

Kulthorn Kirby Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month periods ended 30 June 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 June 2018, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2018, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same periods. 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: 8 August 2018

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

**Statements of financial position**

**As at 30 June 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 June 2018</u>	<u>31 December 2017</u>	<u>30 June 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		267,321	225,681	175,352	149,225
Trade and other receivables	2, 3	1,599,326	1,776,836	935,684	1,032,477
Short-term loans to related parties	2	-	-	85,000	113,000
Inventories	4	2,200,060	2,122,406	1,308,797	1,184,682
Current tax assets		3,253	25,537	237	16,088
VAT receivable		47,064	48,143	32,361	37,068
Other current assets		36,234	28,400	6,335	7,921
<b>Total current assets</b>		<u>4,153,258</u>	<u>4,227,003</u>	<u>2,543,766</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	2,701,940	2,794,238	1,148,103	1,265,390
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	73,631	71,080	27,542	27,855
Advance payment for purchase of fixed assets		62,428	75,285	3,505	-
Deferred tax assets		155,266	127,457	93,471	62,130
Other non-current assets		2,113	2,272	1,115	1,226
<b>Total non-current assets</b>		<u>2,995,378</u>	<u>3,070,332</u>	<u>4,120,608</u>	<u>4,203,473</u>
<b>Total assets</b>		<u><u>7,148,636</u></u>	<u><u>7,297,335</u></u>	<u><u>6,664,374</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 June 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 June 2018</u>	<u>31 December 2017</u>	<u>30 June 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	3,154,164	3,029,785	1,746,037	1,509,334
Trade and other payables	2, 10	944,101	879,098	715,364	754,951
Short-term loans from related parties	2	-	-	742,624	765,206
Current portion of long-term loans	11	705,000	200,000	705,000	200,000
Current portion of liabilities under					
financial lease agreements	12	60,052	61,815	3,318	6,438
Dividend payable		30,962	882	30,958	878
Income tax payable		209	1,121	-	-
Other current liabilities		60,927	38,458	50,251	35,096
<b>Total current liabilities</b>		<b>4,955,415</b>	<b>4,211,159</b>	<b>3,993,552</b>	<b>3,271,903</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	11	-	600,000	-	600,000
Liabilities under financial lease agreements,					
net of current portion	12	34,596	63,831	2,009	2,495
Provision for long-term employee benefits		207,048	196,852	99,507	94,774
<b>Total non-current liabilities</b>		<b>241,644</b>	<b>860,683</b>	<b>101,516</b>	<b>697,269</b>
<b>Total liabilities</b>		<b>5,197,059</b>	<b>5,071,842</b>	<b>4,095,068</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 June 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	As at 30 June 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)	As at 30 June 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
1,200,000,000 ordinary shares of Baht 1 each	1,200,000	1,200,000	1,200,000	1,200,000
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	(273,124)	8,345	549,306	754,762
Other components of shareholders' equity	(3,197)	(10,750)	-	-
<b>Total shareholders' equity</b>	<b>1,951,577</b>	<b>2,225,493</b>	<b>2,569,306</b>	<b>2,774,762</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,148,636</b>	<b>7,297,335</b>	<b>6,664,374</b>	<b>6,743,934</b>
	-	-	-	-

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

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Directors

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(Unaudited but reviewed)

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

(Unit: Thousand Baht except earnings 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	2,087,380	2,470,162	1,130,998	1,433,094
Other income					
Income from scrap sales	2	6,875	7,815	7,209	8,031
Gain on exchange		-	3,855	3,538	-
Interest income	2	570	504	1,456	2,417
Dividend income		2	1	2	1
Others		3,880	3,624	10,037	4,710
<b>Total revenues</b>		<b>2,098,707</b>	<b>2,485,961</b>	<b>1,153,240</b>	<b>1,448,253</b>
<b>Expenses</b>					
Cost of sales and services	2	2,037,006	2,274,072	1,103,407	1,334,973
Selling expenses		26,419	35,530	13,294	21,580
Administrative expenses		129,849	112,216	84,977	58,359
Loss on exchange		687	-	-	317
<b>Total expenses</b>		<b>2,193,961</b>	<b>2,421,818</b>	<b>1,201,678</b>	<b>1,415,229</b>
<b>Profit (loss) before finance cost and income tax</b>		<b>(95,254)</b>	<b>64,143</b>	<b>(48,438)</b>	<b>33,024</b>
Finance cost		(48,015)	(47,947)	(34,479)	(31,420)
<b>Profit (loss) before income tax</b>		<b>(143,269)</b>	<b>16,196</b>	<b>(82,917)</b>	<b>1,604</b>
Income tax	13	17,230	(14,278)	13,139	(4,698)
<b>Profit (loss) for the period</b>		<b>(126,039)</b>	<b>1,918</b>	<b>(69,778)</b>	<b>(3,094)</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		(27)	(1,580)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(27)	(1,580)	-	-
<b>Other comprehensive income for the period</b>		<b>(27)</b>	<b>(1,580)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(126,066)</b>	<b>338</b>	<b>(69,778)</b>	<b>(3,094)</b>
<b>Basic earnings per share (Baht)</b>					
Profit (loss) attributable to equity holders of the Company	14	(0.105)	0.002	(0.058)	(0.003)

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht except earnings 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	4,473,889	4,919,338	2,488,550	2,842,291
Other income					
Income from scrap sales	2	17,817	19,884	18,861	17,026
Gain on exchange		-	13,098	-	5,839
Interest income	2	584	540	2,743	4,368
Dividend income		2	1	2	1
Others		9,355	8,841	14,422	11,777
<b>Total revenues</b>		<b>4,501,647</b>	<b>4,961,702</b>	<b>2,524,578</b>	<b>2,881,302</b>
<b>Expenses</b>					
Cost of sales and services	2	4,353,800	4,486,451	2,452,656	2,623,110
Selling expenses		55,519	75,498	28,852	47,757
Administrative expenses		245,495	227,720	151,335	125,276
Loss on exchange		1,243	-	2,267	-
<b>Total expenses</b>		<b>4,656,057</b>	<b>4,789,669</b>	<b>2,635,110</b>	<b>2,796,143</b>
<b>Profit (loss) before finance cost and income tax</b>		<b>(154,410)</b>	<b>172,033</b>	<b>(110,532)</b>	<b>85,159</b>
Finance cost		(92,073)	(92,156)	(66,265)	(63,014)
<b>Profit (loss) before income tax</b>		<b>(246,483)</b>	<b>79,877</b>	<b>(176,797)</b>	<b>22,145</b>
Income tax	13	25,014	(24,435)	31,341	(9,437)
<b>Profit (loss) for the period</b>		<b>(221,469)</b>	<b>55,442</b>	<b>(145,456)</b>	<b>12,708</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		7,553	4,317	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		7,553	4,317	-	-
<b>Other comprehensive income for the period</b>		<b>7,553</b>	<b>4,317</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(213,916)</b>	<b>59,759</b>	<b>(145,456)</b>	<b>12,708</b>
<b>Basic earnings per share (Baht)</b>					
Profit (loss) attributable to equity holders of the Company	14	(0.185)	0.046	(0.121)	0.011

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

(Unaudited but reviewed)

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

**Cash flow statements**

**For the six-month period ended 30 June 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>				
Profit (loss) before tax	(246,483)	79,877	(176,797)	22,145
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	8,597	2,555	4,125	1,409
Reduction of inventory to net realisable value	38,390	18,018	22,503	15,033
Reversal of allowance for doubtful accounts	(41,199)	(102)	-	-
Bad debt	40,941	-	-	-
Depreciation and amortisation	209,447	237,213	87,768	104,566
Gain on sales of property, plant and equipment	(144)	(22)	-	-
Provision for long-term employee benefits	10,196	8,827	4,733	4,150
Dividend income	(2)	(1)	(2)	(1)
Subsidies income from Government grants	(1,466)	(216)	(1,466)	(216)
Interest income	(584)	(540)	(2,743)	(4,368)
Deferred interest	3,573	5,646	203	604
Interest expenses	82,181	80,068	63,821	60,479
Profit from operating activities before changes in operating assets and liabilities	103,447	431,323	2,145	203,801
Operating assets (increase) decrease				
Trade and other receivables	216,780	(6,532)	191,035	69,348
Inventories	(116,044)	(1,246)	(146,618)	32,103
Other current assets	(6,520)	(97,596)	6,293	(4,981)
Other non-current assets	13,016	(1,933)	(3,394)	(1,934)
Operating liabilities increase (decrease)				
Trade and other payables	55,977	21,864	(46,422)	82,497
Other current liabilities	2,176	142	(5,138)	5,553
Cash flows from (used in) operating activities	268,832	346,022	(2,099)	386,387
Cash received from interest income	584	540	2,877	4,277
Cash paid for interest expenses	(82,825)	(80,738)	(64,232)	(61,166)
Cash paid for income tax	(7,194)	(12,434)	(237)	(384)
<b>Net cash flows from (used in) operating activities</b>	<b>179,397</b>	<b>253,390</b>	<b>(63,691)</b>	<b>329,114</b>

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

(Unaudited but reviewed)

**Kulthorn Kirby Public Company Limited and its subsidiaries****Cash flow statements (continued)****For the six-month period ended 30 June 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	413	59	-	9
Acquisition of property, plant and equipment and intangible assets	(112,940)	(93,355)	(27,803)	(63,673)
Cash receipt form Government grants	4,227	6,906	4,227	6,906
Decrease in short-term loans to related parties	-	-	28,000	9,584
Dividend income	2	1	2	1
Cash paid for additional investment in subsidiaries	-	-	-	(12,500)
<b>Net cash flows from (used in) investing activities</b>	<b>(108,298)</b>	<b>(86,389)</b>	<b>4,426</b>	<b>(59,673)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	122,040	(12,580)	236,703	(73,413)
Repayment of long-term loans	(95,000)	(100,000)	(95,000)	(100,000)
Decrease in short-term loans from related parties	-	-	(22,582)	(101,276)
Cash paid for liabilities under financial lease agreements	(34,571)	(39,964)	(3,809)	(7,696)
Dividend paid	(29,920)	(81,537)	(29,920)	(81,537)
<b>Net cash flows from (used in) financing activities</b>	<b>(37,451)</b>	<b>(234,081)</b>	<b>85,392</b>	<b>(363,922)</b>
<b>Increase in translation adjustments</b>	<b>7,992</b>	<b>9,902</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>41,640</b>	<b>(57,178)</b>	<b>26,127</b>	<b>(94,481)</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>267,321</b>	<b>259,713</b>	<b>175,352</b>	<b>157,462</b>

**Supplement cash flows information**

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

Payable from acquisitions of fixed assets	12,514	9,102	9,218	5,920
Receivable from sales of fixed assets	-	-	64,247	-

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

Dividend payable	30,962	39,311	30,958	39,307
Assets acquired under financial lease agreements	-	61	-	-

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

(Unaudited but reviewed)

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

**Statements of changes in shareholders' equity**

**For the six-month period ended 30 June 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 (deficits)		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
Profit for the period	-	-	-	-	55,442	-	55,442
Other comprehensive income for the period	-	-	-	-	-	4,317	4,317
Total comprehensive income for the period	-	-	-	-	55,442	4,317	59,759
Dividend paid (Note 16)	-	-	-	-	(120,000)	-	(120,000)
<b>Balance as at 30 June 2017</b>	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>256,580</u>	<u>(6,753)</u>	<u>2,477,725</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	-	-	-	-	(221,469)	-	(221,469)
Other comprehensive income for the period	-	-	-	-	-	7,553	7,553
Total comprehensive income for the period	-	-	-	-	(221,469)	7,553	(213,916)
Dividend paid (Note 16)	-	-	-	-	(60,000)	-	(60,000)
<b>Balance as at 30 June 2018</b>	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(273,124)</u>	<u>(3,197)</u>	<u>1,951,577</u>

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

(Unaudited but reviewed)

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

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

**For the six-month period ended 30 June 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
Profit for the period	-	-	-	12,708	12,708
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	12,708	12,708
Dividend paid (Note 16)	-	-	-	(120,000)	(120,000)
<b>Balance as at 30 June 2017</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>744,081</u>	<u>2,764,081</u>
<b>Balance as at 1 January 2018</b>	1,200,000	700,000	120,000	754,762	2,774,762
Loss for the period	-	-	-	(145,456)	(145,456)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(145,456)	(145,456)
Dividend paid (Note 16)	-	-	-	(60,000)	(60,000)
<b>Balance as at 30 June 2018</b>	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>549,306</u>	<u>2,569,306</u>

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

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

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 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 Chalongkrung 31, Chalongkrung Road, Khwaeng Lamplatew, Khet Latkrabang, Bangkok.

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

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 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 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 standard 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. Key principles of this standard 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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is 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 June				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<i>Transactions with subsidiaries (eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	261,833	361,460	Market price
Sales and service income and scrap sales	-	-	27,803	38,922	Approximate market price
Sales of assets	-	-	64,247	9	Mutually agreed price
Other income	-	-	5,968	2,704	Mutually agreed price as stipulated in the contract
Rental income	-	-	2,236	834	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	7,359	7,698	Interest rate at 0.25 - 5.80 percent per annum (2017: 0.25 - 5.80 percent per annum)
Interest income	-	-	1,048	1,895	Interest rate at 3.25 - 5.80 percent per annum (2017: 3.25 - 5.80 percent per annum)
Other expenses	-	-	368	908	Mutually agreed price as stipulated in the contract
<i>Transactions with related parties</i>					
Sales and service income and scrap sales	151,034	152,620	76,311	75,045	Approximate market price
Purchases of goods	19,804	22,104	19,769	22,075	Market price
Rental expense	3,414	3,414	-	-	Mutually agreed price as stipulated in the contract
Other income	202	99	30	36	Mutually agreed price as stipulated in the contract
Other expenses	3,775	3,388	1,278	2,477	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<i><u>Transactions with subsidiaries</u></i> (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	656,569	699,596	Market price
Sales and service income and scrap sales	-	-	81,032	74,375	Approximate market price
Sales of assets	-	-	64,247	9	Mutually agreed price
Other income	-	-	8,103	6,032	Mutually agreed price as stipulated in the contract
Rental income	-	-	3,070	1,668	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	14,648	15,367	Interest rate at 0.25 - 5.80 percent per annum (2017: 0.25 - 5.80 percent per annum)
Interest income	-	-	2,335	3,846	Interest rate at 3.25 - 5.80 percent per annum (2017: 3.25 - 5.80 percent per annum)
Other expenses	-	-	1,307	1,399	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	312,057	308,891	151,671	154,057	Approximate market price
Purchases of goods	35,417	34,735	35,352	34,680	Market price
Rental expense	6,827	6,827	-	-	Mutually agreed price as stipulated in the contract
Other income	265	221	60	66	Mutually agreed price as stipulated in the contract
Other expenses	7,203	5,502	4,217	3,889	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 June 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 June 2018	31 December 2017	30 June 2018	31 December 2017
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 3)</b>				
Subsidiary companies	-	-	175,983	54,799
Related companies (related by common director/shareholder)	135,687	113,337	60,343	49,332
<b>Total trade and other receivables - related parties</b>	<b>135,687</b>	<b>113,337</b>	<b>236,326</b>	<b>104,131</b>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 10)</b>				
Subsidiary companies	-	-	226,052	254,112
Related companies (related by common director/shareholder)	14,821	16,920	9,595	12,199
<b>Total trade and other payables - related parties</b>	<b>14,821</b>	<b>16,920</b>	<b>235,647</b>	<b>266,311</b>

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

During the six-month period ended 30 June 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 June 2018
<b><u>Short-term loans to subsidiary</u></b>				
Kulthorn Materials and Controls Co., Ltd.	113,000	-	(28,000)	85,000
Total	113,000	-	(28,000)	85,000
<b><u>Short-term loans from subsidiaries</u></b>				
(Unit: Thousand Baht)				
	Separate financial statements			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Balance as at 30 June 2018
Kulthorn Premier Co., Ltd.	615,000	-	-	615,000
Total	615,000	-	-	615,000

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

	(Unit: Thousand Baht)	
	30 June 2018	31 December 2017
<b><u>Short-term loans from related parties</u></b>		
Kulthorn Premier Co., Ltd.	12,012	55,414
Kulthorn Kirby Foundry Co., Ltd.	43,453	61,519
Kulthorn Steel Co., Ltd.	48,669	4,221
Kulthorn Materials and Controls Co., Ltd.	9,100	3,953
Kulthorn Metal Product Co., Ltd.	12,172	12,870
Kulthorn Research and Development Co., Ltd.	2,218	12,229
<b>Total short-term loans from related parties</b>	<b>127,624</b>	<b>150,206</b>

(Unaudited but reviewed)

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

During the three-month and six-month periods ended 30 June 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 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	11,597	10,591	5,779	4,866
Post-employment benefits	502	351	328	216
Total	<u>12,099</u>	<u>10,942</u>	<u>6,107</u>	<u>5,082</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	22,130	20,704	11,251	9,111
Post-employment benefits	992	702	644	432
Total	<u>23,122</u>	<u>21,406</u>	<u>11,895</u>	<u>9,543</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 June 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 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Not yet due	107,055	84,980	68,803	53,258
Overdue				
Less than 3 months	19,829	21,629	40,104	22,193
3 - 6 months	2,575	94	14,398	-
6 - 12 months	94	242	7,809	-
Over 12 months	4,973	5,224	-	-
Total trade receivables - related parties	134,526	112,169	131,114	75,451
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,167,130	1,336,041	568,323	789,056
Overdue				
Less than 3 months	232,868	279,145	97,393	123,802
3 - 6 months	-	8,723	-	3,433
6 - 12 months	6,967	1,376	2,630	-
Over 12 months	14,669	65,602	8,114	7,888
Total	1,421,634	1,690,887	676,460	924,179
Less: Allowance for doubtful debts	(13,436)	(54,635)	(10,859)	(10,859)
Total trade receivables - unrelated parties	1,408,198	1,636,252	665,601	913,320
Total trade receivables - net	1,542,724	1,748,421	796,715	988,771
<u>Other receivables</u>				
Other receivables - related parties	1,161	1,168	105,212	28,680
Other receivables - unrelated parties	40,567	10,757	27,200	7,477
Advance payment	14,874	16,490	6,557	7,549
Total other receivables	56,602	28,415	138,969	43,706
Total trade and other receivables - net	1,599,326	1,776,836	935,684	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 six-month period ended 30 June 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	38,390	22,503
Balance as at 30 June 2018	<u>220,259</u>	<u>93,929</u>

**5. Investments in subsidiaries**

As at 30 June 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		(Unit: Thousand Baht)	
							Dividend received during the six-month periods ended	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	30 June 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					<u>3,629,879</u>	<u>3,629,879</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>2,846,872</u>	-	-

(Unaudited but reviewed)

## 6. Property, plant and equipment

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2018</b>	2,794,238	1,265,390
Acquisitions during the period - at cost	112,722	31,703
Disposals during the period - net book value at disposal date	(269)	(63,055)
Depreciation for the period	(204,283)	(85,935)
Translation adjustment	(468)	-
<b>Net book value as at 30 June 2018</b>	<u>2,701,940</u>	<u>1,148,103</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	
	30 June 2018	31 December 2017
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 six-month period ended 30 June 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	7,728	2,712
Disposal during the period - net book value at disposal date	-	(1,192)
Amortisation for the period	(5,164)	(1,833)
Translation adjustment	(13)	-
<b>Net book value as at 30 June 2018</b>	<b>73,631</b>	<b>27,542</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 June	31 December	30 June	31 December
		2018	2017	2018	2017
Bank overdrafts	7.13	1,494	5,627	-	-
Short-term loans	3.75 - 4.75	955,511	974,500	695,511	714,500
Trust receipts	3.85 - 5.01	1,830,990	1,674,341	942,526	686,134
Packing credit	4.17 - 5.66	366,169	375,317	108,000	108,700
Total		<u>3,154,164</u>	<u>3,029,785</u>	<u>1,746,037</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.

As at 30 June 2018, the Company and its subsidiaries could not maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio as specified in the Credit Facility Agreement, which resulted in the loan becoming payable on demand. However, in August 2018, the Company and its subsidiaries had already received the waiver for such non-compliance from all lenders.

(Unaudited but reviewed)

## 10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade payables - related parties	8,686	10,790	222,885	261,219
Trade payables - unrelated parties	636,397	638,096	339,958	361,663
Other payables - related parties	6,135	6,130	10,339	2,569
Other payables - unrelated parties	157,699	138,716	84,827	81,096
Accrued interest expenses to related parties	-	-	2,423	2,523
Accrued interest expenses to unrelated parties	2,268	2,954	1,439	1,749
Accrued expenses - unrelated parties	132,916	82,412	53,493	44,132
<b>Total trade and other payables</b>	<b>944,101</b>	<b>879,098</b>	<b>715,364</b>	<b>754,951</b>

## 11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	30 June 2018	31 December 2017
Long-term loans	705,000	800,000
Less: current portion	(705,000)	(200,000)
<b>Long-term loans, net of current portion</b>	<b>-</b>	<b>600,000</b>

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

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
<b>Balance as at 1 January 2018</b>	800,000
Less: Repayment during the period	(95,000)
<b>Balance as at 30 June 2018</b>	<b>705,000</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.

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.

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.

As at 30 June 2018, the Company and its subsidiaries could not maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio as specified in the Credit Facility Agreement, which resulted in the loan becoming payable on demand. However, in August 2018, the Company and its subsidiaries had already received the waiver for such non-compliance from all lenders. The classification of such liabilities as at 30 June 2018 to be current is in accordance with Thai Financial Reporting Standards.

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 June	31 December	30 June	31 December
	2018	2017	2018	2017
Liabilities under financial lease agreements	100,227	134,800	5,604	9,413
Less: Deferred interest expenses	(5,579)	(9,154)	(277)	(480)
Total	94,648	125,646	5,327	8,933
Less: Portion due within one year	(60,052)	(61,815)	(3,318)	(6,438)
Liabilities under financial lease agreements, net of current portion	34,596	63,831	2,009	2,495

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 six-month periods ended 30 June 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(1,905)	16,181	2,794	32,587
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(15,325)	(1,903)	(27,808)	(8,152)
<b>Income tax expense (revenue) reported in the statements of comprehensive income</b>	<u>(17,230)</u>	<u>14,278</u>	<u>(25,014)</u>	<u>24,435</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	-	8,769	-	15,704
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(13,139)</u>	<u>(4,071)</u>	<u>(31,341)</u>	<u>(6,267)</u>
<b>Income tax expense (revenue) reported in the statements of comprehensive income</b>	<u>(13,139)</u>	<u>4,698</u>	<u>(31,341)</u>	<u>9,437</u>

#### 14. Earnings per share

Basic earnings per share is calculated by dividing profit (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 six-month periods ended 30 June 2018 and 2017, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 June															
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenue</b>																
External customers	1,217	1,549	377	394	249	292	226	215	19	20	2,088	2,470	-	-	2,088	2,470
Inter-segment	35	40	88	105	101	176	80	101	28	33	332	455	(332)	(455)	-	-
<b>Total revenue</b>	<b>1,252</b>	<b>1,589</b>	<b>465</b>	<b>499</b>	<b>350</b>	<b>468</b>	<b>306</b>	<b>316</b>	<b>47</b>	<b>53</b>	<b>2,420</b>	<b>2,925</b>	<b>(332)</b>	<b>(455)</b>	<b>2,088</b>	<b>2,470</b>
<b>Results</b>																
<b>Segment gross profit (loss)</b>	(8)	90	23	12	8	40	25	46	(4)	(4)	44	184	6	12	50	196
Other income															12	12
Gain (loss) on exchange															(1)	4
Selling and distribution expenses															(26)	(36)
Administrative expenses															(130)	(112)
Finance cost															(48)	(48)
<b>Profit (loss) before income tax</b>															(143)	16
Income tax															17	(14)
<b>Profit (loss) for the period</b>															(126)	2

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Compressors		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and		Consolidated	
	and parts												eliminations			
	<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	2,628	3,068	816	795	550	592	444	421	36	43	4,474	4,919	-	-	4,474	4,919
Inter-segment	85	71	243	188	240	324	190	204	58	69	816	856	(816)	(856)	-	-
<b>Total revenue</b>	<u>2,713</u>	<u>3,139</u>	<u>1,059</u>	<u>983</u>	<u>790</u>	<u>916</u>	<u>634</u>	<u>625</u>	<u>94</u>	<u>112</u>	<u>5,290</u>	<u>5,775</u>	<u>(816)</u>	<u>(856)</u>	<u>4,474</u>	<u>4,919</u>
<b>Results</b>																
<b>Segment gross profit (loss)</b>	(43)	177	63	60	36	84	65	108	(3)	5	118	434	2	(1)	120	433
Other income															28	29
Gain (loss) on exchange															(1)	13
Selling and distribution expenses															(56)	(75)
Administrative expenses															(245)	(228)
Finance cost															(92)	(92)
<b>Profit (loss) before income tax</b>															(246)	80
Income tax															25	(25)
<b>Profit (loss) for the period</b>															(221)	55

**16. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
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 June 2018, the subsidiaries have capital commitments of approximately Baht 63.0 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)			
	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Payable:</u>				
In up to 1 year	16.5	23.3	-	-
In over 1 year and up to 3 years	4.1	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 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Payable:</u>				
In up to 1 year	15.8	15.6	5.1	5.1
In over 1 year	2.3	5.9	0.4	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 June 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 304 million (31 December 2017: RMB 60 million or equivalent to Baht 305 million).
- b) As at 30 June 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 June 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	11	12	10	1	33.0065	33.3278
Japanese yen	-	9	-	2	0.2961	0.3037
Euro	-	0.3	-	0.1	38.1371	38.8481
RMB	-	-	-	5	4.9437	5.0590

  

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 June 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	0.4	11.8	27 August - 19 December 2018	31.40 - 31.48	30.90 - 31.96

(Unaudited but reviewed)

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 June 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 June 2018, fair value of interest rate swap contract has increased from the contract than trade date by Baht 0.1 million.

### 19. Fair value hierarchy

As at 30 June 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
	Level 2

#### Financial liabilities measured at fair value

##### Derivatives

Foreign currency forward contracts	19.1
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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 six-month periods ended 30 June 2017 have been reclassified to conform to the current period's classification but with no effect to previously reported profit. The reclassification are as follows:

(Unit: Thousand Baht)

	For the three-month period ended 30 June 2017			
	As reclassified		As previously reported	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Sales and service income	2,470,162	1,433,094	2,425,089	1,398,974
Income from scrap sales	7,815	8,031	52,888	42,151
Cost of sales and services	2,274,072	1,334,973	2,285,774	1,346,675
Selling expenses	35,530	21,580	33,248	19,298
Management expenses	112,216	58,359	102,796	48,939

(Unit: Thousand Baht)

	For the six-month period ended 30 June 2017			
	As reclassified		As previously reported	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Sales and service income	4,919,338	2,842,291	4,824,363	2,770,511
Income from scrap sales	19,884	17,026	114,859	88,806
Cost of sales and services	4,486,451	2,623,110	4,518,539	2,655,198
Selling expenses	75,498	47,757	67,031	39,290
Management expenses	227,720	125,276	204,099	101,655

**21. Approval of interim financial statements**

These interim financial statements have been authorised for issue by the Company's authorised directors on 8 August 2018.