

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

Scope of review

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

Conclusion

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

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 7 August 2019

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>30 June 2019</u>	<u>31 December 2018</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents		67,409	96,963	42,986	68,759
Trade and other receivables	2, 3	1,365,559	1,231,191	832,377	695,727
Short-term loans to related parties	2	-	-	69,767	70,000
Inventories	4	1,868,041	2,343,849	1,178,472	1,434,237
Current tax assets		11,302	16,078	250	1,030
VAT receivable		16,756	61,020	6,195	30,161
Other current assets		43,251	38,250	9,407	9,458
Total current assets		3,372,318	3,787,351	2,139,454	2,309,372
Non-current assets					
Investments in subsidiaries	5	-	-	2,586,872	2,586,872
Property, plant and equipment	6	3,223,030	2,784,556	1,740,237	1,307,579
Goodwill on business combination	7	-	-	-	-
Other intangible assets	8	92,239	86,988	49,698	45,204
Advance payment for purchase of fixed assets		23,703	232,123	22,777	187,223
Deferred tax assets		247,120	249,734	152,017	151,591
Other non-current assets		1,061	1,359	1,055	1,142
Total non-current assets		3,587,153	3,354,760	4,552,656	4,279,611
Total assets		6,959,471	7,142,111	6,692,110	6,588,983

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>30 June 2019</u>	<u>31 December 2018</u>	<u>30 June 2019</u>	<u>31 December 2018</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	3,618,040	3,046,123	2,303,783	1,629,453
Trade and other payables	2, 10	660,930	752,299	613,405	671,788
Short-term loans from related parties	2	-	-	604,477	614,493
Current portion of long-term loans	11	400,000	400,000	400,000	400,000
Current portion of liabilities under					
financial lease agreements	12	33,782	56,028	719	901
Dividend payable		891	891	887	887
Income tax payable		-	218	-	-
Other current liabilities		35,921	32,629	25,184	25,433
Total current liabilities		4,749,564	4,288,188	3,948,455	3,342,955
Non-current liabilities					
Long-term loans, net of current portion	11	875,300	1,075,300	875,300	1,075,300
Liabilities under financial lease agreements,					
net of current portion	12	19,058	11,167	1,247	1,551
Provision for long-term employee benefits	13	270,073	199,160	125,846	90,734
Total non-current liabilities		1,164,431	1,285,627	1,002,393	1,167,585
Total liabilities		5,913,995	5,573,815	4,950,848	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 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)	As at 30 June 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
Shareholders' equity				
Share capital				
Registered				
1,200,000,000 ordinary shares of Baht 1 each	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Issued and fully paid up				
1,200,000,000 ordinary shares of Baht 1 each	1,200,000	1,200,000	1,200,000	1,200,000
Share premium	700,000	700,000	700,000	700,000
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	(1,188,196)	(657,450)	(278,738)	58,443
Other components of shareholders' equity	<u>5,774</u>	<u>(2,152)</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>1,045,476</u>	<u>1,568,296</u>	<u>1,741,262</u>	<u>2,078,443</u>
Total liabilities and shareholders' equity	<u>6,959,471</u>	<u>7,142,111</u>	<u>6,692,110</u>	<u>6,588,983</u>

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 June 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	1,719,621	2,087,380	922,737	1,130,998
Other income					
Income from scrap sales	2	2,312	6,875	842	7,209
Gain on exchange		-	-	-	3,538
Interest income	2	163	570	858	1,456
Others		3,879	3,882	8,577	10,039
Total revenues		1,725,975	2,098,707	933,014	1,153,240
Expenses					
Cost of sales and services	2	1,776,149	2,037,006	952,604	1,103,407
Selling and distribution expenses		25,976	26,419	12,266	13,294
Administrative expenses		164,063	129,849	106,649	84,977
Loss on exchange		1,745	687	4,055	-
Total expenses		1,967,933	2,193,961	1,075,574	1,201,678
Loss before finance cost and income tax		(241,958)	(95,254)	(142,560)	(48,438)
Finance cost		(55,130)	(48,015)	(44,385)	(34,479)
Loss before income tax		(297,088)	(143,269)	(186,945)	(82,917)
Income tax	14	9,100	17,230	5,153	13,139
Loss for the period		(287,988)	(126,039)	(181,792)	(69,778)
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		(1,587)	(27)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(1,587)	(27)	-	-
Other comprehensive income for the period		(1,162)	(27)	(610)	-
Total comprehensive income for the period		(289,150)	(126,066)	(182,402)	(69,778)
Basic loss per share (Baht)					
Loss attributable to equity holders of the Company	15	(0.240)	(0.105)	(0.151)	(0.058)

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 six-month period ended 30 June 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	3,453,913	4,473,889	1,808,044	2,488,550
Other income					
Income from scrap sales	2	15,998	17,817	1,372	18,861
Interest income	2	175	584	1,808	2,743
Others		7,133	9,357	15,994	14,424
Total revenues		3,477,219	4,501,647	1,827,218	2,524,578
Expenses					
Cost of sales and services	2	3,529,363	4,353,800	1,843,733	2,452,656
Selling and distribution expenses		49,220	55,519	24,016	28,852
Administrative expenses		317,269	245,495	205,086	151,335
Loss on exchange		1,752	1,243	5,308	2,267
Total expenses		3,897,604	4,656,057	2,078,143	2,635,110
Loss before finance cost and income tax		(420,385)	(154,410)	(250,925)	(110,532)
Finance cost		(107,759)	(92,073)	(85,919)	(66,265)
Loss before income tax		(528,144)	(246,483)	(336,844)	(176,797)
Income tax	14	(3,027)	25,014	273	31,341
Loss for the period		(531,171)	(221,469)	(336,571)	(145,456)
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified</i>					
<i>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</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		7,926	7,553	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		7,926	7,553	-	-
Other comprehensive income for the period		8,351	7,553	(610)	-
Total comprehensive income for the period		(522,820)	(213,916)	(337,181)	(145,456)
Basic loss per share (Baht)					
	15				
Loss attributable to equity holders of the Company		(0.443)	(0.185)	(0.280)	(0.121)

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Loss before tax	(528,144)	(246,483)	(336,844)	(176,797)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on exchange	7,216	8,597	7,434	4,125
Reduction of inventory to net realisable value (reversal)	(15,281)	38,390	(16,324)	22,503
Allowance for doubtful accounts (reversal)	1,421	(41,199)	-	-
Bad debt	-	40,941	-	-
Depreciation and amortisation	183,753	209,447	79,343	87,768
Loss (gain) on sales of property, plant and equipment	1,379	(144)	(145)	-
Write-off withholding tax	529	-	529	-
Provision for long-term employee benefits	71,493	10,196	34,350	4,733
Dividend income	(1)	(2)	(1)	(2)
Subsidies income from Government grants	(2,264)	(1,466)	(2,264)	(1,466)
Interest income	(175)	(584)	(1,808)	(2,743)
Deferred interest	1,506	3,573	39	203
Interest expenses	103,485	82,181	83,918	63,821
Profit (loss) from operating activities before changes in operating assets and liabilities	(175,083)	103,447	(151,773)	2,145
Operating assets (increase) decrease				
Trade and other receivables	(134,343)	216,780	(142,238)	191,035
Inventories	491,089	(116,044)	272,089	(146,618)
Other current assets	38,734	(6,520)	23,488	6,293
Other non-current assets	298	13,016	87	(3,394)
Operating liabilities increase (decrease)				
Trade and other payables	(230,693)	55,977	(112,453)	(46,422)
Other current liabilities	3,978	2,176	1,042	(5,138)
Cash flows from (used in) operating activities	(6,020)	268,832	(109,758)	(2,099)
Interest income	175	584	1,685	2,877
Cash paid for interest expenses	(109,210)	(82,825)	(89,384)	(64,232)
Cash paid for income tax	(4,336)	(7,194)	(250)	(237)
Net cash flows from (used in) operating activities	(119,391)	179,397	(197,707)	(63,691)

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 six-month period ended 30 June 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<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	13,603	413	145	-
Acquisition of property, plant and equipment and intangible assets	(248,354)	(112,940)	(262,297)	(27,803)
Cash receipt form Government grants	-	4,227	-	4,227
Decrease in short-term loans to related parties	-	-	233	28,000
Dividend income	1	2	1	2
Net cash flows from (used in) investing activities	(234,750)	(108,298)	(261,918)	4,426
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	4,478,947	3,749,747	2,062,225	1,350,526
Decrease in bank overdrafts and short-term loans from financial institutions	(3,936,976)	(3,627,707)	(1,417,832)	(1,113,823)
Repayment of long-term loans	(200,000)	(95,000)	(200,000)	(95,000)
Decrease in short-term loans from related parties	-	-	(10,016)	(22,582)
Cash paid for liabilities under financial lease agreements	(32,502)	(34,571)	(525)	(3,809)
Dividend paid	-	(29,920)	-	(29,920)
Net cash flows from (used in) financing activities	309,469	(37,451)	433,852	85,392
Increase in translation adjustments	15,118	7,992	-	-
Net increase (decrease) in cash and cash equivalents	(29,554)	41,640	(25,773)	26,127
Cash and cash equivalents at beginning of period	96,963	225,681	68,759	149,225
Cash and cash equivalents at end of period	67,409	267,321	42,986	175,352

Supplement cash flows information

1) Non-cash related transaction for investing activities

Payable from acquisitions of fixed assets	350,009	12,514	324,186	9,218
Receivable from sales of fixed assets	-	-	64,419	64,247

2) Non-cash related transaction for financing activities

Dividend payable	891	30,962	887	30,958
Assets acquired under financial lease agreements	16,641	-	-	-

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2019

(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 2018	1,200,000	700,000	207,898	120,000	8,345	(10,750)	2,225,493
Loss for the period	-	-	-	-	(221,469)	-	(221,469)
Other comprehensive income for the period	-	-	-	-	-	7,553	7,553
Total comprehensive income for the period	-	-	-	-	(221,469)	7,553	(213,916)
Dividend paid	-	-	-	-	(60,000)	-	(60,000)
Balance as at 30 June 2018	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(273,124)</u>	<u>(3,197)</u>	<u>1,951,577</u>
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	-	-	-	-	(531,171)	-	(531,171)
Other comprehensive income for the period	-	-	-	-	425	7,926	8,351
Total comprehensive income for the period	-	-	-	-	(530,746)	7,926	(522,820)
Balance as at 30 June 2019	<u>1,200,000</u>	<u>700,000</u>	<u>207,898</u>	<u>120,000</u>	<u>(1,188,196)</u>	<u>5,774</u>	<u>1,045,476</u>

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

(Unaudited but reviewed)

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 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	-	-	-	(145,456)	(145,456)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(145,456)	(145,456)
Dividend paid	-	-	-	(60,000)	(60,000)
Balance as at 30 June 2018	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>549,306</u>	<u>2,569,306</u>
Balance as at 1 January 2019	1,200,000	700,000	120,000	58,443	2,078,443
Loss for the period	-	-	-	(336,571)	(336,571)
Other comprehensive income for the period	-	-	-	(610)	(610)
Total comprehensive income for the period	-	-	-	(337,181)	(337,181)
Balance as at 30 June 2019	<u>1,200,000</u>	<u>700,000</u>	<u>120,000</u>	<u>(278,738)</u>	<u>1,741,262</u>

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 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:

TFRS 15 Revenue from Contracts with Customers

TFRS 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
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 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 financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards 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 June				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	-	-	169,319	261,833	Market price
Sales and service income and scrap sales	-	-	23,728	27,803	Approximate market price
Sales of assets	-	-	-	64,247	Mutually agreed price
Other income	-	-	3,720	5,968	Mutually agreed price as stipulated in the contract
Rental income	-	-	2,586	2,236	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	6,603	7,359	Interest rate at 0.25 - 7.25 percent per annum (2018: 0.25 - 5.80 percent per annum)
Interest income	-	-	749	1,048	Interest rate at 3.25 - 4.94 percent per annum (2018: 3.25 - 5.80 percent per annum)
Other expenses	-	-	543	368	Mutually agreed price as stipulated in the contract
<u>Transactions with related parties</u>					
Sales and service income and scrap sales	147,240	151,034	66,353	76,311	Approximate market price
Purchases of goods	8,286	19,804	8,270	19,769	Market price
Rental expense	3,474	3,414	-	-	Mutually agreed price as stipulated in the contract
Other income	36	202	30	30	Mutually agreed price as stipulated in the contract
Other expenses	3,431	3,775	690	1,278	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	376,816	656,569	Market price
Sales and service income and scrap sales	-	-	45,460	81,032	Approximate market price
Sales of assets	-	-	-	64,247	Mutually agreed price
Other income	-	-	7,304	8,103	Mutually agreed price as stipulated in the contract
Rental income	-	-	5,199	3,070	Mutually agreed price as stipulated in the contract
Interest expenses	-	-	13,026	14,648	Interest rate at 0.25 - 7.25 percent per annum (2018: 0.25 - 5.80 percent per annum)
Interest income	-	-	1,699	2,335	Interest rate at 3.25 - 4.94 percent per annum (2018: 3.25 - 5.80 percent per annum)
Other expenses	-	-	915	1,307	Mutually agreed price as stipulated in the contract
<i><u>Transactions with related parties</u></i>					
Sales and service income and scrap sales	304,451	312,057	146,114	151,671	Approximate market price
Purchases of goods	18,014	35,417	17,507	35,352	Market price
Rental expense	6,956	6,827	-	-	Mutually agreed price as stipulated in the contract
Other income	338	265	60	60	Mutually agreed price as stipulated in the contract
Other expenses	5,642	7,203	1,516	4,217	Mutually agreed price as stipulated in the contract

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 June 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 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade and other receivables - related parties</u>				
(Note 3)				
Subsidiary companies	-	-	179,165	112,574
Related companies (related by common director/ shareholder)	129,699	122,079	41,839	50,858
Total trade and other receivables - related parties	129,699	122,079	221,004	163,432
<u>Trade and other payables - related parties</u>				
(Note 10)				
Subsidiary companies	-	-	290,862	266,891
Related companies (related by common director/ shareholder)	8,218	10,148	4,270	6,250
Total trade and other payables - related parties	8,218	10,148	295,132	273,141

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

During the six-month period ended 30 June 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 June 2019
<u>Short-term loans to subsidiaries</u>				
Kulthorn Materials and Controls Co., Ltd.	70,000	15,000	(25,000)	60,000
Kulthorn Steel Co., Ltd.	-	16,000	(16,000)	-
Total	70,000	31,000	(41,000)	60,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	Increase during the period	Decrease during the period	Balance as at 30 June 2019
<u>Short-term loans from subsidiary</u>				
Kulthorn Premier Co., Ltd.	563,000	15,000	(40,000)	538,000
Kulthorn Kirby Foundry Co., Ltd.	-	20,000	-	20,000
Total	563,000	35,000	(40,000)	558,000

(Unaudited but reviewed)

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

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

As at 30 June 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 June 2019	31 December 2018
<u>Short-term loans to related party</u>		
Kulthorn Premier Co., Ltd.	9,767	-
Total short-term loans to related party	<u>9,767</u>	<u>-</u>
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	-	4,676
Kulthorn Kirby Foundry Co., Ltd.	22,215	14,704
Kulthorn Steel Co., Ltd.	2,839	14,149
Kulthorn Materials and Controls Co., Ltd.	15,558	15,219
Kulthorn Metal Products Co., Ltd.	276	1,214
Kulthorn Research and Development Co., Ltd.	5,589	1,531
Total short-term loans from related parties	<u>46,477</u>	<u>51,493</u>

(Unaudited but reviewed)

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 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 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	10,766	11,597	5,420	5,779
Post-employment benefits	874	502	314	328
Total	<u>11,640</u>	<u>12,099</u>	<u>5,734</u>	<u>6,107</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	21,060	22,130	10,323	11,251
Post-employment benefits	1,366	992	629	644
Total	<u>22,426</u>	<u>23,122</u>	<u>10,952</u>	<u>11,895</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 17.4.

3. Trade and other receivables

The outstanding balance of trade accounts receivable as at 30 June 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 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade receivables - related parties</u>				
Not yet due	104,194	90,842	57,603	49,683
Overdue				
Less than 3 months	20,922	22,829	12,623	23,064
3 - 6 months	-	-	-	2,297
6 - 12 months	-	-	3,048	-
Over 12 months	4,515	4,797	-	-
Total trade receivables - related parties	129,631	118,468	73,274	75,044
<u>Trade receivables - unrelated parties</u>				
Not yet due	970,915	713,029	490,279	302,455
Overdue				
Less than 3 months	175,216	290,361	66,658	159,817
3 - 6 months	1,084	8,972	-	-
6 - 12 months	10,547	3,448	15	-
Over 12 months	18,956	19,419	9,979	10,548
Total	1,176,718	1,035,229	566,931	472,820
Less: Allowance for doubtful debts	(14,196)	(12,775)	(10,441)	(10,441)
Total trade receivables - unrelated parties	1,162,522	1,022,454	556,490	462,379
Total trade receivables - net	1,292,153	1,140,922	629,764	537,423
<u>Other receivables</u>				
Other receivables - related parties	68	3,611	147,730	88,388
Other receivables - unrelated parties	36,674	30,805	24,465	24,244
Advance payment	36,664	55,853	30,418	45,672
Total other receivables	73,406	90,269	202,613	158,304
Total trade and other receivables - net	1,365,559	1,231,191	832,377	695,727

(Unaudited but reviewed)

4. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the six-month period ended 30 June 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	(15,281)	(16,324)
Balance as at 30 June 2019	<u>222,024</u>	<u>97,022</u>

5. Investments in subsidiaries

As at 30 June 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 six-month periods ended	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	30 June 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 six-month period ended 30 June 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	631,733	503,484
Capitalised interest	5,652	5,652
Disposals during the period - net book value at disposal date	(14,356)	-
Depreciation for the period	(177,592)	(76,478)
Translation adjustment	(6,963)	-
Net book value as at 30 June 2019	3,223,030	1,740,237

The Company and its subsidiaries pledged their land and buildings thereon with financial institutions as collateral to secure loans as discussed in Note 11.

In addition, the Company and its subsidiaries have entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Company and its subsidiaries are not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as described in Note 9.

7. Goodwill on business combination

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 June 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 six-month period ended 30 June 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	11,620	7,359
Amortisation for the period	(6,161)	(2,865)
Translation adjustment	(208)	-
Net book value as at 30 June 2019	<u>92,239</u>	<u>49,698</u>

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

		(Unit: Thousand Baht)			
	Interest rate	Consolidated		Separate	
	(percent per annum)	financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
Bank overdrafts	7.12 - 12.00	26,848	131	17,980	-
Short-term loans	4.20 - 4.96	942,500	874,600	682,500	624,600
Trust receipts	4.18 - 4.70	1,727,257	1,531,518	1,004,853	687,053
Packing credit	4.18 - 5.66	921,435	639,874	598,450	317,800
Total		<u>3,618,040</u>	<u>3,046,123</u>	<u>2,303,783</u>	<u>1,629,453</u>

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

(Unaudited but reviewed)

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Trade payables - related parties	3,956	6,264	278,184	255,009
Trade payables - unrelated parties	354,843	513,384	181,276	290,011
Other payables - related parties	4,262	3,884	14,753	15,881
Other payables - unrelated parties	186,048	158,039	92,431	78,597
Accrued interest expenses to related parties	-	-	2,195	2,251
Accrued interest expenses to unrelated parties	2,651	2,766	1,911	1,669
Accrued expenses - unrelated parties	109,170	67,962	42,655	28,370
Total trade and other payables	<u>660,930</u>	<u>752,299</u>	<u>613,405</u>	<u>671,788</u>

11. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	30 June 2019	31 December 2018
Long-term loans	1,275,300	1,475,300
Less: current portion	(400,000)	(400,000)
Long-term loans, net of current portion	<u>875,300</u>	<u>1,075,300</u>

Movement of long-term loans during the six-month period ended 30 June 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	<u>(200,000)</u>
Balance as at 30 June 2019	<u>1,275,300</u>

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

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

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

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.

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.

In June 2019, 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 30 June 2019.

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

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

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

12. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Liabilities under financial lease agreements	56,065	69,569	2,117	2,642
Less: Deferred interest expenses	(3,225)	(2,374)	(151)	(190)
Total	52,840	67,195	1,966	2,452
Less: Portion due within one year	(33,782)	(56,028)	(719)	(901)
Liabilities under financial lease agreements, net of current portion	19,058	11,167	1,247	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 of the current period.

14. 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 six-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	496	(1,905)	631	2,794
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,596)	(15,325)	2,396	(27,808)
Income tax expense (revenue) reported in the statements of comprehensive income	(9,100)	(17,230)	3,027	(25,014)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<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	(5,153)	(13,139)	(273)	(31,341)
Income tax expense (revenue) reported in the statements of comprehensive income	(5,153)	(13,139)	(273)	(31,341)

15. 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.

16. Segment information

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

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

(Unit: Million Baht)

	For the three-month periods ended 30 June															
	Compressors and parts		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue																
External customers	982	1,217	285	377	237	249	216	226	-	19	1,720	2,088	-	-	1,720	2,088
Inter-segment	36	35	50	88	77	101	47	80	-	28	210	332	(210)	(332)	-	-
Total revenue	1,018	1,252	335	465	314	350	263	306	-	47	1,930	2,420	(210)	(332)	1,720	2,088
Results																
Segment gross profit (loss)	(77)	(8)	2	23	(6)	8	15	25	-	(4)	(66)	44	10	6	(56)	50
Other income															6	12
Loss on exchange															(2)	(1)
Selling and distribution expenses															(26)	(26)
Administrative expenses															(164)	(130)
Finance cost															(55)	(48)
Loss before income tax															(297)	(143)
Income tax															9	17
Loss for the period															(288)	(126)

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Compressors		Enameled wire		Steel sheet		Steel coil center		Others		Total Segments		Adjustments and		Consolidated	
	and parts											eliminations				
	<u>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	1,927	2,628	606	816	496	550	425	444	-	36	3,454	4,474	-	-	3,454	4,474
Inter-segment	76	85	125	243	169	240	95	190	-	58	465	816	(465)	(816)	-	-
Total revenue	<u>2,003</u>	<u>2,713</u>	<u>731</u>	<u>1,059</u>	<u>665</u>	<u>790</u>	<u>520</u>	<u>634</u>	<u>-</u>	<u>94</u>	<u>3,919</u>	<u>5,290</u>	<u>(465)</u>	<u>(816)</u>	<u>3,454</u>	<u>4,474</u>
Results																
Segment gross profit (loss)	(111)	(43)	-	63	(7)	36	33	65	-	(3)	(85)	118	10	2	(75)	120
Other income															23	28
Loss on exchange															(2)	(1)
Selling and distribution expenses															(49)	(56)
Administrative expenses															(317)	(245)
Finance cost															(108)	(92)
Loss before income tax															(528)	(246)
Income tax															(3)	25
Loss for the period															<u>(531)</u>	<u>(221)</u>

17. Commitment and contingent liabilities

17.1 Capital commitments

As at 30 June 2019, the Company and its subsidiaries have capital commitments of approximately Baht 30.5 million (31 December 2018: Baht 101.2 million) (the Company only: Baht 11.6 million, 31 December 2018: Baht 69.2 million), relating to acquisition of machinery and equipment.

17.2 Operating lease commitments

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Payable:</u>				
In up to 1 year	20.9	19.4	-	-
In over 1 year and up to 3 years	27.3	26.5	-	-

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	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Payable:</u>				
In up to 1 year	6.6	10.8	0.4	3.0

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

17.4 Guarantees

- a) As at 30 June 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 272 million (31 December 2018: RMB 60 million or equivalent to Baht 287 million).
- b) As at 30 June 2019, there were outstanding bank guarantees of approximately Baht 62.8 million (31 December 2018: Baht 68.6 million), the Company only: Baht 5.3 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 62.5 million (31 December 2018: Baht 68.3 million), the Company only: Baht 5.2 million (31 December 2018: Baht 8.2 million) and to guarantee import duty and others amounting to Baht 0.3 million (31 December 2018: Baht 0.3 million), the Company only: Baht 0.1 million (31 December 2018: Baht 0.1 million).

18. Foreign currency risk

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

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

As at 30 June 2019						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	11	4	10	2	30.5733	30.9152
Japanese yen	-	57	-	57	0.2818	0.2892
Euro	-	0.3	-	0.3	34.5912	35.3056

As at 31 December 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	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 June 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	2.0	2.8	13 August - 30 December 2019	30.88 - 31.79	30.53 - 31.13
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 June 2019, fair value of interest rate swap contract has decreased from the contract than trade date by Baht 1.1 million (31 December 2018: increased Baht 1.4 million).

19. Fair value hierarchy

As at 30 June 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	0.7
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During the current period, there were no transfers within the fair value hierarchy.

20. Event after the reporting period

On 7 August 2019, the Board of Directors meeting 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 has set the date to determine the list of shareholders who have the right to subscribe for new ordinary shares (Record Date) on 21 August 2019. The Company will call for the Extraordinary Meeting of the Shareholders in order to approve the capital increase and allot the new ordinary shares on 4 September 2019.

21. Approval of interim financial statements

These interim financial statements have been authorised for issue by the Company's authorised directors on 7 August 2019.