

Kulthorn Kirby Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 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 31 March 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 9 May 2018

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2018</u>	<u>31 December 2017</u>	<u>31 March 2018</u>	<u>31 December 2017</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		264,259	225,681	176,869	149,225
Trade and other receivables	2, 3	1,890,307	1,852,121	1,059,687	1,032,477
Short-term loans to related parties	2	-	-	95,000	113,000
Inventories	4	2,052,983	2,122,406	1,229,029	1,184,682
Current tax assets		1,325	25,537	83	16,088
VAT receivable		29,309	48,143	18,953	37,068
Other current assets		46,742	28,400	16,434	7,921
Total current assets		<u>4,284,925</u>	<u>4,302,288</u>	<u>2,596,055</u>	<u>2,540,461</u>
Non-current assets					
Investments in subsidiaries	5	-	-	2,846,872	2,846,872
Property, plant and equipment	6	2,772,112	2,794,238	1,235,449	1,265,390
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	73,437	71,080	26,925	27,855
Deferred tax assets		139,940	127,457	80,332	62,130
Other non-current assets		2,110	2,272	1,112	1,226
Total non-current assets		<u>2,987,599</u>	<u>2,995,047</u>	<u>4,190,690</u>	<u>4,203,473</u>
Total assets		<u><u>7,272,524</u></u>	<u><u>7,297,335</u></u>	<u><u>6,786,745</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 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2018</u>	<u>31 December 2017</u>	<u>31 March 2018</u>	<u>31 December 2017</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	9	2,990,990	3,029,785	1,528,840	1,509,334
Trade and other payables	2, 10	1,019,563	879,098	904,840	754,951
Short-term loans from related parties	2	-	-	762,229	765,206
Current portion of long-term loans	11	200,000	200,000	200,000	200,000
Current portion of liabilities under					
financial lease agreements	12	60,838	61,815	4,878	6,438
Dividend payable		882	882	878	878
Income tax payable		4,707	1,121	-	-
Other current liabilities		56,664	38,458	36,603	35,096
Total current liabilities		4,333,644	4,211,159	3,438,268	3,271,903
Non-current liabilities					
Long-term loans, net of current portion	11	550,000	600,000	550,000	600,000
Liabilities under financial lease agreements,					
net of current portion	12	49,287	63,831	2,253	2,495
Provision for long-term employee benefits		201,950	196,852	97,140	94,774
Total non-current liabilities		801,237	860,683	649,393	697,269
Total liabilities		5,134,881	5,071,842	4,087,661	3,969,172

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)	As at 31 March 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)
Shareholders' equity				
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	(87,085)	8,345	679,084	754,762
Other components of shareholders' equity	(3,170)	(10,750)	-	-
Total shareholders' equity	2,137,643	2,225,493	2,699,084	2,774,762
Total liabilities and shareholders' equity	7,272,524	7,297,335	6,786,745	6,743,934
	-	-	-	-

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

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Directors

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(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month period ended 31 March 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and service income	2, 15	2,386,509	2,449,176	1,357,552	1,409,197
Other income					
Income from scrap sales	2	10,942	12,069	11,652	8,995
Gain on exchange		-	9,243	-	6,156
Interest income	2	14	36	1,287	1,951
Others		5,475	5,217	4,385	7,067
Total revenues		2,402,940	2,475,741	1,374,876	1,433,366
Expenses					
Cost of sales and services	2	2,316,794	2,232,765	1,349,249	1,308,523
Selling expenses		29,100	33,783	15,558	19,992
Administrative expenses		115,646	101,303	66,358	52,716
Loss on exchange		556	-	5,805	-
Total expenses		2,462,096	2,367,851	1,436,970	1,381,231
Profit (loss) before finance cost and income tax		(59,156)	107,890	(62,094)	52,135
Finance cost		(44,058)	(44,209)	(31,786)	(31,594)
Profit (loss) before income tax		(103,214)	63,681	(93,880)	20,541
Income tax	13	7,784	(10,157)	18,202	(4,739)
Profit (loss) for the period		(95,430)	53,524	(75,678)	15,802
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		7,580	5,897	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		7,580	5,897	-	-
Other comprehensive income for the period		7,580	5,897	-	-
Total comprehensive income for the period		(87,850)	59,421	(75,678)	15,802
Basic earnings per share (Baht)					
Profit (loss) attributable to equity holders of the Company	14	(0.08)	0.04	(0.06)	0.01

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements

For the three-month period ended 31 March 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>
Cash flows from operating activities				
Profit (loss) before tax	(103,214)	63,681	(93,880)	20,541
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	105,441	118,037	45,179	51,642
Reversal of allowance for doubtful accounts	(41,116)	-	-	-
Bad debt	40,941	-	-	-
Reduction of inventory value to net realisable value	25,218	8,714	15,256	4,706
Loss (gain) on sales of property, plant and equipment	38	(4)	-	-
Deferred interest	1,906	2,962	116	333
Provision for long-term employee benefits	5,098	4,498	2,366	2,075
Unrealised (gain) loss on exchange	(5,286)	305	(5,006)	(2,294)
Subsidies income from Government grants	(522)	-	(522)	-
Interest income	(14)	(36)	(1,287)	(1,951)
Interest expenses	40,529	39,583	30,764	30,377
Profit from operating activities before changes in operating assets and liabilities	69,019	237,740	(7,014)	105,429
Operating assets (increase) decrease				
Trade and other receivables	(5,609)	(103,503)	(4,475)	15,388
Inventories	44,205	103,431	(59,603)	60,756
Other current assets	492	(55,366)	9,602	12,523
Other non-current assets	162	2	114	-
Operating liabilities increase (decrease)				
Trade and other payables	141,497	(63,683)	151,763	(40,121)
Other current liabilities	16,921	920	222	10,571
Cash flows from operating activities	266,687	119,541	90,609	164,546
Interest income	14	36	1,325	1,798
Cash paid for interest expenses	(41,504)	(40,098)	(31,580)	(30,744)
Cash paid for income tax	(2,438)	(2,851)	(83)	(223)
Net cash flows from operating activities	222,759	76,628	60,271	135,377

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the three-month period ended 31 March 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>
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(86,775)	(40,455)	(15,238)	(27,726)
Proceeds from sales of property, plant and equipment	38	33	-	-
Decrease (increase) in short-term loans to related parties	-	-	18,000	(904)
Cash paid for investment in subsidiaries	-	-	-	(12,500)
Net cash flows from (used in) investing activities	(86,737)	(40,422)	2,762	(41,130)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(38,818)	24,455	19,506	6,407
Decrease in short-term loans from related parties	-	-	(2,977)	(109,122)
Repayment of long-term loans	(50,000)	(50,000)	(50,000)	(50,000)
Cash paid for liabilities under financial lease agreements	(17,427)	(20,132)	(1,918)	(3,918)
Net cash flows used in financing activities	(106,245)	(45,677)	(35,389)	(156,633)
Increase in translation adjustments	8,801	10,199	-	-
Net increase (decrease) in cash and cash equivalents	38,578	728	27,644	(62,386)
Cash and cash equivalents at beginning of period	225,681	316,891	149,225	251,943
Cash and cash equivalents at end of period	264,259	317,619	176,869	189,557
Supplement cash flows information				
1) Non-cash related transaction for investing activities				
Payable from acquisitions of fixed assets	5,247	14,751	1,677	7,767
2) Non-cash related transaction for financing activities				
Dividend payable	882	848	878	844

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month period ended 31 March 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		
Balance as at 1 January 2017	1,200,000	700,000	207,898	120,000	321,138	(11,070)	2,537,966
Profit for the period	-	-	-	-	53,524	-	53,524
Other comprehensive income for the period	-	-	-	-	-	5,897	5,897
Total comprehensive income for the period	-	-	-	-	53,524	5,897	59,421
Balance as at 31 March 2017	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>374,662</u>	<u>(5,173)</u>	<u>2,597,387</u>
Balance as at 1 January 2018	1,200,000	700,000	207,898	120,000	8,345	(10,750)	2,225,493
Loss for the period	-	-	-	-	(95,430)	-	(95,430)
Other comprehensive income for the period	-	-	-	-	-	7,580	7,580
Total comprehensive income for the period	-	-	-	-	(95,430)	7,580	(87,850)
Balance as at 31 March 2018	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(87,085)</u>	<u>(3,170)</u>	<u>2,137,643</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2017	1,200,000	700,000	120,000	851,373	2,871,373
Profit for the period	-	-	-	15,802	15,802
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	15,802	15,802
Balance as at 31 March 2017	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>867,175</u>	<u>2,887,175</u>
Balance as at 1 January 2018	1,200,000	700,000	120,000	754,762	2,774,762
Loss for the period	-	-	-	(75,678)	(75,678)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(75,678)	(75,678)
Balance as at 31 March 2018	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>679,084</u>	<u>2,699,084</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 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 31 March				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	394,736	338,136	Market price
Sales and service income and scrap sales	-	-	53,229	35,453	Approximate market price
Other income	-	-	2,135	3,328	Mutually agreed price as stipulated in the contract
Rental income	-	-	834	834	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	7,289	7,669	Interest rate at 0.25 - 5.80 percent per annum (2017: 0.25 - 5.80 percent per annum)
Interest income	-	-	1,287	1,951	Interest rate at 3.25 - 5.80 percent per annum (2017: 3.25 - 5.80 percent per annum)
Other expenses	-	-	939	491	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	161,023	156,271	75,360	79,012	Approximate market price
Purchases of goods	15,613	12,631	15,583	12,605	Market price
Rental expense	3,413	3,413	-	-	Mutually agreed price as stipulated in the contract
Other income	63	122	30	30	Mutually agreed price as stipulated in the contract
Other expenses	3,428	2,114	2,939	1,412	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	98,520	54,799
Related companies (related by common director/shareholder)	150,989	113,337	66,515	49,332
Total trade and other receivables - related parties	150,989	113,337	165,035	104,131
<u>Trade and other payables - related parties</u>				
(Note 10)				
Subsidiary companies	-	-	350,428	254,112
Related companies (related by common director/shareholder)	13,796	16,920	9,957	12,199
Total trade and other payables - related parties	13,796	16,920	360,385	266,311

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

During the three-month period ended 31 March 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 31 March 2018
<u>Short-term loans to subsidiary</u>				
Kulthorn Materials and Controls Co., Ltd.	113,000	-	(18,000)	95,000
Total	113,000	-	(18,000)	95,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Balance as at 31 March 2018
<u>Short-term loans from subsidiaries</u>				
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 31 March 2018 and 31 December 2017, the Company had outstanding short-term loans from its subsidiaries from the above agreement as follows:

	(Unit: Thousand Baht)	
	31 March 2018	31 December 2017
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	69,380	55,414
Kulthorn Kirby Foundry Co., Ltd.	26,183	61,519
Kulthorn Steel Co., Ltd.	15,444	4,221
Kulthorn Materials and Controls Co., Ltd.	23,180	3,953
Kulthorn Metal Product Co., Ltd.	5,984	12,870
Kulthorn Research and Development Co., Ltd.	7,058	12,229
Total short-term loans from related parties	147,229	150,206

Directors and management's remuneration

During the three-month periods ended 31 March 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	10,533	10,004	5,472	4,245
Post-employment benefits	490	351	316	216
Total	11,023	10,355	5,788	4,461

Guarantee obligations with related parties

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

3. Trade and other receivables

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Not yet due	125,849	84,980	99,054	53,258
Overdue				
Less than 3 months	18,659	21,629	26,665	22,193
3 - 6 months	-	94	7,810	-
6 - 12 months	172	242	-	-
Over 12 months	5,134	5,224	-	-
Total trade receivables - related parties	149,814	112,169	133,529	75,451
<u>Trade receivables - unrelated parties</u>				
Not yet due	1,399,438	1,336,041	756,611	789,056
Overdue				
Less than 3 months	235,584	279,145	105,555	123,802
3 - 6 months	2,186	8,723	695	3,433
6 - 12 months	6,579	1,376	2,260	-
Over 12 months	14,296	65,602	7,664	7,888
Total	1,658,083	1,690,887	872,785	924,179
Less: Allowance for doubtful debts	(13,519)	(54,635)	(10,859)	(10,859)
Total trade receivables - unrelated parties	1,644,564	1,636,252	861,926	913,320
Total trade receivables - net	1,794,378	1,748,421	995,455	988,771
<u>Other receivables</u>				
Other receivables - related parties	1,175	1,168	31,506	28,680
Other receivables - unrelated parties	39,714	10,757	28,375	7,477
Advance payment	55,040	91,775	4,351	7,549
Total other receivables	95,929	103,700	64,232	43,706
Total trade and other receivables - net	1,890,307	1,852,121	1,059,687	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 three-month period ended 31 March 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	25,218	15,256
Balance as at 31 March 2018	<u>207,087</u>	<u>86,682</u>

5. Investments in subsidiaries

As at 31 March 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 three-month periods ended	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 March 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 three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2018	2,794,238	1,265,390
Acquisitions during the period - at cost	82,001	14,308
Disposals during the period - net book value at disposal date	(76)	-
Depreciation for the period	(102,815)	(44,249)
Translation adjustment	(1,236)	-
Net book value as at 31 March 2018	<u><u>2,772,112</u></u>	<u><u>1,235,449</u></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>31 March 2018</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>	<u><u>-</u></u>

(Unaudited but reviewed)

8. Other intangible assets

Movements of the other intangible assets account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	71,080	27,855
Acquisitions during the period - at cost	5,016	-
Amortisation for the period	(2,626)	(930)
Translation adjustment	(33)	-
Net book value as at 31 March 2018	73,437	26,925

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

	Interest rate (percent per annum)	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
Bank overdrafts	7.12 - 7.13	2,773	5,627	-	-
Short-term loans	3.75 - 4.75	964,500	974,500	704,500	714,500
Trust receipts	3.85 - 4.84	1,734,321	1,674,341	807,440	686,134
Packing credit	4.25 - 5.66	289,396	375,317	16,900	108,700
Total		<u>2,990,990</u>	<u>3,029,785</u>	<u>1,528,840</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	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Trade payables - related parties	7,227	10,790	354,490	261,219
Trade payables - unrelated parties	742,233	638,096	412,713	361,663
Other payables - related parties	6,569	6,130	3,384	2,569
Other payables - unrelated parties	146,372	138,716	77,496	81,096
Accrued interest expenses to related parties	-	-	2,511	2,523
Accrued interest expenses to unrelated parties	1,930	2,954	945	1,749
Accrued expenses - unrelated parties	115,232	82,412	53,301	44,132
Total trade and other payables	1,019,563	879,098	904,840	754,951

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	31 March 2018	31 December 2017
Long-term loans	750,000	800,000
Less: current portion	(200,000)	(200,000)
Long-term loans, net of current portion	550,000	600,000

Movement of long-term loans during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate
	financial statements
Balance as at 1 January 2018	800,000
Less: Repayment during the period	(50,000)
Balance as at 31 March 2018	750,000

(Unaudited but reviewed)

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

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

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

Under the loan agreement, the Company and its subsidiaries have to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio for the consolidated financial statements not exceeding 5:1 and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1.

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.

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 17.

12. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Liabilities under financial lease agreements	117,372	134,800	7,495	9,413
Less: Deferred interest expenses	(7,247)	(9,154)	(364)	(480)
Total	110,125	125,646	7,131	8,933
Less: Portion due within one year	(60,838)	(61,815)	(4,878)	(6,438)
Liabilities under financial lease agreements, net of current portion	49,287	63,831	2,253	2,495

(Unaudited but reviewed)

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 periods ended 31 March 2018 and 2017 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	4,699	16,406	-	6,935
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(12,483)</u>	<u>(6,249)</u>	<u>(18,202)</u>	<u>(2,196)</u>
Income tax expenses (revenue) reported in the statements of comprehensive income	<u>(7,784)</u>	<u>10,157</u>	<u>(18,202)</u>	<u>4,739</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 table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2018 and 2017, respectively.

(Unit: Million Baht)

	For the three-month periods ended 31 March															
	Compressors		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue																
External customers	1,411	1,519	439	401	301	300	218	206	17	23	2,386	2,449	-	-	2,386	2,449
Inter-segment	50	31	155	83	139	148	110	103	30	36	484	401	(484)	(401)	-	-
Total revenue	1,461	1,550	594	484	440	448	328	309	47	59	2,870	2,850	(484)	(401)	2,386	2,449
Results																
Segment gross profit (loss)	(35)	67	40	48	28	44	40	62	1	5	74	226	(4)	(10)	70	216
Other income															16	17
Gain on exchange															-	9
Selling and distribution expenses															(29)	(34)
Administrative expenses															(116)	(101)
Finance cost															(44)	(44)
Profit (loss) before income tax															(103)	63
Income tax															8	(10)
Profit (loss) for the period															(95)	53

16. Commitment and contingent liabilities

16.1 Capital commitments

As at 31 March 2018, the subsidiaries have capital commitments of approximately Baht 84.6 million (31 December 2017: Baht 102.2 million), relating to acquisition of machinery and equipment.

16.2 Operating lease commitments

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
<u>Payable:</u>				
In up to 1 year	20.7	23.3	-	-
In over 1 year and up to 3 years	5.7	9.1	-	-

16.3 Long-term service commitments

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
<u>Payable:</u>				
In up to 1 year	14.3	15.6	5.1	5.1
In over 1 year	3.6	5.9	1.7	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.

16.4 Guarantees

- a) As at 31 March 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 302 million (31 December 2017: RMB 60 million or equivalent to Baht 305 million).
- b) As at 31 March 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).

17. Foreign currency risk

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

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

As at 31 March 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	16	10	14	3	31.0573	31.4063
Japanese yen	-	2	-	2	0.2901	0.2978
Euro	-	0.2	-	-	38.0682	38.8106
RMB	-	-	-	12	4.9177	5.0388

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

(Unaudited but reviewed)

Forward exchange contracts

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

As at 31 March 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	4.4	3.0	9 April - 2 October 2018	31.02 - 33.27	30.90 - 31.48

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 31 March 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 31 March 2018, fair value of interest rate swap contract has decreased from the contract than trade date by Baht 1.9 million (31 December 2017: Baht 3.4 million).

18. Fair value hierarchy

As at 31 March 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 3.4

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

19. Event after the reporting period

On 25 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment for the year 2017 from retained earnings of the Company which paid corporate income tax of 20 percent at the rate of Baht 0.05 per share for 1,200 million ordinary shares, totaling Baht 60 million. The schedule of the dividend payment is on 24 May 2018. Such dividend will be recorded in the second quarter of 2018.

20. Reclassification

Certain amounts in the statement of comprehensive income of the Company and its subsidiaries for the three-month period ended 31 March 2017 have been reclassified to conform to the current period's classification but with no effect to previously reported net profit. The reclassification are as follows:

(Unit: Thousand Baht)

	As reclassified		As previously reported	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Sales and service income	2,449,176	1,409,197	2,399,274	1,371,537
Income from scrap sales	12,069	8,995	61,971	46,655

21. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 9 May 2018.