

Kulthorn Kirby Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and nine-month periods ended  
30 September 2018

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

To the Shareholders of Kulthorn Kirby Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Kulthorn Kirby Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018, the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 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 No. 34 *Interim Financial Reporting*.

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 7 November 2018

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

**Statements of financial position**

**As at 30 September 2018**

(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 September 2018</u>	<u>31 December 2017</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		180,908	225,681	114,405	149,225
Trade and other receivables	2, 3	1,215,111	1,776,836	623,357	1,032,477
Short-term loans to related parties	2	-	-	77,444	113,000
Inventories	4	2,319,467	2,122,406	1,330,355	1,184,682
Current tax assets		13,787	25,537	608	16,088
VAT receivable		36,620	48,143	11,379	37,068
Other current assets		32,627	28,400	8,958	7,921
<b>Total current assets</b>		<u>3,798,520</u>	<u>4,227,003</u>	<u>2,166,506</u>	<u>2,540,461</u>
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	2,846,872	2,846,872
Property, plant and equipment	6	2,671,001	2,794,238	1,144,801	1,265,390
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	78,123	71,080	35,314	27,855
Advance payment for purchase of fixed assets		82,321	75,285	5,947	-
Deferred tax assets		193,085	127,457	123,378	62,130
Other non-current assets		1,352	2,272	1,179	1,226
<b>Total non-current assets</b>		<u>3,025,882</u>	<u>3,070,332</u>	<u>4,157,491</u>	<u>4,203,473</u>
<b>Total assets</b>		<u><u>6,824,402</u></u>	<u><u>7,297,335</u></u>	<u><u>6,323,997</u></u>	<u><u>6,743,934</u></u>

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

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

**Statements of financial position (continued)**

**As at 30 September 2018**

(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 September 2018</u>	<u>31 December 2017</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	9	2,760,283	3,029,785	1,344,232	1,509,334
Trade and other payables	2, 10	831,986	879,098	550,982	754,951
Short-term loans from related parties	2	-	-	675,025	765,206
Current portion of long-term loans	11	300,000	200,000	300,000	200,000
Current portion of liabilities under					
financial lease agreements	12	59,841	61,815	1,784	6,438
Dividend payable		891	882	887	878
Income tax payable		-	1,121	-	-
Other current liabilities		57,543	38,458	39,873	35,096
<b>Total current liabilities</b>		<b>4,010,544</b>	<b>4,211,159</b>	<b>2,912,783</b>	<b>3,271,903</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	11	850,000	600,000	850,000	600,000
Liabilities under financial lease agreements,					
net of current portion	12	20,133	63,831	1,765	2,495
Provision for long-term employee benefits		212,116	196,852	101,874	94,774
<b>Total non-current liabilities</b>		<b>1,082,249</b>	<b>860,683</b>	<b>953,639</b>	<b>697,269</b>
<b>Total liabilities</b>		<b>5,092,793</b>	<b>5,071,842</b>	<b>3,866,422</b>	<b>3,969,172</b>

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

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

**Statements of financial position (continued)**

**As at 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	As at	As at	As at	As at
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(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
Surplus from business combination under common control	207,898	207,898	-	-
Retained earnings (deficits)				
Appropriated - statutory reserve	120,000	120,000	120,000	120,000
Unappropriated	(494,234)	8,345	437,575	754,762
Other components of shareholders' equity	<u>(2,055)</u>	<u>(10,750)</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>	<u>1,731,609</u>	<u>2,225,493</u>	<u>2,457,575</u>	<u>2,774,762</u>
<b>Total liabilities and shareholders' equity</b>	<u>6,824,402</u>	<u>7,297,335</u>	<u>6,323,997</u>	<u>6,743,934</u>
	-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Statements of comprehensive income****For the three-month period ended 30 September 2018**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2, 15	1,547,467	2,169,655	692,597	1,184,356
Other income					
Income from scrap sales	2	8,781	14,792	393	12,669
Gain on exchange		7,319	-	5,814	-
Interest income	2	1,556	26	978	1,785
Others		3,079	2,163	7,535	6,152
<b>Total revenues</b>		<u>1,568,202</u>	<u>2,186,636</u>	<u>707,317</u>	<u>1,204,962</u>
<b>Expenses</b>					
Cost of sales and services	2	1,617,516	2,125,252	711,285	1,162,757
Selling expenses		13,354	30,497	981	17,376
Administrative expenses		151,898	123,843	101,223	74,841
Loss on exchange		-	276	-	4,493
<b>Total expenses</b>		<u>1,782,768</u>	<u>2,279,868</u>	<u>813,489</u>	<u>1,259,467</u>
<b>Loss before finance cost and income tax</b>		<u>(214,566)</u>	<u>(93,232)</u>	<u>(106,172)</u>	<u>(54,505)</u>
Finance cost		<u>(46,734)</u>	<u>(44,801)</u>	<u>(35,467)</u>	<u>(31,599)</u>
<b>Loss before income tax</b>		<u>(261,300)</u>	<u>(138,033)</u>	<u>(141,639)</u>	<u>(86,104)</u>
Income tax	13	<u>40,190</u>	<u>15,660</u>	<u>29,908</u>	<u>11,985</u>
<b>Loss for the period</b>		<u>(221,110)</u>	<u>(122,373)</u>	<u>(111,731)</u>	<u>(74,119)</u>
<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		<u>1,142</u>	<u>(1,649)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>1,142</u>	<u>(1,649)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>		<u>1,142</u>	<u>(1,649)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>(219,968)</u>	<u>(124,022)</u>	<u>(111,731)</u>	<u>(74,119)</u>
<b>Basic loss per share (Baht)</b>					
Loss attributable to equity holders of the Company	14	<u>-0.18</u>	<u>-0.10</u>	<u>-0.09</u>	<u>-0.06</u>

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Statements of comprehensive income****For the nine-month period ended 30 September 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2, 15	6,021,356	7,088,993	3,181,147	4,026,647
Other income					
Income from scrap sales	2	26,598	34,676	19,254	29,695
Gain on exchange		6,076	12,822	3,547	1,346
Interest income	2	2,140	566	3,721	6,153
Others		12,436	11,005	21,959	17,930
<b>Total revenues</b>		<b>6,068,606</b>	<b>7,148,062</b>	<b>3,229,628</b>	<b>4,081,771</b>
<b>Expenses</b>					
Cost of sales and services	2	5,971,316	6,599,162	3,163,941	3,773,326
Selling expenses		68,873	103,788	29,833	62,926
Administrative expenses		397,393	366,311	252,558	214,865
<b>Total expenses</b>		<b>6,437,582</b>	<b>7,069,261</b>	<b>3,446,332</b>	<b>4,051,117</b>
<b>Profit (loss) before finance cost and income tax</b>		<b>(368,976)</b>	<b>78,801</b>	<b>(216,704)</b>	<b>30,654</b>
Finance cost		(138,807)	(136,957)	(101,732)	(94,613)
<b>Loss before income tax</b>		<b>(507,783)</b>	<b>(58,156)</b>	<b>(318,436)</b>	<b>(63,959)</b>
Income tax	13	65,204	(8,775)	61,249	2,548
<b>Loss for the period</b>		<b>(442,579)</b>	<b>(66,931)</b>	<b>(257,187)</b>	<b>(61,411)</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		8,695	2,668	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		8,695	2,668	-	-
<b>Other comprehensive income for the period</b>		<b>8,695</b>	<b>2,668</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(433,884)</b>	<b>(64,263)</b>	<b>(257,187)</b>	<b>(61,411)</b>
<b>Basic loss per share (Baht)</b>					
Loss attributable to equity holders of the Company	14	(0.37)	(0.06)	-0.21	-0.05

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Cash flow statements****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Loss before tax	(507,783)	(58,156)	(318,436)	(63,959)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised (gain) loss on exchange	7,533	(604)	5,623	(3,284)
Reduction of inventory to net realisable value	53,852	40,813	27,506	15,033
Reversal of allowance for doubtful accounts	(41,627)	(990)	(418)	-
Bad debt	40,941	-	-	-
Reversal of allowance for impairment of assets	(4,059)	-	-	-
Depreciation and amortisation	312,204	356,929	129,607	157,869
Gain on sales of property, plant and equipment	(256)	(97)	(112)	(73)
Loss on write-off property, plant and equipment and intangible assets	10,582	-	-	-
Provision for long-term employee benefits	15,264	13,493	7,100	6,225
Dividend income	(5)	(6)	(5)	(6)
Subsidies income from Government grants	(2,910)	(432)	(2,910)	(432)
Interest income	(2,140)	(566)	(3,721)	(6,153)
Deferred interest	4,942	8,063	260	813
Interest expenses	121,197	120,372	97,711	90,830
Profit (loss) from operating activities before changes in operating assets and liabilities	7,735	478,819	(57,795)	196,863
Operating assets (increase) decrease				
Trade and other receivables	588,428	127,327	491,052	165,830
Inventories	(250,913)	(100,433)	(173,179)	70,518
Other current assets	7,296	(124,394)	24,652	(17,820)
Other non-current assets	920	(202)	47	(204)
Operating liabilities increase (decrease)				
Trade and other payables	(70,341)	152,935	(229,160)	41,960
Other current liabilities	4,831	(4,695)	(8,722)	5,540
Cash flows from operating activities	287,956	529,357	46,895	462,687
Cash paid for long-term employee benefits	-	(168)	-	-
Cash received from interest income	2,140	566	3,856	6,090
Cash paid for interest expenses	(122,094)	(120,578)	(98,440)	(91,217)
Cash paid for income tax	(15,331)	(40,350)	(608)	(15,884)
<b>Net cash flows from (used in) operating activities</b>	<b>152,671</b>	<b>368,827</b>	<b>(48,297)</b>	<b>361,676</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 nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	376	135	-	82
Acquisition of property, plant and equipment and intangible assets	(146,898)	(190,856)	(12,188)	(100,404)
Cash receipt from Government grants	8,722	8,559	8,722	8,559
Decrease in short-term loans to related parties	-	-	35,556	14,715
Dividend income	5	6	5	6
Cash paid for additional investment in subsidiaries	-	-	-	(12,500)
<b>Net cash flows from (used in) investing activities</b>	<b>(137,795)</b>	<b>(182,156)</b>	<b>32,095</b>	<b>(89,542)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(318,006)	50,017	(212,802)	43,431
Decrease in short-term loans from related parties	-	-	(90,181)	(125,449)
Cash receipt from long-term loans	500,000	-	500,000	-
Repayment of long-term loans	(150,000)	(150,000)	(150,000)	(150,000)
Cash paid for liabilities under financial lease agreements	(50,614)	(59,588)	(5,644)	(11,429)
Dividend paid	(59,991)	(81,545)	(59,991)	(81,545)
<b>Net cash flows used in financing activities</b>	<b>(78,611)</b>	<b>(241,116)</b>	<b>(18,618)</b>	<b>(324,992)</b>
<b>Increase in translation adjustments</b>	<b>18,962</b>	<b>8,621</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(44,773)</b>	<b>(45,824)</b>	<b>(34,820)</b>	<b>(52,858)</b>
Cash and cash equivalents at beginning of period	225,681	316,891	149,225	251,943
<b>Cash and cash equivalents at end of period</b>	<b>180,908</b>	<b>271,067</b>	<b>114,405</b>	<b>199,085</b>

**Supplement cash flows information**

## 1) Non-cash related transaction for investing activities

Payable from acquisitions of fixed assets	78,012	20,529	77,090	15,607
Receivable from sales of fixed assets	112	-	64,359	-

## 2) Non-cash related transaction for financing activities

Dividend payable	891	39,303	887	39,299
Assets acquired under financial lease agreements	-	87	-	-

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

(Unaudited but reviewed)

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

**Statements of changes in shareholders' equity**

**For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

**Consolidated financial statements**

	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings		Other components of shareholders' equity Other comprehensive income Exchange differences on translation of financial statements in foreign currency	Total shareholders' equity
				Appropriated	Unappropriated		
<b>Balance as at 1 January 2017</b>	1,200,000	700,000	207,898	120,000	321,138	(11,070)	2,537,966
Loss for the period	-	-	-	-	(66,931)	-	(66,931)
Other comprehensive income for the period	-	-	-	-	-	2,668	2,668
Total comprehensive income for the period	-	-	-	-	(66,931)	2,668	(64,263)
Dividend paid (Note 16)	-	-	-	-	(120,000)	-	(120,000)
<b>Balance as at 30 September 2017</b>	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>134,207</u>	<u>(8,402)</u>	<u>2,353,703</u>
<b>Balance as at 1 January 2018</b>	1,200,000	700,000	207,898	120,000	8,345	(10,750)	2,225,493
Loss for the period	-	-	-	-	(442,579)	-	(442,579)
Other comprehensive income for the period	-	-	-	-	-	8,695	8,695
Total comprehensive income for the period	-	-	-	-	(442,579)	8,695	(433,884)
Dividend paid (Note 16)	-	-	-	-	(60,000)	-	(60,000)
<b>Balance as at 30 September 2018</b>	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(494,234)</u>	<u>(2,055)</u>	<u>1,731,609</u>

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

(Unaudited but reviewed)

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

**Statements of changes in shareholders' equity (continued)**

**For the nine-month period ended 30 September 2018**

(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 2017</b>	1,200,000	700,000	120,000	851,373	2,871,373
Loss for the period	-	-	-	(61,411)	(61,411)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(61,411)	(61,411)
Dividend paid (Note 16)	-	-	-	(120,000)	(120,000)
<b>Balance as at 30 September 2017</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>669,962</u>	<u>2,689,962</u>
<b>Balance as at 1 January 2018</b>	1,200,000	700,000	120,000	754,762	2,774,762
Loss for the period	-	-	-	(257,187)	(257,187)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(257,187)	(257,187)
Dividend paid (Note 16)	-	-	-	(60,000)	(60,000)
<b>Balance as at 30 September 2018</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>437,575</u>	<u>2,457,575</u>

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

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

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2018**

**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 Lamplataw, 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 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 financial 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 2017. There have been no change in the composition of its subsidiaries during the period.

## **1.4 New financial reporting standards**

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **Thai Financial Reporting Standards related to financial instruments**

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **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 2017.

## 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 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	185,610	253,204	Market price
Sales and service income and scrap sales	-	-	40,305	47,786	Approximate market price
Interest expenses	-	-	7,186	7,755	Interest rate at : 0.25 - 5.80 percent per annum (2017: 0.25 - 5.80 percent per annum)
Other income	-	-	2,026	4,784	Mutually agreed price as stipulated in the contract
Interest income	-	-	978	1,784	Interest rate at 3.25 - 5.80 percent per annum (2017: 3.25 - 5.80 percent per annum)
Rental income	-	-	2,236	834	Mutually agreed price as stipulated in the contract
Other expenses	-	-	412	229	Mutually agreed price as stipulated in the contract
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	134,054	128,026	70,741	61,851	Approximate market price
Purchases of goods	15,898	14,916	15,894	14,895	Market price
Rental expense	3,413	3,413	-	-	Mutually agreed price as stipulated in the contract
Other expenses	1,187	1,875	904	1,584	Mutually agreed price as stipulated in the contract
Other income	171	97	34	41	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	842,179	952,800	Market price
Sales and service income and scrap sales	-	-	121,337	122,161	Approximate market price
Interest expenses	-	-	21,834	23,122	Interest rate at 0.25 - 5.80 percent per annum (2017: 0.25 - 5.80 percent per annum)
Other income	-	-	10,129	10,816	Mutually agreed price as stipulated in the contract
Interest income	-	-	3,313	5,630	Interest rate at 3.25 - 5.80 percent per annum (2017: 3.25 - 5.80 percent per annum)
Rental income	-	-	5,306	2,502	Mutually agreed price as stipulated in the contract
Other expenses	-	-	1,719	1,628	Mutually agreed price as stipulated in the contract
Sales of assets	-	-	64,247	9	Mutually agreed price
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	446,111	436,917	222,412	215,908	Approximate market price
Purchases of goods	51,315	49,651	51,246	49,575	Market price
Rental expense	10,240	10,240	-	-	Mutually agreed price as stipulated in the contract
Other expenses	8,390	7,377	5,121	5,473	Mutually agreed price as stipulated in the contract
Other income	436	318	94	107	Mutually agreed price as stipulated in the contract



(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 September 2018 and 31 December 2017 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 3)</b>				
Subsidiary companies	-	-	177,351	54,799
Related companies (related by common director/shareholder)	119,354	113,337	53,792	49,332
<b>Total trade and other receivables - related parties</b>	<b>119,354</b>	<b>113,337</b>	<b>231,143</b>	<b>104,131</b>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 10)</b>				
Subsidiary companies	-	-	176,939	254,112
Related companies (related by common director/shareholder)	8,570	16,920	5,171	12,199
<b>Total trade and other payables - related parties</b>	<b>8,570</b>	<b>16,920</b>	<b>182,110</b>	<b>266,311</b>

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

During the nine-month period ended 30 September 2018, short-term loans between the Company and its subsidiaries had the following movements:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Balance as at 30 September 2018
<b><u>Short-term loans to subsidiary</u></b>				
Kulthorn Materials and Controls Co., Ltd.	113,000	-	(38,000)	75,000
Total	113,000	-	(38,000)	75,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Balance as at 30 September 2018
<b><u>Short-term loans from subsidiaries</u></b>				
Kulthorn Premier Co., Ltd.	615,000	-	(35,000)	580,000
Total	615,000	-	(35,000)	580,000

(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 30 September 2018 and 31 December 2017, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
<b><u>Short-term loans to related party</u></b>		
Kulthorn Metal Products Co., Ltd.	2,444	-
<b>Total short-term loans to related party</b>	<b>2,444</b>	<b>-</b>
<b><u>Short-term loans from related parties</u></b>		
Kulthorn Premier Co., Ltd.	4,215	55,414
Kulthorn Kirby Foundry Co., Ltd.	72,730	61,519
Kulthorn Steel Co., Ltd.	11,920	4,221
Kulthorn Materials and Controls Co., Ltd.	2,464	3,953
Kulthorn Metal Products Co., Ltd.	-	12,870
Kulthorn Research and Development Co., Ltd.	3,696	12,229
<b>Total short-term loans from related parties</b>	<b>95,025</b>	<b>150,206</b>

(Unaudited but reviewed)

### **Directors and management's remuneration**

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	10,971	10,524	5,733	4,871
Post-employment benefits	515	351	340	216
Total	<u>11,486</u>	<u>10,875</u>	<u>6,073</u>	<u>5,087</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	33,068	31,228	16,984	13,982
Post-employment benefits	1,507	1,053	984	648
Total	<u>34,575</u>	<u>32,281</u>	<u>17,968</u>	<u>14,630</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.

### 3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 30 September 2018 and 31 December 2017 categorised by their aging from due dates are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Not yet due	94,506	84,980	74,503	53,258
Overdue				
Less than 3 months	18,719	21,629	24,279	22,193
3 - 6 months	-	94	29,778	-
6 - 12 months	-	242	5,971	-
Over 12 months	4,965	5,224	-	-
Total trade receivables - related parties	118,190	112,169	134,531	75,451
<u>Trade receivables - unrelated parties</u>				
Not yet due	811,344	1,336,041	297,502	789,056
Overdue				
Less than 3 months	215,447	279,145	62,666	123,802
3 - 6 months	9,688	8,723	2,495	3,433
6 - 12 months	3,828	1,376	2,336	-
Over 12 months	14,926	65,602	7,517	7,888
Total	1,055,233	1,690,887	372,516	924,179
Less: Allowance for doubtful debts	(13,008)	(54,635)	(10,441)	(10,859)
Total trade receivables - unrelated parties	1,042,225	1,636,252	362,075	913,320
Total trade receivables - net	1,160,415	1,748,421	496,606	988,771
<u>Other receivables</u>				
Other receivables - related parties	1,164	1,168	96,612	28,680
Other receivables - unrelated parties	40,828	10,757	26,668	7,477
Advance payment	12,704	16,490	3,471	7,549
Total other receivables	54,696	28,415	126,751	43,706
Total trade and other receivables - net	1,215,111	1,776,836	623,357	1,032,477

(Unaudited but reviewed)

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

Movements in the reduction of inventory to net realisable value account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	181,869	71,426
Reduction of inventory to net realisable value during the period	53,852	27,506
Balance as at 30 September 2018	<u>235,721</u>	<u>98,932</u>

#### 5. Investments in subsidiaries

As at 30 September 2018 and 31 December 2017, the Company has long-term investments in ordinary share of the following companies:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the nine-month periods ended	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(%)	(%)				
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	12,500	100	100	12,500	12,500	-	-
Total					3,629,879	3,629,879	-	-
Less: Allowance for impairment loss on investments in subsidiaries					(783,007)	(783,007)	-	-
Total investments in subsidiaries - net					<u>2,846,872</u>	<u>2,846,872</u>	-	-

On 28 September 2018, the Board of Directors' Meeting of the Company passed a resolution approving the sale of assets and the transfer of employees of Kulthorn Metal Products Company Limited (a subsidiary company) to Kulthorn Steel Company Limited (another subsidiary) for the purpose of reducing operating expenses and enhancing the efficiency and competitiveness of the Group. As at 30 September 2018, the two subsidiaries have already completed part of asset acquisition. The remaining part of asset acquisition and the transfer of employees were completed in October 2018. Kulthorn Metal Products Company Limited plans to liquidate the business and register the dissolution within 3 years.

(Unaudited but reviewed)

## 6. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>Net book value as at 1 January 2018</b>	2,794,238	1,265,390
Acquisitions during the period - at cost	194,419	69,330
Disposals during the period - net book value at disposal date	(232)	(63,055)
Write-off during the period - net book value at write-off date	(7,158)	-
Reversal of allowance for impairment of assets	4,059	-
Depreciation for the period	(304,487)	(126,864)
Translation adjustment	(9,838)	-
<b>Net book value as at 30 September 2018</b>	<u>2,671,001</u>	<u>1,144,801</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)	
	<u>Consolidated financial statements</u>	
	<u>30 September 2017</u>	<u>31 December 2017</u>
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 nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2018</b>	71,080	27,855
Acquisitions during the period - at cost	18,451	11,394
Disposal during the period - net book value at disposal date	-	(1,192)
Write-off during the period - net book value at write-off date	(3,424)	-
Amortisation for the period	(7,717)	(2,743)
Translation adjustment	(267)	-
<b>Net book value as at 30 September 2018</b>	<b>78,123</b>	<b>35,314</b>

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

		(Unit: Thousand Baht)			
	Interest rate	Consolidated		Separate	
	(percent per annum)	financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
Bank overdrafts	7.12 - 7.13	935	5,627	321	-
Short-term loans	3.25 - 4.75	897,000	974,500	637,000	714,500
Trust receipts	3.75 - 4.96	1,526,965	1,674,341	611,911	686,134
Packing credit	4.18 - 5.66	335,383	375,317	95,000	108,700
Total		<u>2,760,283</u>	<u>3,029,785</u>	<u>1,344,232</u>	<u>1,509,334</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 September 2018	31 December 2017	30 September 2018	31 December 2017
Trade payables - related parties	4,929	10,790	171,262	261,219
Trade payables - unrelated parties	522,230	638,096	235,668	361,663
Other payables - related parties	3,641	6,130	8,548	2,569
Other payables - unrelated parties	155,469	138,716	76,787	81,096
Accrued interest expenses to related parties	-	-	2,300	2,523
Accrued interest expenses to unrelated parties	2,219	2,954	1,243	1,749
Accrued expenses - unrelated parties	143,498	82,412	55,174	44,132
<b>Total trade and other payables</b>	<b>831,986</b>	<b>879,098</b>	<b>550,982</b>	<b>754,951</b>

## 11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	30 September 2018	31 December 2017
Long-term loans	1,150,000	800,000
Less: current portion	(300,000)	(200,000)
<b>Long-term loans, net of current portion</b>	<b>850,000</b>	<b>600,000</b>

Movement of long-term loans during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
<b>Balance as at 1 January 2018</b>	800,000
Add: Addition during the period	500,000
Less: Repayment during the period	(150,000)
<b>Balance as at 30 September 2018</b>	<b>1,150,000</b>



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.

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.

In December 2017, the Company and its subsidiaries received a waiver letter from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio for the year ended 31 December 2017.

As at 31 December 2017, the Company and its subsidiaries were able to comply with all conditions as specified in the waiver letter and the loan agreement.

On 31 July 2018, the Company drew down additional Baht 500 million loans from financial institutions, and the loan shall be repaid within the year 2023. The repayment of the principal is to be made in 20 quarterly installments, of Baht 25 million each, with the first installment to be paid in December 2018.

The loan is subject to interest at the rate with reference to THBFIX+3%, and interest is to be paid on a monthly basis.

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

The Company has entered into an interest rate swap contract for a portion of the above loans as discussed in Note 18.

(Unaudited but reviewed)

**12. Liabilities under financial lease agreements**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Liabilities under financial lease agreements	83,051	134,800	3,769	9,413
Less: Deferred interest expenses	(3,077)	(9,154)	(220)	(480)
Total	79,974	125,646	3,549	8,933
Less: Portion due within one year	(59,841)	(61,815)	(1,784)	(6,438)
Liabilities under financial lease agreements, net of current portion	<u>20,133</u>	<u>63,831</u>	<u>1,765</u>	<u>2,495</u>

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

**13. Income tax**

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(2,371)	(11,835)	423	20,752
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(37,819)	(3,825)	(65,627)	(11,977)
<b>Income tax expense (revenue) reported in the statements of comprehensive income</b>	<u>(40,190)</u>	<u>(15,660)</u>	<u>(65,204)</u>	<u>8,775</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	-	(11,429)	-	4,275
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(29,908)</u>	<u>(556)</u>	<u>(61,249)</u>	<u>(6,823)</u>
<b>Income tax revenue reported in the statements of comprehensive income</b>	<u>(29,908)</u>	<u>(11,985)</u>	<u>(61,249)</u>	<u>(2,548)</u>

#### 14. Loss per share

Basic loss per share is calculated by dividing loss 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.

## 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 nine-month periods ended 30 September 2018 and 2017, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 September															
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and eliminations		Consolidated	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenue</b>																
External customers	779	1,306	310	386	193	241	243	219	22	18	1,547	2,170	-	-	1,547	2,170
Inter-segment	50	47	72	92	76	95	51	81	11	23	260	338	(260)	(338)	-	-
<b>Total revenue</b>	<u>829</u>	<u>1,353</u>	<u>382</u>	<u>478</u>	<u>269</u>	<u>336</u>	<u>294</u>	<u>300</u>	<u>33</u>	<u>41</u>	<u>1,807</u>	<u>2,508</u>	<u>(260)</u>	<u>(338)</u>	<u>1,547</u>	<u>2,170</u>
<b>Results</b>																
<b>Segment gross profit (loss)</b>	(51)	(31)	(21)	30	4	(3)	3	38	(24)	(6)	(89)	28	19	16	(70)	44
Other income															14	17
Selling and distribution expenses															(13)	(30)
Administrative expenses															(152)	(124)
Gain on exchange															7	-
Finance cost															(47)	(45)
<b>Loss before income tax</b>															(261)	(138)
Income tax															40	16
<b>Loss for the period</b>															<u>(221)</u>	<u>(122)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and eliminations		Consolidated	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenue</b>																
External customers	3,407	4,374	1,126	1,181	743	833	687	640	58	61	6,021	7,089	-	-	6,021	7,089
Inter-segment	135	118	315	280	316	419	241	285	69	89	1,076	1,191	(1,076)	(1,191)	-	-
<b>Total revenue</b>	<u>3,542</u>	<u>4,492</u>	<u>1,441</u>	<u>1,461</u>	<u>1,059</u>	<u>1,252</u>	<u>928</u>	<u>925</u>	<u>127</u>	<u>150</u>	<u>7,097</u>	<u>8,280</u>	<u>(1,076)</u>	<u>(1,191)</u>	<u>6,021</u>	<u>7,089</u>
<b>Results</b>																
<b>Segment gross profit (loss)</b>	(94)	159	42	90	40	81	68	146	(27)	(8)	29	468	21	22	50	490
Other income															41	46
Selling and distribution expenses															(69)	(104)
Administrative expenses															(397)	(366)
Gain on exchange															6	13
Finance cost															(139)	(137)
<b>Loss before income tax</b>															(508)	(58)
Income tax															65	(9)
<b>Loss for the period</b>															<u>(443)</u>	<u>(67)</u>

(Unaudited but reviewed)

## 16. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Million Baht)</u>	<u>Dividend per share (Baht)</u>
Final dividends for 2016	Annual General Meeting of the shareholders on 20 April 2017	120	0.10
Total for 2017		120	0.10
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2018	60	0.05
Total for 2018		60	0.05

## 17. Commitment and contingent liabilities

### 17.1 Capital commitments

As at 30 September 2018, the subsidiaries have capital commitments of approximately Baht 31.8 million (31 December 2017: Baht 102.2 million), relating to acquisition of machinery and equipment.

### 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)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2018</u>	<u>31 December 2017</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
<u>Payable:</u>				
In up to 1 year	7.1	23.3	-	-
In over 1 year and up to 3 years	2.9	9.1	-	-

**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 financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
<u>Payable:</u>				
In up to 1 year	12.3	15.6	4.3	5.1
In over 1 year	0.6	5.9	-	3.0

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

**17.4 Guarantees**

- a) As at 30 September 2018, 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 286 million (31 December 2017: RMB 60 million or equivalent to Baht 305 million).
- b) As at 30 September 2018, there were outstanding bank guarantees of approximately Baht 66.2 million (31 December 2017: Baht 67.3 million), the Company only: Baht 8.3 million (31 December 2017: Baht 8.3 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries. These include letter of guarantee to guarantee electricity usage amounting to Baht 65.9 million (31 December 2017: Baht 65.9 million), the Company only: Baht 8.2 million (31 December 2017: Baht 8.2 million) and to guarantee import duty and others amounting to Baht 0.3 million (31 December 2017: Baht 1.4 million), the Company only: Baht 0.1 million (31 December 2017: Baht 0.1 million).

## 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.

As at 30 September 2018						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	4	5	3	3	32.2364	32.5767
Japanese yen	-	2	-	2	0.2817	0.2892
Euro	-	0.2	-	0.1	37.3504	38.0908
RMB	-	5	-	5	4.6455	4.7692

As at 31 December 2017						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	17	10	15	2	32.5146	32.8472
Japanese yen	-	3	-	1	0.2860	0.2936
Euro	-	0.1	-	0.1	38.6607	39.3938
RMB	-	-	-	8	4.9518	5.0771

### Forward exchange contracts

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

As at 30 September 2018					
Consolidated and 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	3.6	8.2	5 October 2018 - 1 April 2019	32.33 - 33.17	30.90 - 32.98



As at 31 December 2017

Consolidated and separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	2.4	7.6	3 January - 29 June 2018	32.98 - 33.27	32.32 - 33.17

### Interest rate swap contracts

As at 30 September 2018, the Company had outstanding interest rate swap contract with a commercial bank for a long-term loan of Baht 850 million in order to change interest calculation from floating interest rate of THB-THBFIX-Reuters plus 3 percent per annum to fixed interest rate at 4.65 percent per annum, calculated based on the loan principal balance as the agreed schedule.

As at 30 September 2018, fair value of interest rate swap contract has increased from the contract than trade date by Baht 1.4 million.

### 19. Fair value hierarchy

As at 30 September 2018, 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
	<u>Level 2</u>

#### Financial liabilities measured at fair value

##### Derivatives

Foreign currency forward contracts	9.3
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During the current period, there were no transfers within the fair value hierarchy.

**20. Reclassification**

Certain amounts in the statement of comprehensive income of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2017 have been reclassified to conform to the current period's classification but with no effect to previously reported loss. The reclassification are as follows:

(Unit: Thousand Baht)

	For the three-month period ended 30 September 2017			
	As reclassified		As previously reported	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Sales and service income	2,169,655	1,184,356	2,115,619	1,152,014
Income from scrap sales	14,792	12,669	68,828	45,011
Cost of sales and services	2,125,252	1,162,757	2,152,361	1,189,866
Selling expenses	30,497	17,376	29,619	16,498
Administrative expenses	123,843	74,841	97,612	48,610

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2017			
	As reclassified		As previously reported	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Sales and service income	7,088,993	4,026,647	6,939,982	3,922,525
Income from scrap sales	34,676	29,695	183,687	133,817
Cost of sales and services	6,599,162	3,773,326	6,670,900	3,845,064
Selling expenses	103,788	62,926	96,650	55,788
Administrative expenses	366,311	214,865	301,711	150,265

**21. Approval of interim financial statements**

These interim financial statements have been authorised for issue by the Company's authorised directors on 7 November 2018.