Kulthorn Kirby Public Company Limited and its subsidiaries

Report and consolidated financial statements

31 December 2019

Independent Auditor's Report

To the Shareholders of Kulthorn Kirby Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kulthorn Kirby Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kulthorn Kirby Public Company Limited and its subsidiaries and of Kulthorn Kirby Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to the matter as described in Note 1.2 to the consolidated financial statements. The Group has sustained operating loss for a number of consecutive years, and as at 31 December 2019, the Group's total current liabilities exceed its total current assets by Baht 2,454 million (The Company only: Baht 2,812 million) and the Group has deficit of Baht 1,674 million (the Company only: Baht 1,054 million). In addition, the Group was unable to maintain certain covenant ratios as specified in the loan agreement, as described in Note 17 to the consolidated financial statements. The Group is currently awaiting the syndicate loan approval from the financial institution, in order to repay the existing loan and support the Group's successful operation as planned. The financial statements have therefore been prepared on the accounting assumptions that the business will continue as a going concern. These events or situations show that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

In addition, I draw attention to the matter as disclosed in Note 35 to the consolidated financial statements, regarding the correction of the situation and the compliance with the regulations of the Stock Exchange of Thailand in the event that the Company's securities will be marked with "C" (Caution) sign.

My conclusion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The revenue amount is material and has a significant impact on the financial statements as the Group has a large number of both local and export sales transactions. In addition, there have been more intense competition in the manufacture and distribution of compressor industry as well as current environmental awareness. Therefore, I draw a special attention to the revenue recognition of the Group.

I examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I applied a sampling method to select sales to assess whether revenue recognition was consistent with the conditions of sales and in compliance with the Group's policy. On a sampling basis, I examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period. I reviewed credit notes that the Group had issued after the period end as well as performed analytical procedures to detect possible irregularities in sales transactions throughout the period.

Allowance for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in the Note 5 and Note 9 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for the lower of cost and net realisable value, slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the fluctuation of material's price, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product.
- Comparing historical data of actual losses on sales and write-offs of inventory with the provision for diminution in value of inventory recorded at the preceding year-end.

Investments in subsidiaries

The Company recorded allowance for impairment loss on investments in subsidiaries amounting to Baht 1,543 million in the separate financial statements as disclosed in Note 11 to the financial statements. The consideration of value of investments, especially for impairment assessment, is a significant accounting estimate requiring the management to exercise a high degree of judgement in forecasting of business and operation results, and setting an appropriate discount rate as well as other significant assumptions. There are thus risks with respect to the value of investments in subsidiaries.

I assessed the management's consideration regarding the impairment on investments in subsidiaries by gaining an understanding of management's decision-making process of the selected financial models and testing the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from such investments, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management though analysis of the average cost of capital and other information of the Company and of the industry, tested the calculation of the realisable value from those investments using the selected financial model. I also considered the impact of changes in key assumptions on those realisable values of cash flow projection.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 2 March 2020

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	*7*	137,916,360	96,962,936	51,426,034	68,759,262
Trade and other receivables	*8*	976,924,980	1,175,337,820	610,731,534	650,055,540
Short-term loans to related parties	*6*	-	-	50,000,000	70,000,000
Inventories	*9*	1,573,588,505	2,343,848,986	939,771,250	1,434,236,706
Current tax assets		6,460,604	16,078,227	880,967	1,030,454
VAT receivable		26,636,854	61,020,028	17,820,198	30,160,765
Other current assets	*10*	50,337,546	94,103,129	14,103,918	55,129,766
Total current assets		2,771,864,849	3,787,351,126	1,684,733,901	2,309,372,493
Non-current assets					
Investments in subsidiaries	*11*	-	-	2,086,872,497	2,586,872,497
Property, plant and equipment	*12*	3,177,220,804	2,784,555,695	1,788,600,861	1,307,578,673
Goodwill on business combination	*13*	-	-	-	-
Other intangible assets	*14*	86,708,289	86,988,048	47,585,329	45,203,549
Advance payment for purchase of fixed assets		5,322,761	232,123,332	5,322,761	187,223,338
Deferred tax assets	*25*	220,261,494	249,733,806	150,049,814	151,591,094
Other non-current assets		1,363,193	1,358,696	1,127,638	1,141,638
Total non-current assets		3,490,876,541	3,354,759,577	4,079,558,900	4,279,610,789
Total assets		6,262,741,390	7,142,110,703	5,764,292,801	6,588,983,282

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	*15*	3,485,579,349	3,046,122,514	2,085,734,038	1,629,452,680
Trade and other payables	*16*	616,780,348	752,299,052	799,938,262	671,788,490
Short-term loans from related parties	*6*	-	-	512,000,000	614,493,365
Current portion of long-term loans	*17*	1,075,300,000	400,000,000	1,075,300,000	400,000,000
Current portion of liabilities under financial lease agreements	*18*	15,826,548	56,027,937	568,257	900,571
Dividend payable		891,162	891,162	887,121	887,121
Income tax payable		61,369	217,709	-	-
Other current liabilities	*19*	31,359,997	32,629,478	22,087,510	25,433,171
Total current liabilities		5,225,798,773	4,288,187,852	4,496,515,188	3,342,955,398
Non-current liabilities					
Long-term loans, net of current portion	*17*	-	1,075,300,000	-	1,075,300,000
Liabilities under financial lease agreements, net of current portion	*18*	30,147,508	11,166,643	938,613	1,550,794
Provision for long-term employee benefits	*20*	267,746,826	199,160,275	120,602,611	90,734,517
Total non-current liabilities		297,894,334	1,285,626,918	121,541,224	1,167,585,311
Total liabilities		5,523,693,107	5,573,814,770	4,618,056,412	4,510,540,709

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital	*21*				
Registered					
1,500,000,000 ordinary shares of Baht 1 each					
(2018: 1,200,000,000 ordinary shares of Baht 1 each)		1,500,000,000	1,200,000,000	1,500,000,000	1,200,000,000
Issued and fully paid up					
1,500,000,000 ordinary shares of Baht 1 each					
(2018: 1,200,000,000 ordinary shares of Baht 1 each)		1,500,000,000	1,200,000,000	1,500,000,000	1,200,000,000
Share premium		700,000,000	700,000,000	700,000,000	700,000,000
Surplus from business combination under common control		207,897,949	207,897,949	-	-
Retained earnings (deficits)					
Appropriated - statutory reserve	*22*	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		(1,794,366,608)	(657,449,686)	(1,173,763,611)	58,442,573
Other components of shareholders' equity		5,516,942	(2,152,330)	-	-
Total shareholders' equity		739,048,283	1,568,295,933	1,146,236,389	2,078,442,573
Total liabilities and shareholders' equity		6,262,741,390	7,142,110,703	5,764,292,801	6,588,983,282

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

Directors

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenue from contracts with customers	*6, 23, 26, 28*	5,939,976,371	7,455,852,023	2,947,917,841	3,881,258,036
Other income					
Interest income	*6*	257,950	2,617,535	3,282,693	4,878,001
Gain on exchange		7,074,002	6,541,358	-	2,965,362
Others		14,249,904	17,704,583	33,746,519	30,965,785
Total revenues		5,961,558,227	7,482,715,499	2,984,947,053	3,920,067,184
Expenses					
Cost of sales and services	*6*	6,148,503,832	7,389,991,234	3,099,322,658	3,863,485,781
Selling and distribution expenses		93,436,274	86,986,429	46,726,335	36,584,084
Administrative expenses		597,309,152	545,860,715	385,537,039	346,398,156
Loss on exchange		-	-	1,744,476	-
Impairment loss on investment in subsidiary	*11*	-	-	500,000,000	260,000,000
Total expenses		6,839,249,258	8,022,838,378	4,033,330,508	4,506,468,021
Loss before finance cost and income tax		(877,691,031)	(540,122,879)	(1,048,383,455)	(586,400,837)
Finance cost		(212,741,499)	(187,133,027)	(171,502,486)	(139,380,273)
Loss before income tax		(1,090,432,530)	(727,255,906)	(1,219,885,941)	(725,781,110)
Income tax	*25*	(33,296,755)	121,460,974	(3,697,073)	89,461,412
Loss for the year		(1,123,729,285)	(605,794,932)	(1,223,583,014)	(636,319,698)
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency		7,669,272	8,598,029	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		7,669,272	8,598,029	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods:					
Actuarial loss	*20*	(16,102,300)	-	(10,778,962)	-
Less: Income tax effect	*25*	2,914,663	-	2,155,792	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(13,187,637)	-	(8,623,170)	-
Other comprehensive income for the year		(5,518,365)	8,598,029	(8,623,170)	-
Total comprehensive income for the year		(1,129,247,650)	(597,196,903)	(1,232,206,184)	(636,319,698)
Basic loss per share	*27*				
Loss attributable to equity holders of the Company		(0.875)	(0.505)	(0.953)	(0.530)

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss before tax	(1,090,432,530)	(727,255,906)	(1,219,885,941)	(725,781,110)
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	363,119,710	408,038,399	156,014,097	177,937,669
Allowance for impairment loss on property,				
plant and equipment (reversal)	6,275,612	(2,560,350)	-	-
Allowance for impairment loss on investment in subsidiaries	-	-	500,000,000	260,000,000
Allowance for doubtful accounts (reversal)	(6,570,336)	(41,859,802)	(8,025,492)	(418,103)
Bad debt	10,441,276	40,941,474	10,441,276	-
Reduction of inventory to net realisable value (reversal)	(18,161,799)	55,436,173	(11,097,582)	41,920,308
Loss (gain) on sales of property, plant and equipment	1,304,099	(433,054)	(165,060)	(172,283)
Loss on write-off property, plant and equipment				
and intangible assets	235,071	10,429,626	115	1,305
Write-off withholding tax	1,334,280	385,035	528,838	-
Amortise deferred revenue from sales and lease back	(129,508)	-	-	-
Dividend income	(2,727)	(4,572)	(2,727)	(4,572)
Deferred interest	2,960,756	5,943,091	74,784	289,729
Provision for long-term employee benefits	85,427,597	19,159,740	40,225,983	9,308,870
Subsidies income from Government grants	(4,527,740)	(3,654,958)	(4,527,740)	(3,654,958)
Interest income	(257,950)	(2,617,535)	(3,282,693)	(4,878,001)
Unrealised gain on exchange	(3,430,061)	(2,987,261)	(1,995,112)	(3,303,200)
Interest expenses	204,410,548	170,565,678	167,795,290	134,392,255
Loss from operating activities before				
changes in operating assets and liabilities	(448,003,702)	(70,474,222)	(373,901,964)	(114,362,091)
Operating assets (increase) decrease				
Trade and other receivables	211,718,219	571,456,185	40,387,825	417,733,091
Inventories	788,422,280	(276,879,015)	505,563,038	(291,475,472)
Other current assets	78,244,489	(20,916,800)	53,441,358	7,199,888
Other non-current assets	(4,497)	913,118	14,000	83,990
Operating liabilities increase (decrease)				
Trade and other payables	(156,513,936)	(137,261,485)	107,480,873	(88,441,057)
Other current liabilities	2,762,497	(13,824,864)	1,182,079	(17,658,570)
Cash flows from (used in) operating activities	476,625,350	53,012,917	334,167,209	(86,920,221)
Cash paid for long-term employee benefits	(32,350,349)	(16,851,454)	(20,543,850)	(9,916,410)
Cash received from interest income	257,950	2,617,535	3,366,279	4,772,826
Cash paid for interest expenses	(216,370,753)	(170,910,353)	(179,484,390)	(134,743,892)
Cash paid for income tax	(7,589,459)	(17,808,885)	(880,967)	(1,030,454)
Net cash flows from (used in) operating activities	220,572,739	(149,940,240)	136,624,281	(227,838,151)

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 year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(524,462,400)	(345,398,905)	(421,067,484)	(251,485,285)
Proceeds from sales of property, plant and equipment and intangible assets	611,342	3,185,261	203,859	19,000
Cash receipt from Government grants	-	11,651,149	-	11,651,149
Dividend income	2,727	4,572	2,727	4,572
Decrease in short-term loans to related parties	-	-	20,000,000	43,000,000
Net cash flows used in investing activities	(523,848,331)	(330,557,923)	(400,860,898)	(196,810,564)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	4,719,488,440	5,188,283,058	2,949,360,885	1,741,613,224
Decrease in bank overdrafts and short-term loans from financial institutions	(4,284,517,763)	(5,405,703,529)	(2,498,944,852)	(1,855,255,544)
Decrease in short-term loans from related parties	-	-	(102,493,365)	(150,712,689)
Repayment of long-term loans	(400,000,000)	(250,000,000)	(400,000,000)	(250,000,000)
Cash paid for liabilities under financial lease agreements	(63,002,571)	(64,394,543)	(1,019,279)	(6,771,421)
Preceed from sales and lease back	52,967,451	-	-	-
Proceed from long-term loans	-	925,300,000	-	925,300,000
Proceed from increase share capital	300,000,000	-	300,000,000	-
Dividend paid	-	(59,990,950)	-	(59,990,950)
Net cash flows from financing activities	324,935,557	333,494,036	246,903,389	344,182,620
Increase in translation adjustments	19,293,459	18,286,554	-	-
Net increase (decrease) in cash and cash equivalents	40,953,424	(128,717,573)	(17,333,228)	(80,466,095)
Cash and cash equivalents at beginning of year	96,962,936	225,680,509	68,759,262	149,225,357
Cash and cash equivalents at end of year	137,916,360	96,962,936	51,426,034	68,759,262
Supplement cash flows information				
1) Non-cash related transaction for investing activities				
Trust receipt and payable from acquisitions of fixed assets	277,508,027	251,020,874	265,471,434	240,085,972
Receivable from sales of fixed assets	-	170,978	64,380,890	64,418,649
2) Non-cash related transaction for financing activities				
Dividend payable	891,162	891,162	887,121	887,121
Assets acquired under financial lease agreements	38,821,291	-	-	-

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements						
						Other components of shareholders' equity	
						Other comprehensive income	
						Exchange differences on translation of financial statements in foreign currency	
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings			Total shareholders' equity
				Appropriated	Unappropriated		
Balance as at 1 January 2018	1,200,000,000	700,000,000	207,897,949	120,000,000	8,345,246	(10,750,359)	2,225,492,836
Loss for the year	-	-	-	-	(605,794,932)	-	(605,794,932)
Other comprehensive income for the year	-	-	-	-	-	8,598,029	8,598,029
Total comprehensive income for the year	-	-	-	-	(605,794,932)	8,598,029	(597,196,903)
Dividend paid (Note 30)	-	-	-	-	(60,000,000)	-	(60,000,000)
Balance as at 31 December 2018	1,200,000,000	700,000,000	207,897,949	120,000,000	(657,449,686)	(2,152,330)	1,568,295,933
Balance as at 1 January 2019	1,200,000,000	700,000,000	207,897,949	120,000,000	(657,449,686)	(2,152,330)	1,568,295,933
Loss for the year	-	-	-	-	(1,123,729,285)	-	(1,123,729,285)
Other comprehensive income for the year	-	-	-	-	(13,187,637)	7,669,272	(5,518,365)
Total comprehensive income for the year	-	-	-	-	(1,136,916,922)	7,669,272	(1,129,247,650)
Increase share capital (Note 21)	300,000,000	-	-	-	-	-	300,000,000
Balance as at 31 December 2019	1,500,000,000	700,000,000	207,897,949	120,000,000	(1,794,366,608)	5,516,942	739,048,283

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

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2018	1,200,000,000	700,000,000	120,000,000	754,762,271	2,774,762,271
Loss for the year	-	-	-	(636,319,698)	(636,319,698)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(636,319,698)	(636,319,698)
Dividend paid (Note 30)	-	-	-	(60,000,000)	(60,000,000)
Balance as at 31 December 2018	1,200,000,000	700,000,000	120,000,000	58,442,573	2,078,442,573
Balance as at 1 January 2019	1,200,000,000	700,000,000	120,000,000	58,442,573	2,078,442,573
Loss for the year	-	-	-	(1,223,583,014)	(1,223,583,014)
Other comprehensive income for the year	-	-	-	(8,623,170)	(8,623,170)
Total comprehensive income for the year	-	-	-	(1,232,206,184)	(1,232,206,184)
Increase share capital (Note 21)	300,000,000	-	-	-	300,000,000
Balance as at 31 December 2019	1,500,000,000	700,000,000	120,000,000	(1,173,763,611)	1,146,236,389

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

Kulthorn Kirby Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 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 Fundamental accounting assumptions

The Group has sustained operating loss for a number of consecutive years, and as at 31 December 2019, the Group's total current liabilities exceeded its total current assets by Baht 2,454 million (the Company only: Baht 2,812 million) and the Group has deficit of Baht 1,674 million (the Company only: Baht 1,054 million). In addition, the Group was unable to maintain certain covenant ratios as specified in the loan agreement, as described in Note 17, and the Group's equity was less than 50% of paid-up capital, which cause the Company's security will be marked with "C" (Caution) sign. The Group is currently awaiting the syndicate loan approval from the financial institution, in order to repay the existing loan and support the Group's successful operation as planned. The management expects to be able to successfully negotiate a financial restructuring plan with the financial institution in the near future. The management has therefore decided that it is correct and appropriate to prepare the Group's financial statements for year ended 31 December 2019 based on the assumption that the Group will continue its operations as a going concern. Accordingly, such financial statements do not include any adjustments relating to the realisation of the recoverable amount and classification of the assets or the amount and classification of liabilities that might be necessary should the Group be unable to continue its operations as a going concern.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Kulthorn Kirby Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			Percent	Percent
Subsidiaries held by the Company				
Kulthorn Kirby Foundry Company Limited	Manufacturing and sales of iron castings for compressor parts and automotives parts	Thailand	100	100
Kulthorn Premier Company Limited	Manufacturing and sales of hermetic compressors for compressor parts	Thailand	100	100
Kulthorn Steel Company Limited	Slitting of electrical steel for compressor	Thailand	100	100
Kulthorn Materials and Controls Company Limited	Manufacturing and sales of enameled copper wires and thermostat used in air conditioners and refrigerators	Thailand	100	100
Kulthorn Research and Development Company Limited	Provision of services with respect to technology research and development for products and manufacturing	Thailand	100	100
Subsidiaries held directly and indirectly by Kulthorn Materials and Controls Company Limited				
Kulthorn Metal Products Company Limited	Manufacture and sell forging, machining and heat treatment metal parts	Thailand	100	100
Suzhou Kulthorn Magnet Wire Company Limited (held by Phelps Dodge Suzhou Holdings, Inc.)	Manufacture and sell enameled copper wire	China	100	100

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years 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 Group's 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 Group's financial statements.

(b) Financial reporting standards that will become 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

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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Group is currently evaluating the impact of these standards on 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 Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales 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.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

4.4 Inventories

Finished goods, work in process and raw materials are valued at the lower of cost (under the first-in, first-out method) and net realisable value. Cost of finished goods and work in process includes cost of materials, labour and overheads.

4.5 Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

b) Investments in the subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components in shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows:

Land improvement and plant	-	10, 20	years
Machineries	-	5, 8, 10, 15	years
Plant equipment	-	5	years
Furniture, fixtures and office equipment	-	3, 5, 10	years
Motor vehicles	-	5	years

Depreciation attributed to the original cost portion included in determining income.

No depreciation is provided for land and construction in progress and machine under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Computer software	3 - 10 years

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Warranty reserve

Warranty reserve is estimated by reference to actual warranty expenses incurred and calculated at a percentage of cost of sales and quantities of products under warranty.

4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.12 Long-term leases

Leases of machinery and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The machinery and equipment acquired under finance leases is depreciated over the useful life of the assets and registration of ownership is transferred upon completion of payment.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, intangible assets and other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plan. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gain and loss arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gain and loss arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.16 Government grants related to assets

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Government grants related to assets are presented as deferred income and are recognised in profit or loss on a systematic basis over the useful life of the assets.

4.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.19 Derivatives

Forward exchange contracts

At each reporting date, the Company recognise the changes in fair value of forward exchange rate for the undue foreign exchange forward contracts as revenue or expense in the profit or loss.

Interest rate swap contract

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining allowance for diminution in inventory value, the management needs to exercise judgement and make estimates based upon, among other things, market conditions and the condition of the inventory.

Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Warranty reserve

In determining warranty reserve, the management needs to exercise judgement to make estimate, based upon historical warranty expense data and the quantities of products under warranty.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

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

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated financial statements		Separate financial statements		Pricing policy
	2019	2018	2019	2018	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	630	1,040	Market price
Sales and service income and scraps sales	-	-	95	140	Approximate market price
Interest expenses	-	-	26	29	Interest rate at 0.25 - 7.25 percent per annum
Interest income	-	-	3	4	Interest rate at 3.25 - 4.94 percent per annum
Other income	-	-	14	11	Mutually agreed price as stipulated in the contract
Rental income	-	-	13	8	Mutually agreed price as stipulated in the contract
Sales of fixed assets	-	-	-	64	Mutually agreed price
Other expenses	-	-	4	7	Mutually agreed price as stipulated in the contract
Transactions with related companies					
Sales and service income and scraps sales	567	582	282	292	Approximate market price
Purchases of goods	32	64	31	64	Market price
Rental expenses	14	14	-	-	Mutually agreed price as stipulated in the contract
Other expenses	10	10	4	6	Mutually agreed price as stipulated in the contract
Other income	1	1	-	-	Mutually agreed price as stipulated in the contract

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade and other receivables - related parties (Note 8)				
Subsidiary companies	-	-	238,617	112,574
Related companies (related by common director/shareholder)	125,959	122,079	40,364	50,858
Total trade and other receivables - related parties	125,959	122,079	278,981	163,432
Trade and other payables - related parties (Note 16)				
Subsidiary companies	-	-	472,299	266,891
Related companies (related by common director/ shareholder)	25,072	10,148	8,906	6,250
Total trade and other payables - related parties	25,072	10,148	481,205	273,141

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

As at 31 December 2019 and 2018, the balance of short-term loans between the Company and its subsidiaries, and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loans to subsidiary				
Kulthorn Materials and Controls Co., Ltd.	70,000	15,000	(35,000)	50,000
Kulthorn Steel Co., Ltd.	-	16,000	(16,000)	-
Total	70,000	31,000	(51,000)	50,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loans from subsidiaries				
Kulthorn Premier Co., Ltd.	563,000	15,000	(86,000)	492,000
Kulthorn Kirby Foundry Co., Ltd.	-	20,000	-	20,000
Total	563,000	35,000	(86,000)	512,000

On 1 August 2013, the Group 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 Group and interest will be calculated at agreed rate as stipulated in the Agreement. On 20 December 2019, the Group cancelled the Liquidity Management service, under the above Agreement, with the commercial bank.

As at 31 December 2018, the Company had outstanding short-term loans from related parties from the above agreement as follows:

(Unit: Thousand Baht)

	2019	2018
Short-term loans from related parties		
Kulthorn Premier Co., Ltd.	-	4,676
Kulthorn Kirby Foundry Co., Ltd.	-	14,704
Kulthorn Steel Co., Ltd.	-	14,149
Kulthorn Materials and Controls Co., Ltd.	-	15,219
Kulthorn Metal Product Co., Ltd.	-	1,214
Kulthorn Research and Development Co., Ltd.	-	1,531
Total short-term loans from related parties	-	51,493

Directors and management's remuneration

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	42	46	21	24
Post-employment benefits	3	2	1	1
Total	45	48	22	25

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 31.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	800	6,361	411	5,276
Bank deposits	137,116	90,602	51,015	63,483
Total	137,916	96,963	51,426	68,759

As at 31 December 2019, bank deposits in savings accounts carried interests at the rate between 0.10 and 0.63 percent per annum (2018: between 0.04 and 0.63 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables - related parties				
Not yet due	92,416	90,842	41,477	49,683
Overdue				
Less than 3 months	13,481	22,829	18,203	23,064
3 - 6 months	-	-	4	2,297
Over 12 months	4,449	4,797	-	-
Total trade receivables - related parties	110,346	118,468	59,684	75,044
Trade receivables - unrelated parties				
Not yet due	652,602	713,029	266,323	302,455
Overdue				
Less than 3 months	152,699	290,361	43,474	159,817
3 - 6 months	890	8,972	1,204	-
6 - 12 months	431	3,448	-	-
Over 12 months	10,612	19,419	1,147	10,548
Total	817,234	1,035,229	312,148	472,820
Less: Allowance for doubtful debts	(6,205)	(12,775)	(2,416)	(10,441)
Total trade receivables - unrelated parties	811,029	1,022,454	309,732	462,379
Total trade receivables - net	921,375	1,140,922	369,416	537,423
Other receivables				
Other receivables - related parties	15,613	3,611	219,297	88,388
Other receivables - unrelated parties	39,937	30,805	22,019	24,244
Total other receivables	55,550	34,416	241,316	112,632
Total trade and other receivables - net	976,925	1,175,338	610,732	650,055

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	470,195	956,839	(114,767)	(139,934)	355,428	816,905
Work in process	343,439	434,690	(34,409)	(37,812)	309,030	396,878
Raw materials	923,364	1,153,952	(69,967)	(59,559)	853,397	1,094,393
Goods in transit	55,734	35,673	-	-	55,734	35,673
Total	1,792,732	2,581,154	(219,143)	(237,305)	1,573,589	2,343,849

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	198,069	548,260	(38,250)	(57,296)	159,819	490,964
Work in process	220,591	279,878	(10,872)	(11,974)	209,719	267,904
Raw materials	573,823	700,631	(53,127)	(44,076)	520,696	656,555
Goods in transit	49,537	18,814	-	-	49,537	18,814
Total	1,042,020	1,547,583	(102,249)	(113,346)	939,771	1,434,237

During the current year, the Group reversed the write-down of cost of inventories by Baht 18.2 million (The Company only: Baht 11.1 million), and reduced the amount of inventories recognised as expenses during the year (2018: Reduced cost of inventories by Baht 55.4 million (The Company only: Baht 41.9 million), to reflect the net realisable value. This was included in cost of sales).

10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Advance payment	7,562	55,853	2,944	45,672
Others	42,776	38,250	11,160	9,458
Total	50,338	94,103	14,104	55,130

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2019	2018	2019	2018	2019	2018	2019	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	12,500	12,500	-	-
Total					3,629,879	3,629,879	-	-
Less: Allowance for impairment loss on investments in subsidiaries					(1,543,007)	(1,043,007)	-	-
Total investments in subsidiaries - net					2,086,872	2,586,872	-	-

During the current year, the Company recorded additional allowance for impairment loss on investment in subsidiaries amounting to Baht 500 million (2018: Baht 260 million).

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost								
As at 1 January 2018	349,728	2,083,092	7,757,308	1,283,756	199,259	148,163	333,534	12,154,840
Additions	-	-	2,977	7,947	2,831	155	390,910	404,820
Transfer in (out)	-	8,706	147,787	12,955	9,870	1,770	(181,088)	-
Disposals/write-off	-	(42,966)	-	(1,122)	(7,560)	(1,738)	(4,716)	(58,102)
Translation adjustments	-	(12,867)	(20,476)	-	(556)	(396)	(405)	(34,700)
As at 31 December 2018	349,728	2,035,965	7,887,596	1,303,536	203,844	147,954	538,235	12,466,858
Additions	-	301	247	6,483	4,426	281	803,140	814,878
Transfer in (out)	-	30,830	70,307	4,693	12,126	769	(118,725)	-
Disposals/write-off	-	-	(12,686)	(2,568)	(14,160)	(44)	(41,441)	(70,899)
Translation adjustment	-	(18,097)	(21,933)	-	(723)	(556)	-	(41,309)
As at 31 December 2019	349,728	2,048,999	7,923,531	1,312,144	205,513	148,404	1,181,209	13,169,528
Accumulated depreciation								
As at 1 January 2018	-	1,281,443	6,591,477	1,178,043	175,644	127,859	-	9,354,466
Depreciation for the year	-	83,569	255,121	41,402	10,107	7,667	-	397,866
Disposals/ write-off	-	(37,895)	-	(1,122)	(7,490)	(1,666)	-	(48,173)
Translation adjustment	-	(7,654)	(16,672)	-	(482)	(355)	-	(25,163)
As at 31 December 2018	-	1,319,463	6,829,926	1,218,323	177,779	133,505	-	9,678,996
Depreciation for the year	-	84,660	218,728	30,175	10,917	5,937	-	350,417
Disposals/ write-off	-	-	(1,878)	(499)	(14,156)	(44)	-	(16,577)
Translation adjustment	-	(11,488)	(17,177)	-	(659)	(501)	-	(29,825)
As at 31 December 2019	-	1,392,635	7,029,599	1,247,999	173,881	138,897	-	9,983,011
Allowance for impairment loss:								
As at 1 January 2018	-	-	(5,619)	-	-	-	(517)	(6,136)
Increase during the year	-	-	-	-	(707)	(625)	-	(1,332)
Decrease during the year	-	-	3,376	-	-	-	517	3,893
Translation adjustment	-	-	269	-	-	-	-	269
As at 31 December 2018	-	-	(1,974)	-	(707)	(625)	-	(3,306)
Increase during the year	-	-	(6,276)	-	-	-	-	(6,276)
Translation adjustment	-	-	171	-	61	54	-	286
As at 31 December 2019	-	-	(8,079)	-	(646)	(571)	-	(9,296)
Net book value								
As at 31 December 2018	349,728	716,502	1,055,696	85,213	25,358	13,824	538,235	2,784,556
As at 31 December 2019	349,728	656,364	885,853	64,145	30,986	8,936	1,181,209	3,177,221

Depreciation for the year

2018 (Baht 361 million included in manufacturing cost, and the balance in administrative expenses)	397,866
2019 (Baht 318 million included in manufacturing cost, and the balance in administrative expenses)	350,288

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost								
As at 1 January 2018	221,024	729,111	3,623,924	851,005	95,439	67,497	189,008	5,777,008
Additions	-	57,733	-	147	670	-	220,986	279,536
Transfer in (out)	-	6,746	14,449	5,175	8,993	224	(35,587)	-
Disposals/write-off	-	-	(121,476)	(43,811)	(7,385)	(1,028)	(16,485)	(190,185)
As at 31 December 2018	221,024	793,590	3,516,897	812,516	97,717	66,693	357,922	5,866,359
Additions	-	301	-	1,867	3,307	281	625,277	631,033
Transfer in (out)	-	24,637	5,514	3,109	11,530	-	(44,790)	-
Disposals/write-off	-	-	-	(7)	(9,348)	(44)	-	(9,399)
As at 31 December 2019	221,024	818,528	3,522,411	817,485	103,206	66,930	938,409	6,487,993
Accumulated depreciation								
As at 1 January 2018	-	409,471	3,160,467	798,686	84,495	58,499	-	4,511,618
Depreciation for the year	-	32,545	116,031	17,568	4,359	3,770	-	174,273
Disposals/write-off	-	-	(86,245)	(32,890)	(6,948)	(1,028)	-	(127,111)
As at 31 December 2018	-	442,016	3,190,253	783,364	81,906	61,241	-	4,558,780
Depreciation for the year	-	29,727	97,147	12,994	7,212	2,930	-	150,010
Disposals/write-off	-	-	-	(7)	(9,347)	(44)	-	(9,398)
As at 31 December 2019	-	471,743	3,287,400	796,351	79,771	64,127	-	4,699,392
Net book value								
As at 31 December 2018	221,024	351,574	326,644	29,152	15,811	5,452	357,922	1,307,579
As at 31 December 2019	221,024	346,785	235,011	21,134	23,435	2,803	938,409	1,788,601
Depreciation for the year								
2018 (Baht 151 million included in manufacturing cost, and the balance in administrative expenses)								174,273
2019 (Baht 131 million included in manufacturing cost, and the balance in administrative expenses)								150,010

During the year ended 31 December 2019, borrowing cost totaling approximately Baht 11.1 million were capitalised as part of machine under construction. The weighted average used to determine the amount of borrowing cost eligible for capitalisation was 4.20 - 4.56 percent per annum. (2018: nil)

The Group pledged their land and buildings thereon, of which net book value amounted to approximately Baht 392 million (2018: Baht 423 million) (The Company's: Baht 221 million 2018: Baht 223 million), with financial institutions as collateral to secure loans as discussed in Note 17.

In addition, the Group has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Group is 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 discussed in Note 15.

As at 31 December 2019, certain items of plant and equipment of the Group were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 6,776.3 million (The Company only: Baht 3,881.4 million) (2018: Baht 5,893.0 million in the consolidated financial statements and Baht 3,561.6 million in the separate financial statements).

As at 31 December 2019, the Group had machineries, vehicles and equipment with net book values of Baht 126.3 million (The Company only: Baht 26.9 million) (2018: Baht 86.4 million in the consolidated financial statements and Baht 36.2 million in the separate financial statements) which were acquired under financial lease agreements.

13. Goodwill on business combination

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

14. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2019		
Cost	180,424	100,079
Less: Accumulated amortisation	(93,716)	(52,494)
Net book value	86,708	47,585
As at 31 December 2018		
Cost	168,368	91,693
Less: Accumulated amortisation	(81,380)	(46,490)
Net book value	86,988	45,203

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate Financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	86,988	71,080	45,203	27,855
Acquisition during the year	12,759	29,757	8,386	22,204
Disposals/write-off during the year	-	(3,424)	-	(1,192)
Amortisation	(12,702)	(10,172)	(6,004)	(3,664)
Translation adjustment	(337)	(253)	-	-
Net book value at end of year	86,708	86,988	47,585	45,203

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Bank overdrafts	6.87 - 11.62	108,582	131	24,367	-
Short-term loans	4.20 - 4.63	1,047,145	874,600	772,145	624,600
Trust receipts	3.90 - 5.39	1,408,039	1,531,518	692,932	687,053
Packing credit	4.00 - 5.66	921,813	639,874	596,290	317,800
Total		3,485,579	3,046,123	2,085,734	1,629,453

The Group has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under the agreements, the Group is 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 Group is not allowed to dispose, transfer, mortgage or provide any lien on their assets, both existing and to be acquired in the future, except to use as collateral for the syndicated loan to pay off the debt to those financial institutions.

As at 31 December 2019, the Group could not maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio as specified in the Credit Facility Agreement, which resulted in the loan becoming payable on demand, as disclosed in Note 17.

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - related parties	7,860	6,264	449,250	255,009
Trade payables - unrelated parties	357,868	513,384	198,802	290,011
Other payables - related parties	17,212	3,884	29,707	15,881
Other payables - unrelated parties	166,096	158,039	94,007	78,597
Accrued interest expenses to related parties	-	-	2,248	2,251
Accrued interest expenses to unrelated parties	1,898	2,766	1,049	1,669
Accrued expenses - unrelated parties	65,846	67,962	24,875	28,370
Total trade and other payables	616,780	752,299	799,938	671,788

17. Long-term loans

(Unit: Thousand Baht)

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

In December 2016, the Group 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.

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

Under the loan agreement, the Group has 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 Group 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 Group was able to comply with all conditions as specified in the waiver letter and the loan agreement.

As at 31 December 2019, the Group was unable to maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio as specified in the Credit Facility Agreement, resulting in the long-term loan becoming payable on demand. The Group therefore classified total balance of loan as current portion due within one year. The classification of such liabilities as at 31 December 2019 to current liabilities is in accordance with Thai Financial Reporting Standards.

The above long-term loans from financial institutions are secured by mortgage of the Group's 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 33.

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Liabilities under financial lease agreements	51,382	69,569	1,623	2,642
Less: Deferred interest expenses	(5,408)	(2,374)	(116)	(190)
Total	45,974	67,195	1,507	2,452
Less: Portion due within one year	(15,827)	(56,028)	(568)	(901)
Liabilities under financial lease agreements, net of current portion	30,147	11,167	939	1,551

The Group has entered into the finance lease agreements for rental of machineries 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.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2019					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	18	33	51	1	1	2
Deferred interest expenses	(2)	(3)	(5)	-	-	-
Present value of future minimum lease payments	16	30	46	1	1	2

(Unit: Million Baht)

	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	58	11	69	1	2	3
Deferred interest expenses	(2)	-	(2)	-	-	-
Present value of future minimum lease payments	56	11	67	1	2	3

19. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Warranty reserve	8,178	7,047	8,004	6,821
Deferred income	14,084	18,612	14,084	18,612
Others	9,098	6,970	-	-
Total	31,360	32,629	22,088	25,433

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees' retirement and long service awards, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Retirement benefits plan		Long service awards plan		Total	
	2019	2018	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	198,055	195,627	1,105	1,225	199,160	196,852
Included in profit or loss:						
Current service cost	19,216	14,108	419	221	19,635	14,329
Interest cost	6,502	4,800	109	31	6,611	4,831
Past service costs	55,710	-	2,981	-	58,691	-
Actuarial loss arising from						
Financial assumptions changes	-	-	356	-	356	-
Experience adjustments	-	-	135	-	135	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	15,192	-	-	-	15,192	-
Experience adjustments	910	-	-	-	910	-
Benefits paid during the year	(32,233)	(16,480)	(117)	(372)	(32,350)	(16,852)
Reclassify the portion due to accrued expenses	-	-	(593)	-	(593)	-
Provision for long-term employee benefits at end of year	263,352	198,055	4,395	1,105	267,747	199,160

(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits plan		Long service awards plan		Total	
	2019	2018	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	89,630	93,548	1,105	1,225	90,735	94,773
Included in profit or loss:						
Current service cost	7,630	6,758	325	221	7,955	6,979
Interest cost	2,991	2,299	80	31	3,071	2,330
Past service costs	26,819	-	1,890	-	28,709	-
Actuarial loss arising from						
Financial assumptions changes	-	-	356	-	356	-
Experience adjustments	-	-	135	-	135	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	9,332	-	-	-	9,332	-
Experience adjustments	1,447	-	-	-	1,447	-
Benefits paid during the year	(20,544)	(9,544)	-	(372)	(20,544)	(9,916)
Reclassify the portion due to accrued expenses	-	-	(593)	-	(593)	-
Transferred employee to a subsidiary	-	(3,431)	-	-	-	(3,431)
Provision for long-term employee benefits at end of year	117,305	89,630	3,298	1,105	120,603	90,735

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 Group has additional long-term employee benefit liabilities of Baht 55.7 million (The Company only: Baht 26.8 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the profit or loss of the current year.

The Group expects to pay Baht 16.4 million of long-term employee benefits during the next year (Separate financial statements: Baht 6.7 million) (2018: Baht 16.8 million, separate financial statements: Baht 8.3 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2018: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions used for the valuation are as follows:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.8	2.7	1.8	2.7
Future salary increase rate (depending on age)	5.0 - 7.0	5.0 - 7.0	5.0 - 7.0	5.0 - 7.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(18.3)	20.9	(8.4)	9.6
Future salary increase rate	19.9	(17.9)	9.1	(8.2)

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(14.4)	16.5	(6.9)	7.8
Future salary increase rate	15.7	(14.1)	7.5	(6.7)

21. 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), though 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.

22. Statutory reserve

Pursuant to the section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

23. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Type of goods or service:				
Sales of goods	5,848,249	7,362,895	2,943,892	3,852,057
Service income	67,134	65,600	2,143	9,347
Income from scrap sales	24,593	27,357	1,883	19,854
Total revenue from contracts with customers - recognised at a point in time	5,939,976	7,455,852	2,947,918	3,881,258

24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Raw materials and consumables used	7,407,209	9,015,995	3,255,894	4,214,310
Decrease in inventories of finished goods and work in progress	577,895	-	409,478	-
Salaries, wages and other employee benefits	1,022,837	1,061,898	437,567	483,601
Depreciation and amortisation expenses	362,990	408,038	156,014	177,938
Rental expenses	38,321	33,634	11,135	6,578

25. Income tax

Income tax expenses (revenue) for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	973	828	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	32,324	(122,289)	3,697	(89,461)
Income tax expenses (revenue) reported in profit or loss	33,297	(121,461)	3,697	(89,461)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial loss	(2,915)	-	(2,156)	-

The reconciliation between accounting loss and income tax expenses (revenue) is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting loss before tax	(1,090,433)	(727,256)	(1,219,886)	(725,781)
Applicable tax rate	20, 25%	20, 25%	20%	20%
Accounting loss before tax multiplied by income tax rate	(218,087)	(146,913)	(243,977)	(145,156)
Effects of:				
Promotional privileges (Note 26)	(264)	(6,308)	-	-
Non-deductible expenses	5,428	8,016	102,051	56,836
Additional expense deductions allowed	(17,465)	(14,935)	(658)	(797)
Others	1,306	2,579	1,106	(344)
Total	(10,995)	(10,648)	102,499	55,695
Unrecognised tax loss	231,345	27,912	141,420	-
Reversal of deferred tax assets	31,034	8,188	3,755	-
Income tax expenses (revenue) reported in profit or loss	33,297	(121,461)	3,697	(89,461)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	2,340	3,644	483	2,088
Allowance for diminution in value of inventories	43,306	46,069	20,450	22,669
Warranty reserve	1,636	1,293	1,601	1,248
Provision for long-term employee benefits	46,715	40,681	22,649	19,814
Deferred income	2,817	3,722	2,817	3,722
Unused tax losses	107,650	134,450	102,050	102,050
Others	15,797	19,875	-	-
Total	220,261	249,734	150,050	151,591

As at 31 December 2019, the Group has unused tax losses totaling Baht 2,119.3 million (2018: Baht 1,032.1 million), on which deferred tax assets have not been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 2,657.6 million will expire by the year 2024.

26. Promotional privileges

26.1 The Company has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 1987(2)/2554
1. Promotional privileges for	Manufacturing of compressors for air condition and refrigerator
2. The significant privileges are	
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 1 July 2013 until 1 July 2018
2.2 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board.	Granted
2.4 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
3. Date of first earning operating income.	1 July 2013

The Company has to comply with certain conditions and restrictions specified under the promotion certificates.

Sales of the Company amounting to approximately Baht 3,881 million for the year ended 31 December 2018 included revenue from manufacturing and sales derived from promoted operations of approximately Baht 331 million (2019: nil).

26.2 Kulthorn Kirby Foundry Co., Ltd., a subsidiary company, has been granted the privileges for certain specified category of products under the Investments Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 2127(2)/2548	Certificate No. 60-0092-1-00-1-0
1. Promotional privileges for	Manufacturing of casting iron parts	Manufacturing of casting iron parts
2. The significant privileges are		
2.1 Exemption of corporate income tax on net earnings for the period of 8 years commending as from the date of earning operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 8 July 2012 until 7 July 2020	-
2.2 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	-	Not yet commenced
2.3 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
2.4 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
3. Date of first earning operating income	8 July 2012	Not yet commenced

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

26.3 Kulthorn Premier Co., Ltd., a subsidiary company, has been granted promotional privileges under the Investment Promotion Act B.E. 2520, as approved by the Board of Investment for certificate with outstanding significant privileges as follow:

	Certificate No. 2167(2)/2550
1. Promotional privileges for	Manufacturing of compressors for refrigerator
2. The significant privileges are	
2.1 Exemption of corporate income tax on net income from the promoted operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years commencing as from the date of earning first operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 14 January 2008 until 13 January 2016
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 A fifty percent reduction of corporate income tax on its net income.	for a period of 5 years after the corporate income tax exemption expired as discussed in 2.1
2.4 Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose commencing as from the date of first earning operating income.	For a period of 10 years commencing as from the date of first earning operating income.
2.5 Permission to deduct 25 percent of the cost of installation and construction of facilities, in addition to normal depreciation charges.	Granted
2.6 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export.	For a period of 5 years commencing as from the date of first import.
2.7 Seventy-five percent reduction of import duty on raw materials and essential materials imported for use specifically in production for domestic sales, for a period of 1 year commencing from the date of first importation.	Granted
2.8 Exemption from import duty on items imported for re-export, for a period of 5 years commencing from the date of first importation.	Granted
3. Date of first earning operating income	14 January 2008

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

26.4 Kulthorn Material and Controls Co., Ltd., a subsidiary company, has been granted the following tax privileges for certain specified category of products under the Investments Promotion Act B.E. 2520 as approved by the Board of Investment for certificate with outstanding significant privileges as follows:

	Certificate No.
	1204(2)/2551
1. Promotional privileges for	Manufacturing of enameled metal wire product Type 5.3
2. The significant privileges are	
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 6 years commencing as from the date of earning first operating income. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 10 January 2012 until 9 January 2018
2.2 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board.	Granted
2.4 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
3. Date of first earning operating income.	10 January 2012

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

27. Loss per share

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

The following table sets forth the computation of basic loss per share:

	Loss for the year		Weighted average number of ordinary shares		Loss per share	
	2019 (Thousand Baht)	2018 (Thousand Baht)	2019 (Thousand shares)	2018 (Thousand shares)	2019 (Baht)	2018 (Baht)
Consolidated financial statements						
Basic loss per share						
Loss attributable to equity holders of the Company	(1,123,729)	(605,795)	1,284,497	1,200,000	(0.875)	(0.505)
Separate financial statements						
Basic loss per share						
Loss attributable to equity holders of the Company	(1,223,583)	(636,320)	1,284,497	1,200,000	(0.953)	(0.530)

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services and have four reportable segments as follows:

1. Compressors and parts
2. Enameled wire
3. Steel sheet
4. Steel coil center

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit (loss) and total assets information regarding the Group's operating segments for the years ended 31 December 2019 and 2018:

(Unit: Thousand Baht)

For the year ended 31 December 2019	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	3,140,799	1,153,683	888,684	756,810	-	5,939,976	-	5,939,976
Inter-segment revenue	155,251	182,203	302,727	159,837	-	800,018	(800,018)	-
Interest income	28,471	73	11	1,081	1	29,637	(29,379)	258
Interest expense	(172,115)	(44,091)	(19,876)	(667)	(1)	(236,750)	29,379	(207,371)
Depreciation and amortisation	(206,927)	(59,748)	(52,415)	(58,132)	-	(377,222)	14,232	(362,990)
Income tax revenue (expenses)	(26,829)	(2,964)	1,155	559	111	(27,968)	(5,329)	(33,297)
Unrealised gain (loss) on exchange	409	1,075	(18)	739	-	2,205	-	2,205
Impairment loss	-	-	-	(6,276)	-	(6,276)	-	(6,276)
Segment loss	**(1,420,610)**	**(466,155)**	**(101,376)**	**(31,475)**	**(396)**	**(2,020,012)**	**896,283**	**(1,123,729)**
Segment total assets	**6,855,624**	**927,583**	**1,046,624**	**966,460**	**79,998**	**9,876,289**	**(3,613,548)**	**6,262,741**
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(160,918)	(434,575)	(12,660)	(53,841)	-	(661,994)	827,583	165,589
Segment total liabilities	**4,815,349**	**991,998**	**734,068**	**244,396**	**6,610**	**6,792,421**	**(1,268,728)**	**5,523,693**

(Unit: Thousand Baht)

For the year ended 31 December 2018	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	4,171,969	1,412,505	950,924	864,505	55,949	7,455,852	-	7,455,852
Inter-segment revenue	177,834	374,637	415,900	298,574	92,554	1,359,499	(1,359,499)	-
Interest income	33,382	122	1,563	300	246	35,613	(32,995)	2,618
Interest expense	(138,970)	(50,661)	(17,876)	(375)	(1,622)	(209,504)	32,995	(176,509)
Depreciation and amortisation	(227,565)	(63,626)	(45,695)	(72,626)	(16,996)	(426,508)	18,470	(408,038)
Income tax revenue (expenses)	107,277	3,313	6,922	(204)	(2,536)	114,772	6,689	121,461
Unrealised gain (loss) on exchange	(2,177)	250	72	224	306	(1,325)	-	(1,325)
Reversal of impairment loss	-	1,070	-	-	1,490	2,560	-	2,560
Segment profit (loss)	**(899,251)**	**(129,748)**	**(21,115)**	**27,299**	**(14,705)**	**(1,037,520)**	**431,725**	**(605,795)**
Segment total assets	**7,769,521**	**1,551,193**	**1,087,257**	**910,633**	**94,165**	**11,412,769**	**(4,270,658)**	**7,142,111**
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(100,383)	(59,615)	16,680	7,764	(66,586)	(202,140)	364,292	162,152
Segment total liabilities	**4,693,894**	**1,153,169**	**671,500**	**154,064**	**20,380**	**6,693,007**	**(1,119,192)**	**5,573,815**

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2019	2018
Revenue from external customers		
Thailand	4,082,633	5,035,165
Hong Kong	895,443	1,351,670
China	232,377	287,526
Indonesia	54,180	36,226
Saudi Arabia	75,383	40,211
Others	599,960	705,054
Total	5,939,976	7,455,852
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,155,457	2,964,611
China	115,158	140,415
Total	3,270,615	3,105,026

Major customers

For the year 2019, the Group has revenue from two major customers in amount of Baht 1,103.3 million and Baht 886.6 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment (2018: Baht 1,244.6 million and Baht 687.5 million derived from two major customers, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment).

29. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 3 - 7 percent of basic salary. The fund, which is managed by Local Asset Management Company, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 of the Group amounting to approximately Baht 19.1 million (2018: Baht 18.2 million) the Company only: Baht 7.5 million (2018: Baht 8.5 million) were recognised as expenses.

30. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2018	60	0.05
Total for 2018		60	0.05

31. Commitment and contingent liabilities

31.1 Capital commitments

As at 31 December 2019, the Group has capital commitments of approximately Baht 147.1 million (2018: Baht 101.2 million) (the Company only: Baht 133.4 million, 2018: Baht 69.2 million), relating to the construction of factory building and acquisition of machinery.

31.2 Operating lease commitments

The Group has 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.

As at 31 December 2019 and 2018, future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	20.6	19.4	-	-
In over 1 and up to 3 years	16.8	26.5	-	-

31.3 Long-term service commitments

a) As at 31 December 2019 and 2018, the Group has commitments relating to service agreements payable in the future as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	13.8	10.8	5.1	3.0
In over 1 year	7.2	-	3.0	-

b) The Group has commitments related to sales commissions payable to sale agents at the rate stipulated in the agreements or rate agreed between parties.

31.4 Guarantees

a) As at 31 December 2019, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Megnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to RMB 60 million or equivalent to Baht 262 million (2018: RMB 60 million or equivalent to Baht 287 million).

b) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 48.2 million (2018: Baht 68.6 million) (the Company only: Baht 17.0 million (2018: Baht 8.3 million)) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group. These included letter of guarantee to guarantee electricity usage amounting to Baht 38.2 million (2018: Baht 68.3 million) (the Company only: Baht 7.2 million (2018: Baht 8.2 million)), and to guarantee import duty, natural gas agreements and others amounting to Baht 10.0 million (2018: Baht 0.3 million) (the Company only: Baht 9.8 million (2018: Baht 0.1 million)).

32. Fair values hierarchy

As at 31 December 2019 and 2018, the Group had the following assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
Financial assets measured at fair value		
Derivatives		
Foreign currency forward contracts	0.3	0.3
Liabilities for which fair value are disclosed		
Interest rate swap contract	(2.2)	(2.2)

(Unit: Million Baht)

	As at 31 December 2018	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
Financial assets measured at fair value		
Derivatives		
Foreign currency forward contracts	0.2	0.2
Assets for which fair value are disclosed		
Interest rate swap contract	1.4	1.4

33. Financial instruments

33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instrument: Disclosure Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables. The management of the Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, short-term and long-term borrowings. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. In addition, the Company has entered into the interest rate swap agreement to hedge interest rate risk.

Significant financial assets and liabilities as at 31 December 2019 and 2018 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2019					
	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
Financial assets						(% per annum)
Cash and cash equivalents	-	-	38	100	138	0.10 - 0.63
Trade and other receivables	-	-	-	977	977	-
	-	-	38	1,077	1,115	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	3,377	-	109	-	3,486	3.90 - 11.62
Trade and other payables	-	-	-	617	617	-
Liabilities under financial lease agreements	16	30	-	-	46	2.65 - 6.38
Long-term loans	-	-	1,075	-	1,075	THBFIX+3%
	3,393	30	1,184	617	5,224	

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2018					
	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
Financial assets						(% per annum)
Cash and cash equivalents	-	-	82	15	97	0.04 - 0.63
Trade and other receivables	-	-	-	1,175	1,175	-
	-	-	82	1,190	1,272	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	3,046	-	-	-	3,046	2.85 - 7.12
Trade and other payables	-	-	-	752	752	-
Liabilities under financial lease agreements	56	11	-	-	67	2.55 - 13.38
Long-term loans	-	-	1,475	-	1,475	THBFIX+3%
	3,102	11	1,475	752	5,340	

(Unit: Million Baht)

	Separate financial statements as at 31 December 2019					
	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	5	46	51	0.22 - 0.63
Trade and other receivables	-	-	-	611	611	-
Short-term loans to related parties	50	-	-	-	50	4.25 - 4.75
	50	-	5	657	712	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	2,062	-	24	-	2,086	4.00 - 11.62
Trade and other payables	-	-	-	800	800	-
Short-term loans from related parties	512	-	-	-	512	4.60 - 7.25
Liabilities under financial lease agreements	1	1	-	-	2	2.65
Long-term loans	-	-	1,075	-	1,075	THBFIX+3%
	2,575	1	1,099	800	4,475	

Unit: Million Baht)

	Separate financial statements as at 31 December 2018					
	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	62	7	69	0.04 - 0.63
Trade and other receivables	-	-	-	650	650	-
Short-term loans to related parties	70	-	-	-	70	3.25 - 5.80
	70	-	62	657	789	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	1,629	-	-	-	1,629	3.18 - 4.96
Trade and other payables	-	-	-	672	672	-
Short-term loans from related parties	614	-	-	-	614	0.25 - 5.80
Liabilities under financial lease agreements	1	2	-	-	3	2.65 - 7.70
Long-term loans	-	-	1,475	-	1,475	THBFIX+3%
	2,244	2	1,475	672	4,393	

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currency of the Group are summarised below.

	As at 31 December 2019					
	Consolidated financial statements		Separate financial statements		Exchange rate	
Foreign currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	4	9	4	2	29.9767	30.3313
Japanese yen	-	4	-	-	0.2723	0.2796
Euro	-	0.2	-	-	33.3775	34.0846

	As at 31 December 2018					
	Consolidated financial statements		Separate financial statements		Exchange rate	
Foreign currency	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 had outstanding forward exchange contracts with maturities less than one year as follows:

As at 31 December 2019					
Consolidated and separate financial statements					
	Bought	Sold		Contractual exchange rate	
Foreign currency	amount	amount	Contractual maturity date	Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	0.1	3.7	6 February - 19 June 2020	30.79	30.02 - 30.08

As at 31 December 2018					
Consolidated and separate financial statements					
	Bought	Sold		Contractual exchange rate	
Foreign currency	amount	amount	Contractual maturity date	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 31 December 2019, fair value of interest rate swap contract has decreased from the contract than trade date by Baht 2.2 million (2018: Fair value increased Baht 1.4 million).

Fair value of interest rate swap contract has been calculated using rate quoted by the Company's banker as if the contract was terminated at the date of statement of financial position.

33.2 Fair values of financial instruments

Since the majority of the Group's financial assets and financial liabilities bear floating interest rates or fixed interest rates, which are close to market rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The estimate fair value of derivatives is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	Fair value	Fair value	Fair value	Fair value
	Profit	Profit	Profit	Profit
Derivatives				
Forward exchange contracts	0.3	0.2	0.3	0.2

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to related parties, accounts payable and short-term loans from financial institutions and related parties, their carrying amounts in the statement of financial position approximate their fair value.

b) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

c) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Group had considered the counterparty credit risk when determining the fair value of derivatives.

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

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

35. Event after the reporting period

On 2 March 2020, the Board of Director’s Meeting no. 2/2563 considered to find a solution to the Company’s situation and compliance with the regulations of the Stock Exchange of Thailand in the event that the Company's securities will be marked with "C" (Caution) sign. In this regard, the company will propose solutions to the situation to the meeting in order to provide information to investors and related parties (Public Presentation).

36. Approval of financial statements

These financial statements were authorised for issue by the Company’s authorised Directors on 2 March 2020.