

Kulthorn Kirby Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Kulthorn Kirby Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Kulthorn Kirby Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Kulthorn Kirby Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 *Interim Financial Reporting*.

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 6 November 2019

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> 30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	225,065	96,963	207,492	68,759
Trade and other receivables	2, 3 1,017,838	1,175,338	611,468	650,055
Short-term loans to related parties	2 -	-	70,733	70,000
Inventories	4 1,646,561	2,343,849	957,206	1,434,237
Current tax assets	5,578	16,078	771	1,030
VAT receivable	16,284	61,020	8,021	30,161
Other current assets	64,276	94,103	19,086	55,130
Total current assets	<u>2,975,602</u>	<u>3,787,351</u>	<u>1,874,777</u>	<u>2,309,372</u>
Non-current assets				
Investments in subsidiaries	5 -	-	2,586,872	2,586,872
Property, plant and equipment	6 3,226,658	2,784,556	1,790,989	1,307,579
Goodwill on business combination	7 -	-	-	-
Other intangible assets	8 89,457	86,988	48,677	45,204
Advance payment for purchase of fixed assets	3,761	232,123	3,761	187,223
Deferred tax assets	243,237	249,734	150,136	151,591
Other non-current assets	1,493	1,359	1,076	1,142
Total non-current assets	<u>3,564,606</u>	<u>3,354,760</u>	<u>4,581,511</u>	<u>4,279,611</u>
Total assets	<u>6,540,208</u>	<u>7,142,111</u>	<u>6,456,288</u>	<u>6,588,983</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> 30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	9	3,396,594	2,134,311	1,629,453
Trade and other payables	2, 10	521,191	541,393	671,788
Short-term loans from related parties	2	-	583,974	614,493
Current portion of long-term loans	11	400,000	400,000	400,000
Current portion of liabilities under financial lease agreements	12	24,967	628	901
Dividend payable		891	887	887
Income tax payable		-	-	-
Other current liabilities		38,104	25,663	25,433
Total current liabilities		4,381,747	3,686,856	3,342,955
Non-current liabilities				
Long-term loans, net of current portion	11	775,300	775,300	1,075,300
Liabilities under financial lease agreements, net of current portion	12	33,810	1,093	1,551
Provision for long-term employee benefits	13	276,147	128,603	90,734
Total non-current liabilities		1,085,257	904,996	1,167,585
Total liabilities		5,467,004	4,591,852	4,510,540

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 September 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)	As at 30 September 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
Shareholders' equity				
Share capital		14		
Registered				
1,500,000,000 ordinary shares of Baht 1 each (31 December 2018: 1,200,000,000 ordinary shares of Baht 1 each)	1,500,000	1,200,000	1,500,000	1,200,000
Issued and fully paid up				
1,500,000,000 ordinary shares of Baht 1 each (31 December 2018: 1,200,000,000 ordinary shares of Baht 1 each)	1,500,000	1,200,000	1,500,000	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	(1,459,361)	(657,450)	(455,564)	58,443
Other components of shareholders' equity	4,667	(2,152)	-	-
Total shareholders' equity	1,073,204	1,568,296	1,864,436	2,078,443
Total liabilities and shareholders' equity	6,540,208	7,142,111	6,456,288	6,588,983

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

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Directors
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Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income**

For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales and service income	2	1,249,692	1,547,467	570,078	692,597
Other income					
Income from scrap sales	2	11,830	8,781	284	393
Gain on exchange		3,286	7,319	1,434	5,814
Others		3,811	4,635	7,872	8,513
Total revenues		1,268,619	1,568,202	579,668	707,317
Expenses					
Cost of sales and services	2	1,320,270	1,617,516	608,459	711,285
Selling and distribution expenses		26,441	13,354	15,202	981
Administrative expenses		135,540	151,898	86,998	101,223
Total expenses		1,482,251	1,782,768	710,659	813,489
Loss before finance cost and income tax		(213,632)	(214,566)	(130,991)	(106,172)
Finance cost		(53,499)	(46,734)	(43,954)	(35,467)
Loss before income tax		(267,131)	(261,300)	(174,945)	(141,639)
Income tax	15	(4,034)	40,190	(1,881)	29,908
Loss for the period		(271,165)	(221,110)	(176,826)	(111,731)
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain (loss)		-	-	-	-
Less: Income tax effect		-	-	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		-	-	-	-
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(1,107)	1,142	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(1,107)	1,142	-	-
Other comprehensive income for the period		(1,107)	1,142	-	-
Total comprehensive income for the period		(272,272)	(219,968)	(176,826)	(111,731)
Basic loss per share (Baht)					
Loss attributable to equity holders of the Company	16	(0.22)	(0.18)	(0.14)	(0.09)
Weighted average number of ordinary shares (million shares)		1,235	1,200	1,235	1,200

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

Kulthorn Kirby Public Company Limited and its subsidiaries**Statements of comprehensive income**

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales and service income	2	4,703,605	6,021,356	2,378,122	3,181,147
Other income					
Income from scrap sales	2	27,828	26,598	1,656	19,254
Gain on exchange		1,534	6,076	-	3,547
Others		11,119	14,576	25,674	25,680
Total revenues		4,744,086	6,068,606	2,405,452	3,229,628
Expenses					
Cost of sales and services	2	4,849,633	5,971,316	2,452,192	3,163,941
Selling and distribution expenses		75,661	68,873	39,218	29,833
Administrative expenses		452,809	397,393	292,084	252,558
Loss on exchange		-	-	3,874	-
Total expenses		5,378,103	6,437,582	2,787,368	3,446,332
Loss before finance cost and income tax		(634,017)	(368,976)	(381,916)	(216,704)
Finance cost		(161,258)	(138,807)	(129,873)	(101,732)
Loss before income tax		(795,275)	(507,783)	(511,789)	(318,436)
Income tax	15	(7,061)	65,204	(1,608)	61,249
Loss for the period		(802,336)	(442,579)	(513,397)	(257,187)
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain (loss)		580	-	(762)	-
Less: Income tax effect		(155)	-	152	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		425	-	(610)	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		6,819	8,695	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		6,819	8,695	-	-
Other comprehensive income for the period		7,244	8,695	(610)	-
Total comprehensive income for the period		(795,092)	(433,884)	(514,007)	(257,187)
Basic loss per share (Baht)					
Loss attributable to equity holders of the Company	16	(0.66)	(0.37)	(0.42)	(0.21)
Weighted average number of ordinary shares (million shares)		1,212	1,200	1,212	1,200

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

Kulthorn Kirby Public Company Limited and its subsidiaries**Cash flow statements****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Loss before tax	(795,275)	(507,783)	(511,789)	(318,436)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	311	7,533	885	5,623
Reduction of inventory to net realisable value (reversal)	(37,080)	53,852	(27,661)	27,506
Allowance for doubtful accounts (reversal)	1,385	(41,627)	-	(418)
Bad debt	-	40,941	-	-
Reversal of allowance for impairment of assets	-	(4,059)	-	-
Depreciation and amortisation	273,808	312,204	117,650	129,607
Amortise deferred revenue from sales and lease back	(74)	-	-	-
Loss (gain) on sales of property, plant and equipment	1,379	(256)	(145)	(112)
Write-off withholding tax	529	-	529	-
Loss on write-off property, plant and equipment and intangible assets	1	10,582	-	-
Provision for long-term employee benefits	77,567	15,264	37,107	7,100
Dividend income	(3)	(5)	(3)	(5)
Subsidies income from Government grants	(3,396)	(2,910)	(3,396)	(2,910)
Interest income	(182)	(2,140)	(2,538)	(3,721)
Deferred interest	2,230	4,942	58	260
Interest expenses	154,590	121,197	126,730	97,711
Profit (loss) from operating activities before changes in operating assets and liabilities	(324,210)	7,735	(262,573)	(57,795)
Operating assets (increase) decrease				
Trade and other receivables	172,934	588,428	40,585	491,052
Inventories	734,368	(250,913)	504,692	(173,179)
Other current assets	74,563	7,296	58,184	24,652
Other non-current assets	(134)	920	66	47
Operating liabilities increase (decrease)				
Trade and other payables	(301,498)	(70,341)	(137,390)	(229,160)
Other current liabilities	5,941	4,831	1,226	(8,722)
Cash flows from operating activities	361,964	287,956	204,790	46,895
Cash received from interest income	182	2,140	2,597	3,856
Cash paid for interest expenses	(164,198)	(122,094)	(136,018)	(98,440)
Cash paid for income tax	(6,577)	(15,331)	(771)	(608)
Net cash flows from (used in) operating activities	191,371	152,671	70,598	(48,297)

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

Kulthorn Kirby Public Company Limited and its subsidiaries**Cash flow statements (continued)**

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	39,997	376	204	-
Acquisition of property, plant and equipment and intangible assets	(380,524)	(146,898)	(362,175)	(12,188)
Cash receipt form Government grants	-	8,722	-	8,722
Decrease (increase) in short-term loans to related parties	-	-	(733)	35,556
Dividend income	3	5	3	5
Net cash flows from (used in) investing activities	(340,524)	(137,795)	(362,701)	32,095
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	6,456,139	4,492,021	2,909,706	1,306,632
Decrease in bank overdrafts and short-term loans from financial institutions	(6,148,003)	(4,810,027)	(2,447,562)	(1,519,434)
Decrease in short-term loans from related parties	-	-	(30,519)	(90,181)
Cash receipt form long-term loans	-	500,000	-	500,000
Repayment of long-term loans	(300,000)	(150,000)	(300,000)	(150,000)
Cash paid for liabilities under financial lease agreements	(49,893)	(50,614)	(789)	(5,644)
Proceeds from increase in share capital	300,000	-	300,000	-
Dividend paid	-	(59,991)	-	(59,991)
Net cash flows from (used in) financing activities	258,243	(78,611)	430,836	(18,618)
Increase in translation adjustments	19,012	18,962	-	-
Net increase (decrease) in cash and cash equivalents	128,102	(44,773)	138,733	(34,820)
Cash and cash equivalents at beginning of period	96,963	225,681	68,759	149,225
Cash and cash equivalents at end of period	225,065	180,908	207,492	114,405

Supplement cash flows information

1) Non-cash related transaction for investing activities

Payable from acquisitions of fixed assets	294,760	78,012	290,567	77,090
Receivable from sales of fixed assets	-	112	64,360	64,359

2) Non-cash related transaction for financing activities

Dividend payable	891	891	887	887
Assets acquired under financial lease agreements	39,245	-	-	-

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements							
					Other components of shareholders' equity		
					Other comprehensive income		
					Exchange differences on translation of	Total	
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings (deficits)	financial statements in foreign currency	shareholders' equity	
				Appropriated	Unappropriated		
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	-	-	-	-	(442,579)	-	(442,579)
Other comprehensive income for the period	-	-	-	-	-	8,695	8,695
Total comprehensive income for the period	-	-	-	-	(442,579)	8,695	(433,884)
Dividend paid	-	-	-	-	(60,000)	-	(60,000)
Balance as at 30 September 2018	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(494,234)</u>	<u>(2,055)</u>	<u>1,731,609</u>
Balance as at 1 January 2019	1,200,000	700,000	207,898	120,000	(657,450)	(2,152)	1,568,296
Loss for the period	-	-	-	-	(802,336)	-	(802,336)
Other comprehensive income for the period	-	-	-	-	425	6,819	7,244
Total comprehensive income for the period	-	-	-	-	(801,911)	6,819	(795,092)
Increase share capital (Note 14)	300,000	-	-	-	-	-	300,000
Balance as at 30 September 2019	<u>1,500,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(1,459,361)</u>	<u>4,667</u>	<u>1,073,204</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficits)		
			Appropriated	Unappropriated	
Balance as at 1 January 2018	1,200,000	700,000	120,000	754,762	2,774,762
Loss for the period	-	-	-	(257,187)	(257,187)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(257,187)	(257,187)
Dividend paid	-	-	-	(60,000)	(60,000)
Balance as at 30 September 2018	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>437,575</u>	<u>2,457,575</u>
Balance as at 1 January 2019	1,200,000	700,000	120,000	58,443	2,078,443
Loss for the period	-	-	-	(513,397)	(513,397)
Other comprehensive income for the period	-	-	-	(610)	(610)
Total comprehensive income for the period	-	-	-	(514,007)	(514,007)
Increase share capital (Note 14)	300,000	-	-	-	300,000
Balance as at 30 September 2019	<u>1,500,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(455,564)</u>	<u>1,864,436</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2019

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 2018. 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 period

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on 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 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers.

Revenue recognition

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties mainly in respect of sales and purchases of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those related parties, are summarised below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	100,916	185,610	Market price
Sales and service income and scrap sales	-	-	26,456	40,305	Approximate market price
Other income	-	-	3,274	2,026	Mutually agreed price as stipulated in the contract
Rental income	-	-	2,585	2,236	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	6,717	7,186	Interest rate at 0.25 - 7.25 percent per annum (2018: 0.25 - 5.80 percent per annum)
Interest income	-	-	730	978	Interest rate at 3.25 - 4.94 percent per annum (2018: 3.25 - 5.80 percent per annum)
Other expenses	-	-	809	412	Mutually agreed price as stipulated in the contract
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	136,223	134,054	73,264	70,741	Approximate market price
Purchases of goods	4,179	15,898	4,136	15,894	Market price
Rental expense	3,477	3,413	-	-	Mutually agreed price as stipulated in the contract
Other expenses	1,919	1,187	1,162	904	Mutually agreed price as stipulated in the contract
Other income	150	171	33	34	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	477,732	842,179	Market price
Sales and service income and scrap sales	-	-	71,916	121,337	Approximate market price
Other income	-	-	10,578	10,129	Mutually agreed price as stipulated in the contract
Rental income	-	-	7,784	5,306	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	19,743	21,834	Interest rate at 0.25 - 7.25 percent per annum (2018: 0.25 - 5.80 percent per annum)
Interest income	-	-	2,429	3,313	Interest rate at 3.25 - 4.94 percent per annum (2018: 3.25 - 5.80 percent per annum)
Other expenses	-	-	1,724	1,719	Mutually agreed price as stipulated in the contract
Sales of assets	-	-	-	64,247	Mutually agreed price
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	440,674	446,111	219,378	222,412	Approximate market price
Purchases of goods	22,193	51,315	21,643	51,246	Market price
Rental expense	10,430	10,240	-	-	Mutually agreed price as stipulated in the contract
Other expenses	7,561	8,390	2,678	5,121	Mutually agreed price as stipulated in the contract
Other income	488	436	93	94	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 September 2019 and 31 December 2018 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	220,470	112,574
Related companies (related by common director/ shareholder)	107,639	122,079	46,347	50,858
Total trade and other receivables - related parties	107,639	122,079	266,817	163,432
<u>Trade and other payables - related parties</u>				
(Note 10)				
Subsidiary companies	-	-	326,470	266,891
Related companies (related by common director/ shareholder)	17,670	10,148	5,523	6,250
Total trade and other payables - related parties	17,670	10,148	331,993	273,141

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

During the nine-month period ended 30 September 2019, short-term loans between the Company and its subsidiaries had the following movements:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	Increase during the period	Decrease during the period	Balance as at 30 September 2019
<u>Short-term loans to subsidiaries</u>				
Kulthorn Materials and Controls Co., Ltd.	70,000	15,000	(30,000)	55,000
Kulthorn Steel Co., Ltd.	-	16,000	(16,000)	-
Total	70,000	31,000	(46,000)	55,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	Increase during the period	Decrease during the period	Balance as at 30 September 2019
<u>Short-term loans from subsidiary</u>				
Kulthorn Premier Co., Ltd.	563,000	15,000	(50,000)	528,000
Kulthorn Kirby Foundry Co., Ltd.	-	20,000	-	20,000
Total	563,000	35,000	(50,000)	548,000

(Unaudited but reviewed)

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

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

As at 30 September 2019 and 31 December 2018, the Company and its subsidiaries had outstanding short-term loans from the above agreement as follows:

	(Unit: Thousand Baht)	
	30 September 2019	31 December 2018
<u>Short-term loans to related party</u>		
Kulthorn Premier Co., Ltd.	15,733	-
Total short-term loans to related party	<u>15,733</u>	<u>-</u>
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	-	4,676
Kulthorn Kirby Foundry Co., Ltd.	21,530	14,704
Kulthorn Steel Co., Ltd.	2,177	14,149
Kulthorn Materials and Controls Co., Ltd.	8,214	15,219
Kulthorn Metal Products Co., Ltd.	159	1,214
Kulthorn Research and Development Co., Ltd.	3,894	1,531
Total short-term loans from related parties	<u>35,974</u>	<u>51,493</u>

(Unaudited but reviewed)

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	9,933	10,971	4,738	5,733
Post-employment benefits	532	515	320	340
Total	<u>10,465</u>	<u>11,486</u>	<u>5,058</u>	<u>6,073</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	30,993	33,068	15,061	16,984
Post-employment benefits	1,898	1,507	949	984
Total	<u>32,891</u>	<u>34,575</u>	<u>16,010</u>	<u>17,968</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 18.4.

3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 30 September 2019 and 31 December 2018 categorised by their aging from due dates are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade receivables - related parties</u>				
Not yet due	90,414	90,842	55,883	49,683
Overdue				
Less than 3 months	12,598	22,829	14,619	23,064
3 - 6 months	-	-	-	2,297
Over 12 months	4,516	4,797	-	-
Total trade receivables - related parties	107,528	118,468	70,502	75,044
<u>Trade receivables - unrelated parties</u>				
Not yet due	665,160	713,029	265,464	302,455
Overdue				
Less than 3 months	190,065	290,361	56,371	159,817
3 - 6 months	2,655	8,972	967	-
6 - 12 months	2,437	3,448	-	-
Over 12 months	26,134	19,419	9,952	10,548
Total	886,451	1,035,229	332,754	472,820
Less: Allowance for doubtful debts	(14,160)	(12,775)	(10,441)	(10,441)
Total trade receivables - unrelated parties	872,291	1,022,454	322,313	462,379
Total trade receivables - net	979,819	1,140,922	392,815	537,423
<u>Other receivables</u>				
Other receivables - related parties	111	3,611	196,315	88,388
Other receivables - unrelated parties	37,908	30,805	22,338	24,244
Total other receivables	38,019	34,416	218,653	112,632
Total trade and other receivables - net	1,017,838	1,175,338	611,468	650,055

(Unaudited but reviewed)

4. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the nine-month period ended 30 September 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	237,305	113,346
Reversal reduction of inventory to net realisable value during the period	(37,080)	(27,661)
Balance as at 30 September 2019	<u>200,225</u>	<u>85,685</u>

5. Investments in subsidiaries

As at 30 September 2019 and 31 December 2018, the Company has long-term investments in ordinary share of the following companies:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the nine-month periods ended	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	30 September 2018
			(%)	(%)				
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	<u>12,500</u>	<u>12,500</u>	-	-
Total					3,629,879	3,629,879	-	-
Less: Allowance for impairment loss on investments in subsidiaries					<u>(1,043,007)</u>	<u>(1,043,007)</u>	-	-
Total investments in subsidiaries - net					<u>2,586,872</u>	<u>2,586,872</u>	-	-

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	2,784,556	1,307,579
Acquisitions during the period - at cost	750,574	588,213
Capitalised interest	8,415	8,415
Disposals during the period - net book value at disposal date	(40,751)	-
Depreciation for the period	(264,384)	(113,218)
Translation adjustment	(11,752)	-
Net book value as at 30 September 2019	3,226,658	1,790,989

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 September 2019	31 December 2018
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

(Unaudited but reviewed)

8. Other intangible assets

Movements of the other intangible assets account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	86,988	45,204
Acquisitions during the period - at cost	12,246	7,905
Amortisation for the period	(9,424)	(4,432)
Translation adjustment	(353)	-
Net book value as at 30 September 2019	89,457	48,677

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

		(Unit: Thousand Baht)			
	Interest rate	Consolidated		Separate	
	(percent per annum)	financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
Bank overdrafts	6.87 - 11.87	43,455	131	24,858	-
Short-term loans	4.20 - 4.48	955,000	874,600	685,000	624,600
Trust receipts	3.99 - 9.60	1,626,538	1,531,518	928,383	687,053
Packing credit	4.25 - 5.66	771,601	639,874	496,070	317,800
Total		3,396,594	3,046,123	2,134,311	1,629,453

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

(Unaudited but reviewed)

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade payables - related parties	5,020	6,264	307,436	255,009
Trade payables - unrelated parties	242,625	513,384	99,254	290,011
Other payables - related parties	12,650	3,884	22,380	15,881
Other payables - unrelated parties	134,353	158,039	62,526	78,597
Accrued interest expenses to related parties	-	-	2,177	2,251
Accrued interest expenses to unrelated parties	1,599	2,766	871	1,669
Accrued expenses - unrelated parties	124,944	67,962	46,749	28,370
Total trade and other payables	521,191	752,299	541,393	671,788

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	30 September 2019	31 December 2018
Long-term loans	1,175,300	1,475,300
Less: current portion	(400,000)	(400,000)
Long-term loans, net of current portion	775,300	1,075,300

Movement of long-term loans during the nine-month period ended 30 September 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2019	1,475,300
Less: Repayment during the period	(300,000)
Balance as at 30 September 2019	1,175,300

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.

During the year 2018, the Company drew down additional totaling Baht 925.3 million loans from financial institutions, and the loan shall be repaid within the year 2023. The repayment of the principal is to be made in 19 quarterly installments, of Baht 50 million for the first 18 installments and Baht 25.3 million for the last installment, with the first installment to be paid in December 2018.

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 2018, 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 and debt to equity ratio for the year ended 31 December 2018.

As at 31 December 2018, the Company and its subsidiaries were able to comply with all conditions as specified in the waiver letter and the loan agreement.

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

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

The Company has entered into an interest rate swap contract for a portion of the above loans as discussed in Note 19.

12. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Liabilities under financial lease agreements	64,916	69,569	1,854	2,642
Less: Deferred interest expenses	(6,139)	(2,374)	(133)	(190)
Total	58,777	67,195	1,721	2,452
Less: Portion due within one year	(24,967)	(56,028)	(628)	(901)
Liabilities under financial lease agreements, net of current portion	33,810	11,167	1,093	1,551

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. Provision for long-term employee benefits

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 55.7 million (The Company only: Baht 26.8 million) as a result. The Company and its subsidiaries reflected the effect of the change by recognising past service costs as expenses in the profit or loss in the second quarter of 2019.

14. Share capital

On 4 September 2019, the Extraordinary Meeting of the Shareholders of the Company passed a resolution to increase the registered share capital of the Company from Baht 1,200 million (1,200 million ordinary shares of Baht 1 each) to Baht 1,500 million (1,500 million ordinary shares of Baht 1 each), through an issuance of 300 million new ordinary shares with a par value of Baht 1 per share, to be used in the business operation and to support the Company's expansion as well as to be used as working capital. The Company registered the increase in its share capital with the Ministry of Commerce on 30 September 2019.

15. 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 (revenues) for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	151	(2,371)	782	423
Deferred tax:				
Relating to origination and reversal of temporary differences	3,883	(37,819)	6,279	(65,627)
Income tax expense (revenue) reported in the statements of comprehensive income	4,034	(40,190)	7,061	(65,204)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,881	(29,908)	1,608	(61,249)
Income tax expense (revenue) reported in the statements of comprehensive income	1,881	(29,908)	1,608	(61,249)

16. Loss per share

Basic loss per share is calculated by dividing loss for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

17. Segment information

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 September															
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue																
External customers	610	779	263	310	197	193	180	243	-	22	1,250	1,547	-	-	1,250	1,547
Inter-segment	42	50	33	72	49	76	26	51	-	11	150	260	(150)	(260)	-	-
Total revenue	652	829	296	382	246	269	206	294	-	33	1,400	1,807	(150)	(260)	1,250	1,547
Results																
Segment gross profit (loss)	(68)	(51)	(11)	(21)	1	4	5	3	-	(24)	(73)	(89)	2	19	(71)	(70)
Other income															16	14
Gain on exchange															3	7
Selling and distribution expenses															(26)	(13)
Administrative expenses															(136)	(152)
Finance cost															(53)	(47)
Loss before income tax															(267)	(261)
Income tax															(4)	40
Loss for the period															(271)	(221)

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Compressors		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and		Consolidated	
	and parts											eliminations				
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue																
External customers	2,537	3,407	869	1,126	693	743	605	687	-	58	4,704	6,021	-	-	4,704	6,021
Inter-segment	118	135	158	315	218	316	121	241	-	69	615	1,076	(615)	(1,076)	-	-
Total revenue	<u>2,655</u>	<u>3,542</u>	<u>1,027</u>	<u>1,441</u>	<u>911</u>	<u>1,059</u>	<u>726</u>	<u>928</u>	<u>-</u>	<u>127</u>	<u>5,319</u>	<u>7,097</u>	<u>(615)</u>	<u>(1,076)</u>	<u>4,704</u>	<u>6,021</u>
Results																
Segment gross profit (loss)	(179)	(94)	(11)	42	(6)	40	38	68	-	(27)	(158)	29	12	21	(146)	50
Other income															39	41
Gain on exchange															2	6
Selling and distribution expenses															(76)	(69)
Administrative expenses															(453)	(397)
Finance cost															(161)	(139)
Loss before income tax															(795)	(508)
Income tax															(7)	65
Loss for the period															<u>(802)</u>	<u>(443)</u>

18. Commitment and contingent liabilities

18.1 Capital commitments

As at 30 September 2019, the Company and its subsidiaries have capital commitments of approximately Baht 120.9 million (31 December 2018: Baht 101.2 million) (the Company only: Baht 100.9 million, 31 December 2018: Baht 69.2 million), relating to acquisition of machinery and equipment.

18.2 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 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Payable:</u>				
In up to 1 year	21.1	19.4	-	-
In over 1 year and up to 3 years	21.4	26.5	-	-

18.3 Long-term service commitments

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Payable:</u>				
In up to 1 year	11.4	10.8	5.1	3.0
In over 1 year and up to 3 years	8.9	-	4.3	-

- 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.

18.4 Guarantees

- a) As at 30 September 2019, 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 261 million (31 December 2018: RMB 60 million or equivalent to Baht 287 million).
- b) As at 30 September 2019, there were outstanding bank guarantees of approximately Baht 74.4 million (31 December 2018: Baht 68.6 million), the Company only: Baht 17.0 million (31 December 2018: 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 64.4 million (31 December 2018: Baht 68.3 million), the Company only: Baht 7.2 million (31 December 2018: Baht 8.2 million) and to guarantee import duty, natural gas agreements and others amounting to Baht 10.0 million (31 December 2018: Baht 0.3 million), the Company only: Baht 9.8 million (31 December 2018: Baht 0.1 million).

19. Foreign currency risk

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

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

Foreign currency	As at 30 September 2019					
	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	5	6	4	1	30.4176	30.7661
Japanese yen	-	4	-	1	0.2796	0.2873
RMB	-	-	21	2	4.2312	4.3551

Foreign currency	As at 31 December 2018					
	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	8	3	7	3	32.2848	32.6148
Japanese yen	-	2	-	2	0.2892	0.2970
Euro	-	0.2	-	-	36.7620	37.4884
RMB	-	-	-	0.3	4.6636	4.7838

Forward exchange contracts

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

As at 30 September 2019					
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	1.6	2.9	5 November 2019 - 31 March 2020	30.79 - 31.70	30.25 - 30.54
RMB	4.3	-	26 December 2019	4.49	-

As at 31 December 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	0.2	2.2	26 March - 26 June 2019	32.49	32.18 - 32.75

Interest rate swap contracts

In November 2017, the Company entered into an interest rate swap contract with a commercial bank for a long-term loan of Baht 850 million in order to change interest calculation from floating interest rate of THB-THBFIX-Reuters plus 3 percent per annum to fixed interest rate at 4.65 percent per annum, calculated based on the loan principal balance as the agreed schedule.

As at 30 September 2019, fair value of interest rate swap contract has decreased from the contract than trade date by Baht 1.9 million (31 December 2018: increased Baht 1.4 million).

20. Fair value hierarchy

As at 30 September 2019, 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	2.2
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During the current period, there were no transfers within the fair value hierarchy.

21. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 6 November 2019.