200,000	700,000	120,000	321,138	(11,070)	207,898	196,828	2,537,966
Profit for the period	-	-	-	53,524	-	-	-	53,524
Other comprehensive income for the period	-	-	-	-	5,897	-	5,897	5,897
Total comprehensive income for the period	-	-	-	53,524	5,897	-	5,897	59,421
Balance as at 31 March 2017	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>374,662</u>	<u>(5,173)</u>	<u>207,898</u>	<u>202,725</u>	<u>2,597,387</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2016	1,200,000	700,000	120,000	786,395	2,806,395
Profit for the period	-	-	-	110,152	110,152
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	110,152	110,152
Balance as at 31 March 2016	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>896,547</u>	<u>2,916,547</u>
Balance as at 1 January 2017	1,200,000	700,000	120,000	851,373	2,871,373
Profit for the period	-	-	-	15,802	15,802
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	15,802	15,802
Balance as at 31 March 2017	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>867,175</u>	<u>2,887,175</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 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.

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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<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	-	-	338,136	374,738	Market price
Sales and service income and scrap sales	-	-	35,453	57,895	Approximate market price
Sales vehicle	-	-	-	450	Mutually agreed price
Other income	-	-	3,328	5,804	Mutually agreed price as stipulated in the contract
Rental income	-	-	834	633	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	7,669	6,380	Interest rate at 0.25 - 5.80 percent per annum (2016: 0.25 - 5.80 percent per annum)
Interest income	-	-	1,951	3,066	Interest rate at 3.25 - 5.80 percent per annum (2016: 3.25 - 5.80 percent per annum)
Other expenses	-	-	491	480	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	156,271	168,265	79,012	95,278	Approximate market price
Purchases of goods	12,631	19,976	12,605	19,832	Market price
Rental expense	3,413	5,098	-	1,685	Mutually agreed price as stipulated in the contract
Other income	122	176	30	90	Mutually agreed price as stipulated in the contract
Other expenses	2,114	3,022	1,412	1,885	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	44,484	41,453
Related companies (related by common director/shareholder)	148,654	105,827	70,449	49,762
Trade and other receivables - related parties	148,654	105,827	114,933	91,215
<u>Trade and other payables - related parties</u>				
(Note 10)				
Subsidiary companies	-	-	410,513	341,275
Related companies (related by common director/shareholder)	19,361	26,356	13,813	17,956
Total trade and other payables - related parties	19,361	26,356	424,326	359,231

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

During the three-month period ended 31 March 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 31 March 2017
<u>Short-term loans to subsidiary</u>				
Kulthorn Materials and Controls Co., Ltd.	156,000	-	(5,000)	151,000
Total	156,000	-	(5,000)	151,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 March 2017
<u>Short-term loans from subsidiaries</u>				
Kulthorn Metal Product Co., Ltd.	23,500	-	(1,500)	22,000
Kulthorn Premier Co., Ltd.	615,000	-	-	615,000
Total	638,500	-	(1,500)	637,000

(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 31 March 2017 and 31 December 2016, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	31 March 2017	31 December 2016
<u>Short-term loans to related parties</u>		
Kulthorn Materials and Controls Co., Ltd.	5,175	-
Kulthorn Steel Co., Ltd.	866	-
Kulthorn Metal Product Co., Ltd.	-	137
Total short-term loans to related parties	<u>6,041</u>	<u>137</u>
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	74,091	73,701
Kulthorn Kirby Foundry Co., Ltd.	64,275	160,914
Kulthorn Metal Product Co., Ltd.	2,538	-
Kulthorn Steel Co., Ltd.	-	6,629
Kulthorn Materials and Controls Co., Ltd.	-	7,282
Total short-term loans from related parties	<u>140,904</u>	<u>248,526</u>

Directors and management's remuneration

During the three-month periods ended 31 March 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	10,004	9,514	4,245	5,100
Post-employment benefits	351	384	216	245
Total	<u>10,355</u>	<u>9,898</u>	<u>4,461</u>	<u>5,345</u>

(Unaudited but reviewed)

Guarantee obligations with related parties

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

3. Trade and other receivables

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Not yet due	121,853	74,499	70,145	48,665
Overdue				
Less than 3 months	15,564	21,214	7,753	12,208
3 - 6 months	1,422	370	1,237	1,307
6 - 12 months	231	3,842	-	3,416
Over 12 months	8,379	4,741	3,416	-
Total trade receivables - related parties	147,449	104,666	82,551	65,596
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,375,207	1,324,810	728,163	796,783
Overdue				
Less than 3 months	306,042	302,412	167,777	152,827
3 - 6 months	10,901	33,560	3,472	7,099
6 - 12 months	22,230	19,290	-	15
Over 12 months	77,070	74,138	13,381	15,596
Total	1,791,450	1,754,210	912,793	972,320
Less: Allowance for doubtful debts	(39,825)	(39,825)	(8,240)	(8,240)
Total trade receivables - unrelated parties	1,751,625	1,714,385	904,553	964,080
Total trade receivables - net	1,899,074	1,819,051	987,104	1,029,676
<u>Other receivables</u>				
Other receivables - related parties	1,205	1,161	32,382	25,619
Others	5,041	3,336	4,370	2,562
Total other receivables	6,246	4,497	36,752	28,181
Total trade and other receivables - net	1,905,320	1,823,548	1,023,856	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 three-month period ended 31 March 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	8,714	4,706
Balance as at 31 March 2017	<u>160,380</u>	<u>84,310</u>

5. Investments in subsidiaries

As at 31 March 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 three-month periods ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
	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					<u>3,629,879</u>	<u>3,617,379</u>	-	-
Less: Allowance for impairment loss on investments in subsidiaries					<u>(783,007)</u>	<u>(783,007)</u>	-	-
Total investments in subsidiaries - net					<u>2,846,872</u>	<u>2,834,372</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 and services in research and development in technology of product 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 Kulthorn Research and Development Company Limited called up its first capital payment at 25% of its registered share capital. As at 31 March 2017, the Company has already paid in such share capital, amounting to Baht 12.5 million.

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	3,019,407	1,322,221
Acquisitions during the period - at cost	37,014	25,416
Disposals during the period - net book value at disposal date	(29)	-
Depreciation for the period	(115,348)	(50,692)
Translation adjustment	(5,201)	-
Net book value as at 31 March 2017	<u>2,935,843</u>	<u>1,296,945</u>

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	
	31 March 2017	31 December 2016
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. Other intangible assets

Movements of the other intangible assets account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	75,271	27,368
Acquisitions during the period - at cost	1,032	287
Amortisation for the period	(2,689)	(950)
Translation adjustment	(146)	-
Net book value as at 31 March 2017	<u>73,468</u>	<u>26,705</u>

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

	(Unit: Thousand Baht)				
Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements		
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	
Bank overdrafts	7.12	4,340	14,900	4,210	-
Short-term loans	4.00 - 4.20	544,229	545,689	274,229	250,689
Trust receipts	4.05 - 4.56	1,822,784	1,434,558	815,501	468,571
Packing credit	4.00 - 5.66	436,033	806,547	163,600	550,376
Total		<u>2,807,386</u>	<u>2,801,694</u>	<u>1,257,540</u>	<u>1,269,636</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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade payables - related parties	12,463	18,028	394,881	322,591
Trade payables - unrelated parties	580,737	724,386	355,352	492,946
Other payables - related parties	6,898	7,948	26,810	33,999
Other payables - unrelated parties	196,654	153,318	109,321	93,550
Accrued interest expenses to related parties	-	-	2,635	2,641
Accrued interest expenses to unrelated parties	1,668	2,288	654	1,015
Accrued expenses - related parties	-	380	-	-
Accrued expenses - unrelated parties	138,100	97,226	56,452	41,405
Total trade and other payables	<u>936,520</u>	<u>1,003,574</u>	<u>946,105</u>	<u>988,147</u>

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	31 March 2017	31 December 2016
Long-term loans	950,000	1,000,000
Less: current portion	<u>(200,000)</u>	<u>(200,000)</u>
Long-term loans, net of current portion	<u>750,000</u>	<u>800,000</u>

Movement of long-term loans during the three-month period ended 31 March 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
Balance as at 1 January 2017	1,000,000	
Less: Repayment during the period	<u>(50,000)</u>	
Balance as at 31 March 2017	<u>950,000</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 31 December 2016, the Company and its subsidiaries was 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		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Liabilities under financial lease agreements	192,637	212,770	19,671	23,588
Less: Deferred interest expenses	(16,412)	(19,375)	(1,114)	(1,446)
Total	176,225	193,395	18,557	22,142
Less: Portion due within one year	(66,055)	(67,705)	(11,382)	(13,165)
Liabilities under financial lease agreements, net of current portion	110,170	125,690	7,175	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 periods ended 31 March 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	16,406	37,756	6,935	25,219
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(6,249)</u>	<u>(969)</u>	<u>(2,196)</u>	<u>571</u>
Income tax expense reported in the statements of comprehensive income	<u>10,157</u>	<u>36,787</u>	<u>4,739</u>	<u>25,790</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 table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2017 and 2016, respectively.

(Unit: Million Baht)

	For the three-month periods ended 31 March																	
	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
Revenue																		
External customers	1,485	1,738	385	318	300	244	206	255	23	20	2,399	2,575	-	-	2,399	2,575		
Inter-segment	31	51	83	174	148	91	103	123	36	32	401	471	(401)	(471)	-	-		
Total revenue	<u>1,516</u>	<u>1,789</u>	<u>468</u>	<u>492</u>	<u>448</u>	<u>335</u>	<u>309</u>	<u>378</u>	<u>59</u>	<u>52</u>	<u>2,800</u>	<u>3,046</u>	<u>(401)</u>	<u>(471)</u>	<u>2,399</u>	<u>2,575</u>		
Results																		
Segment gross profit	33	217	32	(33)	44	23	62	75	5	4	176	286	(10)	7	166	293		
Other income																67	34	
Gain (loss) on exchange																9	(12)	
Selling and distribution expenses																(34)	(31)	
Administrative expenses																(101)	(115)	
Finance cost																(44)	(51)	
Profit before income tax expenses																	63	118
Income tax expenses																(10)	(37)	
Profit for the period																<u>53</u>	<u>81</u>	

(Unaudited but reviewed)

16. Commitment and contingent liabilities

16.1 Capital commitments

As at 31 March 2017, the Company and its subsidiaries have capital commitments of approximately Baht 0.4 million (31 December 2016: Baht 0.4 million), relating to acquisition of machinery and equipment.

16.2 Operating lease commitments

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

	(Unit: Million Baht)			
	Consolidated financial		Separate	
	statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
<u>Payable:</u>				
In up to 1 year	25.7	30.2	-	5.1
In over 1 and up to 3 years	23.0	26.3	-	3.4

16.3 Long-term service commitments

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
<u>Payable:</u>				
In up to 1 year	10.0	8.5	1.5	2.8
In over 1 year	0.1	0.1	-	-

(Unaudited but reviewed)

- 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 31 March 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.

16.4 Guarantees

- a) As at 31 March 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 31 March 2017, there were outstanding bank guarantees of approximately Baht 67.1 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 1.2 million (31 December 2016: Baht 1.4 million), the Company only: Baht 0.1 million (31 December 2016: Baht 0.1 million).

(Unaudited but reviewed)

17. 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 31 March 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	19	11	14	2	34.2857	34.6144
Japanese yen	-	1	-	1	0.3042	0.3113
Euro	-	0.1	-	0.1	36.4362	37.1446
RMB	-	14	-	2	4.9508	5.0629

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

Forward exchange contracts

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

Foreign currency	As at 31 March 2017				
	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	1	24 April - 29 September 2017	34.65 - 35.46	34.45 - 34.61

(Unaudited but reviewed)

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 31 March 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	7	1	24 April - 29 September 2017	34.65 - 35.46	34.45 - 34.61

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

18. Fair values of financial instruments

As at 31 March 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 and
Separate financial
statements

Level 2

Financial liabilities measured at fair value

Derivatives

Foreign currency forward contracts	3.0
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During the current period, there were no transfers within the fair value hierarchy.

19. Events after the reporting period

On 20 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment for the year 2016 from retained earnings of the Company which paid corporate income tax of 20 percent at a rate of Baht 0.1 per share for 1,200 million ordinary shares, or a total of Baht 120 million. The schedule of the dividend payment is on 18 May 2017. Such dividend will be recorded in the second quarter of 2017.

20. Approval of interim financial statements

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